

By Jonas Ridderstråle and Mark Wilcox

# The Power of 3<sup>E</sup> Leadership

## Re-energising the Sony spirit Part 2

Enabling energy flows through high-energy leadership is the secret to success in Sony. By re-energising, employee potential is unlocked and customer focus increased. To find the right leadership that will make the difference, the authors suggest using the 3<sup>E</sup> Leadership model with its emphasis on developing a compelling vision to create people who engage with the organisation.

In the last instalment of this manifesto for re-energising the organisation we put forward the radical idea, that you cannot demassify your business to greatness. (Refer to CriticalEYE REVIEW September 2005.) So, if you cannot shrink to success, how can you generate and achieve it?

We believe in the huge potential human energy source which already exists in your organisation but lacks a means to flow. Our proposed new business leadership approach is all about

reducing the resistance to energy flow, releasing the potential hidden within the people in your organisation, and focusing it on the activities that customers pay for. Seen in terms of physics, the higher the potential in a circuit, the faster the transfer of power.

Organisations like Sony do not necessarily need to find new ways to bring in energy; the natural laws of conservation dictate that no energy is lost in any reaction. This being so, the challenge for organisations is to re-locate and free up what energy already exists in the system. Just imagine for a second that people in your business really want to do a good job, want to please the customer and create something meaningful from their efforts. Now, for most of those who work for you, that is actually the case, the only difference being that they encounter resistance whenever they try to achieve this. Again, from the natural laws of physics, we learn that increasing the resistance in a circuit generates heat, with the result that over time the circuit becomes inefficient. By extrapolation from the metaphor, we conclude that the role of a really super-efficient organisation is to act as a low-resistance circuit, thereby enabling employee energy to flow within it more freely.

### Sony's leadership challenge

In its recent past, Sony had a great reputation as an innovation engine, a super generator for ideas and products that would wow the world. Over the past few years, however, a change seems to have taken place; Sony, like all other large

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multinationals, chose de-massification as a means of ‘stoking the engine’, with the result that the business lacked the fire of innovation, being all gassed up, primed to go faster but with little ‘psychological’ spark to make it really ignite.

The first organisational element Sony realised was missing was a clear understanding of who its leaders were and what they were being asked to do. They had of course valued managers in the business, but real leaders were a rare beast.

Remember, leadership is not management; it is too important to be left to people who just want to control the costs and operations of the business.

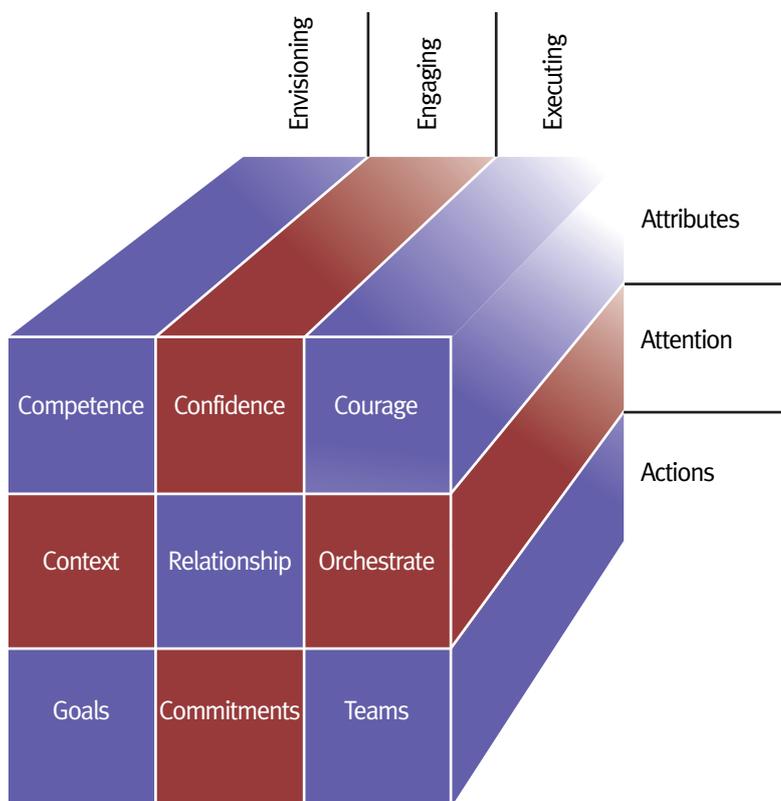
High-energy leadership is an emerging competence that distinguishes rostrum performance from also-rans. It is not a ‘desirable’ in business, it is part of being in the game in the future. Over the next decade it is leadership quality that will determine the winners of tomorrow rather than any specific technology or service proposition.

