

## The Power & Paradox of Disruptive Leadership

By Ted Santos

What separates extraordinary leaders from managers? One way to distinguish the difference is to compare the mindset of leaders and managers. Managers are great at solving problems. Leaders, on the other hand, exude their greatness by creating problems.

### The Dilemma of Creating Problems

People who are great problem solvers are often presented with the opportunity to become a manager. However, the keys to the executive suite require that you develop new skills and competencies. You must become comfortable creating problems for your people to solve.

Why would a leader create problems? Intentional problems can be the catalyst for a company to make changes. Problems can evoke the necessary motivation to make a quantum leap in revenue, innovation or significant cost savings.

Yet, creating problems intentionally is counterintuitive. We are taught to fix problems, get rid of them or find out who caused the problem and then get rid of them. Culturally, we reward people for being problem solvers. Nevertheless, when you look at extraordinary accomplishments of great leaders, one finds quantum leaps were always preceded by a problem.

However, there is a catch to continuously making quantum leaps. It requires constant learning and development as well as change. Can leaders continuously develop themselves to create problems or more importantly, master change?

This article will focus on leaders who created problems and created history in the process. It will also explore what could happen when leadership stops creating problems. In subsequent articles, we will reveal the strategies extraordinary leaders implement to drive change in their organizations as well as the kind of environment that must exist in a corporation to fulfil on the leaders vision of the future.

Before an environment can be created, leadership has to be comfortable managing chaos. Why? While change and innovation are chaotic, they

are also the competitive edge. If an organization is committed to greatness, the leaders are called upon to drive and manage change. However, if leadership is not comfortable with chaos, they are faced with a paradox: drive change and disrupt the organization, or avoid it, at the risk of stagnating.

While change can be chaotic, stagnation can be fatal to the company's future. Disruption, on the other hand, can be managed by acquiring leadership tools.

When leaders of the past were the catalyst for historical events, did they possess tools? Do today's leaders have access to those tools?

There have always been leaders who orchestrated change throughout history. When you look at Sony, Ford or even go as far back as the Founding Fathers of the United States, they all demonstrated a set of skills and competencies for driving change and innovation. Were they just lucky or did they possess special tools?

### Necessity is the Mother of Invention

In 1908 Henry Ford created a problem. He stated that he would make it possible for most households in the US to purchase a car. This was at a time when only 2% of the US population earned enough income to buy an automobile.

In the late 1800s, the cost of an automobile was \$1,500. The average annual income in the US was \$750. This gave Henry Ford the insurmountable problem of capturing 98% of the market. In 1908, he launched the Model T for \$850. By 1924, when most households owned an automobile, the cost of the Model T was \$290<sup>1</sup>.

By building the assembly line, the problem he created was solved. He was able to significantly reduce the cost of making a vehicle. As a result, the Ford Motor Company successfully increased market share from 9% in 1908 to 61% in 1921<sup>2</sup>.

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<sup>1</sup> Blue Ocean Strategy by W. Chan Kim and Renee Mauborgne, page 194.

<sup>2</sup> Blue Ocean Strategy by W. Chan Kim and Renee Mauborgne, page 194.

In 1979, Sony brilliantly created the personal audio market with the Walkman. The problem they created was simple: develop a device that allows individuals to privately listen to music anywhere, anytime.

These are excellent examples of enterprises stepping out of the box and creating problems. Was it enough? Creating problems requires that leaders have the competency called mindset or intrapersonal skills – a clear understanding of relationship with self, opportunity, the future, change and others – before they can effectively managing chaos. Strong intrapersonal skills can empower an individual in the face of risk or uncertainty. It also contributes to one’s ability to continue to learn beyond the proverbial comfort zone.

### The problem of not creating problems

Sometimes success can be a corporation’s biggest enemy. In the case of Henry Ford, he did not continually develop himself as a problem creator. Instead of managing problems he intentionally created, he focused on solving a problem that had, for the most part, been solved. What he experienced next was a big problem.

For example, once most households owned a car, he stayed focused on making the automobile still more affordable. As a result, the window of opportunity was left open for General Motors. GM created the next problem in the auto industry: people could now drive a car in any colour they chose and could select from a variety of new models.

In 1924, GM launched their innovative line of automobiles. As a result, Ford lost tremendous market share. Ford’s market share dropped from 50% in 1926 to 20% in 1950<sup>3</sup>. Conversely, GM’s market share increased from 20% in 1926 to 50% in 1950.

In the case of Sony, they were the innovator of the Walkman. However, Apple dominates the digital personal audio market with 78 percent market share in the U.S today. Could Sony have created the iPod? Or did the possibility of changing their infrastructure to support a new innovative product look like a problem?

In the midst of chaos, there is always the difficulty of distinguishing opportunity from disruption. In most cases, it depends on your

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<sup>3</sup> Blue Ocean Strategy by W. Chan Kim and Renee Mauborgne, page 195.

mindset/perspective. It is not that chaos itself is inherently a problem. It is the mindset of the individual that will determine how clearly they can see what is in front of them and the actions that ensue. It is analogous to a captain of a boat steering a ship through a violent storm. The captain must always keep his eye on what he is committed to accomplishing – return to shore. Once his or her mind drifts and focuses on what's wrong, his or her ship is sunk.

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Ted Santos is the CEO of Turnaround Investment Partners; a NY based firm that works intimately with executives/owners/teams who are dissatisfied with revenue growth. TIP also works with those who struggle to implement the changes that can move the individual and the company to the next level. Typically these individuals are uncertain how to lead their staff or to get themselves in motion to make things happen. Ted can be reached at (tsantos@turnaroundip.com or 888 471-3660).  
[www.turnaroundip.com](http://www.turnaroundip.com)

Footnotes:

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