# SUSTAINABLE LEADERSHIP OF OPERATIONAL EXCELLENCE:
# Practices for leading long-term excellence and avoiding fire-fighting

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## Abstract

Leaders at all organizational levels striving to achieve and sustain operational excellence face pressure that frequently leads to behaviour un-favouring long-term excellence. While the operations literature presents ideals of leadership of excellent organizations and of balancing short and long-term, it offers limited advice for tackling the consequent behavioural challenges. For example, handling that human cognition under pressure tends to favour short-term survival behaviour such as fire-fighting rather than long-term capability-building. Based on a 1-year action research study, this paper investigates the behavioural challenges leaders are facing and identifies practices for supporting sustainable leadership of operational excellence.

**Keywords:** Leadership, Operational Excellence, Behavioural Operations

### Introduction

Organisations striving to achieve and sustain operational excellence face new challenges in a world increasingly characterised by volatility, uncertainty, complexity, and ambiguity (Bennett & Lemoine, 2014). At all organisational levels, leaders are under pressure frequently leading to behaviour un-favouring long-term excellence. The operations literature does describe ideals of leadership of excellent organizations (e.g., Rother, 2009; Liker & Convis, 2012; Ballé et al. 2015; Seidel et al., 2017) as well as reflections on how to balance short-term and long-term (e.g., Adler et al., 2009; Probst et al., 2011; O'Reilly & Tushman, 2016).

However, the operations literature only offers limited advice on how to tackle the behavioural challenges underlying the leadership of operational excellence. For example, how to handle that human cognition under pressure tends to favour short-term survival such as fire-fighting and thereby compromises achievement of long-term visions and operational excellence (Boyatzis et al., 2015).

This paper investigates the behavioural challenges facing leaders who strive to achieve long-term excellence and explores leadership practices for supporting transformation towards sustainable leadership of operational excellence. The research question is divided

into two parts:

1) What are the behavioural challenges for sustainable leadership of operational excellence at the strategic and operational levels?

2) What leadership practices can support leaders in achieving sustainable operational excellence?

**Methodology**

In order to study the behavioural challenges for leadership, an action research approach was used. Action research was selected for its ability to create contextual knowledge in action and in a setting of high complexity (Coughlan & Coghlan, 2002). The approach also helps manage some of the challenges of studying operational excellence, e.g., that excellence needs to be seen as an emergent system and that organizational culture evolves (Liker and Morgan, 2011).

The action research study was set up as a 1-year project with a management team in an organization with a decade long history of working with operational excellence through world-class quality management and Lean. The organization explicitly worked with creating a Lean culture and with Lean leadership as a leadership ideal (Liker & Convis, 2012). The management team experienced increasing pressure and were concerned with achieving more sustainable leadership of the operational excellence. This context made the organization an ideal target for the action research. Furthermore, the management team was ready to engage in the action research with three leadership levels, and as the project progressed senior management also engaged with the researchers to contribute to the study.

The study was carried out using action research cycles that were described as consisting of the four steps; diagnosis & planning, action, observation, and reflection (inspired by Zuber-Skerrit & Perry, 2002). Over the course of the study, three action research cycles were conducted, where the first focused on the individual level, the second on the team level, and the third on the organizational level. The diagnosis and planning step was carried out by gathering relevant stakeholders, discussing issues and prioritizing what to work on through the cycle. Then, a plan was sketched including whom from the management team should work with the research team on what topic. Then, action was carried out based on the plan, where people in the organization worked on the problems identified in the diagnosis step. During the action step, the researchers supported the progress through sparring meetings where knowledge from theory could inform the actions performed. The observation step was carried out based on the action step to identify learnings from the participants, either by individual interviews or as focus group discussions. Finally, the reflection step was carried out as dialogical processes of critical reflection inspired by Maurer and Githens (2010). This was conducted through workshops with discussions examination beliefs, values, assumptions, as well as mental models shaping daily practice. The reflection step was initiated with a presentation by the researchers of findings from the observation step.

One of the most important sources for data collection ended up being the discussion notes from the workshops that revealed thinking and reflections about behavioural challenges as well as thoughts on possible action. Furthermore, data collection through interviews and focus groups was used.

