

## Teaching Note Addendum

### USING NICHOLAS GRAY TO TEACH INTERNAL DIRECTION

#### Synopsis

“Nicholas Gray: The More Things Change (A) and (B)” (UVA-OB-0773) is an excellent case for illustrating the difficulties of becoming or staying internally-directed at work. A person is internally directed when they are living up to deeply-held values even when there are pressures to behave otherwise. The concept of internal direction is discussed in depth in the book, *Lift: Becoming a Positive Force in Any Situation* (Ryan W. Quinn & Robert E. Quinn, 2009, Berrett-Koehler, San Francisco). This addendum to the teaching note for “Nicholas Gray” is designed to help instructors teach this case as the third class in a larger course module on *Lift*, but it can also be taught as a standalone course. The *Lift* module can be included in courses on change management, leadership, or power and politics.

Instructors who wish to use “Nicholas Gray” to teach the students why and how to become internally directed should read the original teaching note as well as the addendum to prepare for the class—the addendum is not intended to replace the original teaching note.

The fifth chapter of *Lift* explains the human tendency to become externally-directed, or to respond automatically to cues in our environment in ways that do not reflect our deepest values. The sixth chapter of *Lift* explains how people can overcome these tendencies and become internally-directed. We can do this when we ask ourselves and answer the question, “What would my story be if I were living up to the values I expect of others?” Instructors can use the “Nicholas Gray” case to help students explore how to use this question, first for Gray and then for themselves.

#### Reading Assignment

The reading assignment for this class is:

1. Nicholas Gray: The More Things Change (A) (UVA-OB-0773)
2. “Falling Short of Our Values and Not Realizing It” and “Becoming Internally-Directed” – chapters five and six from Quinn, R. W. & Quinn, R.

E. (2009). *Lift: Becoming a Positive Force in Any Situation*. San Francisco: Berrett-Koehler.

## Objectives

This lesson is designed to increase students' understanding of how to become internally-directed, and to see how this ability can help them in their efforts to lead, create organizational change, and exert power and influence in positive ways.

## Assignment Questions

The recommended assignment questions for all classes are:

1. What properties of organizations obscure or reveal our tendencies to be externally-directed? Can you see this in Gray's experience with Norfolk Southern?
2. How, and in what situations, is Gray being externally-directed? How can you tell?
3. The personal change plan that Gray develops in his executive education program could be seen as an effort to become internally-directed. Using criteria from chapter six of *Lift*, how would you evaluate Gray's plan? How would you evaluate his execution of the plan? How are the plan and the execution related? What could he do differently?

A fourth assignment question should also be included, depending on whether this lesson is being taught as part of a course on change management, leadership, or power and influence. Recommended questions for these courses follow.

Change Management: "Identify a situation in which you tried, or in which you will try, to implement some kind of change. What could you have done, or what can you do, to ensure that you are internally directed in that situation?"

Leadership: "Identify a situation in which you faced, or in which you will face, a leadership challenge. What could you have done, or what can you do, to ensure that your leadership will be internally directed in that situation?"

Power and Influence: "Identify a situation in which you tried, or in which you will try, to exert influence. What could you have done, or what can you do, to ensure that you are internally directed in that situation?"

## Timeline Allocation Plan

A possible timeline for an 85-minute version of this class follows:

5 mins.	Introduction
15 mins.	The 7/7 goal and the pressures to be externally directed
15 mins.	Identification of Gray's situations
15 mins.	Analysis of the personal change plan
15 mins.	Discussion of the B case
15 mins.	Personal application
5 mins.	Summary and bridge to the next class.

### **Class Overview**

After asking students if there are any questions from the previous day and introducing the topic for this class, instructors can lead a discussion of this case through four discussion pastures: (1) the pressure to be externally-directed in organizations, (2) an identification of the specific situations in which Gray is tempted to be externally-directed, (3) an analysis of Gray's personal change plan, (4) and a discussion of the impact of one's efforts to be internally directed.

