



Best Practices

January 2006

The Art of Leadership – The Human Side

Since work patterns are undergoing a slow but steady shift to the knowledge worker, management, while lagging behind, nevertheless must change to reflect this new reality. Interactive leadership is a required skill for creating commitment in the emerging network organization. It implies a genuine concern for people. When all rhetoric and preoccupation with leadership traits are boiled down, leadership is just about one thing — *establishing an emotional connection with people*. Two skill sets foster this. The first is an ability to create a shared vision between what the organization requires and what employees want out of the work experience. The second is the ability to get people working together by resolving conflicts and finding the acceptable middle ground. Underlying both abilities is the skill to communicate effectively. With good communication, employees work in a system of both freedom and control.

Freedom and Control – Strange Bedfellows

A firm's performance management structure actually creates the conditions for empowering employees, but that empowerment requires leaders to lead well. Leaders get people to follow them because people want to; people are motivated because they feel they are supported and respected. A blend of management and leadership produces better results than either could alone. Strong leadership encourages freedom of creativity within the structural bounds of the performance management system. Leadership coupled with a system of performance and process management is crucial to the long-term success of any organization.

Analogies in nature give a clue to understanding this apparently paradoxical approach. Take the quartz crystal, for example. Its structure is the same around the world, yet no two quartz crystals are identical in color, shape, or size. Nature abhors sameness; it loves creativity, differences, and innovation. Just as it does with people, plants, stars, and even grains of sand, nature gives quartz crystals unlimited opportunities for individuality and creativity within a clearly defined molecular structure.

Organizations need to do the same with their systems to manage and lead people. They need not to tell people how to do their work, but instead provide them with vision, clearly defined boundaries, and then allow creativity to flow. Organizations must precisely define desired results, delegate authority, and then give people freedom within boundaries to obtain results. Typical top-down organizations tend to stifle rather than promote innovation because they install policies and procedures to produce work in a standardized way. They centralize creativity rather than opening up the creative potential of workers at lower levels. Organizations that balance management - leadership practices release worker creativity and demonstrate that workers truly are an organization's most valuable asset.

As firms become large and complex and attempt to move out of their corridor of crisis, *management* practices coupled with *interactive leadership* become increasingly important. People often use these terms interchangeably in business, top executives, and the media, but each has its own definition. Distinguishing between the two clarifies how each supports the other.

Leadership is Not Management: Management is Not Leadership

Managers *predict* the future; leaders *create* it. Management is about process; leadership is about people. Management controls results through people; leadership motivates them by satisfying evolving human needs. While there are differences between them, these two concepts and their constellations of abilities are not polar opposites. Firms need both to function. As in the quartz crystal analogy above, firms need both structure and freedom to produce creativity and innovation in today's network organizations. Both leadership and management skills can be learned, both evolve as the organization itself evolves.

The directive leader of the past was a doer. Getting results; i.e. making money and ensuring shareholder value was the requirement for success. These often larger than life titans of industry were directive decision-makers and were operationally savvy. Tomorrow's leaders are predicted to be of a different cut. They are not as involved in the day-to-day operating details, but rather focus their attention on ensuring "the right people are talking to one another about the right things and have the right tools to what they decide needs doing."

The shift in leadership for firms going through the corridor of crisis is from a focus on efficiency to one on effectiveness. This means that when an infrastructure of good management controls are in place to align vision and purpose, then attention needs to be paid to how to make the firm more effective, i.e. make sure it's doing the *right* things.

That takes leadership. An impressive study created through hundreds of interviews by Anderson Consulting called "The Evolving Role of Executive Leadership" tried to create a profile of the global leader of the future. Their conclusion was that vision, values, and setting priorities top the list, but emerging requirements called for building alliances with other organizations, building partnerships across the company, and treating people with respect.

The leader who fails to recognize the differences between leadership, qualitative skills, and management, and thus never learns to use them in parallel, may never give the outstanding performance he or she is capable of giving. Simply put, managers typically excel at planning, organizing, delegating, and reviewing. They focus on "what is" and rely on financials, hard numbers, facts, rules, schedules, and experience as the basis of decision-making. Good management controls complexity; effective leadership produces change. Leaders visualize larger possibilities for their organizations, emphasizing "what could be" and relying on the present for help in making future-oriented decisions. They inspire others through their own high commitment to their beliefs, encourage others through coaching-mentoring, and communicate with others constantly, enrolling others in a shared vision. Another way to describe this distinction is that *things* are managed, but *people* are led; managers are concerned with doing things *efficiently* and well while leaders look into the future, doing the right things that enable their firms to be more *effective*.

Obviously, the ideal is a *combination* of both, or a management-leader. These individuals are practical and risk takers, analytical and intuitive, planners, and visionaries. In any phase of organization evolution, management-leadership requires high physical contact with people and high participation. It also requires good skills of influencing people. To influence others, management leaders must find a shared vision existing of first, mutual respect, and support for other people's views.

Why Aren't Leaders Better at Being Leaders?