The action research cycles were used in the study to iteratively collect findings, get feedback on their validity from discussions with organizational members, and then to initiate further studies for getting deeper into the subject together with the action research team. In this way, action research provides useful for creating contextual knowledge that organizational members can confirm and find useful. However, action research and using

iterative cycles also make findings path dependent and makes it harder to structure data collection and analysis during the research. These limitations are relevant to be aware of when discussing findings of an action research study.

In the following sections, the three action research cycles will be presented followed by the collective findings to the two research questions.

**First action research cycle: Individual challenges with sustainable leadership**

The first cycle was initiated at by the management team consisting of a vice president and six senior directors. They had identified a need for discussing how to sustain good leadership behaviour under pressure and decided to start an initiative to investigate the topic further. The vice president engaged with the research team and agreed to collaborate on an action research cycle with the management team.

The diagnose phase was carried out through a discussion in the management team based on inputs from two days of interviews and observation studies in two of the senior directors' departments. These interviews and observation studies were carried out with explorative semi-structured interviews to identify issues related to the overall topic of sustaining good leadership behaviour under pressure as well as dilemmas for the management team to discuss. During the discussion in the management team, the research team introduced the improvement strategy framework (Hansen, 2015) to introduce a language for identifying the most relevant challenges to work on. Based on examples from the pre-interviews and observations, the management team translated the improvement strategy framework into a leadership behaviour model describing four different modes that they engage in as leaders: Urgent tasks, training, fire-fighting, or sustainable leadership denoted by question marks, as shown in figure 1. The diagnosis of the first action research cycle was that pressure forced the leadership behaviour down towards firefighting and that decisions about what behavioural mode to use as leaders were implicitly decided rather than explicit decisions based on organizational needs.

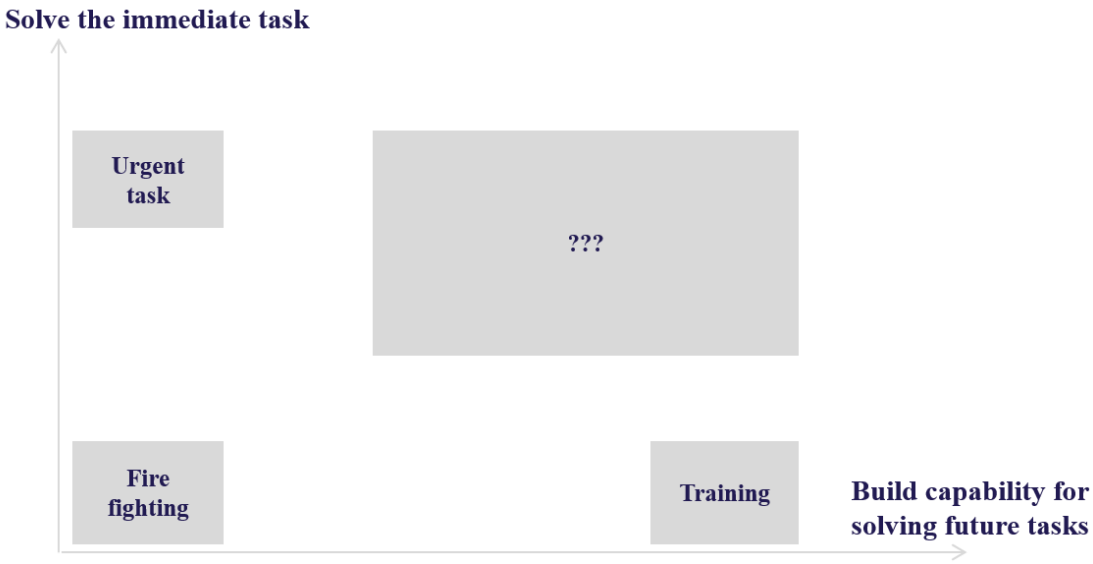


*Figure 1 – Behavioural modes for leaders in action*

This model became a driving force for the action step where three task forces consisting of 3-4 people from the management team worked for 2-3 months on inquiring into issues and possible solutions for enabling more sustainable leadership in the upper-right corner. The three task forces worked on the topics: How to improve leadership behaviour, how

to use the management team better for supporting the right behaviour, and what gear-shifts (structural changes) to make in order to get to more sustainable leadership for operational excellence.

