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Downsizing, Rightsizing, And Restructuring: How Leadership Can Increase Associate Accountability During Change

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DOWNSIZING, RIGHTSIZING, AND RESTRUCTURING: HOW LEADERSHIP CAN INCREASE ASSOCIATE ACCOUNTABILITY DURING CHANGE

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Chapter I

INTRODUCTION

Throughout the 1980s and into the present, organizations have implemented various forms of change in an effort to reduce cost and sustain a competitive advantage. Strategies such as downsizing, rightsizing, and restructuring were designed to transform organizations from inefficient bureaucracies into dynamic customer-driven enterprises (VanSlyke, 1996). However, experts continue to question the value that these strategies deliver on both short term and long term objectives. Research conducted on organizations that have implemented downsizing, rightsizing, and restructuring without properly communicating their intent, vision, and follow-up to employees have failed miserably. If organizations must resort to cost cutting methods that reduce staff and alter workflow processes in order to survive in a global economy, how can they encourage their constituents to accept and prosper from change? As Covey (1995) suggest "the world continues to undergo revolutionary changes that will alter the way many companies operate and those that are not in touch with these changes will fast become obsolete (p.3).

Background

Marv Levy (cited in Hammer 1996), head coach of the New York Buffalo Bills once said, "Game plans don't win football games. Players do" (p.117). There has never been a truer statement made when it comes to identifying the one resource that separates winners from losers, not only on the football field, but in corporate America as well. All to often companies will focus on strategies, target market, products, technology, and a distribution system to succeed in business. However, if a company does not have the best players to execute the plan than the game will be lost.

Throughout the 1980s, chief executive officers showed little regard for human resources. (Prahalad & Hamel, 1996). The trend was to downsize, rightsize, or restructure a company in order to improve return on equity results. One of the best methods to produce a short-term profit was to reduce head count to improve overhead savings. Companies focused on how to maximize profits in the shortest amount of time. Prahalad and Hamel (1995) used a simple mathematical equation to illustrate the components of profitability: it was referred to as the numerator and denominator effect (p.9).

The numerator required a corporate vision, mission statement, and associate objectives that would take years to develop. It was a steadfast plan supported by long term goals. It also required money and a commitment to research and development in order to sustain a competitive advantage in core competencies and products over the competition. The goal was to take the organization to a higher level of performance. However, the numerator component of the equation used to generate net income was seldom the choice as it was time consuming, costly, and challenging for company stakeholders. Stakeholders have little time or patience when it comes to making money. In addition, there is no guarantee that implementing any long-term vision would succeed so why bother (Prahalad & Hamel, 1995, p.13).

The denominator represented net assets, investments, and capitol employed (e.g., people). As mentioned above, employees provided an immediate relief valve to achieve corporate profits simply by reducing the numbers. Cutting the denominator factor (people) was easy and relatively painless for the chief executive officer because their work ended with a simple stroke of the pen. In the late 1980s the United States actually produced a generation of denominator managers who could downsize, rightsize, and restructure an organization better then anyone in the world (Prahalad & Hamel p.14). For the purpose of brevity the author will refer to downsizing, rightsizing, and restructuring as DRR.

So what exactly were the benefits of a company implementing one or more of these strategies? Did it place organizations in a better position to compete in the marketplace? Did it make them more responsive to meeting customer needs? Or, did it simply reduce staff and shift work responsibilities to fewer people? Based on a review of the literature for this study, these data indicate mixed results. Some experts argue that due to DRR American businesses were able to increase their global competitiveness over the last decade. Many organizations successfully transformed themselves from inefficient bureaucracies to dynamic customer-driven enterprises which were able to better respond to new market conditions (Business Week, 1995; Kirkland, 1997; Roth). Yet other studies have shown almost no improvement in productivity during the last decade. In 1993 alone, 615,000 workers were laid off and this continued at the rate of 3,100 layoffs per day in 1994 (Keats, Harbach & Nixon 1994).

The authors referenced a study completed by Wyatt Company in 1993 that concluded the following; fewer than half the downsized companies achieved a reduction in overall expenditures, with less than one-quarter improving productivity. Only 12 percent experienced market share increase, 9 percent improved product quality, and just 7 percent increased innovation. (Keats etal., 1994, p.18).

These data suggest that the decision-makers employing DRR were extremely short sighted. Their mistake was a failure to look beyond the figures listed on the balance sheet to determine the overall benefits and concerns of implementation. To the everyday worker these strategies were deemed deplorable as they created distrust, contempt, and bitterness between management and workers as well as mid-management and upper-management. Conversely, implementing DRR became a mid-level manager's nightmare, as they were the people ultimately responsible for firing their co-workers.

Writer Brent Schendler (1998) in an interview with noted economist Peter Drucker asked; "what do you think is terrible about management at the Fortune 500 companies?" Drucker feels that the worst trend in management is the enormous millions paid to people at the top when they lay off millions of people at the bottom. These changes depicted the company CEO as an individual who would prefer not to lead by example.

Despite the economist contention, shareholders do continue to stress profitability by emphasizing the need to make the company "lean and mean". After all, the reality of survival would not be judged on the size of the casualty list (number of employees dismissed) but by the ability to make money and compete for another day.

The mandate on change continues to ring loud and clear even now. In High Flyers; Developing the Next generation of Leaders (McCall, 1998) the author shows how corporate executives are emphasizing the need for employees to accept change and move on. John Akers (as cited in McCall, 1998), former CEO of IBM, bluntly laid out the challenge to his employees when he said; " our people have to be competitive and if they can't change fast enough, as fast as our industry…than it will be good bye!" Chief executive of McDonnell Douglas, Harry Stonecipher notes "if you see change as a threat, you won't be happy and you won't survive" (p.161).

As the debate continues on the benefits and concerns of change organizations are now faced with an entirely new set of challenges. After implementing DRR how do you get employees to understand that the changes were good, inevitable, and something that needs to be accepted? How can the fear in millions of workers be addressed when they too may lose their job on any given day for reasons beyond their control? As Prahalad and Hamel point out when a company faces stagnant growth and falling market shares the executives automatically respond by pulling out the restructuring knife and carving away the so called corporate fat (Prahalad & Hamel, 1995, p.7). Can real trust ever be achieved in the workplace when companies must continue to implement strategies reacting to competition in the market place? In view of volatile economies and rapidly changing technology it is clear that corporations will want to leave every available option open in order to compete. As a result, whether employees accept the changes brought about by DRR or not these strategies are now part of the business world.

The objective for any company to be in business is to make money. However, it is critical to determine what is the long-term cost in achieving a short-term profit? We refer back to Drucker and the numerator / denominator analogy. If you continuously reduce staff to achieve short-term profits eventually you will cut away the heart of an organization. How than would it be possible to achieve success?

Thomas Petzinger (1999) presents this observation about money: “Profit is an accounting abstraction whereby at some point in time there is more revenue then expense. Creating value instead of profit is as old as the family firm operating with a legacy in mind” (p.1). Until organizations understand the importance of value they will continue to experience future changes involving DRR because they just don’t get the message. In view of the obvious, why should anyone commit to working harder and longer for an organization that could care less about their most valuable resource, their people? People have come to grips with the stark reality that no one has job security anymore. As employees come to feel increasingly dispensable, the company begins to lose their trust, loyalty, and commitment, all of which are the very intangibles that keep the corporation afloat.

As the new millennium approaches, many experts agree it will be critical for organizations to examine their future, implement a plan, and promote strong leadership to achieve their vision. Strong leaders will be critical in coordinating the processes, structures, and thinking of a successful organization. It will be critical that organizations learn to understand and use their most valuable asset - human resources - in determining how best to promote product innovation, service, and core competencies that competitors cannot duplicate.

