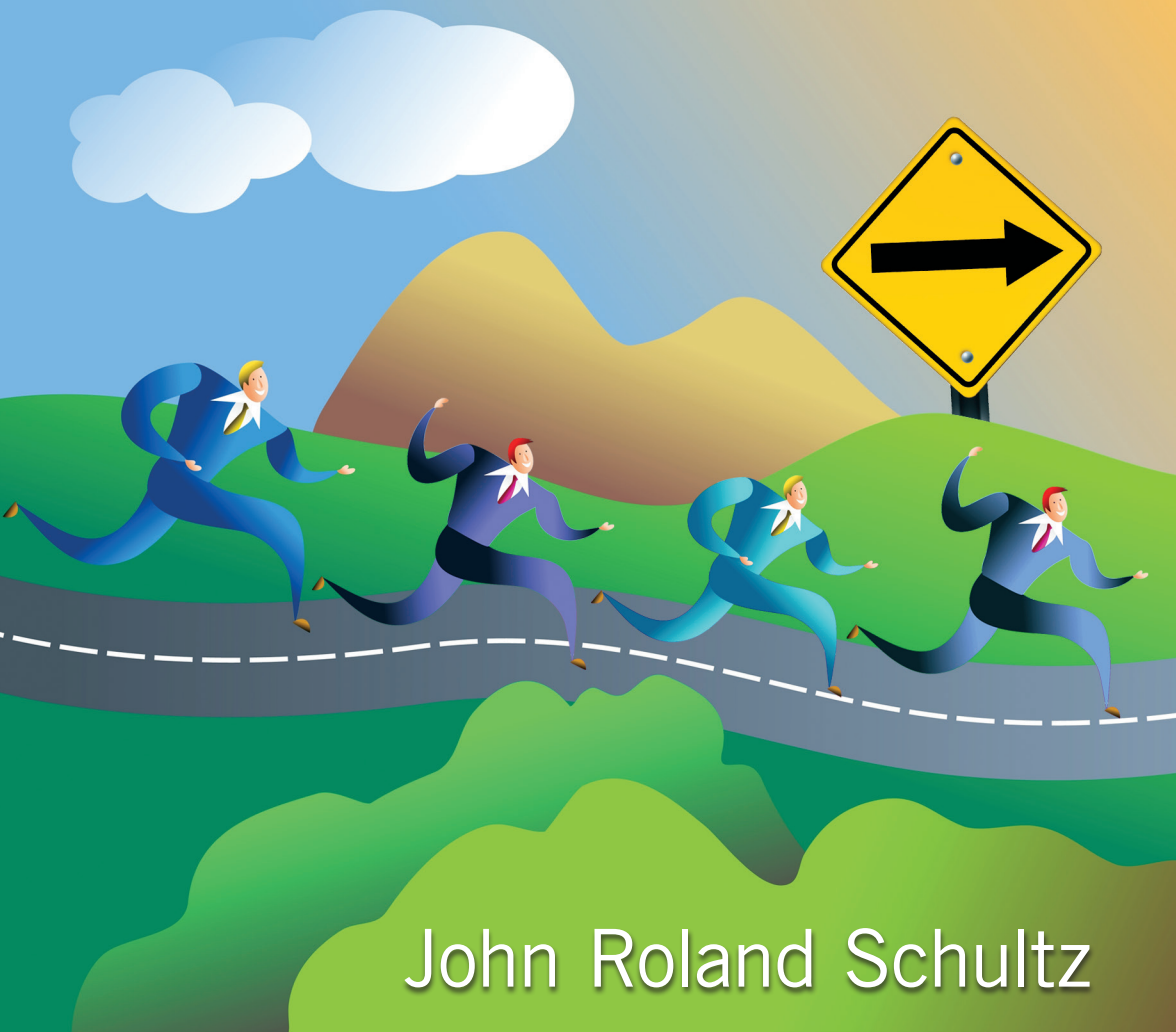


# Four-Cornered Leadership

**A Framework for Making Decisions**



John Roland Schultz



CRC Press  
Taylor & Francis Group

A PRODUCTIVITY PRESS BOOK

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This book is dedicated to our two boys, sons now grown, who have been challenging but enjoyed and loved, each unique and a leader in his own way: John and Vernon.



