Journal of Change Management
Vol. 5, No. 2, 177–189, June 2005

Routledge
Taylor & Francis Group

Lateral Leadership: An Organizational Approach to Change

STEFAN KÜHL*, THOMAS SCHNELLE** & FRANZ-JOSEF TILLMANN***

**Institute of Sociology, University of Munich, Germany, **Metaplan, Germany, ***Metaplan, USA*

ABSTRACT *It is now rare that managers can rely on their superiors to intervene when conflicts with colleagues arise. Instead, they must resolve problems themselves. To enable executives to achieve their objectives under such circumstances, the authors have developed the concept of 'lateral leadership', in which one utilizes a processes of creating shared understanding, changing power games and generating trust for one's own purposes. In this way a manager can disrupt rigid patterns of thought, combine the divergent interests of the people involved and build trust. It is not necessary to address the three processes simultaneously. If managers are unable to make progress with one tool, they can substitute another. In the authors' view, this represents the concept's particular strength.*

Introduction

Most managers are well aware that hierarchy is no longer the clear-cut management tool it was once. Today, employees find solutions on their own, even to complex problems. In an age of lean, flexible organizations, anything else would be unthinkable. Not all information reaches the highest management levels and even if it did senior management could never process it quickly enough.

Of course, it would be naive to proclaim the ultimate demise of hierarchies. Neither process optimization, profit center structures, lean management, project or knowledge-management have dealt them their death-blow. There is good

---

Correspondence Address: Stefan Kühl. Email: stefankuehl@metaplan.com

1469-7017 Print/1479-1811 Online/05/020177-13
DOI: 10.1080/14697010500098205

evidence to suggest that orders of rank will continue to exist for as long as organizations themselves do.

However, top-down management is now only partially effective, for example when employees from different companies work on a common task. In such cases a project may have to be moved forward in the absence of a contract detailing the collaboration, let alone any inclination on the part of senior management to resolve every minor issue on the sidelines of a conference or on the golf course. The flatter hierarchies become the less often an executive will intervene in coordination issues involving subordinates. In project and steering groups along value creation chains the chairperson now frequently acts only as a coordinator and generally cannot resolve conflicts by drawing on his or her elevated status as chair.

What, then, should replace hierarchical management? One answer would be a concept we have developed called 'lateral leadership', which entails a strategy to reach a shared understanding for cases where no well-defined power structure exists. The concept may appear paradoxical at first glance: how can anyone lead laterally, i.e. sideways, without managerial authority? Behind the concept lies the idea of striving to achieve something more than a compromise or a mere quid pro quo, as one would in the marketplace ('If you do *this* for me, I'll do *that* for you'). The object is not simply to abandon one's own goals but to sway one's cooperation partners in the direction of one's own intentions. Our approach makes it possible to move a project forward even when no overarching, rational solution exists, which would satisfy all parties. It goes beyond well-known measures such as strengthening team spirit, conflict resolution training or sales training, which management consultant Roger Fisher once described under the heading of laterality.

Such tools have their limitations because they primarily address cooperation between individuals, whereas we view individuals as representatives of their departments or of their organizations. Thus, cooperation with them cannot be enhanced through a psychological but only through an organizational approach. To achieve our ends we utilize processes of creating shared understanding, changing power games and generating trust, which constitute the core elements of lateral leadership.

These processes frequently transpire within informal contexts, however. Managers cannot draw on them officially for support as they would on a hierarchy or an established routine ('I'm the boss around here' or 'That's our official policy'). Our lateral leadership approach renders these processes identifiable and provides the tools to achieve better results in cooperative undertakings that lack clear-cut power structures.

Three mechanisms interlock in the concept of lateral leadership. The first objective is to create a common conceptual framework to replace the rigidified points of view that hold the cooperation partners trapped. This is a prerequisite for creating a shared understanding that amounts to more than mere compromise. The second objective is to form viable connections between the participants' divergent interests; this entails a power play. The third objective concerns creating trust. The partners should be able to make advance concessions in hopes of receiving returns on their investment in the project at a later date.