Objective

Rapid movement in the market place influenced by technology, global competition, and greater customer demand for service and products will cause a continuous flow of change in the work place. Organizations will need to look beyond the hierarchical structure used in the past. Achieving success will be determined by how organizations develop leaders at all levels (formal and informal). By doing so, it will create a dynamic customer-driven enterprise that can respond to new market conditions. In addition to the challenges of the market place, the working environment is becoming more complex. Employees continue to be more sophisticated and aware of developing their own abilities to ensure marketability.

The objective of this study is to discuss and highlight the fact that leaders will need to promote ways to ensure innovation, motivation, accountability, and commitment in all associates. In addition, these same leaders will need to take interest in developing others to ensure growth of the associate as well as the organization. Companies will need to find ways to instill leadership roles not only to a few charismatic men and women at the top but also to lower level associates through informal managerial processes. This will ensure internal commitment to change as well as promoting involvement through empowerment in the decision making process.

Unless an organization can promote internal commitment from the transactional level, change will always be handled with uncertainty. Leadership must become the catalyst that will bring out the best of all associates throughout the organization so that they can accept change and sustain the competitive advantage. Short-term profits mean nothing in the quest for long-term value.

Purpose of the Study

Change can occur in the same organization through downsizing, rightsizing and restructuring several times over. Companies that implement the strategies try to achieve advantages in a new more challenging market environment. The literature suggest how leadership can improve associate awareness, confidence, and ability to accept their fate with change regardless of the outcome. Companies need to create a vision that is supported by the willingness of leaders to develop others, promote trust, and embrace empowerment supported by the objectives of responsible thinking people. This will enable an organization to achieve their goals in being competitive, cost efficient, and productive. However, unless leadership promotes these efforts through empathy and self-awareness rather than arrogance and selfishness, failure is eminent. Today's leaders must possess the qualities to coach and build consensus rather than command and control.

This study will also focus on how leadership can promote employees' ability to win. When a leader's vision is consistent with the organization's vision the leader becomes a constructive and powerful force for change. Opportunities to succeed become even greater when leaders are than able to create a shared vision between employer and employee. By understanding their role in achieving the corporate vision, associates can develop new skills that will provide them greater opportunities to succeed along the way.

Research Question

Downsizing, Rightsizing and Restructuring are strategies that enable companies to move faster, more efficiently and more aggressively in a changing marketplace. However, each has created a tremendous amount of change in the workplace over the past 20 years by eliminating jobs and redesigning work processes for company associates. This study looks at leadership in this environment and how it can help associates to improve performance and accountability during change.

Definitions of Terms

1. Downsizing. A business strategy used to cut cost and eliminate jobs.

2. Globalization. The act, process, or policy of making something worldwide in scope or application.

3. Informal Leader. A leader whose leadership activities are unrelated to his or her position in the organization.

4. Formal Leader. A leader whose leadership activities are directly related to his or her position in the organization.

5. Leadership. The process whereby one individual influences other group members toward the attainment of defined group or organizational goals.

6. Mission. The organization's reason and purpose for existing.

7. Organizational Culture. The set of shared assumptions, values, and norms that identifies what the organization considers important and how employees – including managers – should behave. (Wright & Noe, 1996).

8. Restructuring. .To alter the structure of something, in this instance , a company.

9. Rightsizing. The process of eliminating jobs to the point where the company is determined to be at the right size.

10. Values. A shared set of beliefs about what is and is not appropriate organizational behavior. Values are derived from charismatic leadership or organizational tradition.

11. Vision. The ability to imagine the ideal or picture of what could be for an organization. A standard of excellence, uniqueness, or an ideal. (Kouzes & Posner, 1995).

12. Empowerment. Enabling people to sense ownership in their work by participating in the decision making.

13. Underwriter. An individual employed in the insurance industry, who assess risk selection and insurance premium.

14. Claim Technician. In this capacity, an individual who investigates, evaluates and resolves casualty claims on behalf of their assured.

15. Liaison. An individual who is the key contact person for customers that have questions or other concerns to be resolved.

16. Assured. Someone who provides premium (money) to an insurance company in return for protection of their assets in the event of a claim.

Limitations

This study evaluates, through a literature review, the positive impact leaders can have in preparing associates for change in the workplace. By demonstrating effective leadership skills associates may become more accountable and productive in their work. The workplace change that we refer to is a result of implementing downsizing, rightsizing, and restructuring. This study is not intended to analyze the economical benefits or other financial indications that these strategies may have on a corporation or their associates. It was the author's intent to examine the human side of management through DRR. That is, to focus on the importance of building relationships during the change process in order to increase productivity and accountability in associates. The author did not examine the significance of cognitive and technical skills as motivators of people. Instead, there was a distinct effort to research the human side of management as an effective tool to motivating, inspiring, and developing others.

The author focuses on leadership as a means to help associates create their own vision and in doing so prepare for any change in the workplace. In addition, there was no intention to examine how corporations can prepare future leaders through succession plans. The study is limited primarily to the impact of downsizing, rightsizing and restructuring on the service industry. It does not take into consideration union or other trade group environments. The author did not consider downsizing, rightsizing or restructuring as it impacted any particular gender or race. The author did not make any distinctions between work environments such as union, non-union or family owned businesses.

Although downsizing, rightsizing, and restructuring have been part of the business scene for the last 20 years, the literature reviewed focuses on the period from 1989 to April 1999. Through the research the author came upon many articles and books covering various leadership styles that could be defined as effective. The focus was to look at effective leadership more in the way of people oriented skills and qualities. Information does exist supporting certain circumstances whereby leaders can be effective in an environment that promotes a command and control method of management. However, data used in this study focused on leaders and their need to relate, support, promote, communicate, and develop others.

Chapter II

DESIGN OF THE STUDY

This study focuses on two major themes that have controlled the business environment over the last 10 years. The first is change brought about by the processes of downsizing, rightsizing, and restructuring of a corporation. The literature reviewed indicates that these cost cutting strategies wreaked physical and emotional havoc within the workforce. There once existed a bond between employees who worked together for many years. They gathered in the workplace, considered by many as their home away from home. Co-workers would meet each day at the water cooler, lunchroom or outside the work environment and spend more time together than with their own family members. Those relationships added to the familiarity and comfort that the workplace represented.

The literature notes that for many, DRR changed this atmosphere forever. Talented and untalented people were discharged from their jobs without rhyme, reason, or sufficient notice. Workflow processes that were in place for many years were deemed wasteful and useless, and structures and functions once considered important were suddenly viewed as insignificant. Change after change after change became the norm.

The second theme of this study involves leadership and what role it plays during the change process. How can leaders help to promote stability in a corporation experiencing change and upheaval? In addition, how can leaders help maintain associate focus on delivering high quality products and service necessary to compete in the market place?

Data shows experts agree on the need for strong leaders in order to provide an atmosphere of trust, honesty, and inspiration during the change process. The literature also looks at leadership in two ways: (a) defining the characteristics of an effective leader, and (b) the need for leaders to develop other associates.

The workplace has evolved from the command and control hierarchical structure, to an environment of associate accountability to make decisions. The evolutionary process in decision making started in the early 1900s with "the boss" and has now progressed to team decision makers, to individual ownership and empowerment in all associates. The research shows that empowerment is necessary in order to drive the decision making process down to the level of associates closest to the customer. In doing so, you have more people within the organization accountable for understanding and meeting customer needs.

The material for this study came from current newspaper articles, trade and business magazines, books, as well as internet sites. Also referenced was John F. Werner's (1997), University of Mexico, dissertation entitled: "The Role of Today's Leaders in Developing Tomorrow's Leaders." The material is primarily drawn from the experience, opinions and recommendations of leading experts and consultants in the field of corporate communication, strategy development, and human resources. The author also referenced personal experiences as a result of being directly involved in two separate experiences with DRR.