During the work with the identified challenges, the observations step was carried out through interviews and focus group discussions with the task forces. The findings from this step was synthesized and presented to the entire management team for discussion during the reflection step. The reflection step was conducted through a workshop with discussions based on the observations and interviews that led to examination of beliefs, values, and assumptions for the management team, as well as discussions of mental models shaping daily practice. This step led to the identification of a number of behavioural challenges for leaders. Furthermore, the discussions led to a realization that many of the identified behavioural challenges were not possible to solve as individuals, but required action in the management team and in each of the senior directors' own management teams. This realization initiated the second action research cycle.

**Second action research cycle: The team as supporter of sustainable leadership**

The diagnose step of the second cycle concluded that the identified behavioural challenges needed to be addressed in teams to supplement the individual actions for more sustainable leadership. The step led to two experiments being carried out in the action step: 1) Mapping and adjusting time spent in each leadership behaviour quadrant, 2) Better integration of capability-building and solving tasks in a department with many new people coming in.

The mapping of time spent in each leadership behaviour quadrant was carried out by a management team consisting of a senior director and five directors, who each had 2-4 team leaders as direct references. Each of the managers in the management team spent 14 days investigating their daily leadership work by writing a daily diary with all activities, rating each activity by what leadership behaviour it represented. After 14 days, the managers analysed the patterns and tried to adjust their use of time and use of different behaviours individually and in the team.

The integration of capability-building and solving tasks was carried out in another management team consisting of a senior director and her four directors. Over the course of a month, they focused on the topic together and experimented with different practices for achieving leadership behaviour combining the two dimensions in figure 1.

Findings from the two tracks were collected through workshops in each management team where the research team facilitated dialogue about behavioural challenges, examining assumptions and mental, as well as identifying possible practices for supporting sustainable leadership of operational excellence.

The findings were furthermore tested at a four-hour workshop with the vice president's extended management team consisting of the vice president, the six senior directors, and ca. 40 directors and team leaders. The workshop tested the face-value of the identified leadership practices by offering them for adoption in each of the participants daily work, and gave inputs to the research team for further development of the practices.

**Third action research cycle: Organizational practices of sustainable leadership**

The final action research cycle was initiated based on a new increased pressure in the organization due to external factors. Senior management initiated short-term adjustments to the tasks being handled as well as requirements for future capabilities. Recognizing the need for leadership to drive the change, senior management decided to initiate a third action research cycle to investigate whether organizational level adjustments could support leadership behaviour and the needed organizational change.

The action step was carried out through a two-day summit with ca. 100 participants from five different management layers. The planning of the summit was carried out in collaboration between the research team and specialists in the organization with most facilitation during the summit carried out by the researchers. The action step was planned to incorporate two themes: Experimental learning and dialogue about individual behaviour, and workshops about organizational practices for supporting sustainable leadership.

The observation step was carried out by collecting data from the dialogues about behaviour and from the workshops about practices, which also delivered filled-out templates about activities to incorporate into the daily work. Unfortunately, no observations were carried out after the summit to follow up on whether the practices were in fact used and with what result in the different organizational entities.

The third action research cycle was concluded by a reflection session with the original management team where the identified practices were further qualified.

An overview of the three action research cycles are presented on figure 2.

