

CASCADING A NEW VISION: THREE STEPS FOR REAL COMMITMENT

One of the key questions CEOs and their teams face is how to implement their vision throughout the entire organization. This is especially true in large, geographically-dispersed companies that have diverse products and markets. This article focuses on the challenge of cascading a vision in a meaningful way throughout organizations. Vision is the desired future state of the organization, communicated in a way that creates a persistent and vivid image that channels organizational resources and energy. Leaders need to pay significant attention to and get broad involvement in a three-stage process of vision creation and dissemination. First, leaders need to create the vision; next, they must cascade that vision and the resulting key strategies throughout the organization; and finally, they have to assess the impact of those changes.

A key component of cascading leadership successfully is creating a sense of ownership of the vision throughout the organization. The three-stage cascading process can be achieved by inspiring people at all levels involving them in adapting the vision to their local contexts. Even though employees in the lower levels of the organization might adopt the vision without intervention, we believe that management must be proactive: it cannot rely on the assumption that a bottom-up adoption of the vision will occur.

When discussing the cascading process, we will look at how leaders can effect follower commitment and achieve their

desired organizational change by using three complementary leadership styles. While leaders should use all three styles in each of the cascading stages, they should emphasize a specific style depending on where they are in the process. The leadership styles and stages are:

- **Transformational leadership**
Used primarily in stage one, leaders use actions that are values-based, visionary, inspirational, emotional, intellectually-stimulating and charismatic.
- **Instrumental leadership**
Emphasized in stage two, leaders use the allocation of the organization's resources and its systems, structures and processes to cascade their vision.
- **Transactional leadership**
Stressed in stage three, this is a quid pro quo influencing process that is based on rewarding desirable behaviors/outcomes and sanctioning undesirable behaviors/outcomes.

For most leaders, transactional leadership comes quite naturally; it is easy to learn and use and is ingrained in all forms of social functioning from families, to schools, and finally institutions. However transformational and instrumental, leadership is also indispensable for ensuring commitment to the leaders' vision, thereby generating results that go beyond expectations. Using a mixture of the



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three different leadership styles, rather than only the transactional style, requires a bigger upfront investment of time and resources because it takes more time and energy to engage people on an emotional level and to engage them in resource allocation discussions. It also creates more energy, ideas, and follow-through.

Below, we outline the vision-cascading and commitment-generating processes in more practical terms and link them to the leadership style that is emphasized in each stage of the process shown below. We illustrate this process using two examples.

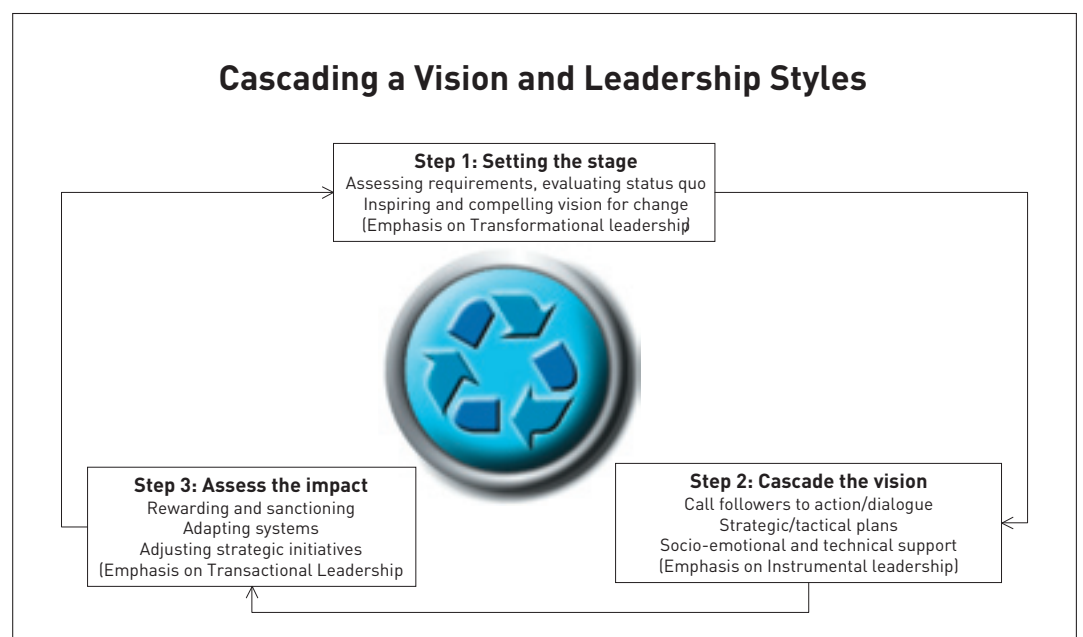
1. Set the stage for vision creation

In this phase, the leadership team seeks input from a variety of sources – internal and external experts as well as different stakeholders – to guide its vision formulation. The list of information it seeks is extensive and could include, for example, macroeconomic data, developments in a particular region of the world, competitor actions, customer and consumer demands, human resource trends, innovation pressures and currency exchange concerns. Scanning the environment this way leads to various possible futures for the organization. The leadership team has to decide which of those futures it feels passionate about and then

formulate its vision for the company. Then it must develop the strategic priorities and initiatives as well as its broad implementation parameters. The leadership team then focuses on inspiring follower interest by articulating a compelling and realistic argument for change. It uses metaphor, symbolic actions and impression management, among other visionary leader tools. In other words, the key leadership style here is transformational both in terms of internal discussions and in terms of how the vision is presented.

The selection of a few key priorities or what Killing, Malnight and Keys (2005) refer to as “must win battles” (MWB)¹ can evoke emotional discussions because this is when the consequences of the vision for the team members and company divisions will become apparent.

