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# VANTAGE<sup>©</sup>

## DITCH THE PYRAMID: REIMAGINING LEADERSHIP IN THE 21ST CENTURY

In today's information economy, predictability has gone the way of the VHS and fax machine.

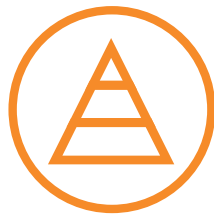


Organizations are struggling to keep up with fluctuating customer demands. Workers are becoming disillusioned and disengaged.

The tension between organizations optimised for predictability and the unpredictable world they inhabit has reached a breaking point. Those led by traditional, transactional, command-and-control practices will not survive.

## THE PYRAMID OF POWER

When we picture an organizational structure, typically a pyramid comes to mind. Under the pyramid model, power and privilege are concentrated at the top. It then trickles down through lesser and lesser ranks, leaving those at the bottom with the heaviest workload and the least privilege.



### THE TRADITIONAL LEADERSHIP PYRAMID

For centuries, the pyramid structure kept monarchies stable, dictated the rank-and-file system of the military, and yielded highly reproducible goods from assembly lines. The model served America's manufacturing economy well, helping it surge for most of the 20th century.

The leadership style under the pyramid was transactional. The relationship between leader and employee was strictly quid pro quo where work was traded for wages. Companies needed "hired hands" to produce goods in a highly repeatable, efficient process. Greater efficiency meant higher profit for the company. It also meant devaluing the dignity of the employees.

At the turn of the 20th century, the majority of manufacturing jobs were filled by immigrants. Many of the men took back-breaking jobs in steel

 **18%**

**IN 1900, 18% OF ALL AMERICAN WORKERS WERE UNDER THE AGE OF 16.**

mills and coal mines while the women often worked in textile mills and on assembly lines -- often, with their children taking their place along their side.

While the laborers worked extreme hours under brutal conditions, their bosses worked in comfortable offices. It became easier to think of workers as a cost of manufacturing – not as people. Companies were free to treat workers however they wished. Nothing prevented them from making decisions based on making as much money as possible.<sup>1</sup>

By the mid-1930s, the social contract between employer and employee began to improve. Labor unions created bargaining power, and the Fair Labor Standards Act (FLSA) was passed in 1938. Under the FLSA, child labor was prohibited, the minimum wage was increased, and the 40-hour work week was set.<sup>2</sup>



Political cartoon depicting robber barons, sitting atop workers. Stock Montage/Getty Images

For the first time in U.S. history, federal law pierced the once impenetrable pyramid of power. Employees' rights were protected, and their human dignity was restored.

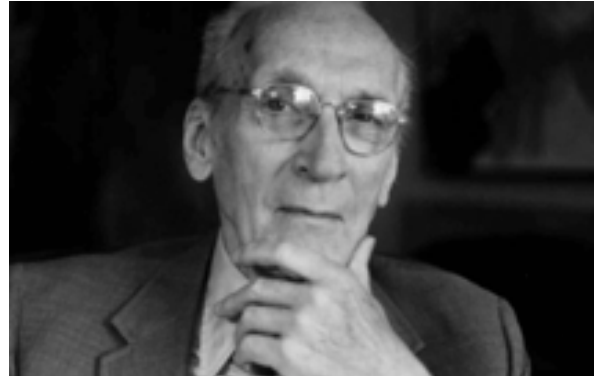


## THE BIRTH OF SERVANT LEADERSHIP-FLIPPING THE PYRAMID

As the war between business and government raged, a young Robert Kiefner Greenleaf was attending classes at Carleton College in rural Minnesota. Born in Terra Haute, Indiana, and bred with mid-western values, Greenleaf was struck by a lecture given one day by his Economics Professor. Greenleaf recounted:

