

# The 6 Box Leadership Diagnostics: Implementing Management Research into Practice for More Value Creation

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## Introduction

Organisations today face unprecedented challenges. These include: disruption to markets from unconventional competitors; intensifying competition for talent; accelerating pace of change; complexity and uncertainty; and a rapid transition from the “knowledge economy” to the “creative economy” (Hamel, 2012). Corporate performance has declined, as measured by Return on Assets or Return on Invested Capital. The Return on Assets of US firms has dropped 75% since 1965 (<http://ow.ly/7TeUE>). The average life expectancy of Fortune 500 companies has fallen from 75 to 15 years in the last 50 years. Only 25% of the workforce is passionate about their work.

Evidence that has accumulated in recent decades strongly supports the conclusion that low levels of engagement and declining performance are causally related, and not mere correlations; and that ‘command and control’ mindsets and approaches to management represent major obstacles to releasing higher performance, and higher levels of innovation and adaptability. Organisations need to create more value and become more engaging, innovative and resilient (Hamel, 2009).

This article uses the term ‘Management 1.0’ for practices based on a mechanistic paradigm, featuring bureaucratic organisation, hierarchical command-and-control mindset, standardization and specialization (Hamel, 2012). This is contrasted with an approach termed Management 2.0, in keeping with the terminology adopted by the open innovation network the Management Innovation eXchange ([www.managementexchange.com](http://www.managementexchange.com)), which the author has been involved in. Management 2.0 is based on Peter Drucker’s principles, which include: understanding the task, giving autonomy, continuous innovation, focusing on quality, continuous learning and treating workers as an asset not a cost (Bergstrand, 2009). The author has developed a practical approach, branded the 6 Box Leadership Model, for helping organisations move from Management 1.0 to Management 2.0, and the article will describe how it has been implemented by an employer. It will be featured in the forthcoming book *The Management Shift- How to Harness the Power of People and Transform Your Organization for Success* (Palgrave Macmillan October 2014), and there is more information at [www.themanagementshift.com](http://www.themanagementshift.com).

## **New Management Practices and their Theoretical Base**

The move from Management 1.0 to Management 2.0 requires a fundamental change in management and leadership practices, as well as a change in mindset. Principles include collaboration, transparency, meritocracy, purpose, community and autonomy, where the authority is distributed and decisions are made on the basis of knowledge rather than a formal position in organisational hierarchy (Amar *et al.*, 2009) and organisations are managed holistically as complex adaptive systems (Holland, 2006).

Many leading management thinkers support this transition. In addition to Peter Drucker (Drucker, 1954) examples include Charles Handy (Handy, 1989), Henry Mintzberg (Mintzberg, 1998) and Gary Hamel (Hamel, 2007). A recent synthesis of a large body of the literature on leading knowledge workers (Amar and Hlupic, 2012) reveals that in order to foster innovation in knowledge based organisations, a different leadership style is needed, based on horizontal rather than vertical leadership, where power and authority are distributed on the basis of knowledge.

Many authors focus on *what* organisations should do to address their challenges, create more value and improve innovation and engagement. There is less literature on *how* to effect this transformation (Amar *et al.*, 2009). The 6 Box Leadership Model was designed to assist implementation of these principles. It has been developed through synthesis and thematic analysis of research findings from a number of research projects carried out by the author and her colleagues over a period of more than 15 years, featured in published articles by the author (for example, *Harvard Business Review*, Amar *et al.*, 2009).

## **Research Background of the 6 Box Leadership Model**

Research projects that form a foundation of the 6 Box Leadership Model involved both theoretical and empirical research. Theoretical research relates to a review and synthesis of more than 1,000 research articles, whilst empirical research is related to more than 23 case studies, involving more than 300 semi-structured interviews. Many of these case studies were in-depth, longitudinal case studies, carried out over the period of two-three years. Empirical research also involved a survey involving 88 organisations and more than 6,000 respondents in a survey. The framework was developed using thematic analysis (Boyatzis, 1998), including coding.

