

Level-5 Leadership: Enabling An Organization To Become ‘Great’ from Good

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Chapter Objectives

This chapter will examine how leadership as a phenomenon has changed over the years and why it remains a critical component to an organization’s success story. Through this chapter, we will explore the Level-5 Leadership model, its levels, and how each level represents a specific attribute of leadership, the application of this model, and attributes that leaders need to display to enable an organization to go from ‘good to great’.

Understanding ‘Leadership’

While there have been several definitions that have emerged over the years, including Reference [1]; Reference [2]; Reference [3], Rost’s definition can be viewed as a practical understanding of the term leadership and application to any industry setting seems relatively easier.

‘Leadership is not a person and is different from Management. Leadership is an influence relationship among leaders and followers who intend real changes that reflect their mutual purposes. Four essential elements that must be present for leadership to exist are: 1) The relationship is based on influence, 2) Leaders and followers are people in this relationship, 3) Leaders and followers intend real changes, and 4) Leaders and followers develop mutual purposes’ [3].

Level-5 Leadership

Level 5 Leadership – Jim Collins

One of the models that can be used to examine the journey from ‘good to great’ for an organization in terms of its leadership is the Level 5 Leadership Model. The concept of ‘Level 5 leadership’ is unique as it is based on empirical evidence. Organizations that were classified as ‘great’ had one common thread – Leadership - and the leaders of such organizations, had a specific combination of ‘extreme personal humility’ and ‘intense professional will’.



Fig 1 – An illustrated version of Collin’s classification of leaders based on hierarchy of capabilities and traits.

[Source: <https://lesley.edu/article/the-fundamentals-of-level-5-leadership>]

Level 1: *Highly capable individuals* are regular workers who are talented, knowledgeable, and skilled. They are effective in the workplace. Such individuals make productive contributions through talent, knowledge, skills, and good work habits.

Level 2: *Contributing team members* are good at working with others and are notably proficient at helping their groups reach objectives. Such individuals work effectively in a group setting and contribute to the achievement of group objectives.

Level 3: *Competent managers* can effectively oversee people and resources, helping to achieve predetermined goals. Such individuals ensure that they organize people and resources towards the effective and efficient pursuit of predetermined objectives.

Level 4: *Effective leaders* can steer their organizations towards well-defined, compelling goals. They keep their organizations functioning at very high levels of performance throughout. Such individuals act as catalysts in enhancing commitment to and vigorous pursuit of a clear vision, stimulating the entire organization collectively to higher performance standards.

Level 5: *The executives* have a unique capability to develop a company’s greatness through a paradoxical combination of personal humility and professional will. Such individuals build an enduring greatness, resulting in organizational transformation from good to great through achieving breakthroughs in a steady manner, with the highest forms of commitment to excellence guided by personal humility and professional will.

THE YIN AND YANG OF LEVEL 5

| PERSONAL HUMILITY | PROFESSIONAL WILL |
|---|---|
| Demonstrates a compelling modesty, shunning public adulation; never boastful. | Creates superb results, a clear catalyst in the transition from good to great. |
| Acts with quiet, calm determination; relies principally on inspired standards, not inspiring charisma, to motivate. | Demonstrates an unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult. |
| Channels ambition into the company, not the self; sets up successors for even more greatness in the next generation. | Sets the standard of building an enduring great company; will settle for nothing less. |
| Looks in the mirror, not out the window, to apportion responsibility for poor results, never blaming other people, external factors, or bad luck. | Looks out the window, not in the mirror, to apportion credit for the success of the company – to other people, external factors, and good luck. |

Fig 2 – The Yin and Yang of Level 5

[Source: <https://sixseedpartners.com/2022/03/the-yin-and-yang-of-level-5/>]

The **Level 5 Leader** sits on top of the hierarchy of capabilities and is one of the critical factors required for enabling a transformation of an organization from good to great. Beneath Level 5 are four other layers, each one right in its own way, but none that can equal Level 5. Individuals need not move sequentially to Level 5. However, they are required to display all the characteristics of the lower levels plus the special abilities of Level 5, to qualify as a Level 5 Leader.