The second element missing in Sony was the engagement of people in something meaningful; not, say, the launch of the next generation of hard disk music player but something defining in the organisation's history. In the early years, the ‘something meaningful’ was establishing Sony as a consumer electronics icon, a powerhouse of innovation. The challenge that thereafter followed was the transition from Sony being kings of the analogue to them being a major player in the digital world. However, in the recent past, the focus on becoming something bigger has been noticeably lacking, having been replaced with an all-out drive for efficiency.

The final element missing in Sony, at least internally, was their admitted inability to plan and execute effectively, although they have never been lacking in coming up with new ideas, whether simple or complex. Even the introduction of Six Sigma required significant morphing to get it to work within a culture that implicitly values starting 

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**Figure 1** 3<sup>E</sup> Leadership Model



up and ideas of innovation more than planning and delivery. It is against this backdrop that Sony has now finally embarked on a journey to develop leaders; leaders who will be capable of initiating the process of re-energising the organisation, and act as ‘corporate missionaries’. In order to ensure success here, all efforts have been focused on encouraging positive deviance within its leaders in three defined dimensions; cognition, emotion and motion. One key point to make at this juncture is that missionary leaders must excel in the creative process of envisioning the future; they must understand their own psychology and that of the rest of the organisation in order to engage

themselves and people around them effectively. They must also be able to orchestrate the execution process to get results. In short, at Sony, the key objective of leadership development is to enable positive deviants to excel in thinking, feeling and doing what is required of them as leaders of the re-energising process. This 3<sup>E</sup> Leadership model, (refer to figure 1), has now become the basis of a selection, assessment and development methodology for leadership talent in the organisation.

For all the foregoing, leaders tend generally to be the result of a combination of experience and core characteristics. An exceptional leader has a combination of both. For Sony there are three major attributes which leaders need to show in order to be considered positive deviants: competence, confidence and courage. Moreover, leaders must be able and know how to take necessary action to turn a corporate dream into reality; making a strategy operational by defining the goals, building the right level of commitment and orchestrating the team are all critically important steps in re-energising the corporation.

**Envisioning the future**

By building on the ideologies of the corporate religion, leaders help shape dreams of what could and should be. They understand how to envision, that is to create compelling pictures of the future. The depth of vision to be created must go from strategic aim to first priorities, which then helps others deliver. After all, dreams are inspirational and uplifting, facilitating fusion, and so enabling energy creation. They should be rooted in the past, but nonetheless aimed at the future.

In our belief, the key attribute of the envisioning process is competence; a creative mix of strategic thinking and analytical ability which determines what needs to be done. It is raw IQ to some extent, but more connected to learning what needs to be learnt, rather than just static knowledge. At Sony, leaders are accountable for defining success. The goals they choose may be high level and require more detail, but they set the agenda for the team, department or corporation. Leaders interpret strategy and the overall dream into something much more operational and concrete that teams can understand, get involved in and execute. In an attempt to help Sony develop leadership amongst its people, we focused on working with a

number of teams they had selected. Our first task was to enable the teams we worked with to have a real stirring vision, to which end we used a two-part process. Firstly, we stimulated creation of the 'big picture' dream by way of a collaborative process, so as to get a view of the whole company in the future. This took place as part of a facilitated debate, based on ideas of the current world and future trends.