There was some difficulty in obtaining material referencing leadership, change and DRR in the same context. The difficulty actually came in trying to maintain focus on the theme of the problem statement involving leadership. There was an abundance of material on the economic advantages and disadvantages that overwhelmed the author's original intentions. For the most part, the research described the qualities of a leader required under most circumstances to improve associate productivity and work quality. These qualities were needed in order to influence, motivate, and inspire others to achieve corporate goals.

The author also used personal experience as a catalyst to research the problem statement. Leadership, downsizing, restructuring and change were issues that characterized the author's work experience throughout the last decade. The first experience came as a lower level employee witnessing turbulent times brought about by DRR in the late 1980s. The second experience came about as a leader on the Regional Management Team responsible for the development of 25 associates in the late 1990s. The author's intent was to show that leaders could inspire self-confidence and determination in others. Once achieved, the concern about change becomes secondary to individual desire and goals. Values and principles overcome fear and uncertainty thereby diminishing the impact of change. When an associate provides value-added service to a customer because of their knowledge and ability, they gain a greater appreciation for themselves and their work. As a result, productivity and accountability also increase because of personal success.

Chapter III

IMPLEMENTATION OF DOWNSIZING RIGHTSIZING RESTRUCTURING

Over the past decade hundreds of organizations have implemented DRR in an effort to reduce their oversized bureaucracies. Prior to this study the author believed that DRR would be an effective tool to help organizations reduce cost. The shear reduction of human resources and the accompanying savings on benefits, equipment, and overhead was enough to support implementation of these strategies. However, data reviewed indicates after 10 years of implementing DRR the experts continue to question the short-term and long-term benefits.

To illustrate this point, Blanchard, Carlos, and Randolph (1995) offer the following observations. After an organization completes flattening out by eliminating jobs, outsourcing services, and cutting out middle layers of management what do they have left? On the positive side you have an upper management that is closer to the customer and a changing market place. Additionally, you have supervisors with a wider span of control that promotes swift decisions in a changing market place. Unfortunately, these same organizations have resentful people who were trained to carry out decisions made by others with privileged information. Also, there is no longer trust between associates and employer. All of these changes simply created a smaller bureaucracy with fewer layers and more negative attitudes. From this author's perspective, it appears that these strategies are necessary however if you achieve profit by focusing on reducing staff all the time can you really survive?

Authors Schneier, Shaw, and Beatty (1992) analyzed the financial benefits of DRR. The article referenced information recorded by the Society of Human Resource Management (SHRM). The authors also referenced the works of Henkoff in two additional studies on the cost analysis of DRR. In 1990 a survey of 1,468 downsized companies found that 50% of the companies productivity stayed the same or worsened. Another survey showed 1,005 companies implementing DRR did not achieve their objectives of reduced expenses, increased profits, or increased productivity (Bennett, 1991).

David Mullin, (1995), an outplacement specialist and chairman of the board of the Lincolnshire Group in New York, suggests that if DRR is necessary there is a right way and a wrong way to implement it. The author examines the pitfalls of corporate survival arguing that most big public companies still make decisions that systematically destroy their strategic assets in the interest of accounting profits. They fall into a war room mentality when it comes to corporate survival. Mullin's advice; "take a good look at your business needs before doing anything drastic" (p. 28). The primary danger with DRR is that reduction in the number of employees will result in the reduction in the pool of ideas and innovation. Can an organization maintain the same quality of work with fewer people? What skills will be needed to go forward after DRR and who will have them? Simply put, Mullin's strongly suggest that you do your homework before proceeding. If not, it could result in excess workflow, overwhelming processes to complete, employee frustration, burnout, or an exodus of talented associates (How to rightsize—Right, 1995, p.28).

Data also reflects a growing concern for the negative impact DRR has on associates. As an example, family owned food maker Rich Products of Buffalo N.Y., has grown to $1.3 billion
in sales this
~~a~~ year by resisting "dysfunctional" accounting-driven business decisions, says top official William Gisel. Profit is a byproduct of strategy, he says, "not the first order of business for us" Petzinger (1999). For those companies that choose to implement DRR as a strategy, it is imperative that they look at the affect on people in the workplace in order to achieve lasting benefit. Management should be just as good at the "people" side of the rightsizing as it is at the "business" side! Now more than ever classic good management is needed (p.B1).

Lee (1997) offers additional thoughts on how downsizing fails to deliver in its expectations. He references the American Management Association's survey of member companies, conducted each year since 1990. The survey has repeatedly found that downsizing often fails to produce the intended results of profitability and/or better productivity. In 1996, less than half (44 percent) of the companies that cut jobs since 1990 reported an immediate increase (within 1 year) in operating profits; less than one-third (30 percent) reported an increase in productivity. At the same time 35% of respondents reported increased turnover and 72% reported decreased employee morale. The average U.S. company loses half of its employees every 4 years, half its customers in 5 years, and half of its investors in less than 1 year. Excessive turnover results in a company's inability to grow (Lee, 1997, p.26).

Lee also cited the works of Frederick E. Reichheld author of the 1996 business best seller The Loyalty Effect. These findings were no surprise to Reichheld. Layoffs destroy employee trust thereby resulting in defections, alienate customers, and devastate growth. The only way for companies to prosper in the long run explains Reichheld is to foster mutual, earned loyalty, which creates value for customers, employees, and shareholders (Lee, 1997, p.27).

Lee suggest the only way for companies to prosper in the long run is to foster a mutual earned loyalty, which creates value for customers, employees, and shareholders. Reichheld believes that more and more companies are beginning to recognize that they cannot continue to prosper with high employee churn and low morale. Companies ask how is it possible to build a world-class organization without the commitment from the people who work for it? Conversely, employees question how is it possible to work for someone they cannot trust (Lee, 1997, p.28)?

Data offered in Chapter IV demonstrates that effective leadership can provide a bond between change induced strategies and employee productivity and satisfaction. In addition, strong leadership will be critical in overcoming the obstacles that will continuously develop throughout the implementation of DRR and the subsequent stages.

Chapter IV

LEADERSHIP AND CHANGE

The 1980s recession forced many companies to face the fact that they became bloated. As a result there would be a profound change throughout the American workplace. Corporations were finding ways to trim expenses wherever possible, and that included employees. From a business perspective DRR was simply a way to reduce capacity during periods of lower market demand. These strategies are now an integral part of corporate existence (How to rightsize - Right, 1995 p.28).

More than 85% of the Fortune 1000 companies initiated some form of staff reductions from 1987 to 1991, affecting more than five million jobs. In 1993 more than 615,000 workers were laid off and that continued at a rate of approximately 3,100 layoffs per day in 1994. Keats, Harback and Nixon (1994, p.18). Holson (1999, Feb.14) discovered that the 50 American companies having the biggest market share since 1994 in the United States have been party to 4,190 mergers and acquisitions (Sec.3, p.1). This will result in further job loss and workplace instability, and the trend continues into the present. Table 1 shows recent headlines to demonstrate the impact of the DRR phenomenon.

Table 1

Companies that have Merged and Implemented DRR

Company	Plan
Citigroup and Travelers Group Inc	Plans to reduce its workforce by 5% or about 8,000 people is Citigroup Plans Charges of About $1 Billion (Beckett, 1998).

IBM and AT&T Corp	AT&T Corp acquired IBM's global Internet based network. AT&T has cut 15,300 employees from their workforce this year (Blumenstein & Narisetti, 1998).
MCI and WorldCom	MCI WorldCom Inc. is laying off 3,750 people (Blumenstein, 1998).
Duetsch Bank and Bankers Trust	Merger will result in the loss 5,500 jobs (Rhoads, 1998).
Exxon and Mobil	It Could be Exxon-Mobil vs. Saudi Arabia. Anticipated savings of $2.5 billion as 10,000 employees will be laid off (Cooper, 1999).
First Union	First Union to lay off thousands. In an effort to reduce expenses 10% or 7,200 jobs will be eliminated (Ali, 1999).
NEC	NEC plans to eliminate approximately 11,600 Jobs (Strom, 1999).