It was also informed by research relating to the Emergent Leadership Model, which was developed after extensive literature search in personal and organisational development. Some of the sources that have informed development of this model include Wilber's integral theory of consciousness (Wilber, 1997), Piaget's theory of cognitive development (Piaget, 1977), Maslow's hierarchy of needs (Maslow, 1943), Spiral dynamics model Beck and Cowan, 1996), Loevinger's stages of ego development (Loevinger, 1970), Cook-Greuter's Leadership Development Framework (Cook-Greuter, 2004) and research related to the Tribal Leadership (Logan *et al.*, 2008).

The model shows how individuals and organisations go through different developmental levels. It also shows the levels of maturity of organisational culture as individuals and organisations evolve. Each level has certain individual and organisational characteristics summarized as follows: At level 1, employees have a lifeless mindset, there is an apathetic / fear based culture, and employees and leaders are isolated and disengaged. At level 2, the mindset is reluctant, there is stagnating/blame culture, autocratic leadership, and overwhelmed and disengaged employees. At level 3, the mindset is controlled, culture is orderly, leadership is based on command and control, people are micromanaged, and relationships are self-centered. At level 4, the mindset is enthusiastic, there is a team ethos, culture is collaborative, the leadership style is distributed and employees have unleashed purpose and passion for work. At level 5, the mindset is unlimited, there is strong team cohesion, the culture is unbounded, leaders are inspirational and there is a strong sense of purpose and passion for work.

Once the predominant organisational culture moves from level 3 to level 4, a shift from Management 1.0 to Management 2.0 is achieved. The 6 Box Leadership Model was developed to identify bottlenecks for this shift. Figure 1 shows the Emergent Leadership Model, whilst Figure 2 shows the 6 Box Leadership Model.

## EMERGENT LEADERSHIP



Figure 1. The Emergent Leadership Model

## 6 BOX LEADERSHIP



Figure 2. The 6 Box Leadership Model

## **The 6 Box Leadership Model: Development**

The 6 Box Leadership Model covers both people related and economic factors: *Culture, Relationships, Individuals, Strategy, Systems and Resources*. The *first phase* of developing this model related to development of a framework with 130 factors that drive value creation in organisations, and grouping these factors in the six areas. This was done through empirical and theoretical research using a thematic analysis with coding. In *the second phase*, an online assessment instrument with 105 questions was developed on the basis of these factors as well as the initial software platform. Empirical testing of this online questionnaire was done on 10 organisations, and then the final framework with 150 factors was developed as well as the final version of an online questionnaire with 120 questions.

In *the third phase*, these 120 questions (grouped in six boxes), were regrouped and mapped according to three existing frameworks for additional analysis:

### *(a) Management 2.0 principles*

The 6 Box Leadership questions were mapped to 12 principles of Management 2.0 which resulted from the Management Innovation Exchange (MIX) community. These principles are: 1. Openness, 2. Community, 3. Meritocracy, 4. Activism, 5. Collaboration, 6. Meaning, 7. Autonomy, 8. Serendipity, 9. Decentralization, 10. Experimentation, 11. Speed and 12. Trust. This approach enables an organisation to determine the extent to which it has implemented each of the Management 2.0 principles.

### *(b) Key ideas of Peter Drucker*

Eight key ideas from Peter Drucker's work were selected, and all 120 questions were mapped into groups related to these ideas: 1. Productive organisation / decentralization, 2. Respect of workers / employees as assets, 3. Knowledge work productivity, 4. The imperative of community, 5. Focus on serving customers, 6. Responsibility for the common good, 7. Focusing on core competencies / properly executing business processes, 8. Management by balancing a variety of needs and goals.

### *(c) Reinvention Framework*

The 6 Box Leadership questions were also mapped to Bergstrand's Reinvention Framework (Bergstrand, 2009) which has been used in various organisations to improve knowledge

work productivity. This framework consists of four key knowledge work productivity areas: 1. Envision, 2. Design, 3. Build and 4. Operate. 120 6 Box Leadership questions were mapped to these four areas to assess where the strengths are and blockages to knowledge work productivity in a particular organisation.