Many Situations Call for Lateral Leadership

Cross-functional Projects

Project managers, coordinators, team leaders and facilitators must all practice lateral leadership. They must produce cooperation among employees who stem from different areas of a firm and are generally only cooperating on a temporary basis. While they have a certain mandate to initiate and sustain cooperation, they have only anemic resources at their disposal to exert control over the employees.

Process Chains

Managers must communicate with both upstream and downstream areas in the business process without having authority over them. Often, when conflict occurs, invoking higher powers is actually counterproductive because top management levels are insufficiently involved to be able to resolve the issue. In addition, time is lost.

Shared Understanding between Business Partners

Competitors, suppliers and customers are increasingly networked. Since business partners cannot simply be replaced when conflict rears its head, participants must reach a shared understanding with each other.

Egotism Instead of Esprit De Corps

If the purpose of an enterprise, an administration or even a cooperative venture between organizations is clearly defined, then all of the players should actually be marching in step to reach the goal—according to classical management theory. Although managers repeatedly invoke such collective alignment, individual units generally squabble, with each claiming to represent the goals of the organization. What would explain this paradox?

The central cause of the conflicts is the division of labor. An organization is divided into different functional or product units because one office usually cannot handle all of the decisions. As the idea runs, each unit is meant to focus primarily on fulfilling its own responsibilities but also to bear the greater picture in mind.

In the process so-called local rationalities arise, as US organizational researchers Richard Cyert and James March (1963) have pointed out. The members of a group will evaluate the phase of an operation they have been assigned—and the aggregate project as well—entirely from the perspective of their own convictions and ways of thinking. Individuals cannot keep the entire scope of a multi-layered project sufficiently in view because they are bound by their own rationalities or conceptual framework. Each department, each unit, each subdivision believes that its own problem definitions or the solutions it proposes are aligned with the overall objective. By the same token, lines of reasoning that stem from other, initially foreign contexts, seem irrelevant to them. But the development of local rationalities is not an indication of organizational pathology. On the contrary, without it firms or governmental agencies would be unable to address complex tasks. Lateral leadership inspires different groups to common action in spite of unavoidable local rationalities and the missing element of hierarchy.

Collaboration: the Key to Creating Shared Understanding

The key to collaboration is initiating processes leading to shared understanding. Lateral leadership first requires recognizing what drives one's partners before being able to align one's own interests with them. Then an attempt must be made to break open their ways of thinking.

Rigid thought patterns can be found at all times and in every corner of an organization. Each player is a member of a group whose expectations must be fulfilled. Normally the conceptual framework of a group, say, a company's information technology (IT) department or a professional association such as attorneys, is coherent and self-contained. Members share a common view of the world and the role they play. Explanation patterns have often become dogmatic; nobody bothers to question them any more.

One of our consulting projects involved a textile producer—call it Fashionable Wear—which originally specialized in mass-market products. The firm's ever-growing customer demand for brand-name products was met by three departments: production management, design and product management, and the offices of the CEO and the controller. Production management wanted large production runs using state-of-the-art machinery, which would not be retooled to cater to the customers' individual wishes. The patterns, production management insisted, had to be produced rationally. Designers and product managers were convinced that the firm would only be able to command good prices for brand-name products. Such apparel should always be up to date and designs might even change at short notice. In their opinion design quality was the key to the company's success. The CEO and the controller wanted to retain customers by offering brand-name products. They took the position that the company needed modern machinery and manufacturing methods to be successful: that was the way to produce mass with class.

Given their divergent ways of thinking, the players found it difficult to communicate with each other. The interests of the various groups, i.e. everything they wanted to achieve or avoid also influenced their points of view. In addition, opinions had become increasingly entrenched in myth and dogma. In the case of Fashionable Wear, production subscribed to the dogma that mass manufacturing led to economies of scale and therefore profit. The design department endorsed the fiction that creative design was the key to success in the fashion business. The top management echelons adhered to the myth that they had to increase the firm's profitability.