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# Preface

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Is leadership a role or a mind-set? Are there differences that separate leaders from managers? These are questions that frequently arise when people attempt to define leadership. It is a topic that arouses emotions and brings out many competing viewpoints. The opinions offered usually diverge over a continuum, with one end grounded in research and the other in perception.

This book is about leadership. It describes a set of competencies that are based on four core principles that convey very different assumptions about people and organizations. Leadership in this case is about action and the knowledge that is gained when ideas are tested through practice. It is knowing how interdependencies affect the system people work in, knowing how variation—the normal difference between process contingencies—affects system stability and instability, knowing how people learn and develop so organizational capability can be increased, and knowing how individual behaviors can be structured and aligned toward the organization's common good. A distinctive way for viewing leadership is presented, one that is based on learning and continual modification in response to prevailing conditions. Goals are accomplished without force. People are brought onboard in a common effort toward shared sacrifice, struggle, and rewards. Effective leadership is the result of practical application. It is recognized and honored after the fact because events have demonstrated an ability to bring about meaningful change.

Leadership is a theme that receives considerable attention. Certainly, there is a large amount of material devoted to the subject. Libraries catalog and shelve numerous titles about the topic. Anyone interested in becoming a leader can—through effort—promote themselves by applying what is already known. Leaders, nevertheless, come and go. Some are successful for a while and then flame out as the enterprises they lead come crashing down. Recent circumstances have produced many failures in finance, industry, and politics. The consequences have been economically devastating, with failures in every sector. The individuals society has looked to for leadership have not facilitated improvement—have not delivered.

Often, people are called leaders because of the position they hold. However, leadership is dependent on situational circumstances and the needs of those who are disposed to follow. Leaders can arise at any time and are found at all organizational levels. Leadership is really a skill set that can be learned and applied by anyone. Persona and individual appearance—traits and personal characteristics—are not as important as the ability to cope with and manage situational demands. The concepts described in this book are process oriented, are adaptable under varying conditions, and are oriented around the four elements that comprise the system of profound knowledge. This leadership philosophy was first proposed by W. Edwards Deming, and places emphasis on the physical and tangible elements in a workplace that can be studied, analyzed, and modified to create a more productive yet enjoyable environment. Leadership in this setting is about moving ahead and getting work done without violating commonly held values or manipulating and forcing people to do what is not in their own best interests.

Leaders are successful because they are able to rally others to a cause—to a purpose—with events creating benefits for everyone involved. So, leadership is not about tough-mindedness or incentives, using the right combination of rewards and rep-

rimand, particularly for those who choose to follow. These are people who willingly subordinate a portion of their individuality to achieve results that the leader has deemed important. Simply put, the leader with the help of others brings about change. Leadership does not exist without delighted followers and a common vision realized through cooperative purposeful action. Leadership is tested and judged by the results that are produced.