Although no one was ever guaranteed a job forever, it was pretty much understood that loyalty to your employer usually meant long term employment. DRR quickly and completely changed this mindset. Employees now feel dispensable and that companies will sacrifice trust, loyalty, and commitment, which are the very tangibles necessary to succeed.

Frederick E. Reichheld (as cited by Lee, 1997), author of the 1996 business best seller The Loyalty Effect suggest that managers under invest in loyalty factor because they know its cost but not its value. It seems clear that laying people off saves money but the ongoing cash-flow consequences of diminished loyalty are not so obvious. Effective leadership must look to achieve greater employee commitment to change, higher morale, trust, honesty, increased responsiveness to customer needs, as well as increasing productivity and quality.

Data however, supports the fact that although change is inevitable, as are the strategies necessary to help sustain a competitive advantage, there are no guarantees. The problem is not really with the strategies but more the inability of a company to effectuate fundamental change once implementation is complete. The reasons according to Pascale, Millemann, and Gioja (1997) are because the responsibility to succeed after change usually rest with too few people. In other words, the number of people at every level who make contributions to an organizational success is simply too small. More employees need to be interested and take an active role in the business during the change process.

After the authors studied the revitalization efforts of Sears, Shell, and the United States Army they identified four vital signs that leaders must check to determine a healthy organization: (a) power, do employees believe they have the power to make change happen; (b) identity, do employees identify with a team or group as opposed to the organization as a whole; (c) conflict, are they resolved or ignored; (d) learning, how does the organization learn. The point being that just as doctors could examine the vital signs of their patients to determine the degree of illness, so could organizations. If measured properly, these four areas can help leaders determine the operating state of the organization. Understanding the ailments within can help determine the extent of care necessary for recovery. (Pascale, Millemann, & Gioja, p.129).

What is Effective Leadership?

John F. Warner's dissertation (1997 August) "The Role of Today's Leaders in Developing Tomorrow's Leaders," provides a central theme from experts on what it takes to be an effective leader. Dupree (1989) found that effective leaders liberate people to do what is necessary in the most effective and humane way possible. Schein (1988) held that effective leaders create, change, and manage the organization's culture. They also promote involvement and participation so that the group can achieve their goals.

Although effective, as in leader, is not clearly defined by the experts, the material interwoven throughout the fabric of leadership is; the desire to involve and develop others. Effective leadership promotes a shared vision between employer as well as the employee. Effective leaders probe to determine what vision the employee has in their future and aligns it with that of the corporation. Kouzes and Posner (1995) reference Irwin Federman, venture capitalist and former CEO of Monolithic Memories, "Effective Leaders listen, take advice, lose arguments, and follow. These are traits uncharacteristic of traditional leaders." (p.129). DeOliveira, Edington, and Edington (1996) list the intangibles of leadership as visionary, passionate, caring, charismatic, warm, sensitive, and funny. Leader presence also includes personality, knowledge, and wisdom all of which is central to accomplishing leadership objectives (p.88).

In the past, managers would get people to react by providing extrinsic rewards such as promotions, pay raise, or a bonus. These rewards provided associates with little choice so agreement to perform was usually done without internal motivation or inner desire. People do not get extraordinary things done unless there is the will to do so. Leadership is about relationships. Kouzes and Posner (1995) define leadership " as the art of mobilizing others to want to struggle for shared aspirations" (p.30). The key words to this definition are want to. Associates need someone to ignite their passion and desire which go beyond purely dollars and cents. Leaders sustain credibility by their actions to be challenging, inspiring, and modeling.

Douglas Wilson (as cited by Koonce 1997) also discusses the importance of character when it comes to defining effective leaders. Leaders must believe that character is the currency of the new economy - not technology, capitalization, or information but the ability to live out truth and grace in the context of a relationship (p.5). Without trust there is no basis for commitment. Wilson (1995) states; "if we value people, we are concerned for the social and physical environment in which they live. If we value people we keep our promises, we tell the truth" (p.12).

Daniel Goleman is the author of Emotional Intelligence (1995) and co-chairman of the Consortium for Emotional Intelligence in Organizations at Rutgers University. He has studied competency models from 188 companies that were mostly large and global, for example, Lucent Technologies. The objective was to find personal capabilities that drove outstanding performers. His analysis (Goleman 1998) of the data showed that intelligence was a key driver of star performers. Also important were the findings of cognitive skills like long-term vision and big picture thinking. However, emotional skills were found to be twice as important as technical skills in measuring the qualities of an excellent performance. He found that the higher level star performers were more successful because they possessed more emotional intelligence. In addition, that these skills could be learned. (Goleman p94).

Kouzes and Posner (1995) arrived at a similar conclusion. They believe that leadership training can improve and strengthened the qualities of a leader similar to the way management training can improve and strengthen manager skills. To believe otherwise would suggest that leadership skills are a non-learnable set of characteristic skills possessed only by the few (Kouzes & Posner, 1995, p323).

Table 2 highlights Goleman's five components of emotional intelligence.

Table 2

The Five Components of Emotional Intelligence at Work

TRAIT	DEFINITION	HALLMARK
Self-Awareness	the ability to recognize moods and emotions and how they	self-confidence, ability to laugh at oneself, realistic

	affect others.	self-assessment
Self-Regulation	ability to control or redirect disruptive impulses and moods. Think before acting.	trustworthiness and integrity comfort with ambiguity, openness to change
Motivation	a passion to work for reasons that go beyond money or status. Pursuing goals with energy and persistence	strong drive to achieve optimism even in the face of failure, commitment to the organization
Empathy	ability to understand the emotional make up of other people	expertise in building and retaining talent, cross-cultural sensitivity, service to clients/customers
Social Skill	proficiency in building relationships and networks. Finding common ground to build rapport	effectiveness in building change. Persuasiveness. Expertise in building and leading teams

Goleman (1995) also referenced a study of David McClelland, a renowned researcher in organizational and human behavior. McClelland conducted a 1996 study on senior managers working for a division in a global food and beverage company. His analysis showed where senior executives possessed greater emotional intelligence, the division outperformed yearly earnings goals by 20%. Goleman believes there is sufficient results to show a link between a company's success and the emotional intelligence of its leaders (Goleman, p25).

Inspiring and Motivating Others

> How am I doing as a leader? The answer is how are the people you lead doing? Do they visit customers? Do they manage conflict? Do they initiate change? Are they growing and getting promoted? You won't remember when you retire what you did in the first quarter of 1994, or the third. What you will remember is how many people you developed. How many people you helped have a better career because of your interest and your dedication to their development.... When confused as to how you are doing as a leader, find out how the people you lead are doing. You'll know the answer. (Bossidy, cited in Tichy, 1997 p.41).

Tichy (1997) reflects on the above quote from Larry Bossidy CEO of Allied Signal. Winning organizations emphasize the need to develop leaders at all levels. The old hierarchy style of command and control in the decision making process is ineffective in today's business environment because of the need to make quick decisions. And who better to make the decisions than those closest to the customer and in full understanding of their needs? McCall (1998) notes that over the years research has shown associate commitment is enhanced when they are involved in making decisions that affect them and when they see what they are doing as important (p.172).

Warner (1997) cites the works of Manz and Sims (1990) and points out that in order to develop associates into high performers, leaders must provide them with the freedom, support, and responsibility in their work (p19).

To illustrate, prior to this author's arrival in the claim's department, customer service issues were only handled by the product line manger and manger. In the past it was decided that upper management (made up of a manger and product line manager) would be responsible for customer service. At the time there were a total of 32 agencies, which translated into hundreds of people. As time progressed problems increased to the point where customer needs could not be addressed. The process eventually became overwhelming and this resulted in poor performance and customer frustration. In order to improve customer service and communications the management team created a liaison program. Members from the technical staff were selected to become liaisons provided that they met the following criteria: (a) complete understanding of customer service; (b) strong written and oral communication skills; (c) consistent performance in quality assurance; (d) successful completion of goals and objectives. All of the criteria had to be achieved for at least two years in a row. There were no restrictions on title or rank as to who could apply for or qualify to be a liaison.