Such rigid ways of thinking are entirely understandable from the perspective of local rationalities. The lateral leadership process can change them by asking a series of questions designed to render them transparent, which:

- Assumptions of one group disturb the other?
- Views do not match up with each other?

- Speech patterns of the individual groups reveal their attitudes?
- Interests does one group impute to the other?
- Interests do the groups themselves declare openly?
- Ideas create anxiety in employees?
- Viewpoints contradict each other?

Recognizing rigid systems of thought is one thing; making even minor changes to them is another entirely. The very players themselves are unaware that collective reasoning has come into play. Colleagues assume that their interpretation of the situation is objective and that the other groups would actually be forced to agree with them if they were not so narrow-minded.

Introducing New Terminology

The tools of lateral leadership allow one to break open ways of thinking. We would like to introduce three such tools. First, traditional terminology is always associated with certain ideas that have often lost their cachet. The reason might be that a professional reference group shares exactly the same perspective, or perhaps entire libraries have been devoted to the subject and everybody assumes that they understand what the expression means. Unexamined consensus rules among the participants. They either conduct ideological arguments about the implications of the word or reject it as an emotive term. Vogue expressions such as 'empowerment', 'core competence' or 'teamwork' are good examples.

In the process of lateral leadership one identifies trendy vocabulary and emotive terms. Then, drawing on the same semantic field, new expressions are coined which require that users first form an idea of what is meant—in other words, terminology which is initially foreign and therefore not understood. In the case of Fashionable Wear the departments associated the standard term 'design' with the ideas of Jil Sander. The production department equated it with designs that could not be produced economically. The chief designer therefore replaced this emotive term with one not generally used in the firm, namely 'form', which had a neutral value for both sides and cleared the way for a shared understanding to arise.

Recasting the Situation

Here, the object is to decrease the threat posed by change. Groups resist calling their status quo into question. They avoid unpleasant, threatening issues and varnish current conditions. They make references to their experience, and—citing their constraints as a pretext—they fend off change. When managers cast current conditions in an unaccustomed light, they invalidate these defense mechanisms at least partially. This is accomplished by projecting the current situation into the future, for example, by asking the question, 'What might look different ten years down the road?' or by abolishing certain constraints with a question like, 'What would we develop if we had ten times our current budget?' Another approach would be to ask participants to imagine themselves in an innocuous situation. For example, 'What kind of advice would you offer your neighbor's daughter if she wanted to start working in your company?' This gives participants an opportunity to describe their own situation as uninvolved bystanders and to elaborate both advantages and disadvantages.

Working with Incompatible Axioms

Axioms are defined as basic principles requiring no further validation. Occasionally, however, one axiom will contradict another. The basic tenets within an organization are not necessarily compatible with one another. For example, managers often hold the opinion that the company's strength rests on its proven basic products, while at the same time they are convinced that innovation alone will ensure the company's survival in the marketplace.

Economics Nobel Laureate Herbert Simon observed that management axioms resemble proverbs. Just as every basic tenet of an organization initially asserts the claim of plausibility for itself proverbs also seem convincing at first. On closer inspection, however, proverbs do contradict each other: 'Opposites attract' appears to make just as much sense as 'Birds of a feather flock together'.

How does one deal with incompatible axioms? One allows oneself to accept the other party's logic and identifies common basic assumptions, then ferrets out the inconsistencies and confronts the other party with them.

In one of our consulting projects the chairman of the board held the view that the firm's hierarchies should be flattened in order to shift greater responsibility onto the departments that were creating value. At the same time, however, he was making the case that his executives had to be more accessible to their subordinates. This, his reasoning continued, required a reduction of the span of control, i.e. the number of subordinates for whom a manger is responsible. Within the framework of the assignment we were able to achieve a mutual understanding with him that while both demands did reflect modern management postulates, the axioms themselves were incompatible. The rigid thinking on the board became more flexible, at least in certain respects.

In the process of creating shared understanding, the object is not to create an overarching perspective that resolves conflict. Many executives hope that their companies can overcome the formation of local rationalities if they only succeed in enlisting everyone in an all-inclusive cooperative rationality. But unfortunately (or fortunately) this does not work because it would cancel out the mechanisms of specialization and the division of labor without which an organization cannot master complex tasks.