In working with Sony, we exposed its people to an 'inner' and 'outer context', as part of our methodology in developing employee contextual intelligence. By analysing the outer context, i.e. the impact of changes in technology, institutions and values on society, business, the industries in which Sony is active, we enabled employees to make strategic connections between the points they could themselves spot on the greater socio-economic landscape. The inner context was then described using the seven dimensions of the corporate religion. We then asked people to let the two contexts interact in their minds. Subsequently they were invited to think what business opportunities and challenges existed for Sony specifically, in the light of the changes and the internal strengths of the organisation.

Secondly, to encourage the teams we worked with to focus more 'fixedly', we introduced them to the 'Lou Reed method'. Teams were encouraged to describe a personal and very rich 'Perfect Day' in Sony in the future. Of course, the idea of perfection varies from person to person, but if the process is performed well, it creates a vivid view of the world of work in which everyone is firing on all cylinders. People then start to share their dreams of a perfect day, and the specifics of the dream are then related by us to a more general description based on the environmental and organisational context. Compelling pictures of the future rarely come from boardroom décor and 'bored room' thinking. To ignite energy, it is vital that the work environment feeds into the other elements of the corporate religion. Remember, an organisation that proclaims to be unique, innovative and different, with people miraculously producing 'creative' work can only be achieved, if the physical dimension is also catered for. To this end we therefore created an environment to stimulate, excite and entertain the impossible, that was both real, (where some strange things were done to the décor of hotel rooms), and also psychological, (where even

stranger things were done to the team's collective view of the world of work).

### Engaging the people

Engagement is not just about getting people on board. It is about helping them to take part and make contributions meaningful to them and the business. This is the one element that defines the difference between leadership and management most clearly; managers control, while leaders gain followers who then engage others to take part in the re-energising effort.

The main attribute of the engagement phase is confidence; the mix of self-assurance that sends out a message of re-assurance to others, and the confidence leaders place in others. This is essentially the Emotional Intelligence (EQ) of leadership. In our experience, the process requires an interest in people that goes way beyond the need to have influence to become a need to know what drives and motivates others.

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The focus here is therefore on relationships; success as a leader boils down to the interactions he or she has with their team, sponsors and peers. Leaders must develop clear, open, honest and strong relationships marked by trust and mutual respect. At the end of the day, the ethical dimension of the corporate religion concerns the character of people inside the organisation – especially those at the top. Increasingly, modern companies like Sony realise that they need to hire leaders for will just as much as for skill. Engagement is about having people who follow you as a leader.

In developing their skills of engagement, we often urge leaders to define an EVP - an employee value proposition - the experience the organisation is trying to impart to people. We ask questions such



as what does working for you look like, feel like, taste like, smell like, and sound like? In relation to your employees, do you provide a love-based or fear-based environment? Is the word 'fun' included in your mission statement? What basic emotional state do you want to invoke in your people during the different phases they go through at work? What extent of self-worth is involved in the experience? Do people feel confident, competent and in control of their work and work experience? Are they convinced that they can contribute to a realisation of the dream? Do employees feel that their contributions are appropriately recognised and rewarded? We also see and encourage 'stories' as an important tool of the engagement process. The taller the story, the more the dream comes alive. Stories provide the link between change, continuity and causality. Stories also serve the purpose of providing people with a shared language and definitions that facilitate fusion of knowledge and less friction in the communication process. A shared language is a condition for creative processes to take place. Since people tend to remember things narratively

trying to be 'like.no.other™' pull on heart strings, and achieve what manufactured manifestos do not. Engagement is an emotional process, and stories convey emotion better than factual pieces. Part of the engagement process is building the new storybook of the organisation. In Sony the stories told were still too much about the past glories and not enough about the current successes. This communication style is very much part of the new Sony, with a channel devoted to the task. @SONY is a netcast tool to spread the word within the Sony world and show who is and how to be 'like.no.other™'. However the main role is still with the re-energised leader. With stories comes the use of rituals in the engagement process. We have observed that 3E Leaders make extensive use of rituals to engage their followers. Rituals serve the dual purpose of reattaching us to our roots, and helping us realise future dreams. Research suggests that rituals and ceremonies can play a pivotal role within contemporary corporations in dealing with a variety of issues such as triumphs, tragedies, transitions and training.