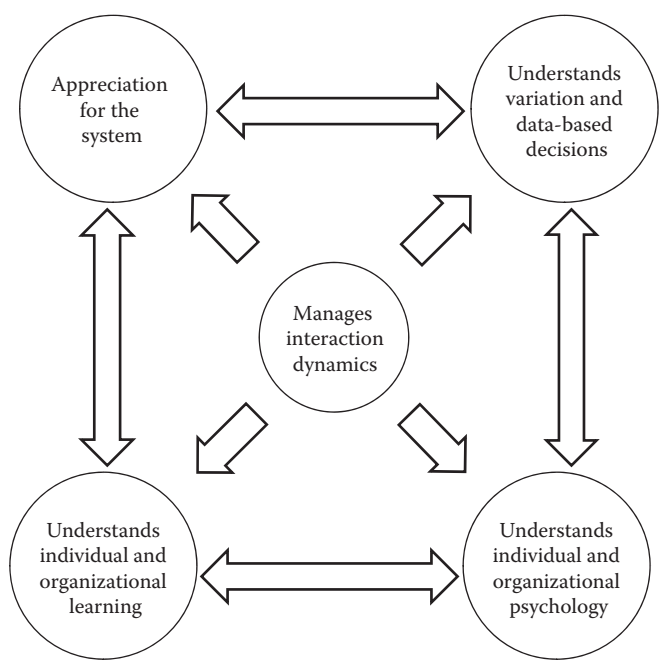
Each of the four elements comprising the system of profound knowledge is analyzed and examined in relation to prevailing management and organizational theory. These concepts are not new, but ordered and presented as a tangible foundation for internalizing Deming's philosophy as a practical leadership method. The connection between the four elements and an individual's ability to lead is defined by proficiencies that are learnable and transferable to any organizational setting in government, industry, or education. Dispelled are popular notions about leadership characteristics, such as good looks, determination, persuasiveness, eloquence, forcefulness, decisiveness, and bottom-line thinking.

Although there is plenty of material dedicated to leadership and management theory, none of it has comprehensively explored the system of profound knowledge as a leadership tool—a method for getting work done that is based on understanding organizational complexity and follower needs. The intended audience for this book is newly appointed leaders, managers, and supervisors who have excellent technical skills but have not been exposed to the proficiencies or emotional concepts that typify a capable and effective leader. In addition, any person in a position of authority who is trying to adopt the principles of quality management and continuous improvement will find this book helpful and empowering.

*Four-Cornered Leadership* is the perfect guide for individuals who feel leadership is about building follower capabilities—being an inspirational coach and mentor focused on long-term gain that is the result of continual learning and

renewal. The content is down to earth, easy to understand, and clearly written. The information is presented in bite-size and meaningful chunks supported by charts and graphs. The content arrangement and bulleted points are designed to appeal to the visual learner.

The five chapters that directly support the system of profound knowledge are Chapter 2, “Understand the Importance of System Interdependencies”; Chapter 3, “Understand Why People Behave as They Do”; Chapter 4, “Understand How People Learn, Develop, and Improve”; Chapter 5, “Understand the Variability of Work”; and Chapter 7, “Manage Interaction Dynamics.” These relationships are illustrated by Figure P.1.



**Figure P.1** The system of profound knowledge.

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# About the Author

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**John Roland Schultz** is an independent management consultant and retired college professor. For 20 years, he taught management and supervisory development courses and was a program director overseeing an advanced technical certificate in quality management. Prior to teaching, his work experience included 25 years as a consultant, technical services manager, and new product development engineer. He has performed doctoral study in adult education, has a master of science degree in management, and has undergraduate degrees with a focus on industrial management and organizational behavior.





## *Chapter 1*

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# Leadership Defined

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The job of management is not supervision, but leadership. ... The aim of leadership should be to improve the performance of man and machine, to improve quality, to increase output, and to simultaneously bring pride of workmanship to people.

**Deming, 1986, p. 54**

Often, people think leadership, even from Deming's viewpoint, is the result of specific traits or persona that if possessed predestine an individual to a position of prominence. Still others feel it is all about tough-mindedness—the ability to gain control through force of will. But, neither is true, and this verdict is supported by years of scholarly research. Leaders can be found at all organizational levels and are able to rally people to a cause because their skills and abilities match a particular set of follower needs and situational circumstances. These are competencies that can be learned and practiced by anyone with the motivation to step forward.