In lateral leadership, the object is to be irritating and to disrupt rigid thinking at least temporarily. If this undertaking is successful in different units of the organization simultaneously, new common perspectives can emerge making it possible to act in different ways than before.

Utilizing Power

Power is a factor in every relationship. It represents the ability to create behaviors in other people that they would not have exhibited of their own accord. In cooperative endeavors one's influence hinges on the importance of one's actions to other partners and whether or not one is replaceable to them. An employee in the marketing department who has privileged access to an important customer can capitalize on the situation. The less an IT expert is replaceable due to his in-depth knowledge of a self-programmed application, the stronger is his position.

Granted, power is asymmetrical—as a rule the superior has greater power than the subordinate. But it is always reciprocal—a chief can only give orders as long as the worker complies and does not resign. Both sides are connected through the power relationship. Even those who seem to have no power at all can have an interest in maintaining the relationship.

Power is based on controlling important zones of uncertainty. Paris-based organizational sociologists Michel Crozier and Erhard Friedberg (1980) have described some typical examples:

- Hierarchs derive their influence from the authority to set formal organizational rules, which expand or restrict their subordinates' fields of activity.
- Experts such as IT professionals or marketing specialists hold influential positions because they command specialized knowledge which is relevant to the organization.
- The power of organizational units that function as relay points to the outside world derives from their privileged access to customers, key suppliers, important cooperation partners or influential government offices.
- Gatekeepers, for example secretaries or personal assistants, draw power from controlling important internal channels and information sources.

Since subordinates control essential zones of uncertainty in this fashion, hierarchies can only steer to a limited degree, even if the organization has well-defined orders of rank. In hospitals, for example, the supposed 'gods in white coats' cannot ordain precisely what transpires in spite of their formal authority. Nurses control some of the doctors' key zones of uncertainty making the physicians dependent upon them. They are dependent on the hospital staff to handle administrative and occasionally even therapeutic tasks for them. As a result, negotiating conditions ensue, in which hospital staff workers barter their willingness to assume additional responsibilities in exchange for a greater say in patient care.

Power games can result in progress. They can contribute to overcoming deadlock or help overcome a blockage caused by differing local rationalities. Entrenched power games can often become obstacles in themselves, however, when the players go around in circles and no longer approach each other, or when dialogue breaks down and they start attacking.

Lateral leaders can circumvent the games played in change processes by raising awareness for power. Many power games are covert, with participants concealing (often from themselves) that they are drawing on their power positions. The combatants claim to be fencing with rational arguments. They make the case that their positions are only logical because they serve the greater interest. They refer to their competence, to the duties they have been assigned, or to their rights. They quote what senior management has said (or could have said). They point to research on success or cite examples of failures.

The players are often cautious. They cannot gauge the strength of their opponents precisely. Often they are also unable to assess their own power. Only after several rounds of play does it emerge who can prevail or resist successfully and to what extent. Lateral leaders therefore always analyze power structures and power games. They recognize the sources from which the players derive their influence. They analyze the arenas of power to see who is involved and what their interests may be, which moves are typical and which zones of uncertainty the players control.

Fashionable Wear: A Case Study

In the case of Fashionable Wear, for example, the same power games played out again and again. Each season the designers and product managers presented a sensible, comprehensive collection that was not easy to challenge. They took the view that nobody should be permitted to tamper any further with their designs because it would detract from the value of the collection as a whole. Meanwhile, the production department asserted that the designs proposed in the collection could not be produced on time and on budget and repeatedly presented production schedules for the collection that clearly exceeded delivery dates. The power game was at an impasse. The designers and product managers exploited their position as relay points to the customers, leaving production in the dark about the demands of the trade. Production, in turn, weighed in with its know-how and left unclear how much flexibility the machinery really allowed.

Three recommendations for action will illustrate the means through which such conflict can be resolved.