The program has successfully grown to eight liaisons servicing 32 customers. These individuals are now providing a value-added service to our customers. Enabling associates to come up with the solution brought about other opportunities as well. The liaisons are now part of the regional production team responsible for completing loss trend analysis, recommendations for corrective action, and customer business plans. There has also developed a marked interest in other technicians to become a liaison because of these varying challenges/opportunities. By challenging associates to "raise the bar" on their own performance department personnel were able to identify solutions to improve customer service. In return, the leadership team provided associates with an opportunity to increase their technical and communicative skills. It was a win/win towards achieving a shared vision. Now the department is able to satisfy customer needs in providing timely information and other services far better than before. Liaisons have increased their value to the organization by improving skills in marketing, team building, and communications. This process succeeded primarily because management surrendered control, provided direction and charged associates to figure out the solutions. Motivating associates is critical for leaders in developing a winning team.

Achieving employee satisfaction in their work can go a long way toward accomplishing customer satisfaction. Nielsen, a Stamford Connecticut research and analysis company, found in three years of linking employee and customer satisfaction data that when employee satisfaction rises, financial results soon improve. It's common sense, "when people feel great about the place where they work…they provide better customer service" Shallenbarger (1998 pB1).

Honesty and sincerity in deeds and actions are critical to establishing an atmosphere of trust. Once there is trust, associates are more willing to become risk takers. A leader's most important role is to instill confidence in people. You cannot succeed if people are not carrying the recognition of the problem and the solution within themselves. Heifetz and Laurie (1997).

To further illustrate how leadership can promote associates to become a positive force during change this author uses a work experience from 1998. While managing a staff of 25 associates 5 were selected to participate in a natural work team on process redesign. The objective was to examine various stages of the department workflow and implement process redesign to become more efficient. The five individuals were selected for two specific reasons:

1). Each associate was considered an average performer. They came to work each day from 8:00 a.m. to 4:00 p.m. and did what was expected of them. They were comfortable in a fixed role that was predictable and void of the unexpected. There was little desire to do more than the minimum. Supervisors provided feedback from semi-annual performance reviews along with successful attainment of goals and objectives.

2). Each member seemingly had no real desire to improve through education or additional responsibilities. There was no real desire to volunteer, or be proactive in taking on more responsibility because that might mean a greater commitment to the work than they were willing to give. Suffice it to say that each of the 5 associates were hard workers.

As time progressed each member was given the opportunity to effectuate change in the department through this forum. There were three criteria that each team member had to follow in identifying and resolving workflow issues. (a) team members could not raise a problem or concern unless they provided at least two recommendations to resolve it. (b) every team member had to communicate with coworkers and encourage participation in the projects. (c) it was imperative that they think globally in order to appreciate the magnitude of the problems they uncovered, as well as the implications of their recommendations.

Group discussions were conducted with the manager as to how workflow could be improved within the department. The participants were than assigned follow up steps and held accountable for executing group recommendations. Within two months, two of the five members evolved into informal leaders promoting ideas and inspiring others to actively get involved in the process. Changes that were brought about by process redesign were easier to implement because there was active participation on the part of those involved. At the end of the natural work team all of the members expressed of sense of gratitude and accomplishment in being able to be a part of change. In the passing months the three members that emerged as informal leaders continued to take a proactive and vocal role in additional projects. They expressed a willingness to get involved in other group projects as well as look to improve themselves through continuous learning. The author uses additional examples drawn from his workplace throughout this study.

Leaders must get associates to take risk and absorb greater responsibilities and than provide encouragement and support during good times and bad. The first step in restoring the energy and vitality of an organization is to get every employee involved in the company's principle challenges.

Promoting a Shared Vision

It is important for successful organizations to have a central idea that explains their purpose for existing, and how they intend to add value to succeed. Vision is defined as an ideal and unique image of the future, something connoting a standard of excellence. It is part of the central idea established by a company. Kouzes and Posner (1995) have found that when leaders articulate their vision for the organization, higher levels of job satisfaction, motivation, commitment, pride and loyalty are reported. Teaching others about the vision produces positive results (p109).

However, the vision of a corporation will see nothing unless a mission statement and objectives can be identified and related to - by those who will carry out the plan. Mission statements are personal statements that attempt to answer questions such as; (a) what is our reason for being? (b) what is our basic purpose? (c) who should be our customers, clients, or key market segment" (Dess & Miller, 1993). Mission statements make a vision more specific while objectives try to make mission statements more concrete. Objectives look to promote ideas that inspire and promote energy in all associates throughout an organization. Vision, mission, and objectives provide the energy and sense of direction necessary to insure progress. They also provide a connection between leadership, associates, and the organization. Clearly, teaching others about a shared vision can be a very effective tool for leaders. In The Leadership Engine, Noel M. Tichy (1997) explains that sometimes organizations lose sight of these principles, and often forget that they are necessary (p.80). Vision, mission, and objectives are necessary because they help associates to relate to the organization. Unless there is a connection, this author believes that drastic changes such as DRR will cause associates to ask;

1. What are the values of an organization where workers constantly fear losing their jobs? Working in such an environment results in morale issues, communication deficiencies, as well as associate reaction to do the minimum amount of work as a matter of spite.

2. After providing years of loyalty, hard work, and commitment to one company it is difficult for associates to understand the business of change. As a result, the reaction to change is - if the company does not care about me, than why should I care about the company? . What am I doing here?

3. What is the culture of an organization that displays little value for employee longevity? The reality is that if a long time employee can survive DRR, the change also brings about a

reduction in benefits to savings plans and vacation time. This is perceived as a company ploy to discourage longevity in employment.

4. What is the vision of an organization that warns their associates to seek training and education so as to become more marketable in the future? After DRR is implemented associates are encouraged to train and gain as much education as possible so as to increase their marketability with other companies.

Leaders need to define what the ideal image is that the organization is striving to achieve. In addition, leadership needs to create a shared vision between company and associates to ensure commitment throughout the company. The most important role in organizational life is to give focus to human energy (Kouzes & Posner, 1995, p.109).

Leadership is about change. It's about teaching and learning, as well as values and commitment. Buchanan (1997) asked; "When it comes to change why do some organizations appear to be moving forward while others seem to be immobilized, or even regressing?"(p.17). Mr. Buchanan suggests that it be because some companies fail to have a vision. Corporate vision can provide a path toward customer satisfaction and profitability (p.17).

Erik J. Van Slyke, (1996) believes that a strong vision is essential to guiding organizational renewal and overcoming resistance to change. Unfortunately, at times even a clearly defined target is not enough to create a successful change. “Vision should be the motivator, but not the driver of change" (p.15). Covey (1995) provides four challenges that leadership will face when it comes to change:

1. Gaining the trust and respect of associates by promoting honesty and integrity. By providing a trusting work environment associates are willing to take risk as the fear of failure is removed. This in turn will increase associate creativity to problem solving.

2. Providing education and training to open the mind and challenge individuals. Associates need to look beyond internal knowledge management in order to expand the organization’s knowledge base.

3. Personal commitment and caring about their product, service, and associates. The egocentric, status hungry leader will not survive the future.

4. Dedication to the success of the whole. Leaders must understand and communicate to all associates why strategies such as DRR are implemented.