This chapter helps characterize Four-Cornered Leadership as realized through W. Edwards Deming's system of profound knowledge and sets the stage for its application. The following

topics define current thinking about leadership and present several examples:

- Leadership and profound knowledge
- Leadership competencies
- Leadership, power, and followers
- Leadership and management
- Leadership approaches
- Leadership implications

## **Leadership and Profound Knowledge**

Many individuals have a grandiose vision of leadership. This image may have more to do with the pretentious behavior displayed sometimes by visible and important people. Most may think this style of governance has always existed, but it has not, and change is seriously needed. The system of profound knowledge that will unfold in the following chapters is a way to alter current thinking. The following story about a spell-binding personality demonstrates this present-day and popular point of view:

Gertrud Grossmund was the president of a historically acclaimed college. She was well spoken and recognized by the community at large as a forward-thinking individual who had introduced strategic planning and consensus management at the college. To the faculty and staff, however, she was viewed as a rather flamboyant self-promoter and a wheeler-dealer who was a masterful talker. Articulate and savvy, she was able to present a convincing image. For example, when board positions opened for appointment, she used her reputation and influence in the community to seat people who, captivated by her self-assurance and persuasive manner, were affable to her many and far-reaching ideas.

Upon arriving five years ago, she set about replacing the executive-level deans with new executive-level vice presidents. The realigned positions included those in financial

services, administrative services, student services, instructional services, information services and human resources. All the new arrivals were capable individuals who were friendly and generally well liked by their staff. Yet, each was no match in stature, eloquence, or demeanor to Grossmund. These people were diligent but unusually quiet and unassuming. They acted at Grossmund's behest but never stepped forward with their own ideas. She seemed to have had a knack for picking introverts who went out of their way to avoid controversy.

Grossmund would hold a monthly open meeting—she called them forums—with students. When confronted with difficult issues, she would wholeheartedly agree but then counter with a plausible explanation. Speaking brilliantly and in a measured directive tone, she would offer a solution that the crowd found appealing and compelling. Many nodded their heads in agreement, yet when all was said and done, students left questioning the exact sequence of reasoning and the logic that had won them over. This ability to sell ideas and convince others to follow was used on staff and faculty alike. In the end, however, individuals often wondered to what they had agreed.

Of course, as time went on, people began to realize that many issues were left to fester, and that grand ideas never came to realization. Although there were yearly reorganizations, with departments shuffled and reshuffled and deans or department chairs promoted or reassigned, opportunities were missed, and enrollments did not grow in proportion to other schools within the state system. In the end, after one sabbatical too many, pressure from the community, and a loss-of-confidence declaration by faculty, the board asked for Grossmund's resignation.

Real leaders create opportunities and value people primarily for their talent and ability to contribute. They invite people to meetings to look for ideas and find solutions but do not dominate the discussion. They facilitate by asking the right questions. Real leaders are not afraid to advance subordinates' ideas and make a case for their realization. Yet, people are drawn to individuals who appear strong, deliberate, and willing to take control. Why are style and flair such compelling lures?

We live in a complex world where many institutions are having difficulty sustaining a meaningful and coherent existence over an extended period. Some organizations seem to function well for a while, but then falter as competitive and economic pressures expose vulnerabilities. News stories document the many failures of business and government. Some individuals feel organizations have become too large, and that leaders are not in touch with public needs. Disgruntled interest groups demand results, while the disenfranchised raise questions about fair and ethical conduct and wonder what can be done. They cling to the hope that big ideas accompanied by swagger and bravado will get them to a “promised land.”

Leadership is a topic that has received considerable attention. Libraries catalog and shelve numerous titles devoted to its practice. Similarly, leadership has a variety of meanings. The following definitions are just a few examples:

- “There are no bad soldiers under a good general” (Siu, 1980, p. 303).
- “Leadership is the pivotal force behind successful organizations, and to create vital viable organizations, leadership is necessary to develop a new vision of what the organization can be, and then mobilize the organization’s ability to change toward the new vision” (Bennis and Nanus, 1985, p. 2).
- “Leading is the central part of a manager’s role, which involves working with and through others to achieve organizational goals” (Stoner and Freeman, 1989, p. 459).
- “The job of a leader is to accomplish the transformation of his organization. He possesses knowledge, personality, and persuasive power” (Deming, 1994, p. 116).
- “Leadership defines what the future should look like, aligns people with that vision, and inspires them to make it happen despite the obstacles” (Kotter, 1996, p. 25).
- “Leadership is the presence and spirit of the individual who leads and the relationship created with those who are led” (Scholtes, 1998, p. 372).