Creating Barter Exchanges

In power games the players barter for opportunities to act. The boss promises to give his employees the following afternoon off if they complete an important assignment today. The customer promises a lucrative follow-on order later if the supplier will bypass the usual order processing and fill a rush order in record time. At Fashionable Wear we revamped the power game so that the designers offered to make a deal with production: if the people in production would accept a material that was difficult to work with for the winter collection, the designers in exchange would be willing to submit their patterns to production very early on so that trial production runs could be conducted.

An organization's barter exchanges may be utilized more intensively or less so. Lateral leadership can set processes in motion that energize the barter exchanges and render players more inclined to compromise in one area in exchange for a concession somewhere else. To achieve this—and it is an unfamiliar strategy at first—grappling with issues of power must be prolonged. One must use group discussions, workshops and conferences to repeatedly create settings where participants can play their power games and make offers on a barter exchange.

Adding New Players

Adding new players will usually cause a power game to shift. A player might ask an executive to participate in the hope of gaining support, or might invite customers to attend a workshop in the hope that they will demonstrate how entirely different their interests are from the way the sales department portrays them.

The art of lateral leadership consists of weighing the degree to which new players can restart stalled power games against whether one faction might suffer embarrassment, possibly causing it to pull out of a cooperative undertaking.

Introducing New Rules

Every change of rules alters the power structure. This explains why those who are affected often argue so bitterly about new procedures, the formulation of individual contract clauses or the wording of statutes governing structural changes. In lateral leadership the object is to initiate new power games by introducing new rules.

In the consumer goods industry there is a classic conflict: sales on the one hand is interested in having as many promotional gifts, premiums and other activities as possible as a means of retaining contact with customers, while the marketing department on the other is responsible for staying within budget. Frequently, relationships between these two areas are not clearly defined and therefore become an arena for power games. In one of our projects in the pharmaceutical industry we introduced a new set of cooperation rules and saw to it that both departments would report to a common executive. This caused a shift in the power games. New possibilities for action emerged and the blockade between sales and marketing was demolished.

In the case of Fashionable Wear we suggested a package of rules that were aimed at changing the power games; prior to the presentation of the entire collection the designers conferred with production; production received input in the choice of materials; the design department had input in the future development of the production facilities. These rules did not tip the balance of power in favor of either party—the players would not have allowed it. But the game itself shifted. Instead of waging their battles after the collection had been presented, the two factions already engaged in talks prior to the presentation, raised questions about purchasing and discussed alterations to the equipment.

The key to the lateral leadership approach is not to interpret power games as an organizational dysfunction. On the contrary, power games make a substantial contribution to overcoming blockages that arise from local rationalities. They are the lubricant that keeps an organization running. Lateral leadership strives to make new power games possible, which in turn produce new opportunities to act.

Building Trust

Cooperation entails risk; while the actions of one party are dependent on those of another, the chess moves of the other party cannot be predicted with certainty. Trust is a way to bring about cooperation in spite of such unavoidable uncertainty. The problem with trusting someone is that it also involves a risk, which is often difficult to assess. Contrary to a power play, where one can threaten with negative sanctions if one's expectations are not met, trust entails the risk that one's willingness to cooperate may be misused.

In relationships of trust, as compared to market relationships, the participants do not quantify goods they wish to exchange, nor must they conduct the exchange process simultaneously. In the thinking of system theorist Niklas Luhmann (1979), relationships characterized by trust represent exchange relationships 'without certainty equivalents'. In one of our projects, we observed that real estate investment companies were increasingly less inclined to squeeze general contractors for every last penny in negotiations, a practice against which the contractors would retaliate by demanding inflated prices for subsequent improvements. Instead, the business partners attempted to establish a procedure where the investment company extends trust to the builder in advance, on the assumption that the building company will not exploit its position of strength later during the rectification of defects.

The more often one party reciprocates to an extension of trust by the other, the more likely a relationship of trust will arise over the long term. A self-reinforcing mechanism arises and subsequently stabilizes proportionate to the degree that expectations based on trust are fulfilled rather than disappointed.