Leaders can achieve company goals while at the same time look to develop and prepare associates for further changes in the future. As a leader on the regional management team, the author agrees that leadership needs to promote the vision of the company as well as the vision of the associate's. One day the author was discussing business with a friend who quoted the following statement from an unknown source; "No one really cares how much you know until they know how much you really care." By providing challenging opportunities for development, and instilling the need for continuous learning, associates understand the importance of creating their own vision. Through shared vision effective leaders determine what the associate wants to accomplish - short and long term goals - and where their path for survival will lead? Ideally, both the company and the associate paths will lead to the same goal. Kouzes and Posner (1995) suggest that inspiring a shared vision is the least applied practice of exemplary leadership.

Effective leaders know that in order to promote associate commitment to a shared vision they must reach the hearts and minds of the participants. Most organizations fail during transitions such as DRR because they do not properly communicate the need for change. Why has change come about and what will it mean to the associate before and after the changes are implemented?

Leading Associates Through Change

If it is imperative for business to employ cost cutting strategies such as DRR in order to survive than why do most efforts fail? In Leading Change, Kotter (1995) agrees that corporate change is necessary in most instances. A company market position can shift, financial performance can drop, and as a result strategies must be employed to ensure economic stability.

Despite this rationale, over 50% of the companies fail to properly implement the process for creating major change (p.21). Kotter believes the reason is because companies fail to properly recognize an eight-stage process toward successful change (p.21).

1. Companies fail to establish a sense of urgency by examining the market and competitive realities. There must be a continuous effort to identify and discuss potential crises as well as available opportunities.

2. Creating a guiding coalition. There needs to be a group of key people who can serve as team and carry enough power to counter the initial challenges to change.

3. Developing a vision and strategy. Creating a vision and strategy provides direction to the change effort.

4. Communicating the change vision. Every vehicle possible must be used to communicate the vision and new strategies. The guiding coalition becomes the role model for employees as to expected behavior.

5. Empowering broad-based action. The need to get rid of obstacles such as antiquated systems or structures that undermine the change vision. Encouraging risk taking and non-traditional ideas or actions.

6. Generating short-term wins. There is a need to show visible improvements in performance.

7. Consolidating gains and producing more change. Successful change promotes credibility. In order to continue the transformation Companies must hire, develop, and promote people who can implement the change vision, and reinvigorate new projects and processes.

8. Anchoring new approaches in the culture. Creating better performance through behavior, leadership, and effective management. Articulating the connection between new behaviors and organizational success. Encouraging leadership development and success.

As a result, senior management often becomes paralyzed because there are too many managers and not enough leaders prompting the change process. Associates fail to appreciate the gravity of the situation because communications are not open or sufficient. Consequently, morale falls as well as short-term business results or possibly longer. Change by definition, requires creating a new system, which in turn demands leadership. Phase one in a renewal process often goes nowhere unless there are leaders to assume the challenge (Kotter, 1995, p.59).

What leadership needs to do is create an environment that allows associates to accept and flourish despite change. Clark and Koonce (1997) suggest that leaders get inside the mind of their associates in order to get the most from them. This is especially true during change processes such as DRR. It is necessary to do so when expecting associates to assume new roles and commit themselves to new goals (Clark & Koonce, 1997, p.12).

Most people who survive DRR are still concerned about job security well after implementation has occurred. Credibility in management drops substantially because survivors begin to worry about their career and other opportunities. How can an associate develop and take on more responsibilities when the path toward individual success keeps changing? This is a critical time when leaders have to be honest with associates regarding future opportunities. Leaders need to create a challenging atmosphere by looking for opportunity.

Kouzes and Posner (1995) agree that there is a need for leaders to arouse intrinsic motivation in employees. In the traditional organizational thinking what gets rewarded, gets done. In order to get people to perform organizations will provide extrinsic rewards such as money, bonuses, prestige, and positions. Intrinsic rewards must be present if people are to do their best. If work is seen only as a source of money, organizations will totally ignore other human needs at work – such as learning, self-worth, pride, competence, and serving others. (Kouzes & Posner, 1995, p.40). Fox (cited in Kouzes and Posner, 1995) believes that a job is about economics while work is an expression of our soul. "Without employing people's hearts organizations lose precious return on their investment in people." True leaders tap into people's hearts and mind, not merely their hands and wallets." (Kouzes & Posner, 1995, p.41).

Drastic changes like DRR can be painful to those involved. Tichy (1997) provides the following assessment on change; "Organizations must take on the challenge of creatively destroying and remaking themselves in order to improve. In order for organizations to win, change driven by leaders with ideas and the heart and guts to bring them alive must become a way of life" (p.99). Clearly, leaders must set the stage to let go of old ides and adopt new and better ones.

The literature also shows that leaders need to create autonomy with boundaries that will allow associates to follow organizational vision through their own thought process. To illustrate, this author, as a new manager knew it was necessary to create a culture that was driven by quality work and spectacular customer service. Spectacular service means doing things better than the competition. These items would include; consistent claims handling, faster decision making capabilities, improved communications, timely settlements, and enhancing technology for the customers ease of doing business with the company.

There was a need to clarify and verify the department vision in order to survive in a most competitive market place. The challenge was to instill a mindset in all associates that the customer was the reason for our existence. Once this was achieved the quality of our work improved as did the timeliness in communicating to our customers. Since the company could not compete in providing the lowest cost insurance policy in a soft market, we had to provide spectacular service. Otherwise, we could not survive.

Once we were able to provide spectacular service to our customer the department was able to move beyond the standard goals and objectives that were in place year after year. Associates were able to "raise the bar" on goals and objectives in order to provide greater value added services to the customer. What were once considered challenging objectives in the past became minimum job responsibilities going forward. Associates now understand that in order to survive they must deliver better service than their competition. This change in culture took approximately 1½ years to become part of the way our department does business. Throughout that time there was much resistance, stress, and frustration that often resulted in lower morale and productivity. To overcome these types of problems, companies must assist leaders whom than must coach and mentor employees with training programs that guide people in the planning their careers (Clark & Koonce, 1997, p.16).

The Need to Communicate

In order to succeed in a fast pace and demanding market place the experts agree it is necessary to include more people in the decision making process. Leaders cannot be expected to know the day to day details of every transaction, agreement, or need of each customer. Shaffer (1994) asserts that leadership means telling the truth and that empowerment and high performance comes from a partnership built on sharing information. In his article, Shaffer cites Jack Stack president and CEO of SRC Corporation where Stack suggests the more people know about a company, the better that company will perform. "You will always be more successful in business by sharing information with the people you work with than by keeping them in the dark" (Shaffer, 1994, p.12). Shaffer also cites a passage from Peter Block's book entitled Stewardship; "full disclosure is a critical dividing line between parenting and partnership. The things a parent would never tell their child have to be told to a partner. Truth untold to a partner is betrayal" (p.12). The more people know about a company the better that company will perform. Sharing information is a sure way to promoting and building core competencies.

The author experienced this after conducting a presentation at a monthly meeting of the department. The monthly meeting is specifically designed to present employees with year to date status on the department goals and objectives. In addition, the leadership team discussed how department activity could be measured in corporate reports viewed and analyzed by upper management. After the meeting this author was approached by a newly hired employee expressing a great interest with the context of the meeting. The employee never realized how his singular actions affected corporate return on equity. "No one ever took the time to explain how my job directly impacted the bottom line!" People with information become accountable and responsible for their actions. They also sense a degree of trust in their leaders for communicating data on organizational results. In turn, there is more interest in their activity and that results in greater commitment.

Shaffer (1994) believes however, that in order to achieve business literacy leaders need to share more then just technical information. They also need to share information on values, rewards, vision, roles, and performance. Sharing knowledge with associates promotes self-leadership. This is what empowerment is meant to do.

Bartlett and Ghoshal (1995) questioned the effectiveness in organizations that use a systems-based format to communicate with their employees. This format implemented systems, procedures, and policies to ensure that all employees conformed to the company way. "The generation and transmission of consolidated and formatted reports used to measure strategic planning replaced direct communication from people representing their own ideas, analyses, and proposals" (Barlett and Ghoshal, 1995, p.134). Today, organizations have the challenge of not only improving communications with associates but also stimulating those who were alienated under the systems-dominated management approach. This shift is part of top management's role to replace an obsolete strategy-structure-systems approach with a leadership philosophy built on purpose, process, and people (p.135).