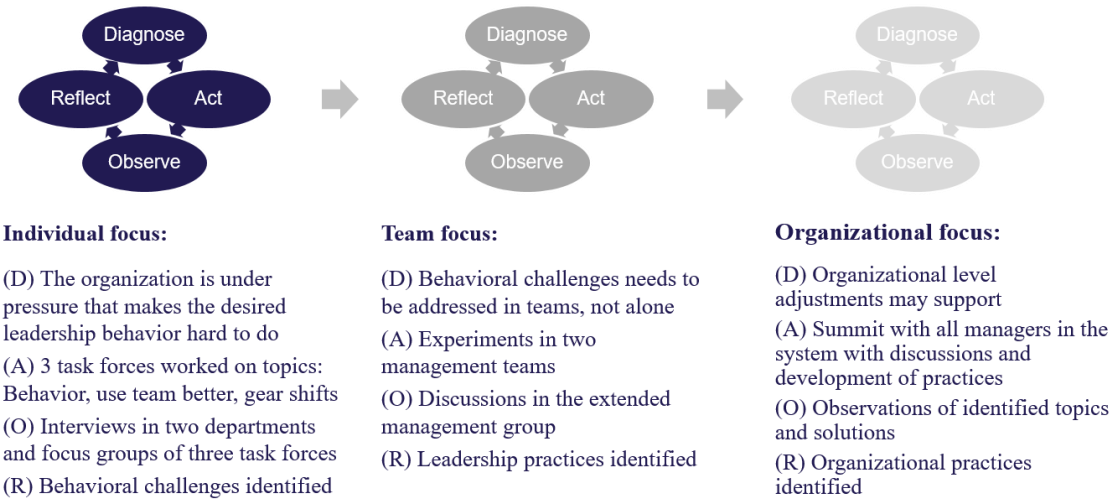


*Figure 2 – overview of the three action research cycles*

## Findings: Behavioural challenges for sustainable leadership

Across the three action research cycles, the study revealed a number of behavioural challenges for leaders at different levels for leading sustainable operational excellence, and in particular when facing adversity such as decreased resources, increased demand, increased uncertainty, conflict, and political or strategic organizational changes.

In settings with high complexity, managers need to master several types of leadership, which yields quite different behavioural challenges. For example, the first action research cycle showed during the discussions that the managers sometimes needed to master operational leadership and at other times entrepreneurial leadership, and even sometimes an enabling form of leadership for bridging the two other logics. This discussion was informed by complex adaptive leadership theory (Uhl-Bien & Arena, 2017).

The study revealed a number of behavioural challenges, where the most central are shown in table 1.

*Table 1 – Key behavioural challenges at strategic, tactical, and operational levels*

| | |
|---|---|
| Strategic challenges | • Sustaining a long-term focus<br>• Given a strategy, deciding on the right priorities, and not unrealistically many<br>• Prioritizing culture-building |
| Tactical challenges | • Developing the necessary capabilities, such as systems and processes<br>• Enabling support systems for leadership behaviour |
| Operational challenges | • Maintaining the desired daily leadership behaviour under pressure<br>• Avoiding getting caught in fire-fighting activities<br>• Balancing short-term and long-term considerations in daily decisions, e.g., delegating vs. solving<br>• Matching individual strengths with organizational needs |

Furthermore, the study showed that leadership behaviour could be mapped according to its focus on realization and capability-building, respectively. This distinction were turned into four different archetypes of leadership, as shown in figure 3. The action leader in the upper left corner, the people leader in the lower right corner, the fire-fighter in the bottom left, and the sustainable leader in the upper right corner. The model was turned into a simple preference assessment and tested by the 100 participants at the summit in the third action research cycle. The assessment showed that leaders have quite different natural leadership behaviour preferences that can be used actively for supporting each other and as knowledge about one-self for increased awareness.