Take the case of Carlsberg Brewery whose vision was to focus on beer; participate in the consolidation in the industry; achieve market leadership; concentrate on Western Europe, Eastern Europe and Asia; increase ownership in core breweries; all to make Carlsberg the leading international brand and build regional and national brands. Carlsberg used the MWB strategy to focus its strategic priorities. The top team, composed of 15 executives drawn from across its business, spent several days debating their intellectual priorities, the emotional



dimensions of the Carlsberg future and what was needed to succeed in the future. They addressed difficult and contentious subjects during these meetings, such as confronting under-performance and discussing the relationship that headquarters had with the national affiliates. In the end, the team identified six MWBs and the top management team behaviors it would take to achieve them. Their MWBs were to develop a group culture; grow the Carlsberg brand; develop operational excellence; optimize the value proposition; develop people capabilities; and optimize their investments with joint venture partners.

Identifying their MWBs, however, was not enough. They realized that in order to achieve their vision and address their MWBs they needed to align and shape the leadership strategies of the different regions. Consequently, they launched a major initiative that did so and that focused on cascading their agenda throughout the entire organization.

2. Cascade the vision and key strategies

Once top management defines its vision it needs to effectively communicate that vision to the rest of the company and garner support for it. Leaders must demonstrate conviction that the vision is achievable; convert the vision into both a strategic (long term) plan and a tactical (short term) plan for achieving their objective. They must also provide technical expertise and socio-emotional support and demonstrate their commitment to the vision.

Sharing the vision in its broad sense represents only a small part of the cascading process. The CEO and other members of the team can present it to various parts of the organization, posters can be created and distributed, mugs with the vision statement can be distributed, and screen savers can be put on the computers by the IT department. Whereas these activities can positively contribute to the awareness of the vision, other communication methods need to be identified and used; true vision is not simply slogans or catchphrases resulting from an internal “marketing campaign”.

Here we see the key leadership approach shifting from transformational to instrumental. Rather than

mere speeches and posters, allocation of resources is fundamental in this stage. It is the allocation of resources that is the top management’s strongest instrument to show how serious it is about its vision and strategic priorities. Carlsberg, for example, identified plants that were not a core part of its strategy and increased its shareholding in two breweries in regions identified as high potential. It also dedicated resources to improving productivity and administrative functions.

Another key instrument is open, honest, and non-defensive dialogue about why this vision and strategy were chosen. For example, if a chemical company decides to focus on specialty rather than commodity chemicals, then one of its key challenges may involve selling off of its commodity business. Those managers responsible for commodities will well start to wonder about their role in the future of the company. A constructive dialogue may lead the commodity department’s managers to realizing that their medium-term job is to optimize cash flow to both fund the growth of the specialty part of the business and to make the commodity part of the business attractive to potential buyers.

This may not be an easy message for the managers in the commodity group to hear. However, the messages for the specialty group are not necessarily easy either. Their key strategic initiatives may be to double the rate of internal growth in the next three years and double external hiring in the specialty chemicals area. As our example indicates, the company vision will have different implications for the different parts of the company, and through its resource allocation and dialogue process (i.e. instrumental leadership) top management clearly conveys those implications.

3. Assess the impact

Although the first two stages of the cascading process are essential, people will know you are really serious when you hold reviews and assess them against stated objectives. Discussions need to take place about what behaviors people will continue, start and stop doing. These conversations not only concern behaviors but also projects,

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services, activities, as well as necessary resources to make the vision happen. Here is where the vision's status, translated into concrete actions, plans and milestones, is critically assessed. These milestones provide the cornerstone for the fine-tuning of the implementation of the vision.

This fine-tuning means that leadership has to review and, where necessary, adjust and adapt its human resource systems, processes and structures. It needs to review existing bonus schemes, appraisal systems, promotion processes, the criteria for identifying talent, board composition and responsibilities, and so on, to ensure that it fosters and supports its stated objectives and vision.

Some of the milestones will be assessed in the short-term, whereas others will have a longer time span (one year out or more). At the one-year review, the assessment not only focuses on whether the key performance indicators have been met. When milestones are met rewards are handed out. When milestones are not met rewards are withheld and sometimes punishments are handed down. In other words, the leadership approach has become distinctly more transactional in nature.

In the chemical company case, the managers in both parts of the company would have measurable and achievable goals, both short- and long-term, as part of their performance evaluations that relate back to the overall company strategy. In the case of Carlsberg, rewards and incentives were increasingly aligned with the new direction of the company, both strategic and in terms of behaviors and culture.

¹ Killing, Peter J., Malnight, Thomas W., Keys, Tracey, Must-win battles: creating the focus you need to achieve your key business goals. Harlow: *Financial Times Prentice Hall*, 2005, 234 p.

Conclusion

A three-stage cascading process links the leadership style that should be emphasized at each stage to influence people throughout the organization. The first stage is to define a vision; the primary leadership role in this stage is transformational. The second stage involves transforming the high level strategy into organizational and then local strategies; the predominant leadership style is instrumental. The third and final stage is implementing the strategy and assessing the impact; the main leadership style is transactional. Vision creation and cascading are not static states. Management should iteratively re-evaluate its vision and strategy.

A cascading process done well will lead to an emotionally and intellectually engaged and focused organization. The process requires leaders to adjust their dominant leadership approach depending on the stage they are in. It will result in an organizational culture where people face reality, hold open and honest dialogue, take ownership of key initiatives, support each other, and both hold each other accountable for results.

This article is based on "*Cascading vision for real commitment*" by John Antonakis and Robert Hooijberg, chapter 13 of the book **Being there even when you are not: Leading through strategy, structures and systems**, edited by Robert Hooijberg, James G. Hunt, John Antonakis, Kimberly B. Boal, with Nancy Lane. Elsevier, 2007.

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