### Executing the strategy

Executing a strategy is rarely achieved in isolation, which means that to enable and orchestrate a successful team it is important to ensure that all is in place, from priorities and politics to structures and systems. At the end of the day, leadership is about getting things done and leaders will be judged by what they and their team achieve. Execution needs courage. At Sony, the main driver of strategy execution is indeed courage - i.e. a personal drive to take responsibility for your own actions, for followers and for the business. Leaders capable of re-energising the organisation are frustrated with inaction, and therefore show courage by jumping into action, so that things begin to happen. Real leaders do not hesitate to do the right thing, even if it is unpopular or difficult. They are not easily diverted from what they set out to achieve. Within the great corporate network of Sony we have worked on the stages of strategy execution that leaders need to go through, and heightened awareness of the necessary structures and team leadership values that are critical to execution. Often, this has been a question of matching

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rather than paradigmatically, stories also ensure that an ideology is not forgotten. Contemporary companies do business in an information jungle caused by the recent developments in the fields of telecommunications and IT. Stories will spread whether organisations like it or not. The relevant questions to be asked therefore centre on what specific stories to focus on – what message and meaning are being portrayed, by what media, and who the author is.

What is new in Sony, and should be seriously considered by other firms wanting to tap into the unrealised potential of its people, is that stories carry more sway than spin. Real stories of people

talents with tasks, so that everyone can benefit from his or her own individual deviance. Strategy execution is further energised by leaders boosting the psychological capital of others, and letting them experience success while providing feedback swiftly and face to face. 3E Leaders must also work actively with people to link their personal objectives to the overall dream, and take measures simultaneously to minimise the risks for individual team-members, develop the assets of the unit and its members, and manage the process of learning to learn.

Strategy execution is about building a plan so solid, transparent, and inspiring that people are drawn to it. The role of the re-energised leader is to act as the rock, steadfast and uncompromising in the face of difficulty.

### From corporate religion to results

If leadership is about creating the environment and the dream that allows people to excel, in our minds 3E Leadership, with its emphasis on developing a compelling vision, creates people who engage with the ideas of the organisation, going beyond the level of any 'tick-box' system. It allows people to release energy to execute, and bring to fruit their ideas, their hidden talents and their discretionary effort. Without doubt the way businesses are led will distinguish the moderate

**“From a corporate culture perspective, Sony generally exposes its people to an ‘inner’ and ‘outer context’, as part of their methodology in developing employee contextual intelligence”**

from the magnificent and the best from the boring. The legacy you leave is evaluated by the results you achieve, not from the promises you make. Uniqueness is the way to make a profit in business. Do not compete on equal terms; compete from a position of differentiated advantage. Now given that most software can be easily bought, most machines leased, and most locations have a limited advantage in cost or access to commodities, it seems logical to think of the intangible but real asset of people as the way to build differentiation. Re-energising rather than re-engineering is the way to get the spark plug firing and restart the fire within the organisation. The next challenge is the one of spreading the word. 3E Leadership should concern everyone, everywhere, and it must go on all the time 



**Jonas** is at the forefront of the new generation of European-based business gurus. His imaginative take on contemporary business life makes him one of the world's most sought after and appreciated speakers. The '2005 Thinkers 50', the bi-annual global ranking of management thinkers, ranked him and his colleague, Kjell Nordstrøm, at number 9. Jonas' books *Funky Business* and *Karaoke Capitalism* (co-authored with Nordstrøm) are internationally bestselling manifestos of what our era requires from business firms and their leaders. He is currently a visiting professor at Ashridge Business School.

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