Leaders' most common failing is not understanding how they must use management and leadership together. When called upon to be a manager-leader, executives often assume that "the challenges of leadership are rational and tactical, rather than emotional and conversational." They act as a manager and assume that if they just pull the right levers the organization will move in the right direction. The technique may have worked for them in the past, but it becomes a liability as the firm matures. Failing leaders also often frame their communications within marketplace logic. Unfortunately, people don't tend to resonate with marketplace logic; they listen for personal significance and an emotional connection.

A Personal and Emotional Connection

A review of research literature reveals that the underlying theme running through all the discussions around leadership boil down to creating an emotional connection with people. This requirement is in stark contrast to the command-and-control paradigm where managers were told not to get too personal, too involved with their employees, as doing so would reduce their effectiveness. People who become great interactive leaders understand intuitively that running a business is not a series of mechanical tasks but a set of human interactions. For them, leadership is a supremely human activity where an emotional connection is created, trust is fostered, and loyalty is strong. Leaders understand and resonate with the emotional needs and desires of people who follow them.

There is no single set of characteristics that describe a good leader. They come in all sizes and shapes, have different backgrounds and personalities, and emerge when the situation calls for them. In fact, leadership is not the property of an individual but is a complex relationship between leaders, the needs of followers, the organizational purpose, and the external environment.

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Trends

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The Changing Role of Leadership: Building Partnerships

In a study sponsored by Accenture, in-depth interviews were conducted with 202 specially chosen, high-potential leaders from around the world. These participants were seen as being at the top when compared to colleagues at their level in their organizations. These future leaders were asked to describe how the ideal leader of the future would differ from the leader of the past. The results were clear. [The ideal leader of the future was seen as a person skilled at building partnerships inside and outside the organization.](#) While these skills were seen as being somewhat important in the past, they were seen as being critically important for the future. Six different types of partnerships are explored in this article: three inside the organization (direct reports, co-workers and managers) and three outside the organization (customers, suppliers and competitors).

BUILDING PARTNERSHIPS INSIDE THE ORGANIZATION

Partnering with Direct Reports

The traditional assumptions that have “bonded” employees with organizations are changing rapidly. Employees no longer expect that their organizations will provide them with job security. As the expectation of security has diminished, so has the blind loyalty that was assumed as a by-product of this security. Almost all of the leaders that we interviewed saw themselves as “free agents” not “employees” (in the traditional sense). They saw the leader of the future as a person who could develop “win-win” relationships and who could be sensitive to their needs for personal growth and development. In return they felt, not only a desire, but also a responsibility to deliver value back, for the leader and to the organization. In simple terms, they saw the leader of the future as their partner, not their boss.

As Peter Drucker has noted on many occasions, one of the great challenges for leadership in the future will be the management of knowledge workers. Knowledge workers are people who know more about what they are doing than their manager does. The high-potential leaders we interviewed painted a very clear picture. The managers of knowledge workers of the future will have to be good partners. They won't have a choice! If they are not great partners, they won't have great people.

Partnering with Co-workers

One of the great challenges for the leader of the future is breaking down boundaries. The successful leader of the future will be able to share people, capital and ideas across the organization. As the world becomes more complex, this type of integration becomes more important. It is easy for the CEO to understand why this is so important. The CEO is rewarded by the success of the entire organization, not just the success of any one unit. The CEO can understand that people need to be shared so that they can develop the expertise and breadth needed to manage the entire organization. Capital needs to be shared so that mature business can transfer funds to high-growth businesses. Ideas need to be shared so that everyone in the organization can learn from both successes and mistakes in the most efficient way possible. The high-potential leaders we interviewed saw themselves as potential CEOs and saw the value of this perspective.

While these advantages are easy to see from the vantage point of the CEO, they can be more difficult to execute from the position of the lower level manager. Leaders at all levels will need to develop skills in negotiation and the development of “win-win” relationships with colleagues. They have to learn to share people, capital and ideas. In some cases they must choose to experience a short-term loss, so that the organization can achieve a long-term gain. In the past, many leaders have been taught to compete with colleagues for people, resources and ideas. They have been rewarded for “winning” this competition. In the future, leaders will need to learn to collaborate with colleagues across the organization. The success of the larger organization will depend upon leaders’ ability to become great partners with their co-workers. In many cases, the participants in our research believed that developing partnerships with co-workers was an even bigger challenge for leaders than developing partnerships with direct reports.

Partnering with Managers

Other than the CEO, every leader in the organization has a manager. The changing role of leadership will mean that the relationship between managers and direct reports will have to change in both directions. Not only will managers need to change, direct reports (who also may be leaders) will need to change. Many leaders of the future will be operating more like the managing director of an office in a consulting firm, than the operator of an independent small business. This is true not only in the business sector, but also in the human services sector. The new leader of the United Way recently described his ideal future leaders as partners leading in a network, not managers leading in a hierarchy.

A consulting firm that could be a benchmark in partnering with management is McKinsey and Company. In McKinsey, a Director may often have less detailed knowledge about a client than a more junior Principal. Leaders at all levels are trained in the following philosophy. “When you believe that the direction you are being given is not in the best interest of our client, you do not have the opportunity to challenge, you do not have the right to challenge, you have the obligation to challenge.” This philosophy teaches leaders at all levels to have very adult and responsible relationships with their managers.