Based on Jim Collins Level 5 Leadership Model, the following qualities/attributes seem to be essential in leaders for enabling the institution to move from good to great:

Leadership Attributes

1: ***Put the Institution FIRST*** – Organizational growth must be the topmost priority where institutional stability, development, and contributions to the society at large are always of greater importance than personal growth within the institution. Organizational vision and goals must be clearly defined and remain shared with all the members. The purpose of making the institution greater than its people individually must be a shared goal. This must stem from the leaders. The leaders must become synonymous with the brand with heightened focus remaining on both the organization and the efforts of a Level 5 leader that put the organization on a pedestal.

2: ***Respect and Value PEOPLE*** – People must be cherished, valued, and must develop greater commitment to excellence and view the organization as a hallmark for growth. The leaders must ensure this is reflected in all their interactions with organizational members. The growth of an institution is directly in relation to how people within the ecosystem grow. Their growth trajectories must be clearly defined in sync with organizational goals and their innate capabilities/strong areas. Aligning people’s capabilities along with the organizational goals becomes a critical function for all leaders.

3: ***Focus on PERFORMANCE*** through continuous improvement – A leader must be a living example of high performance. Here, by performance, strategizing effectively, working closely with other people, setting clearcut goals for specific time periods, measuring actual progress towards set goals, identifying roadblocks, and overcoming them, and sustaining the momentum towards accomplishing higher standards of work performance through ethics, positive culture, and most importantly taking responsibility gets included. This must be executed at three unique levels – Organizational level; Functional/Departmental level; Individual level.

4: **Be HUMBLE** – Your accomplishments, both personal and professional, are on account of several factors, one of which is your capability. Be it the people who supported you, your team that worked alongside you, your peers who strategized with you, the capabilities of other individuals in making you a better leader, all of this coupled with luck plays a huge role in sustained success. Therefore, this must only indicate that unless you are humble intrinsically, it is difficult to reach Level 5 Leadership. In humility, you must mirror the successes of the organization and remain rooted for greater laurels. Humility remains a key differentiator of this leadership model coupled with fierce resolve.

5: **Develop next-in-line LEADERS** – As a Level 5 leader, you must identify successors and guide them effectively to become better catalysts of change and success for the organization. Identifying the potential, nurturing leadership skills, promoting capable managers into leadership roles, mentoring them effectively, and working strategically to ensure the best interests of the organization always remains protected, even in aspects of succession, are integral to continued and sustained organizational success.

6: **Be RESULT-ORIENTED** - Performance must lead to results and results must lead the organization to a better position in the industry. Leaders must be able to channelize performance to ensure that the objectives/goals are fulfilled from time-to-time. Being result oriented requires dedication, discipline, and unwavering commitment to the highest standards of excellence. It is results that enable an organizational growth from the level of being a good player to becoming a great asset. If this means that the leader must be a technology accelerator or perceived as a go-getter, so be it. Even though a paradox, being result oriented will require sheer professional grit and immense personal humility.

Not just by the Level-5 Model

According to Reference [4], while organizations aim to move from good to great, and the Level-5 Leadership aids in this, it is not the only aspect that needs to be considered. There could be several other factors that need to be combined along with the Level-5 model. Here are a few aspects:

1: **Creating a Culture of Discipline** – Organizations need to build a culture of discipline, where there are three key elements that need attention – Disciplined People; Disciplined Thoughts; and Disciplined Actions. When discipline in these areas are achieved, organizations can do away with hierarchies, bureaucracy, and excessive control mechanisms. When such a culture is mixed with the spirit of entrepreneurship, it creates an ambience for continuous innovation and commitment to excellence.

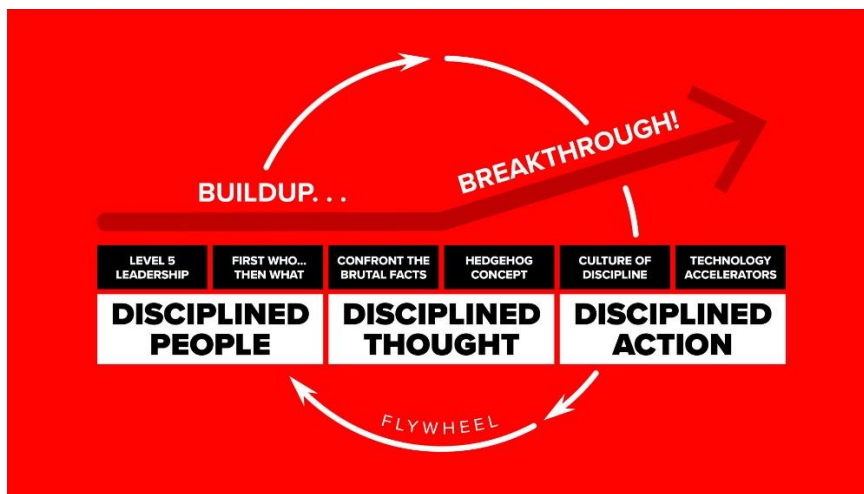


Fig 3 – Good to Great Framework

[Source: <https://rickkettner.com/level-5-leadership/>]

