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## Context to the nugget

Arun talks about his perspectives on Leading in an Open System where you do not have money, authority or power to wield as a source of influence. As we move towards a world where more and more value is being added by an ecosystem of players around a corporation (rather than value chains residing fully inside the company), how CEOs of today navigate this shift and create the right culture in the organization is critical.

## Transcription

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Deepak Jayaraman (DJ): What's the crux of the distinction in what ways a leadership in an open system different from leadership in a close system which is how a lot of the lets say a typical listed company or a corporation I guess is a close system, is that a fair statement? So how leadership in that context is is different from leadership in an open system?

Arun Miara (AM): It goes to the nature of leadership, let's keep that in mind that we can think of leaders as those people who are on top, normally person on top, we call them as leader just because they are happen to be on top, the person who has the most power and the ability to wield more power over other leaders, the person who has got the most wealth, how many billions of dollars, so they are like corporate leaders and therefor leaders of the world and all this wealth gives you the ability to reward others to tempt others to come and join you because you could reward them, so you get easier control over the decisions that others make, if you have the power by authority like you are the dictator of the country yes you can frighten people to follow you and we think of people like autocrats as great leaders but that's the source of their power is fear and threat or its money and temptations the source of their power. And sometimes mere position could be but then after a while people see through it like President of India's big position but unless the president wheel some budget giving to you power or threatening through the police power, I mean I can ignore and just a nice figure head so these two having power over people and having the wealth to reward people are the instruments that are used by chief executives in corporations, in corporations is not that people appoint them, chose them to be there chief executive someone above drops them in and say well the board has chosen this as a chief executive it's like whole Chinese model that the King is descended from heaven and the people have to suffer this King because he had sent from heaven, whereas I say in an open system leadership has to emerge and the leader must acquire the right to lead from the people and exercise that power not through authority over the people through and also budget giving and money rewarding powers over the people so in an open system people are all like in a chaotic situation and you must get followership and thus become the leader and to remain a good leader always capable of leading in that open system as it changes you mustn't get overused to using your authority power because those muscles otherwise becomes the strong ones and the other muscles if you had them and you are like a god given planted as a leader are will atrophy.

DJ: Persisting with this, several companies even traditional corporations now have to depend on other eco-systems which lies outside the boundaries of your company even if we look at the corporate world while its run by the board or owned by the shareholders they are often displaying open systems type dynamics if you will, so again in your experience from a transitioning perspective how does the CEO of today of let's say 2018, in what way is that CEO different from let's say the CEO of 2000 about maybe two decades back roughly and for somebody who has grown up in a different paradigm, who is sort of exercise the same sort of muscles how does one recalibrate? What's been your observation about what people could bear in mind as they move from one paradigm to the other as a world shifts towards possibly more and more of open system type's value chains?

AM: In early 90s, in 1990s bunch of a Business School Deans in the united states did their tri annual survey, to get ... collaborative to find what are the issues and challenges on the minds of Chief Executives of the largest companies around the world US, Europe, Japan and Australia and so on. From that collective research these challenges would then be in a pot for in whichever business school and did the best in finding the solutions and you market yourself it was a very good way to doing it to be collaborative amongst and they competed thereafter, so that survey in 1990s when they what were the challenges from the 100 odd organizations and there was Indian organization who was part of that survey that was the Birla Group actually that year who the one, everybody else was everywhere else, it came to this that they said to this people that we are into a more open world, in the 90s, you are a much more open world and in this world we need to partner with or work with organizations who are in other parts of the world and also we are finding because of as you said the world is more dynamic and information technology even them is enabling us to be communicating with partners outside our boundaries, how to be successful in a more open world, in a more networked world is our challenge. We need to be global in the big world and the local at the same time we need to reward individual excellence because it's a belief that unless you know the individuals are noticed and rewarded, it's not the good organization, at the same time you want to foster team work it looks like opposite things, we want to be more innovative, because now we are in more changing world innovation at the same time for efficiency everything must be standard and done in routine they have opposite things, so this was the dilemma that we need to have opposites local global innovate standardise, be efficient individual excellence, team work and there were the few others similar dilemma so the question was how do you organize yourself to have both either you make choices and say we shall not be in an innovation we shall just execute efficiently or we should be only innovative and then you realise that you can't scale and you continue to invent things and so, and the solutions that for e.g. the pharmaceutical companies, as also the large IT companies had is that the innovation happens outside and then they buy them out and then you are the part of the big machine then you use it efficiently and use it around in big reach and those people who are innovators there they leave, they take out the money and go away, or if they join in you they get highly frustrated and they cause trouble for you, so you get them out also so a model of organising for one side of those dilemmas is available a model for organising on the other side of the dilemma is also available be small entrepreneurial and so how can you be both at the same time and so we said it's in the concept of how you organize? Create both things lead and so on and reward and so on, so we understood through that research and this is where innovation associates my being with them was helping a lot as also Arthur D being a little being a technology firm that the learning organization which is the metaphor that is very helpful is organization themselves need to learn how to create a concept of organizing which is going to suit a world which is now changed and what is this concept of organizing that was appearing was an organization which was built on lateral links not on vertical hierarchies, so you don't divide your organization into either functional specialities of business units which was the matrix side and when you do that then getting collaboration between the business units and between the functions and between the functions between the business units makes a big Khichdi of it because the heads of all of it whether they are the heads of business units

or the heads of functions are leading their teams in the same way its authority and so you get this cocks than you know showing off ... with each other in front of the CEO, who has done the best amongst them all and so that's the culture through out, you know show up because yes you should show up and be rewarded so right through but if you change it and everybody looking for partners inside the organization with whom can I collaborate? To get results that he and she as we as well as I want so we come to some terrific insights after doing some research with these organizations that were trying to go this way and those other that seems to have succeeded better that unless an organization developed the culture internally of if I would call the world almost servant leadership, at least facilitative leadership and not big shot on the cover of the magazine leadership, it organization wasn't a good partner of others, so surveys done by with other organizations who is the best big organization that you like to collaborate with and enjoy collaborating with showed this up that those organization whose internal culture was based on one model of leadership which was the authority model, vertical model of leadership weren't very good at working with partners outside so you have got to make a change in yourself to succeed in this world and it comes to like personally change yourself, change your organization then you are able to swim more comfortably in a much more open world.

## Reflections from Deepak Jayaraman

DJ: Couple of things struck me here. One is that in an open system, horizontal people leadership which the ability form alliances within and outside the organization is likely to be a bigger virtue than vertical people leadership which is the ability to get things done with the team under you where you often have authority and control.

Second piece that struck me was that Leadership is often a tight rope with opposing forces pulling you in different directions. Arun talks about individual excellence versus team work, Efficiency versus innovation. I guess there are a few more – decisiveness versus democratic, hands-on versus delegated. I guess, at some level, Leadership is also being comfortable with various points in the spectrum and adapting one's style based on the context and staying nimble over time.

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## End of nugget transcription

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### Arun Miara - Nuggets

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### About Deepak Jayaraman

Deepak seeks to unlock human potential of senior executive's / leadership teams by working with them as an Executive Coach / Sounding Board / Transition Advisor. You can know more about his work [here](#).

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