In the actual problem zones of an organization, where lateral leadership is required, building relationships based on trust is often nearly impossible. The players are not willing to make concessions in advance because the stakes are too high. A lateral leader who attempted to build trust under such circumstances would presumably achieve the very opposite. Statements like, 'It all begins with trust', or moralizing appeals finally to be trusting only awaken skepticism and tend to harden a sense of mistrust. In project groups, it makes little sense to create the expectation that the participants will all be pulling on the same rope because they each represent their own individual unit and are responsible for protecting its interests.

Three Approaches Make Building Trust Easier

Utilizing Secondary Theaters of Engagement

It may be necessary to find secondary theaters of engagement where establishing trust is possible. In the case of new project teams a lateral leader can attempt to prevail upon the members who are unable to attend a meeting to discuss their scheduling difficulties openly. If a practice such as this becomes customary in a secondary theater, then trust will develop. The games played with tardiness, postponing and rescheduling meetings—classical mechanisms for creating mistrust—cannot drag on. This, in turn, creates a basis for building trust in more important areas as well.

In one customer–supplier network in our consulting practice, the relationships could not be structured through trust alone. Neither customers nor suppliers wanted to provide the other side with overly specific information about their respective pricing policies, profit margins or cost structure. This made it impossible to establish trust by failing to play with an open deck. Lateral leadership, however, enables one to induce both sides to provide timely information when delays in making, or taking, delivery are foreseen—over and above the officially stipulated notification policies.

Lowering the Stakes

In cases involving serious conflict a way to become operational and establish the basis for trust is to lower the stakes by formulating rules. At first glance, strict rules hamper trust; unconditional trust has no need for regulations. However, building trust is actually easier in a controlled setting. Even mafia-style relationships, which generally rely on a high degree of trust, have an underpinning of something like a code.

Lateral leadership allows one to influence how restrictive the set of rules will be under which trust or mistrust emerges. Manipulating the rules creates a space where trust can be established at lower risk. Bit by bit one can interpret the rules with greater latitude or even drop some of them altogether.

Bringing Constraints to Light

Mistrust often arises because people do not know why their trust was violated. They never learn that a team colleague was under constraints because his or her department head issued a secret directive to set off in a new direction. So trust turns into mistrust through no one's intention.

When practicing lateral leadership it can make sense to provide insight into the constraints under which the other party must work. Generally, of course, that does not reduce the limitations but it does shed light on the framework within which the cooperation partner is operating. It is possible that one party is pushing the regulations under which he operates to the very limit to accommodate the other—while it looks as though he had hardly budged.

Trust as a management tool offers a key advantage: as a strategy, trust provides a great deal of maneuverability. People who trust have no need to wait for every favor to be repaid immediately. They have no need to weigh who has the greater leverage or to pin down every detail contractually. However, the problem is that even a minor indication of a violation can suffice to end a relationship of trust. The price cuts José López imposed on suppliers as head of purchasing at General Motors Europe destroyed trusting, cooperative relationships, which had taken years to establish. Many suppliers perceived his cost cutting measures as a 'termination' of trusting cooperation, and when it came to non-contractual matters, they showed themselves less accommodating.

Despite all the negative associations the word evokes, it should not be overlooked that it is also possible for mistrust to serve as a means of producing cooperation. It offers an advantage in that the cooperation partners will have little at risk. Participants agree to cooperate only when they have made provisions for every last eventuality, for example, through a contract or by consolidating their own power base. Even the strategy López employed, namely, using oppressive contracts to squeeze suppliers for every penny, is one method of achieving a goal. Arguably, it proved even more cost-advantageous than General Motor's previous forms of cooperation. In switching strategies from trust to distrust, however, an organization pays the price of less flexibility in its relationships.

How Shared Understanding, Power and Trust Interlock

The central mechanisms of lateral leadership, that is to say, the processes of creating shared understanding, changing power games and generating trust, always run side by side in organizations. In a conversation it is often impossible to determine which is in play at that moment. Is the project leader experimenting with some new stratagem in a power game, trying to facilitate shared understanding about individual positions, or attempting to take some trust-building measure?