One day, in the course of a rambling lecture, he made the statement, ‘We are becoming a nation of large institutions – government, churches, businesses, labor unions, universities - and none of these big institutions are serving well, either the people whom they are set up to serve or the people who staff them to render the service. Now you can do as I do: stand outside and suggest, encourage, try to bring pressure on them to do better. But nothing happens, nothing changes, until somebody who is established inside with his hands on the levers of power and influence, and who knows how to change things, decides to respond. These institutions can be bludgeoned, coerced, threatened from the outside. But they can only be changed from the inside by somebody who knows how to do it who wants to do it. Some of you folks ought to make your careers inside these institutions and become the ones who respond to the idea that they can do better.’<sup>3</sup>

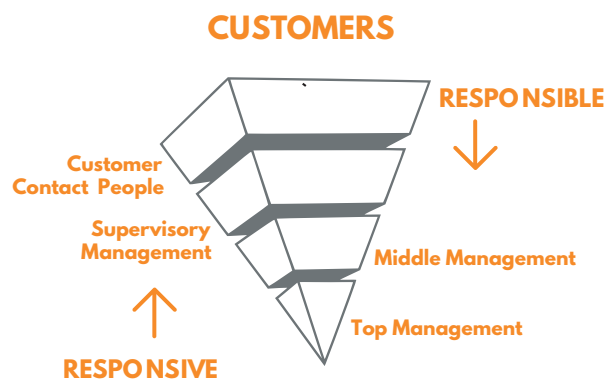
That lecture sparked the pursuit to which Greenleaf would devote the remainder of his life. He vowed to do two things: to work for the largest possible organization in America, and to be in a position to affect change from within.



Robert Greenleaf (1904-1990)

He set his sights on American Telephone & Telegraph, then the largest company in the world. Starting as a groundman digging holes for telephone poles in swampy Youngstown, Ohio, he quickly proved his ambition and rose through the ranks. By the time he retired from AT&T in 1964, Greenleaf was in charge of management development in an organization of over 100 million people.

During his tenure, he developed his grand dream of helping institutions practice servitude. He found his niche within the company to change things for the better. Greenleaf journaled, “As I go about the country among our organizations and attempt to



trace the source of the vitality in one unit or account for the sluggishness in another, it always traces back to the presence or lack of dynamic leadership.” He found that the best leaders operated outside of the traditional command-and-control model.

After he retired, Greenleaf penned an essay called “The Servant as Leader” (1969)<sup>4</sup>. In the essay, he wrote, “The pyramid organizational structure with its dominating leader is no longer adequate . . . Followers choose leaders – authentic moral leaders – because they have proven their willingness to serve and even risk losing leadership by ‘venturing out for the common good.’”

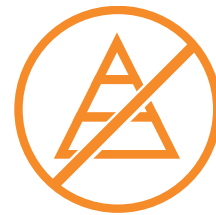
The servant leadership model reversed the polarity of power. It was an antidote to the command-and-control model that had served as the natural order of doing business for hundreds of years.

Greenleaf’s iconoclastic message came at a time when the natural order of the American economy was beginning a precipitous shift from manufacturing to a service-based economy. In 1965, manufacturing accounted for 53% of the economy.<sup>5</sup> By 1988, it declined to 39%, and in 2013, it dropped to less than 9%.

Along with the shifting economy came a shift in attitudes about the employees at the bottom of the pyramid. Companies in the business of providing services, rather than products, required a new social contract with employees. They needed employees who could interface with customers in person or by phone while providing a human touch. To be successful, service-based companies required more than the engagement of employees’ hands - it required their hearts and minds.

Servant leadership provided the basis for the idea of “flipping the pyramid of power.” Under this model, top management used their positions of power to serve the needs of middle management. Middle managers, in turn, served the supervisors, who served employees, who served customers.

Many service-based companies across the country that adopted servant leadership achieved impressive results. Leaders at companies like Southwest Airlines, Federal Express, and Medtronic all partially attributed their culture of high performance to servant leadership.