2: **Technology Accelerators** – Organizations that are hugely successful have an ongoing relationship with technology. While they may not jump the gun to adopt every new technology, they continue to remain pioneers in their discipline by exercising the right choices of technological amalgamation, making them stand out in a highly competitive landscape.

3: **The Hedgehog Concept** – When organizations develop a hedgehog like understanding of three intersecting aspects namely a) What is it that the organization can be best at in the world? b) How does the economics of the company work best? and c) What are the people most passionate about, breakthroughs do take place and this puts the organization in the drivers seat for a sustained period of time, enabling greater profitability, market share, employee satisfaction levels, and enhanced overall productivity.

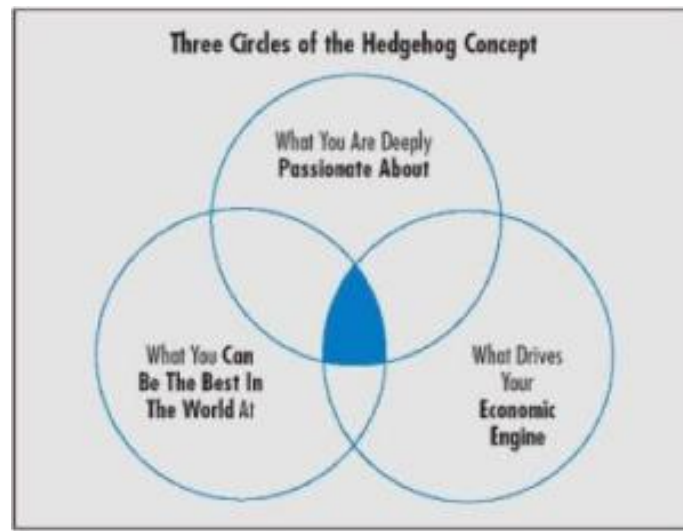


Fig 4 – Three circles of Hedgehog Concept

[Source: <https://www.tandemspring.com/level-5-leadership-hbr-must-reads-on-leadership-review-7/>]

4: **People First** – Successful organizations tend to put people first, strategy a close second. When the organization is able to carefully arrive at its people matrix – the right people at the right time for the right job and at the right place – then with the best resources who bring to the table capable thinking minds, a strategy can be developed that creates a winning formula. However, the winning is half done when the right people get aligned for a company.

5: **Stockdale Paradox** – Organizations that are moving from good to great consciously tend to have a focus on the facts of their current reality, yet simultaneously maintain absolute faith that they would eventually prevail and sustain well, holding both the spectrums – facts and faith at the same time, and at all times.

The Essence of Humility in Level-5 Leaders (L5Ls)

The Chinese Philosopher Lao-Tzu highlighted that before anyone could become a leader of others, (s)he must first focus on being humble and supportive [5]. Jim Collins on the other hand made a rather surprising discovery about humility and leadership, thus asserting Lao-Tzu’s focus on a leader’s humility and this led Collins to create a new leadership perspective which he labelled Level 5 Leadership [6]

In a widely read Harvard Business Review Publication, Reference [4]) has suggested that the personal humility of L5Ls was typified by compelling modesty about their accomplishments; quiet determination rather than charisma; ambition focused on the company rather than self; willingness to accept personal responsibility for failures; and acknowledgment of the role of others in achieving success. Using the metonymy of the window and the mirror, Reference [4] points out that L5Ls look in the mirror and take responsibility for issues that occur or things that go wrong – never blaming bad luck or circumstances. However, when successes occurred, L5Ls quickly distribute credit to others who contributed to their achievements – or cited good luck if an individual or group could not be identified. This attribute of readily giving credit to others within an organization when successes were achieved builds trust of co-workers and contrasts strongly with the actions of some leaders who assume credit for all of their subordinates’ work.

The humility of L5Ls encompasses 12 dimensions that allow the leader to contribute to the overall wellbeing of the organization. The attributes are listed below.