### Organizational pressures and the 7/7 goal

Students often find it helpful to think through the context that Gray is working in before they engage in a discussion about his personal efforts to become internally-directed. One way to do this is to ask the students what Norfolk Southern needs from Nicolas Gray in order to achieve Goode's "7 and 7" goal. Instructors can use the following line of questions to help the students see this:

1. How much additional revenue will NS need to earn \$7 billion? (\$830M)
2. How large of a decrease in operating costs is needed to achieve an operating ratio that begins with "7"? (\$463M)
3. What does NS need from Gray's department in order to reduce costs by \$463M?
  - Increase the efficiency of yard operations
  - More standardized trains and procedures
  - No mistakes
4. What personal changes, if any, do these departmental changes require from Gray?
  - There is not enough data in the case to answer this question for sure, but we can presume from the fact that Gray derives more consternation from the revenue goal that he believes that cost improvements do not require personal change, except, perhaps, to do more of what he is already doing. This is debatable, of course. If Gray is as intimidating of a figure as he appears to be, then he may intimidate many of his people, preventing them from making suggestions about how to improve or how to avoid mistakes. Any discussion along these lines is speculative. But some discussion of this point will be

- necessary to see the implicit conflict between the cost goal and the revenue goal.
5. What does NS need from Gray's department in order to increase revenues by \$830M?
    - Gray's department has no direct influence over revenue.
    - Departments that do have a direct influence on revenue (such as marketing), however, need support from Gray's department in order to achieve the revenue goal.
    - Gray's department can support existing revenue streams by continuing to run the trains and to deliver clients' products just-in-time.
    - Gray's department can support revenue growth by accepting and integrating new sales contracts, such as the new, 86-foot boxcars.
    - New contracts that require different cars and procedures like the integration of 86-foot boxcars can impede existing revenue streams and cost efficiencies.
  6. What personal changes, if any, do these departmental changes require from Gray?
    - There are many possible answers to this question. Gray needs to come up with collaborative, inter-departmental solutions to revenue growth. This may require him to be less territorial, to listen, to examine others' points of view, to think more innovatively, and so on.
  7. In chapter five of *Lift*, we read about how subtle cues can prompt people to act in externally-directed ways without them even realizing it. What kinds of cues might keep Gray from being collaborative, accepting of others' perspective, or innovative?
    - Performance evaluations
    - Abberant behavior (like the people on the bridge without permission or late trains)
    - Others' territorial behavior
    - Time pressure
    - Others...
  8. What kinds of cues have elicited externally-directed behavior from you in your work experience?
    - Students may discuss cues that are the same as, or different from, those experienced by Gray.
  9. What happened in NS to help Gray see that he was externally-directed?
    - The "7 and 7" challenge
    - The new contract with GM
    - The executive education program at Darden
  10. What changes have been made in your previous workplaces that helped you to see how you were externally-directed?
    - Students may share varied experiences that are similar to or different from Gray's.

### Gray's Situations

Having discussed general tendencies to be externally directed, it is now useful to discuss specific situations in which Gray was externally-directed. The instructor can ask the students to list specific situations, or can offer a list of situations for the students to analyze. Situations that the students may list include:

1. Reacting to the marketing department's new contract with GM
2. Reacting to learning that there were people on the Ambassador Bridge
3. Reacting to Mechanical not holding the third shift over for Train 171
4. Refusing to go to the picnic

Students may also mention other situations, such as Gray's decision to apply for a promotion. We do not have enough data to know whether Gray's decision to apply for a promotion was internally-directed or externally-directed. The instructor can handle this by asking how we know if Gray is externally directed? As students discuss and compare these different situations they can identify patterns such as:

1. Negative emotions, like frustration, anger, and fear
2. Contradictions between what someone says they value (growing revenue, collaboration, innovation) and how they act (yelling at others, refusing to listen, not considering the possibility of new ways of doing things)
3. Rationalizations ("Now the Big Three automakers [GM, Ford Motor Co., and DaimlerChrysler] don't call regional headquarters with complaints—if freight is late they call Norfolk." "Where do you draw the line between reaching down in your pocket and digging out patience and understanding that some people will just always stand in your way?" "If someone was working close to the tracks, and we don't know about it, they could easily be struck and killed by a train. ... I don't have patience with incompetence.")

Once students recognize the indicators of external direction, the instructor should use one or more of Gray's situations (depending on how much time the instructor has in class) to discuss how Gray could become internally-directed. For example, if the instructor chooses to focus on Gray's reaction to the marketing contract, the students could walk through the two key points of the question, "What would my story be if I were living up to the values I expect of others?" An analysis of these points would include:

1. What values do I expect of others?

A powerful way to discover what values we care about deeply is to examine our emotions. If we feel negative emotions toward someone else's behaviors, it often suggests that they have violated a value that we hold dear—whether we realize that we hold it dear or not. Similarly, if we feel elevated by others' actions, then it also suggests that their actions are consistent with values that we hold dear.