For all four mappings of 120 questions that drive value creation, innovation and engagement in organisations, average scores below 40-50% are considered as a sign of possible weakness in a particular area, and scores above 60% as considered as a strength. Scores are relative for a particular organisation.

In *the fourth phase*, a new software platform for data collection and analysis was developed. For each question, a six-point Likert scale was used to eliminate neutral answers, and the possibility to add qualitative comments was also provided. Scores are translated into percentages, and the word frequency of the keywords used in comments is also calculated.

In the *fifth phase*, the final version of assessment tool developed has been tested empirically using 11 additional case studies and statistical analysis was completed to check the reliability of the questionnaire. All tests (including Cronbach Alpha coefficient) confirmed very good reliability.

### **Application: The 6 Box Leadership Model in Practice**

So far, the model has been successfully used in 21 organisations in the private and public sectors (17 in the UK, two in the USA, one in Norway and one in South Africa), to help them create value, discover hidden areas of strengths, dependences and blockages to organisational performance, improve innovation and engagement, and support strategy development. It has been used mainly as a qualitative tool to identify the key areas of strengths and weaknesses that need further analysis and discussion in order to design an intervention for value creation.

Companies that are knowledge intensive have found this diagnostic tool particularly beneficial. Research shows that knowledge workers cannot and do not want to be led using traditional vertical leadership approaches; they tend to ignore corporate hierarchy, and they need interactions and autonomy to be more innovative and engaged (Goffee and Jones, 2007).

## 6 Box Leadership Case Study: A Management Consultancy

Management consultancy XYZ, based in the USA, used the 6 Box Leadership Model. The company employs highly qualified and experienced consultants, it works in a specific market niche focusing on large companies, and is planning a new expansion strategy. This company had already implemented many management practices identifiable as Management 2.0. Its main objective in using the tool was to identify key strengths and developmental opportunities that they could use for their growth strategy and market expansion.

As it is a small company with fewer than 15 employees, all employees were invited to take part in the survey in July 2012. The response rate was 100%. Larger companies use a sample of employees.

High, fairly uniform average scores are obtained for all 6 Boxes. The difference between average scores is only 6%. *Individuals* is the highest scoring box with average score of 82%, while *Resources* and *Strategy* are the lowest scoring boxes with average score of 75%. For each of the 6 Boxes, the highest (key strengths) and lowest (key developmental opportunities) scoring questions were identified.

CULTURE			
KEY STRENGTHS		KEY DEVELOPMENTAL OPPORTUNITIES	
Question	Score	Question	Score
Ethical behaviour is part of our culture	98%	Employees are overworked *	55% (45%)
Encouragement is used regularly instead of criticism	95%	Employees are stressed *	43% (57%)
Our organisation has a caring ethos	93%	Command and control is part of our culture *	58% (42%)
Transparency is part of our culture	93%	Senior management determine the culture *	20% (80%)

Trust is part of our culture	90%	Environmental responsibility is part of our culture	65%
Employee's values are aligned with the organisation's values	88%	Democracy is part of our culture	60%
Accountability is part of our culture	88%		
Employees succeed based on the quality of their ideas	85%		

\*Questions annotated with \* are negatively phrased questions for which original scores were inverted. Original scores are shown in brackets

**Figure 3. An example of highest and lowest scores for questions in the *Culture* box obtained for Company ABC**

Key *strengths* in the area of *Culture* for Company XYZ include: ethical behaviour, encouragement instead of criticism, a caring ethos, transparency, trust, alignment of individual and organisational values, accountability and meritocracy (see Figure 3). Areas identified as *developmental opportunities* in the area of *Culture* include: potential stress and burnout issues, possible elements of command and control, embedding more environmental responsibility and democracy in the culture.

The Reinvention scores obtained for Company XYZ show high, balanced scores for all four areas, with the difference of only 3% between four phases. This balance is likely to indicate a high-performing, level 4 organisation. The lowest score was achieved for *Design* (76%) and the highest scores were achieved for *Build* and *Operate*.