What are the conclusions that can be drawn about leadership after considering these statements? For most current thinkers, there are several assumptions. First, leaders create meaningful results. Second, they do not do it by themselves. And third, they have a future perspective that enables them to establish a sense of ongoing direction. Leaders, through training, experience, or personal aptitude, are able to convince others to achieve results that are deemed desirable by both leader and followers. Working together, they are able to alter common circumstances and achieve advantageous results.

For centuries, leaders have been rallying people to greater accomplishment: to win wars, build empires, and of course complete the mundane rigors of day-to-day work. It seems the world has been able to produce leaders sufficient to match almost every challenge. Certainly, there has been enough written on the topic. Anyone interested in becoming a leader can—through effort—promote herself or himself by applying what is already known. Then, why is a new system of leadership needed?

This new system is needed because—as many now realize—recent circumstances have produced too many failures in finance, industry, and politics. The consequences have been economically devastating, with losses in every sector: numerous bank closures, a construction industry in collapse, an auto industry struggling to recover, jobs and whole industrial segments leaving the country, and an economy in deep recession. The individuals who society has looked to for leadership have not facilitated improvement or a better society. Stewardship responsible for this tragedy has been close to criminal, with bottom-line schemes that focused on short-term gain and self-serving pocket-stuffing behavior.

Well, something can be done; however, it will take leadership—not the traditional kind, but profound leadership, a different leadership, one that is transformational and has at its core a set of principles that produces benefit for all stakeholders, not just a privileged few. Deming's system of profound knowledge provides a different viewpoint on leadership. Its

ideas and underlying principles were first shaped by the 1980s' economic downturn, a period when the quality of U.S. products reached rock bottom, and the demand for foreign goods steadily increased while domestic manufacturing slowly declined. This was the first of many subsequent crises—boom-and-bust cycles—for which business and political leadership ignored the lessons and costs of past mistakes.

The system of profound knowledge is a theory of related principles that requires a leader, or manager for that matter, to consider all organizational aspects when making decisions. This means recognizing how processes are interconnected and how they function as a whole within the larger environment so that the organization can reach intended expectations. This system of leadership has at its foundation the following four parts:

- *Appreciation for the system:* This appreciation is the ability to understand the relationship between system components—suppliers, producers, and customers—and how they contribute toward the overall good of the organization, its stakeholders, and adjoining environment.
- *Knowledge about variation:* This knowledge is about the ability to recognize that two data points do not make a trend, and that all systems vary over time, sometimes positively and sometimes negatively; however, the information produced can provide guidance about what is normal and what is abnormal and indicate when to take action.
- *Theory of knowledge:* This is the ability to understand how people learn and how to advance their ability to make decisions, improve the work process, and contribute to the organization's common good.
- *Knowledge of psychology:* This knowledge provides the ability to recognize why people behave as they do, then create an environment—not one based on slogans, quotes, incentives, or exhortations—in which individual differences and skills are used to optimize the system for everyone's benefit.

Each of the components is analyzed and discussed in further chapters. However, as a catalyst for leadership, they cannot be separated and applied individually. All elements interact with one another to create a comprehensive strategy for leading others and managing individual behavior. Deming (1994), in his book *The New Economics*, framed the benefits this way:

Once the individual understands the system of profound knowledge, he will apply its principles to every kind of relationship with other people. He will have a basis for judgment of his own decisions and for the transformation of the organization that he belongs to. The individual, once transformed, will:

- Set an example
- Be a good listener, but will not compromise
- Continually teach other people
- Help people to pull away from their current practice and beliefs and move into the new philosophy without feeling guilty about the past. (p. 93)

As a side note, although Deming often uses the pronoun *he*, leadership is gender neutral. Leaders can come from any walk of life and often step up under what some would consider humdrum conditions. However, it is the results of an individual's stewardship that determine his or her stature and ability as a leader.