For day-to-day operations in organizations, it is helpful that the form of coordination currently in action is not always clear. This allows for greater latitude because players can interpret statements and actions in different ways. In order to systematize the lateral leadership process, however, it is pivotal to recognize how shared understanding, power and trust can mutually support, obstruct and—of particular importance—substitute for one another.

Frequently, the processes interlock in such a way that they mutually support each other. Creating shared understanding often flows more easily when the members of a group enjoy a trusting relationship; they do not immediately assume that the other person is out to trick them. People with a lot of power can force others to listen, for example by scheduling a meeting. Whether the members of the group will then engage in an intense process of shared understanding is, of course, another matter. Once players have gained some insight into their partners' constraints it can become easier to replace distrust with trust.

However, the processes of creating shared understanding, changing power games and generating trust also can obstruct each other. Successfully breaking open the ways of thinking can yield information that can be exploited for power games. Sending too clear a signal that one has control over a central zone of uncertainty of another player can hamper the growth of trust. For a person who is building trust, pursuing one's own interests through the use of power becomes more difficult.

For the concept of lateral leadership, it is particularly interesting that the processes of creating shared understanding, changing power games and generating trust can substitute for one another. If distrust seeps into a cooperative relationship, it may be necessary to develop new power games to move matters forward. When the players trust each other, they do not necessarily have to understand the other person's way of thinking. They can make advance concessions without having a detailed idea of their partners' motives.

In other words, the practice of lateral leadership allows one to search for so-called functional equivalents; for processes that will have an effect similar to the one that is currently stalled. If the power game breaks down, one can try to unlock closed patterns of thinking through discussion and thereby produce a shared understanding. Then the players can possibly reach more rational decisions, or a new set of rules will emerge as a compromise. If local rationalities diverge too widely and results can therefore not be achieved through shared understanding, one can introduce new players, open new barter exchanges or formulate a new set of rules to inaugurate new power games, possibly enabling one party to prevail.

The strength of the lateral leadership concept does not rest on proclaiming that one of the three management mechanisms is better or promises greater success than the others, an approach widely encountered in modern management literature. Rather, lateral leadership offers executives, cross-functional managers and organizational consultants an entire toolbox to help them facilitate and achieve cooperation.

References

Crozier, M. and Friedberg, E. (1980) *Actors and Systems: The Politics of Collective Actions* (Chicago, IL: University of Chicago Press).

Cyert, R. M. and March, J. G. (1963) *A Behavioral Theory of the Firm* (Upper Saddle River, NJ: Prentice-Hall).

Fisher, R. and Sharpe, A. (1998) *Getting It Done. How to Lead When You're Not in Charge* (New York: HarperBusiness).

Kühl, S. (2000) *Das Regenmacher-Phänomen. Widersprüche und Aberglauben im Konzept der lernenden Organisation* [*The Rainmaker Phenomenon. Contradictions and Superstition in the Concept of the Learning Organization*] (Frankfurt a/M: Campus).

Kühl, S. (2002) *Sisyphos im Management. Die verzweifelte Suche nach der optimalen Organisationsstruktur* [*Sisyphus in Management. The Desperate Search for the Optimal Organizational Structure*] (Chichester: Wiley).

Luhmann, N. (1979) Trust: a mechanism for the reduction of social complexity, in: N. Luhmann (Ed.) *Trust and Power* (Chichester: Wiley).

Simon, H. A. (1946) The proverbs of administration, *Public Administration Review*, 6, pp. 53–67.

Notes on Contributors

Stefan Kühl is an organizational consultant at Metaplan consulting company and associate professor of organizational sociology at the University of Munich. He has written several books on management, organizational change and the pitfalls of flat hierarchies.

Thomas Schnelle is managing director of Metaplan and coordinates the international activities of the company's consulting groups.

Franz-Josef Tillmann is a partner at Metaplan and heads the Princeton office, the US headquarters of Metaplan.

For further details please visit: http://www.metaplan.com