Resisting the Urge to Control

Empowerment is a method of teaching associates to behave and respond like leaders. If success requires spectacular service to customers, the best way to do this is by giving those who are closest to the customers the skills to make decisions. It will ensure commitment to the customer and in turn the organizations well being. Commitment is about generating human energy and activating the human mind. Without it the implementation of any new idea will be compromised (Argyris, 1998).

Argyris (1998) suggests leaders need to create an environment that will promote internal commitment as opposed to external commitment. Although both are valuable, internal commitment reinforces employee commitment to change and involvement. By allowing an employee to be a meaningful contributor toward resolving the problems brought about by DRR, there is more involvement related to the process. External commitment is what organizations get from employees when they have little control or input over their destiny. It is simply human nature that the less power people have to shape what they do, the less commitment they will have (Argyris, 1998, p.99). Empowerment provides the tools necessary for an individual to understand and react to their work.

When management defines work conditions for employees' along with other rules and directions on completing a task, external commitment occurs. Without any thought in the process an employee will not feel responsible for the end result because they did not help define it. Argyris (1998) explains that by definition internal commitment is participatory. The more management wants internal commitment from its employees, the more it must try to involve employees in defining work objectives, specifying how to achieve them, and setting stretch targets. Employees will not feel committed if someone is always controlling them from the top down. Managers love empowerment in theory, but the command-and-control model is what they trust and know the best. Leaders must resist this temptation and allow associates to have more of a role in defining task and goals that are challenging. Once achieved, it is important that leaders allow associates a chance to fail. This is critical to an associate's growth process, to learn, and be willing to take risk (Argyris, 1998, p.5).

As noted by authors Blanchard, Carlos, and Randolph (1996) empowerment increases a company's opportunity to better conform it's thinking, processes, and structure. They refer to four critical organizational attributes empowerment helps to achieve; customer driven, cost efficient, fast and flexible, continuous improvement. Employees will commit to change if management allows it, the work is sincere, and rewards reinforce it (p.3). Leaders must be willing to become more like a coach to ensure the development and maintenance of a talented workforce. In doing so, leadership can increase associate productivity and accountability during change. That is the leader's mission.

In addition, leadership has always been about indicating what direction to take. Today more than ever it is critical for leaders to get everyone to think about what new directions the organization should pursue. According to DePree (1989) effective leaders practice the art of liberating people. Empowerment is nothing new as it has been a concept discussed since the late 1980s. Schein, (1988) on empowerment, proposes that effective leaders must create, change, and manage the organization's culture. At the same time leaders must also create involvement and participation so that the group can achieve its own goals. Promoting empowerment is critical for a leader because the process creates lower level leaders. The highest level of leadership effectiveness is achieved from those who learn to be comfortable with change and uncertainty. We can only imagine the power of an organization that can create this quality in all their employees (Schein 1988).

Building Relations with Trust

Today's leaders have many challenges that were not part of yesterday's business world. In the past, managers were responsible for the work that had to be done and the workers who had to do it. They did not seek input as they were supposed to know the answers. Managers were not leaders based on today's terms. They were more task-oriented as opposed to people oriented when focusing on production without any other considerations. Yesterday's managers were egotistical, authoritarian and close-minded in an environment that had little to no trust (Heifetz & Laurie, 1997, p.129).

The literature shows that today's leaders need to do more than yesterday's managers do. They need to be open-minded, motivational, emotionally mature, creative, problem solving and have the ability to build teamwork. Yet, for many leaders providing leadership and not just authoritarian expertise is very difficult. Primarily this is because many employees like to given direction on what to do next. For the most part, employees do not want to be accountable for making decisions. Change is a burden for many, and the need to take on new roles, values, and relationships creates distress and frustration in employees.

Heifetz and Laurie (1997) provide an interesting leadership dilemma. They point out that in order to thrive in today's business environment instead of orienting people to their roles, leaders must disorient them so that new relationships can develop. Leaders need to encourage conflict management so as to draw issues out for discussion. Instead of maintaining norms, leaders must "challenge the way we do business" and help others to change (Heifeitz & Laurie, 1997, p.124).

The authors suggest that business leaders should give employees the context for change or create one. At the same time leaders need to give employees a strong sense of the organization's history and what is good about the past. In addition, communicate an idea of the market forces at work today and the responsibilities everyone must take in shaping the future (Heifetz & Laurie, 1997, p.125). This will enable the associate to understand the gravity of why change has occurred and how they can help to preserve the organization.

DRR separated the bond of trust and loyalty between company and employees. Frederick Reichfeld (as cited by Lee 1997, discusses the need for a new partnership. We have reached the point where companies cannot prosper with high employee turnover and low motivation. Reichfeld suggests the following ways to allow companies to earn loyalty from employees; (a) by sticking with them in adversity; (b) providing employees with the tools to be productive; (c) measuring performance that adds value to customers and sharing the profits. In order to sustain a competitive advantage in the market place leaders must develop associates in an atmosphere of trust and purpose while continuously advancing toward a shared vision (p.28).

Cascio, Young, and Morris (1997) reported firms that engaged in pure employment downsizing did not show significantly higher returns than the average companies in their own industries. Layoffs destroy employee trust and result in defections. In addition, they eventually lead to alienating customers, and crippling company growth. Companies will only prosper by regaining the trust and loyalty that was broken during the last 10 years of DRR. Organizations must continue to win back the loyalty from employees by developing relationships that tolerate a different point of view. The author agrees that under this type of environment, associates will be more willing to become risk takers, expressing creativity that can benefit the organization.

Leadership is About Developing Others

Companies must find ways to develop leadership qualities in associates in order to out perform their competitors. This will increase knowledge management and result in better decisions, faster service, and superior products. How will this be done? Tichy (1997) believes it must start with winning leaders who relish change and can convince associates to do the same. The ability to draw energy from change to create productive energy in others is a leader's most powerful tool (Tichy, 1997, p.150).

Why do some organizations find it so difficult to maintain associate productivity and accountability during change? Heifetz and Laurie (1997) suggest that organizations fail to understand the enormity of change. Organizations make the classic error of treating adaptive challenges (those that come from society, global markets, technology, and regulators) as technical problems that can be solved by tough minded senior executives (Heifetz & Laurie, 1997, p.125). The author has found that methods of implementing change frequently have senior executives coming up with the solution to a problem and than selling it to colleagues.

As a result, they bypass others in the commitment building stage and fail to achieve internal commitment from associates. Heifetz and Laurie (1997) also suggest that by failing to achieve internal commitment from associates, leaders are reduced to cheerleaders in promoting the change. They become salesmen who look to sell something to people who know nothing about the product. Leaders must treat adaptive situations by obtaining solutions to change from people throughout the organization. When adaptive challenges threaten an organization a leader needs to identify these challenges and respond through adaptive work. This means orienting associates to new roles and responsibilities during change. Based on the situation, adaptive work enables leadership to preserve the organization's values and norms vital to existence. In turn, it also challenges those values and norms that need to be changed (see Table 3) Heifetz & Laurie, 1997, p.126).

Table 3

Adaptive Work Calls for Leadership

Responsibility	Situation	
	Technical or Routine	Adaptive
Direction	Define problems and provide solutions	Identify the adaptive challenge and frame key questions and issues
Protection	Shield the organizations from external threats	Let the organization feel external pressures within a range it can stand

Orientation	Clarify roles and responsibilities	Challenge current roles and resist pressure to define new roles quickly
Managing Conflict	Restore order	Expose conflict or let merge

(Table continues)

Shaping Norms	Maintain norms	Challenge unproductive norms

Solutions for change require all members of the organization to be responsible for the problems they face. Leadership as seen in this light, must convince associates to take on the challenges presented by change to (a) understand their cause; (b) learn new habits to resolve; and (c) be prepared for more of the same.