## Leadership Competencies

Leadership is a topic many people have difficulty defining. There are multiple and varying points of view. Some focus on the ability to create wealth, while others consider the managerial aspects of planning, organizing, directing, and controlling. Still others look for traits and behaviors like charisma



that set leaders apart from the rest of the managerial crowd. Regardless of how leadership is defined, there are interpersonal influences that encourage people to subordinate as followers. In general terms, successful leaders exhibit the following characteristics:

- *Influence*: Leaders are able to fashion a vision that has current and future relevance, then communicate the vision in terms that others readily accept as their own. People look to the leader for direction that will guide their effort toward a better future.
- *Know-How*: Leaders are able to comprehend circumstantial factors and then create enabling processes and structures that will allow others to accomplish the vision. The leader has the right knowledge and appropriate skills to get people through a particular situation or to a desired result.
- *Standing*: Leaders are able to place themselves in a position so others are willing to trust and accept direction that will harmonize collective efforts for followers to accomplish the vision. Either by personal choice or by communal vote, people allow the leader to channel and direct their activities.

Individuals who display these capabilities have developed a set of skills that provisions them to command in a leadership position. The system of profound knowledge has, at its core, competencies that support the three leadership characteristics. The skills that typify a capable and profoundly effective leader are the following:

- *Articulates a compelling future*: The leader is able to define and communicate the organization's principal purpose.
- *Focuses on the long term*: The leader is able to create a map that focuses attention on the organization's long-term

survival. Short-term objectives do not become distractions that restrict continual assessment and ongoing improvement.

- *Centers diverse efforts so the whole system benefits:* The leader is able to manage the organization as a system by eliminating barriers between component parts so people can work together as a team for the common good.
- *Provides for enabling structures:* The leader is able to facilitate the development of an infrastructure that accommodates the diverse nature of human behavior and coordinates individual activities so actions align with both long-term goals and short-term objectives.
- *Appreciates the impact of variation:* The leader is able to recognize the inherent variability of organizational influences and individual activities, distinguish what is normal, and understand the kind of action to take in response to different conditions. The corresponding reply is based on data gathered over time and not point-to-point comparisons.
- *Facilitates individual and organizational development:* The leader is able to provide for the development of individual and organizational capabilities by increasing access to information and learning so people working together can solve problems, make decisions, and contribute to the organization's or group's well-being.
- *Arouses behaviors and actions that contribute to the common good:* The leader understands human behavior and uses positive reinforcement and intrinsic motivators to inspire actions that achieve outcomes aligned with the group's needs and organization's overall purpose.
- *Displays personal credibility:* The leader is able to establish a sense of personal credibility that sets an example by displaying personal ethics, managing emotions, and taking responsibility for the results of individual and subordinate actions.

Leadership competencies are the defining skills that drive the system of profound knowledge and thus the expression

of leadership characteristics. The leader's power—ability to exert influence, channel individual behaviors, and actions—is contingent on this distinct set of skills and their able execution. Although many feel that leaders possess unique traits or present a particular persona, research indicates otherwise. Leadership consists of nothing more than a set of competencies that can be learned and practiced by most people. The ability to apply these skills is of course dependent on situational and emotional factors—the group's needs and circumstances and the individual leader's capability and good judgment. In any case, leadership is an important aspect in organizational success or failure and can be found in formal and informal settings and at all organizational levels.

## **Leadership, Power, and Followers**

Leadership, although subject to a certain amount of give-and-take collaboration, involves an unequal distribution of power. The leader is in a position where others subordinate their actions based on the leader's desires. Having control over someone else's behavior is power. Power is the ability to make things happen in a particular way.

Leaders do have power, and that influence can be derived in several ways—either through individual acumen or because of situational factors. However, there are limits to how people will respond to or be influenced by the use of power. A business or organization, for example, may flourish for many years while under a particular leader's direction, but as conditions or relationships change, the enterprise begins to struggle and ultimately lose market share. Unhappy investors press for a better return, and the board of directors responds. Later, after a new leader replaces the old one, the organization once again becomes vital and energetic. So, power has contingencies that are based on behavioral dynamics and environmental conditions.