

# Modern leadership is all over the place ...



Photograph: Colorbox

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*Successful leadership is, to an increasing extent, about building bridges across organisational, psychological, professional and cultural boundaries. But how do you implement this without jeopardising strong professional competence. In this article, we present research-based and practical suggestions for how to break down barriers to collaboration and innovation. Through a case study, we show how a shared sense of direction, alignment of tasks, frequent communication and a high degree of trust are essential to managing collaboration across organisational boundaries. Finally, we describe four specific focus areas, which our research findings indicate are crucial to successful management and collaboration across the organisation.\**

Leadership is no longer a solo discipline that can only be practised through a top-down approach. Likewise, reliable operations in well-run 'silos' are not what you need for a modern organisation to succeed. Some of the biggest leadership challenges facing companies today stem from the fact that managers focus too narrowly on their individual functional responsibilities. They say, "That's not my concern" when faced with management challenges in other parts of the company. And they sub-optimize – either consciously or unconsciously – by maximising operations in their own unit without considering whether it also supports the overall product for the customer or the services provided.

## A new way of managing

The problem is that the organisation's strategic objectives often fall between departments. Although there may be a certain level of awareness of the fact that it's important for managers to contribute to cross-organisational collaboration and tie parallel units together, there are several reasons why this rarely happens. Managers are often focused straight ahead and may be too busy to consider issues outside of their department. They might not want to give the impression of interfering or making forays into other managers' territory. Or they might be reluctant to enter an area they are not familiar with. Furthermore, their employees might also be unwilling to launch themselves into uncharted waters, and managers would rather avoid upsetting the general perception of what the task is. Finally, it is not certain that managers or employees will be

rewarded for doing so – perhaps even the contrary.

Our research clearly indicates that it is time to take a fresh approach and lead in a new way. Instead of placing the onus of leadership on a single manager and his or her skillset, it's important, in our view, to look at how the entire company fosters leadership. For example: examining the exchange of information between employees and their managers, the interaction among manager colleagues or team leaders, or teams and the use of existing organisational structures and processes. All of these aspects of an organisation can affect the extent to which it produces leadership or not. This is not to say that we are writing off the significance of individual leadership and the further development of talent and management skills. We are suggesting that such a focus is important, but not necessarily sufficient to improve leadership across organisational units.

The accelerating pace of change and innovation calls for what we in this article term 'boundary-spanning leadership', where managers involve themselves and the rest of the organisation in holistic cross organisational collaboration and coordination between departments. Boundary spanning leadership should be understood as a manager's ability to see beyond his or her own area of responsibility, and create results for the company while keeping the customer firmly in focus. This requires an ongoing and collective commitment to prioritising focus areas, expertise and quality – while always keeping the higher goal in mind.

## Leadership across sales and production

Every manufacturing company is familiar with the challenges and the occasional clashes that occur between sales and production. An example of this is the salesperson who returns home with a large order. He has worked long and hard to land the contract, with products, services, delivery times and terms and conditions all painstakingly agreed following lengthy negotiations. The order is entered in the company's systems, but after a short time the production department announces that the delivery time must be revised in relation to the contract. Sales and production are now in two opposite camps: On the sales side,

*“It’s an important customer... the order was hard to land... it can damage our revenue.” While Production responds: “We haven’t allocated the necessary materials... it’s not a standard order... we lack production capacity.”*

From their respective positions, each department is correct; however, from a wider perspective, neither of them is. No company operating in a competitive market can survive with only one or the other focus - and this example only takes two positions into account. In reality, the challenges are often much more diverse such as development and new product introduction, maintaining the product portfolio, and competitiveness – which must all be considered. Add to this the challenge of scaling up to a large product portfolio, a global market, several customer segments as well as several sales channels. Now we have an idea of what reality is like in global manufacturing companies operating in tough, competitive markets.

## Grundfos – a good example

Managing cross-organisational processes requires the ability to deal with the challenges mentioned above, conflicting interests, them-and-us scenarios as well as differing perceptions of goals. In particular, how can cross-organisational collaboration create value for the customer, and how can the natural silo mentality be countered and even used constructively in order to accomplish joint value creation. A good example of how this can work in the real world comes from the global manufacturing company Grundfos.

Two years ago, Grundfos welcomed the challenge by involving managers from across the organisation and the entire value chain - all the way up to Group Management level. The process and the culture that Grundfos introduced is known as ‘SIOP’ – Sales, Inventory and Operations Planning. Stéphane Simonetta, Group Executive Vice President and COO at Grundfos, explains why they chose to prioritise this:

*“It is a competitive advantage for Grundfos to be a truly global company. Being a global company also brings complexity, which we have to manage in a smart way. This complexity only emphasizes the need for aligned decision making, to become more responsive to changes in demand and improve our performance. SIOP helps align our forward-looking plan and decision making in a complex environment for the benefits of our customers while keeping our competitiveness.”*



The graphics illustrates the SIOP process as a monthly cycle that defines expertise and areas of responsibility, collaborative spaces as well as the escalation process.