Gray reacted with frustration and anger to the fact that Rudd did not “get his point” with regards to the difficulty of having to alternate boxcar lengths in order to accommodate the new contract. He also “went off on her” because she went around him to get permission for the deal instead of talking to him. If we ask what values Gray thought that Rudd was not living up to, they would be values such as consideration and respect.

2. What would my story be if I were living up to those values?

Once the students identify the values that Gray cares about and expects of others they can address the challenge of creating a story for Gray about how he can live up to those values himself. As chapter six of *Lift* explains, a story like this should (1) have a clear moral/reasons for living up to values, (2) be truthful/avoid rationalizations, (3) be specific and detailed, and (4) be about a specific type of situation. To make sure that the situation is specific, the instructor could focus on Gray’s telephone call with Rudd. The process of creating a story could follow a pattern like this:

**Moral:** Consideration and respect will lead to more mutually-beneficial solutions than refusing to bend on one’s own way and disrespecting others.

**Truth:** Creating the best solution for Norfolk Southern should not be about looking good to people who might promote me, strengthening my power base, assuming that people are inherently inflexible, or using legitimate reasons to justify illegitimate ends. This means my story needs to be about creating power with Rudd (rather than “over” Rudd), without concern about how it looks, recognizing and respecting the competencies, restrictions, and opportunities that she and her team bring to the table.

**Specificity:** “I call Rudd and tell her that I need to understand the contract with GM better. I acknowledge that I was frustrated at first that she did not ask me about it before she signed the deal, but that I am determined to find a way to make it work. I ask her how she envisions it working. I listen until she is done, even if I think some of her assumptions are wrong. If I feel tempted to correct her or to argue, I write the point down on a piece of paper instead of saying it. I restate her point of view back to her to see if she agrees that I understand her point of view. When she agrees that I understand her point of view, I complement her on the points that I think she has handled well. Then I tell her that I have some concerns with some of her other points, and that I would like her help thinking through how to handle them. I express each of these points one at a time, and ask her opinion. We talk about each point until we come up with a solution that meets both of our needs. When the conversation is done, we have enough ideas to begin working toward an innovative solution that allows us to deliver on the new GM contract while also maintaining the quality of our service delivery to our other customers. We also have begun building a relationship where we check in on ideas that affect each other before implementing them.”

When writing a story like this, a helpful technique is to think of times in the past when you have lived up to the same value you are trying to live up to now. Therefore one way to help the students develop a story of Gray is to ask the students if any of them have had similar problems to Gray, and then ask those students to think of times when they have been considerate and respectful in situations where it was difficult to do so. How did they do it?

After completing one story, the students could use the same process to build similar stories for the other issues Gray is responding to if they have time.

### Gray's Change Plan

After discussing how to help Gray become internally-directed in one or more specific situations, the instructor should ask the students to evaluate the personal change plan that Gray developed in the executive education program. The same criteria can be used for this evaluation.

**Moral:** Gray identifies two reasons to change (to grow the business and to see silos fall) and two reasons not to change (he may be viewed as a risky decision-maker and customers will be affected if new ideas fail). Only one of these reasons is personal, and it is negative. This is a start, but Gray could do a better job here.

**Truth:** This is somewhat subjective. Gray writes a number of things that could be considered honest, such as admitting that he is afraid of failing. On the other hand, there are also a number of comments that Gray could easily turn into rationalizations for not trying hard or giving up at his change, such as the references to the time that his changed will take.

**Specificity:** Gray only includes three rather general bullets about what he will do in Part 3 of his plan.

**Specific types of situations:** Gray's plan is very general. It does not address specific types of situations, such as "conversations with people in marketing," "making decisions about yard logistics," "safety and security decisions," and so on. Without applying these ideas to specific situations, he is much more likely to respond automatically to the pressures in those specific situations.

One resource that instructors can refer to at this point is the Lift Assessment at <http://apps.leadingwithlift.com/assess/>. When people create personal change plans, it is useful to be aware of what kind of situations a person tends to struggle with being internally-directed in. And it is also useful to have a way to evaluate one's progress in personal change. This assessment can help with both.

After analyzing Gray's personal change plan, the instructor can hand out the (B) case or can display it on a slide and then ask students how well they think Gray is executing his change plan. The instructor can follow this up with questions about why they think Gray is doing well in cases where he does well, and why is not doing well in other cases. This should help them to solidify key concepts about becoming internally-

directed.