1: **Commitment to High Ethical Standards and Becoming Ethically Aware:** Leaders need to be aware that of the highest ethical standards, apart from understanding the ethical duties that require to be fulfilled to strengthen the leader-follower relationship, thus requiring a high level of commitment to ethical standards [6].

2: **Self Knowledge and Self Awareness:** It is crucial for leaders to first know themselves. Be it their values, capabilities, commitments or personal goals, clarity in all these aspects will help them align to the organizational purpose and goals better [7].

3: **Willingness to Learn:** L5Ls are open to learning and are aware that they need not know it all. They are constantly open to newer understandings and remain willing to others’ input on matters that will help the organization grow [8].

4: **Being Aware of Individual Limitations:** L5Ls are individuals who are not just aware of their shortcomings but are also working towards reducing its impact on the organization. While it is not just enough recognizing areas of improvement, L5Ls go one step further to work on these areas, reducing the negative impact on the organization [4].

5: **Ability and Openness to Empower Others:** L5Ls are fully aware that there could be specific members within an organization who are better in specific areas of work, and they willingly empower such individuals for the benefit of the organization, without wanting to hold on to power. Here, the focus remains on the larger good to the organization, and in every situation, L5Ls will be open to sharing their power or letting go of it [9].

6: Recognize the Need to Serve Others: L5Ls realize the importance of collaboration with people whilst respecting them as individuals and for their contributions to the organization. A crucial dimension of humility is to understand and embrace that individuals within the organization have specific needs and these needs not only need attention but also nourishment through service [8].

7: Commitment to Continuous Learning and Improvement: When individuals realize the importance of being lifelong learners, and how this impacts their own abilities to handle changing scenarios, they tend to be better equipped to handle change and embrace novel ideas that will benefit the organization. The desire to learn and continuously improve becomes a passion and this enables enhanced organizational productivity [8].

8: Working Towards a Higher Purpose: With humility at the core, individuals realize that they are not just working for themselves but for a higher calling or a purpose. It could be for the betterment of lives attached with the organization, or how the organization could impact lives through innovative products or services, or how an organization can create greater employment opportunities leader towards a more stable economy etc. The higher purpose could vary for each individual, but with humility, the focus moves from just self interest to a larger vision [6].

9: Focus on Accountability: Humility helps individuals become accountable of their actions and the alignment to a common goal, in the case of L5Ls the goal would be greater good for the organization. When the element of personal responsibility sets in, there is a greater sense of discipline in actions, thoughts, and working towards outcomes within said timelines [4].

10: Willingness to Share Credits for Achievements: With humility, one realizes that success is a collective result and not just because of the individual. Here, on realizing this, with humility at the centre, the credit of success gets shared with all concerned and due weightage is given to people who have contributed towards the larger goals [6].

11: Empowering Others: Humility helps recognize that outcomes are best achieved when individuals are empowered to take decisions and become accountable for their own actions and towards the larger good of the organization. Empowering others also enables them to use resources effectively, follow systems and processes effectively, work efficiently within specified boundaries to accomplish goals [8].

12: Seeing the Big Picture: Humility enables individuals to see the larger canvas or the big picture and realize how the role that they play is significant, but when looked at from the larger picture, it is a small piece of the puzzle and requires everyone to come along in order to make the canvas look complete and rich with colours of coordination, camaraderie, commitment, and collaboration, thus understanding the importance of interwoven relationships that drive business successes [6].

Benefits of Practicing Level-5 Leadership at the Workplace

The top benefits of practicing L5L at the workplace include:

- 1: Commitment to Excellence
- 2: Focus on People and Strategies Both
- 3: Promotes Flexibility and Adaptability
- 4: Creates a Culture of Continuous Innovation and Improvement
- 5: Enhances Accountability
- 6: Helps in Cultivating Enhanced Citizenship Behaviour

Moving from Level 4 to Level 5

While there are several elements that differentiate a L5L, leaders at Level 4 could examine the following to see if they could transcend to becoming a L5L:

- Moving away from self-interest towards larger good of the organization
- Mapping personal ambitions with that of the goals of the organization
- Resolve to succeed in spite of challenges or upheavals
- Being result oriented
- By imbibing the spirit of lifelong learning
- Focusing on ethical standards rather than personal charisma to lead
- Giving credit where it is due
- Empowering people
- Enhancing accountability and a sense of ownership among members
- Creating new and more capable leaders
- Becoming service oriented

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