Many organizations have reduced costs to the point where further DRR will not impact future growth. Now the goal must be to prevent future disruptive changes by encouraging associates to produce better products and quality service. Effective leadership is the bond between organizational success and associate involvement towards this end. Effective leadership can ensure commitment, loyalty, and responsible thinking in all members of the organization necessary for corporate profitability.

In his dissertation, entitled "The Role of Today's Leaders in Developing Tomorrow's Leaders" (1997) John F. Werner references the following from Levinson and Rosenthal (1984) "leadership is the most significant factor determining organizational success. It is predicted that organizations will fail or succeed based upon the quality of their leaders" (p.17). Bolt (1989) also claims that management and leadership training is a powerful weapon in the war to keep

American business competitive in the global marketplace. Although little has changed in identifying leadership as a critical component to organizational success much has changed in the way a leader's role is viewed in the new business order.

The literature clearly shows that effective leadership is a process of developing others into tomorrow's leaders. McCall (1998) identified the research of John Kotter of Harvard University, which pointed out that the best led firms identify people with leadership potential and develop them through experiences that challenge and stretch them. Real leaders have the ability to draw from their experiences, and help to develop associates by doing the same.

Prior to this author's arrival in the claim department the department maintained a clerical pool staffed by four clerks and a supervisor. These individuals were responsible for completing task such as photocopying, filing, typing, and mailing out forms. Since this group represented 20% of the department staff, the leadership team looked to increase their role in achieving department objectives. As a result, the leadership team suggested disbanding the clerical pool and reassigning each clerk to a technical team. This change, it was believed, would create a sense of identity to the team and allow for more measurable goals to be assigned. Within 3 months these individuals were completing lower level technical functions and providing greater support to the technical teams. In addition, continuous learning was provided through pictorials, seminars, and other job training. Today, approximately 1 year after this transition, three of the five clerks have been promoted into entry level technical positions.

These changes also provided for other opportunities throughout the department. By delegating greater responsibilities to the clerical unit, the technical staff had more time to assume responsibilities from the management team. In addition, a natural work team was developed to improve workflow processes in the department. All of this was made possible by creating an environment that challenged each individual to participate and grow. As a result effective leadership was able to improve productivity, accountability and personal growth in associates.

Effective leadership must create an environment that provides associates with new and challenging experiences. By providing associates with the authority to make decisions the organization increases associate confidence and internal commitment. Leaders need to encourage associates to be creative, risk-takers, entrepreneurial, and accountable for their actions. Mathew Fox (cited by Kouzes & Posner 1995) also suggests leaders need to make certain that work becomes a sense of fulfillment in an associate otherwise the organization will lose precious return on their investment in people. It is critical for leaders to touch the very soul of their associates to determine matters such as (a) the desire to learn; (b) the ambitions of lasting vision, (c) the commitment they carry toward achieving their goals (Kouzes & Posner 1995, p.41).

Understanding these ambitions becomes the very purpose of what leadership is all about. One day a supervisor on the author's staff resigned to seek a higher and more responsible position with another company. During the exit interview the associate thanked the author for the attention, drive, and motivation he was provided because without it, the associate could never have moved on. As a manager it was difficult to accept his resignation for fear that the department work would suffer. However, as a leader the author was pleased to have played a role in helping him to succeed. By encouraging associates to demonstrate leadership qualities in their actions, leaders can improve productivity and accountability in order to achieve a successful transition during DRR. This attitude is critical in order to survive, or at least maintain a competitive advantage in an ever-changing marketplace.

Chapter V

CONCLUSION AND RECOMMENDATIONS

At the onset of this research, the author looked to determine how leadership could increase productivity and accountability in associates during change.. In particular change brought about by downsizing, rightsizing, and restructuring. Data reflects that leadership continues to play a major part in ensuring associate productivity during DRR. Change is a certainty in the business world today. However, the way associates react to change continues to be an uncertainty. Organizations continue to have a strong need to develop leadership presence in order to influence behavior, values, and attitudes of fellow associates. The data shows that employees continue to look for leadership characteristics such as honesty, trustworthiness, creativity, and respect for others. Leaders need to balance their approach to co-workers in order to inspire commitment.

Although empowerment has been around in principle for over 10 years, it has not by and large been successfully promoted. Management continues to micro manage associates in the decision making process causing external commitment and employee apathy. Organizations must allow associates to become legitimate contributors for addressing the challenges of change in order to promote internal commitment to the process.

The research also reflects the importance of leaders who create in associates an understanding about fulfillment of need. In addition to supporting the corporate vision, today's leaders must also look to develop and promote associate vision. Leadership is about making certain that the employer and employee have a shared vision that continues along in the same direction. It becomes critical to create the right employee / employer fit especially at the time of hire.

The research also confirms the need for leaders to provide an environment that encourages continuous learning in order to support associate development. Improving oneself through education increases technical capabilities and a greater understanding of the business environment. Well-informed associates have a greater understanding of what they must do to survive during DRR. Those who reject change usually do so because they do not understand or they do not care. At this point, leadership can implement other alternatives to promote buy on.

Leadership has become more understanding toward the needs of the associate during change and the role each individual plays in achieving success. The research shows that being an effective leader is not knowing all the answers but developing others so that they can come up with the solutions. Leaders need to outline growth goals that support the organizational vision as well as challenge associates to think about how they can accomplish these goals.

By instilling leadership qualities in others, corporations have more energy, enthusiasm, creativity, and resources to focus on developing new products and services. At this point productivity and accountability become a part of an associate's values and self-worth. As such, organizations stand a better chance of becoming winning organizations that can avoid the need for change. However, if change should occur through DRR, associates have gained additional skills and confidence in their own ability to contribute. This is what achieving a shared vision is all about; ensuring survival. Through effective leadership practices associates have the option to apply their newly developed talents for the good of the company or if necessary, some other organization.

Recommendations

It would be worth determining if the strategies of DRR have achieved their financial objectives. Although this study was limited to what the literature shared about the impact of DRR on associate productivity and accountability, clearly the two are connected. It also seems apparent that organizations need to find ways of instilling leadership qualities in all associates. Leadership can produce dramatic change by energizing people to overcome barriers to change. At the same time providing satisfaction to basic but often unfulfilled human needs. What better way to achieve success when everyone has the opportunity to think and act like a leader?

In addition, organizations need to exam hiring practices and procedures for new applicants. Interviews should require applicant descriptions of demonstrated leadership skills as opposed to emphasizing technical skills. This can include personal as well as professional experiences. Managers and associates need to get into the mindset that there are different ways to demonstrate leadership qualities. Leadership qualities and characteristics are not only reserved for those who have technical expertise, an official title, or the corner office.

Organizations also need to provide leadership opportunities to associates and measure the results on a continuous basis. This will expose associates to situations that will expand their knowledge, creativity, and ability to take risk. Organizations will need to create ways of providing constructive feedback to associates. The goal is to build a long-term relationship from shared vision that will be supported by mutual objectives.

Conversely, iit would be interesting to determine the validity of Prahalad and Hamel's theory that DRR is just a short sighted strategy designed for quick profit only. Perhaps future research can be done to answer the following: (a) how many companies successfully improved their financial results for three years or more after implementing DRR; (b) of these companies, how many implemented DRR more than once in 5 years; (c) what was the corporate vision before and after DRR was implemented; (d) if DRR was successful, were there other major changes made throughout the process e.g., new products, core competencies, or merger/ acquisitions; (e) what is the status of employee morale and participation of DRR.

Until we know more on the above the question remains, is DRR an effective enough strategy to stand alone in allowing an organization to achieve success?

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