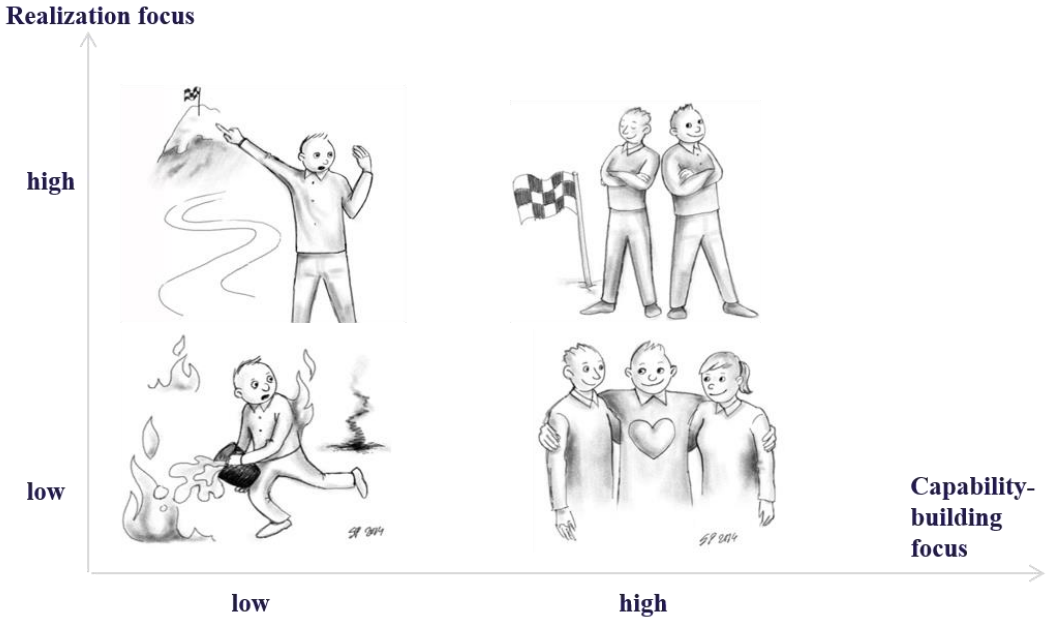


*Figure 3 – Four leadership behaviour preferences*

The leadership diary experiment showed that time is not evenly distributed in the four quadrants. On average the participating leaders spent 40-50 % of their time in action leadership mode, 20 % in people development mode, 10-20 % in fire-fighting mode and 15-25 % in sustainable leadership mode.

**Findings: Practices for leadership of sustainable operational excellence**

Analysing the behavioural challenges for sustainable leadership, many of them were not possible to tackle by an individual or by sampling realizing the behavioural challenge. For example, the diary experiment helped identify the 10-20 % time that the leaders spent in fire-fighting mode. However, many of the activities were initiated weeks prior to the activities and could not be changed simply by identifying that they were not useful to participate in for the leaders. Thus, the identified practices were often linked to improving processes and thereby improving opportunities for more sustainable leadership behaviour.

In sum, many of the practices were aligned with a quote that the researchers brought to the reflection sessions: *Every business challenge is a people development opportunity*. The study identified a number of practices for supporting leadership of sustainable operational excellence. The most central were:

- *Building capabilities during work:* Identifying the most important challenges and using them for developing people, processes and organizational learning is a key practice for sustainable leadership.
- *Knowing and visualising what is valuable:* Often, misalignment of value for colleagues or customers led to much waste. Continuously, spending time identifying and visualizing value can be a helpful strategy for effective leadership behaviour.
- *Allocating timely and flexibly:* Allocation of resources plays a key role in how effectively tasks are solved and capability is developed. Explicitly allocating for both dimensions and being able to re-allocate in a flexible way can be effective for handling the behavioural challenges of operational excellence.
- *Prioritizing flow efficiency*: Identifying when flow efficiency is more important than resource efficiency can be a very effective strategy for more sustainable leadership behaviour (see for example Modig & Ålhstrøm, 2013).
- *Creating an environment of initiative and trust*: When people are proactive and take initiative, it saves much energy from later fire-fighting. Also, high levels of trust save costly energy on checking. Trust, however, needs to be continuously built.
- *Making the future visible:* Using visualization tools for planning allows for better collaboration as well as turning individual decisions into team decisions in order to turn leadership behaviour into more explicit decisions.
- *Mindful use of time when things get hot:* When psychological pressure ignites the survival brain, it is important to be mindful about behaviour and how time is spent. Creating spaces for cooling down and for long-time thinking is useful.
- *Use of behaviour KPIs*: As a supplement to lagging performance indicators, leading indicators emphasizing desired behaviour can be a way of setting goals and following up on having the right leadership behaviour.
- *Leadership teamwork in task forces with trust from the full team:* In order to maximize resources, the management team realized that small task forces could prepare discussions in the whole management team or even get delegated tasks, which would usually be handled only in the whole management team.
- *Frequent brief touch points in the management team:* Increasing the frequency of meeting management team colleagues and aligning focus in terms of behavioural modes can be useful for getting out of the default operational mode or the fire-fighting trap.

## Conclusions

The paper contributes with knowledge about behavioural challenges for leaders who want to achieve operational excellence. This knowledge about behavioural challenges can help organisations identify concerns and initiate relevant actions to tackle the challenges. Possible actions include the identified practices for supporting leadership that needs to balance realization focus and capability-building focus. The paper furthermore contributes to the field of behavioural operations with a study of the role leadership behaviour plays in operations.

Further work is needed to qualify the practices and test their effects in organizational settings as well is their role in mitigating the behavioural challenges experienced by managers in organizations.

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