## No simple solution

The SIOP process also defines functional responsibilities – including business development’s responsibility for the product portfolio, the sales department’s responsibility to meet market demand, and production’s responsibility to ensure product availability. In Pre-SIOP the respective areas of expertise meet together with the supply chain responsible and compare the product portfolio, demand and availability. This is where the difficult negotiations occurred to make everything fall into place in terms of both customer requirements and productivity. Decisions of a particularly complex nature or with particularly far-reaching consequences are escalated to Executive SIOP, which involves Group Management. The SIOP process requires continuous focus from everyone involved, and is by no means a simple solution to a complex problem. Or as Stéphane Simonetta says:

*“SIOP is a cross-functional business decision making process led by Senior Management. The SIOP process requires End-2-End involvement from Business Development, Sales and Operations as well as support from other functions. It needs to be seen as the way we work and not seen as a parallel or additional process driven by one department.”*

## Boundaries are both bridges and barriers

The Grundfos case has confirmed our assumption that modern leadership is not a solo discipline with a top-down approach in formal organisational hierarchies. It is increasingly crucial that leaders do not confine themselves to a narrowly defined individual managerial area, but rather lead across boundaries - encouraging collaboration between areas of expertise, departments and formal hierarchical structures. Therefore, the ability to engage in boundary spanning leadership will become increasingly crucial for how well organisations can create results, retain their competitiveness and – in the longer term – ensure their survival.

We argue that although boundaries are a fundamental condition, they are ever changing in all kinds of organisations involving individuals and groups in social systems that have been established with the objective to achieving a particular goal. Based on this, we also argue that it is more appropriate to focus on strengthening collaboration within the organisational structures than to create an illusion of breaking down, destroying and creating boundary-free organisations. In other words, it is a question of effectively taking advantage of the differences – not breaking them down. Therefore, we prefer to talk about organisational boundaries not just as barriers, but also as bridges to creating results.

## No magic wand

It’s not just about combining different parts together, but about creating practical and strategic unity in each organisational action. Rather than using the traditional forms of dialogue and involvement, which are frequently characterised by an us-and-them approach, it is necessary to develop a higher level of mutual understanding.

However, it is important to stress that boundary spanning leadership is no miracle cure. And it’s not for the timid! It is not easy to manage outside your own vertical in the

organisational chart and across different frameworks and interest groups. It is also a constant challenge to manage across the ‘us and them’ divide for the benefit of the collective ‘we’. It can be a constant struggle to go beyond the firmly cemented cultural, organisational, political, psychological and expert worldview while remaining open to the ideas that challenge or collide with your own views. Nevertheless, we know it can be done! However, it requires specific tools to actively break down barriers and engage in active bridge-building.

## Direction, Alignment and Commitment

Boundary spanning leadership involves the ability to create a shared direction, alignment and commitment.

Direction is about creating understanding and meaning in relation to joint overall objectives and strategies. Alignment is about coordinating resources and activities. Commitment is about creating a sense of responsibility for the collective success, as strong as for your own or your unit’s success.

Our research results indicate four focus areas, which are paramount to successful leadership and collaboration across the organisation:

### 1. Establishment of shared direction in relation to the task:

Understanding that to begin with, no one has a complete picture of how the task should be solved; however, through negotiation and collaboration, it is possible to establish a shared direction.

### 2. Establishment of shared alignment: To create spaces and frameworks for systematic collaboration – including the establishment of robust connections between workprocesses, functions and units.

### 3. Establishment of commitment: To support this mutual dependence by strengthening professional relationships across boundaries – which can work together and react quickly and appropriately in different situations.

### 4. Establishment of the organisational foundation: To set goals for success, and ensure that organisational structures and remuneration systems support leadership and collaboration across the organisation.

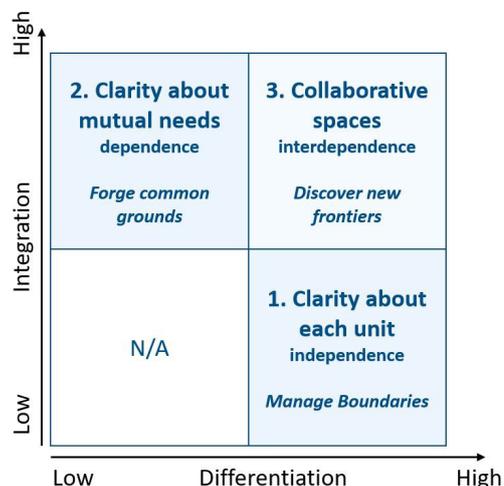
We will now look at more specific points for each of the four focus areas.