High average scores were achieved for all eight key principles of Peter Drucker's work. However, there is some variance – the difference between the highest and lowest scores was 21%. The highest scoring principle is Focus on serving customers (87%), followed by The imperative of community (85%). The lowest scoring principle is Productive organisation / decentralization (66%), followed by Management by balancing a variety of needs and goals (75%).

High scores were achieved for all 12 principles of Management 2.0. The highest scoring principles are: *Collaboration* (85%), *Serendipity* (82%), *Meaning* (81%) and *Meritocracy* (81%). The lowest scoring principles are: *Decentralization* (64%), *Openness* (76%) and *Speed* (76%). The issue of decentralisation is consistent with findings from the 6 Box Leadership and Peter Drucker's ideas mappings.

### *Overall Findings for Company XYZ*

In general, Company XYZ achieved very high scores for all four mappings. Scores for the 6 Box Model and Reinvention Framework are more uniform than scores for the Peter Drucker's ideas and Management 2.0 principles. Key themes that emerged include: XYZ's motivated and purposeful employees are its greatest asset, which could be further leveraged by some fine tuning of some processes and governance structure.

The key strengths identified for Company XYZ include: Caring, transparent culture based on trust, ethical values, meritocracy and accountability; Strong teamwork and collaboration ethos going across organisational boundaries; Highly motivated employees, feeling happy, purposeful and passionate about their work; Aligned systems and strategy, flexible working practices, alignment of information management and strategy, and good access and accuracy of information.

The key developmental opportunities for company XYZ include: Addressing possible issues of stress and burnout; Addressing a possible issue of tendency for command and control; Participative strategy development; Improving flexibility of processes; Closing gaps between stated and realised objectives; Reducing hierarchical structure; Avoiding micro-management; Improving access to training and development and mentoring processes; Reducing control of budgets when appropriate and Creating enabling conditions for change.

The results of the 6 Box Leadership diagnosis were discussed with the Executive Board of the Company XYZ. The following action plan was agreed and is being implemented:

1. Prioritizing key strengths that need to be leveraged further,
2. Prioritizing key developmental opportunities that need to be addressed to create the biggest impact,

3. Assigning a time scale for further leveraging of strengths and addressing weaknesses that were rated as highly important,
4. Designing a plan for individual and organisational action that will be taken to leverage strengths and address weaknesses that were rated as highly important,
5. Implementing plan for action,
6. Repeating the 6 Box Leadership analysis in 9-12 months to compare the scores and assess the impact of changes.

So far, this company has been experiencing a sustained growth since 6 Box Leadership diagnostics was conducted in the first quarter of 2012. In the first 18 months after the project was completed, the revenue increased 500% and staff numbers doubled, from 9 to 18.

**Table 1. Actions taken in Company XYZ as a result of the 6 Box Leadership diagnostics**

Redesigned and implemented a new Intranet site for the entire XYZ team, with enhanced social collaboration capabilities and more efficient information communication and retrieval
Updated the internal HR personal assessment process to provide more transparency to individual and team strengths, areas for development, and productivity barriers
Enhanced internal accountability through documented commitments by individual that are measurable, tied to a contribution action plan, and will be proactively tracked
Looking at “what should we stop doing?”, “what should we continue and build upon?”, and “what should we start doing?”— Company XYZ streamlined their approach to internal meetings, reinforcing an action orientation (versus a reporting orientation) and leveraging more efficient vehicles (e.g. weekly two-minute voice-mail updates, the new Intranet site, etc.) to keep the team informed

## Conclusions

In order to survive and thrive in the current challenging business environments, organisations need to create more value, become more innovative and have more engaged and passionate employees. Command and control-based management needs to be replaced by management practices based on the key Peter Drucker’s ideas and Management 2.0 principles.

Much management literatures describes *what* needs to be done to effect this transformation; the 6 Box Leadership Model has been developed to describe *how* organisations can change.

The tool has been successfully used in 15 organisations so far and further projects are currently in progress. All organisations that have had the 6 Box Leadership survey done have experienced value creation and improvements in various aspects of their business.

- *This article is a précised version of a written submission to the All-Party Parliamentary Group on Management, which published its report at the House of Commons 15 July 2014.*

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