## DITCHING THE PYRAMID

While Greenleaf’s model was proven to deliver results in the late 20th century, its inflection point has long since passed. The flipped pyramid of servant leadership worked in an economy that was relatively stable and predictable. But, the 21st century information economy, marked by global connectivity and destabilization, requires transformative leadership.

Consider this. Just 50 years ago, there were so few international phone lines that it often took several days to get a connection. Companies with global offices often hired squads of “dialers” who did nothing but dial phones all day to attempt to get a connection.<sup>6</sup> Information and telecommunications technologies have created a new economy of information that collapses the traditional boundaries of space and time.

**THE “BEST TEST” QUESTION UNDER  
SERVANT LEADERSHIP: “DO THOSE  
SERVED GROW AS PERSONS?”**

**– ROBERT GREENLEAF**



**THE “BEST TEST” QUESTION UNDER  
TRANSFORMATIVE LEADERSHIP:  
“DO I GROW AS A PERSON AS A  
RESULT OF MY LEADERSHIP OF  
OTHERS?”**

**– DR. TONY BARON**

Information is the new raw material. As that material is applied to organizations, everything changes. The collapse of time and space boundaries requires organizations to follow by collapsing their organizational structures along with their hierarchical notions of power.

Under the pyramid structure, communication gets bottlenecked, innovation stagnates, and silos grow. Whether the pyramid is upright or flipped, the ability for a hierarchical organization to respond and adapt to the rapid flow of information in the 21st century is virtually non-existent.

In Peter Drucker’s book *Post-Capitalist Society*,<sup>7</sup> he explores the managerial implications of a world where not only top executives but workers at all levels are highly educated,

highly skilled, knowledge workers. Drucker argues, “knowledge is not just another resource alongside the traditional factors of production, it is the only meaningful resource today.”

While well-intended, the servant leadership model remained grounded in patriarchal power—one in which the leader may deem to use his or her power to serve others. The benefit flowed in one direction; from the leader to the person being led, implying that the leader may not also benefit, even grow, from the relationship.

To be successful in the information economy, leaders must be willing to remove themselves from the power paradigm. They must be willing to be transformed - to learn and grow from those they lead.

Greenleaf challenged that the best test under servant leadership is to ask, “Do those served grow as leaders?” Under transformative leadership, the best test question becomes, “Do I grow as a person as a result of my leadership of others?”

The flow of information and influence is bi-directional under transformative leadership. Leaders and followers collaborate to advance to a higher level of understanding, transforming both in the process. Together, they turn the raw material of information into knowledge, and that knowledge into service.

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## CONCLUSION

Leaders of the 21st century must be willing to ditch the pyramid of power. They must recognize that leadership is a journey, not a position. They must relinquish the hubris that comes with power and have the humility and vulnerability to undergo personal transformation as they lead others.

## STAY TUNED FOR THE NEW BOOK LAUNCH

We are excited to announce an exciting new book coming soon on the topic of transformative leadership- why and how we must evolve our paradigm of leadership in the 21st century.

### Resources

<sup>1</sup>[http://www.jaha.org/edu/discovery\\_center/work/workers.html](http://www.jaha.org/edu/discovery_center/work/workers.html)

<sup>2</sup><http://www.dol.gov/dol/aboutdol/history/flsa1938.htm>

<sup>3</sup> <http://www.amazon.com/Robert-K-Greenleaf-Servant-Leadership/dp/1576752763>

<sup>4</sup> <http://www.amazon.com/The-Servant-Leader-Robert-Greenleaf/dp/999373926X>

<sup>5</sup> <http://www.epi.org/publication/the-manufacturing-footprint-and-the-importance-of-u-s-manufacturing-jobs/>

<sup>6</sup> <https://hbr.org/1993/01/whats-so-new-about-the-new-economy>

<sup>7</sup> <http://www.amazon.com/Post-Capitalist-Society-Peter-F-Drucker/dp/0887306616>

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