## Direction

The first step to establishing boundary spanning leadership is, ironically enough, establishing and strengthening the existing boundaries. As a manager, you must work to create a sense of security, respect and psychological connection by initiating exploration and reflections on roles, functions and common goals. Trust is not a given - a manager must foster trust through specific actions and through social relationships. Demonstrating trust in each other does not ultimately mean a loss of control - it is an investment in collaboration.

As the figure below shows, it is important to clearly define each area of expertise [Differentiation] while also identifying common needs across the organisation [Integration] in order to achieve mutual dependence, which supports the creation

of added value. As we described in the case study examining SIOF at Grundfos, the company focused on understanding the particular areas of expertise and the responsibilities of individual functions. Working across boundaries is not about blurring the distinctions between specialist fields, but seeing the functions’ respective expertise as a contribution to the whole. In other words – to work across our professional functions, we must also be strong in our mono-disciplinary focus.



## Alignment

Create a new infrastructure and new ways of collaborating across people, units and organisations. Conflicts must be dealt with constructively by avoiding being mired in isolated solutions, and by aligning the efforts of groups and individuals so they contribute to the organisation’s overall value chain.

Managers must be aware of the consequences of wielding power, and strike a balance between hard and soft power. It does not pay to adhere to one or the other. On the other hand, it is necessary to integrate hard, structural power with softer, more personal power in your management style, and continually reflect on your own behaviour, power and on the actions that affect your employees. In addition, knowledge sharing is crucial. Ideally this means creating a common third language across the respective professional language ‘codes’ – i.e. the sum of common, shared knowledge that supports mutual trust and respect and facilitates interdependent collaboration.

## Commitment

Focuses on communication. Supports new collaborations and relationships with frequent, timely, precise and problem-solving communication. Constructive cross-organisational collaboration is characterised in particular by frequent and largely verbal communication.

Think unity. Excessive self-satisfaction and self-sufficiency in closed groups must be challenged. Therefore, part of the management task is to bring the world outside into focus, and to draw attention to the mutual dependence of life outside the silos. Moreover, it is vital that management facilitates a move away from just a homogeneous ‘us’ and towards a ‘we and us’ – i.e. both the departmental ‘we’ and the general organisational ‘us’.

## Build an organisational foundation

Set goals for success. Break down the work into smaller portions, where goals are set for success in selected strategic areas and employees practise collaboration across the organisation. Avoid the trap that many managers fall into of becoming infatuated with the idea of collaboration and synergies – while forgetting to consider the specific goals for success.

Formalise processes and structures. Ensure that the organisational structures support management and collaboration across the organisation. Boundary-crossing leadership requires strong internal coordination, the optimum use of resources and a clear distribution of responsibilities and roles. Otherwise, there is a significant risk that people will carry on as usual. Reward and recognise collaboration across the organisation. In a busy and hectic working day, most people naturally prioritise what they are paid for. Therefore, managers who want employees to collaborate across the organisation must support boundary-crossing collaboration – and not just individual performance.

## Drop interfaces and create collaborative spaces

In our research, we see that working with interfaces can create ideas of separation and counterproductive ‘us and them’ thinking. Once the collaboration is distinguished with a clean cut, something is lost; perhaps the shared task, trust, or the purpose of the collaboration. We therefore suggest that managers use the term ‘collaborative space’ as their starting point, which envisages a shared distribution of actions, knowledge, communication, trust and identity.

Only when a senior manager prioritise these collaborative spaces and the conditions necessary to maintain them, can everyone get fully involved. This is an ongoing task that requires the organisation to be rooted in both functions and expertise as well as in the boundaries between them in order to build bridges between professional disciplines and more value creation.

People who are able to promote collaboration and value creation across formal boundaries and between professional groups and departments are at the heart of the organisational flow and performance. They always consider and communicate the perspectives of ‘the others’ in the organisation – and they can coordinate so that everyone pulls together to achieve the overall goal. Put another way - modern leadership must be all over the place!



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Morten Fogsgaard holds an MSc in Psychology, has completed an Occupational PhD in Leadership and Organisational Psychology at Aalborg University and is a senior consultant and partner at UKON, Denmark's leading consulting firm in organisational psychology and leadership development. He is currently engaged in consultancy and research within leadership development, the management of cross-collaboration processes, the development of management teams as well as power and influence in organisations. In addition, Morten teaches on the Master's programme in Leadership and Organisational Psychology at Aalborg University as well as the Master of Public Governance (MPG) programme at Copenhagen Business School. Morten has published many articles, and most recently co-authored *Magt i Organisationer (Power in Organisations)*, which was published by Forlaget Klim. He is currently conducting research into the leadership of cross organisational collaboration with Chris Ernst and the Bill & Melinda Gates Foundation. Their book, *Grænsekrydsende ledelse – nedbryd siloer, og byg bro til tværgående samarbejde og innovation (Boundary spanning leadership – breaking down silos and building bridges for cross organisational collaboration and innovation)*, will be published in the spring of 2018.



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