The instructor should also use this discussion as an opportunity to re-orient students to the overall course objectives. Possible questions include:

**Leadership:** How might Gray's efforts to become internally-directed influence his ability to lead?

- Here, students could discuss whether people are more likely to ignore or take advantage of Gray because of his efforts to become collaborative, whether a collaborative leadership style fits in a tough transportation company culture, how he might explain the changes he is making to the people in his department, and so forth. In this discussion, it is important to consider the problems that Gray is likely to encounter in his effort to be internally directed, but it is also important to discuss the opportunities that this might create. If students choose to focus on the problems, instructors can ask the students how to deal with the problems (which may be an opportunity to discuss how the other three elements of lift tie in), and they can also re-direct the conversation by saying things like, "Those are good points. Tell me, though, are there also opportunities that Gray will create because of his efforts to be internally directed?"

**Change Management:** How might Gray's efforts to become internally-directed influence his ability to make the changes necessary to achieve the "7 and 7" goal?

- Anytime a leader issues a significant challenge like Goode's "7 and 7" challenge, it implies the necessity for change. Organizations cannot use less resources to create a dramatic improvement in revenues without changing the way they operate. NS needs Gray to become more internally-directed, and also needs many others like him to do so as well. Ideally, as chapter six of *Lift* discusses, the efforts of people like Gray will elevate others and inspire them to become internally-directed as well.

**Power and Influence:** How are Gray's efforts to become internally-directed influencing the power and influence he is able to exert in Norfolk Southern?

- This is an intriguing question. On one hand, as the story of Gray's email exchange with the intermodal general manager indicates, Gray's softer approach to interacting with people in other departments makes him easier to ignore. On the other hand, recent research on power<sup>1</sup> suggests that the need to force other people to do things is actually an indicator of a lack of power. Real power is found in legitimacy—when people do the things you want because they believe that they are the right or appropriate things to do. Although Gray has not built up this kind of legitimacy yet, a question that students should consider is whether Gray is more or less likely to build up this kind of legitimacy over time by continuing to try to be internally directed. Are people more likely to think that a person's directives are legitimate when they come from someone who has

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<sup>1</sup> Clegg, S. R., Courpasson, D., & Phillips, N. 2006. *Power and Organizations*. Thousand Oaks, CA: Sage.

consistently tried to be considerate and respectful? What else is needed to develop that kind of legitimacy? How can the other elements of *Lift* help in building that legitimacy? How positive will the influence be of a person who is striving to be internally-directed?

- If Gray can become consistent in his effort to be internally-directed, this should create additional sources of power for him, which include the feelings of elevation he might stir in others, a reputation as someone who collaborates and is committed to the company goals, the ability to let his ego go in favor of the organization's needs, the trust that this ability tends to engender in others, and so forth.

### Personal Application

A discussion of the impact that Gray's effort to be internally-directed will have on his leadership, change management, or power and influence should flow nicely into a discussion of how that same effort will influence the students' leadership, change management, or power and influence. Because of the assignment questions, students will have thought about their personal experiences and how the principles of internal direction apply. The final discussion pasture for class, then, should focus on personal application, using questions like these:

- As you think about your own experience with [leadership/change management/power and influence], what difference do you think it will make if you are internally-directed?
- What is hardest about becoming internally directed?
- What benefits might you and others derive from your efforts to be internally directed?
- Are there any drawbacks to trying to be internally-directed? Can you mitigate these if you apply the other principles of *Lift*?

### **Summary**

A discussion of Nicholas Gray's personal change efforts should help students to crystallize their understanding of the principles underlying why people are externally directed, how they can become internally directed, and why they might want to become internally directed. A discussion of personal application can ground these insights in personal experience. Instructors can end class is to help them see how these ideas connect with concepts covered in previous and future classes. As students connect these ideas across classes, it will improve their mastery of the subject matter and it will also increase their ability to lift themselves and others.

### Chalkboard Plan

#### Board 1

<u>Departmental Changes (cost)</u>	<u>Personal Changes (cost)</u>	<u>Departmental Changes (revenue)</u>	<u>Personal Changes (revenue)</u>	<u>Cues</u>	<u>Revealing Changes</u>
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#### Board 2

Situations	Indicators	Story Elements	Situation Analysis	Personal change plan evaluation
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#### Board 3

Impact of Internal Direction for Gray	Impact of Internal Direction for Students
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