Our high-potential participants saw the leaders of the future as working with their managers in a team approach that combined the leader’s knowledge of the unit operation with their managers understanding of the larger needs of the organization. Such a relationship requires taking responsibility, sharing information and striving to see both the micro and macro perspective. While partnering with management can be a lot more complex than “taking orders”, it is becoming a requirement, not an option. When direct reports know more than their managers, they have to learn how to influence “up” as well as “down” and “across”.

BUILDING PARTNERSHIPS OUTSIDE THE ORGANIZATION

Partnering with Customers

As companies have become larger and more global, there has been a shift from buying stand-alone products to buying integrated solutions. One reason for this shift is economy of scale. Huge retail corporations, like Home Depot or Wal-Mart, do not want to deal with thousands of vendors. They would prefer to work with fewer vendors who can deliver not only products, but systems for delivery that are customized to meet their needs. A second reason is the convergence of technology. Many customers now want “network solutions” not just hardware and software.

As the supplier’s relationship with their customers continues to change, leaders from supply organizations will need to become more like partners and less like salespeople. One trend that our high-potential participants noticed is the shift toward building long-term customer relationships, not just achieving short-term sales. This change means that suppliers need to develop a much deeper understanding of the customers total business. They will need to be willing to look at the “big picture” in terms of delivery and reliability. They will need to make many small sacrifices to achieve a large gain. In short, they will need to act like partners.

Partnering with Suppliers

As the shift toward integrated solutions advances, leaders will have to change their relationship with suppliers. A great example is IBM. “A growing percentage of IBM’s business, now involves customized solutions incorporating non-IBM products and services. While the idea of IBM selling non-IBM products was almost unheard of in the past, it is now becoming commonplace – to the benefit of customers and, in the long run to IBM itself.” The same trend is occurring in the pharmaceutical and telecommunications world.

In a world where a company sold stand alone products, partnering with suppliers was not only seen as unnecessary, it may have been viewed as unethical. The company's job was to "get the supplier down" to the lowest possible price to increase margins and profitability. Leaders who partnered with suppliers may well have been viewed as "helping the enemy" or having a "conflict of interest". Today many leaders realize that their success is directly related to their supplier's success. In fact, Northrop Grumman, one of America's leading defense contractors, actually includes commitment to suppliers as one of their core values.

The high-potential leaders that we interviewed saw suppliers as key partners. They realized that the leaders of the future would be able to transcend differences and focus on a common good – serving the ultimate end user of the product or service.

Partnering with Competitors

The most radical change in the role of leader as partner has come in the area of partnering with competitors. This has moved from the unthinkable to the commonplace. Most of the high-potential leaders that we interviewed saw competitors as potential customers, suppliers and partners. Few had clear lines of demarcation. While there are still some noted exceptions to this trend (e.g. Coca-Cola and Pepsi), the direction of the curve is very clear. Most organizations that rely on knowledge workers have varied and complex relationships with competitors.

When today's competitors may become tomorrow's customers, the definition of "winning" changes. People have memories. Unfairly "bashing" competitors or striving to ruin their business could have harsh long-term consequences. While competitors should not expect collusion or unfair practices, they should expect integrity and fair dealing.

In reading this article, it should start to become obvious that the six trends toward more partnering are reinforcing each other. For example, as employees feel less job security, they begin to see suppliers, customers and competitors as potential employers. The fact that leaders need to learn more about these other organizations, build long-term relationships and develop "win-win" partnerships means that the other organizations are even more likely to hire the leaders. In many cases this is seen as a positive, not a negative by both organizations. As the trend toward outsourcing increases it becomes increasingly difficult to determine who is a customer, supplier, direct report, manager or partner.

Almost every high-potential leader we interviewed believed that the leader of the future would need to be far more skilled than the leader of the past. In many ways the "old world" was simpler. Telling direct reports what to do is a lot simpler than developing relationships with partners (who know more than we do). Being able to work in a "silo" is a lot simpler than having to build partnerships with peers across the organization. "Taking orders" from managers is a lot simpler than having to challenge ideas that are not going to meet customer needs. Selling a product to customers is a lot simpler than providing an integrated solution. Getting the lowest price from suppliers is a lot simpler than understanding their complex business needs. Competing with competitors is a lot simpler than having to develop a complex customer - supplier – competitor relationship.

The challenge of leadership is growing. The high-potential leaders of the future that we studied believe that many of the important qualities of the past, like integrity, vision, and self-confidence are still going to be required in the future. They also see that building partnerships inside and outside the organization is going to become a requirement, not an option, for future leaders.

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Productivity

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Growing the Leader in US

"For what we've discovered, and rediscovered, is that leadership isn't the private reserve of a few charismatic men and women. It's a process ordinary people use when they're bringing forth the best from themselves and others. Liberate the leader in everyone, and extraordinary things happen."

James M. Kouzes and Barry Z. Posner, "The Leadership Challenge: How to Keep Getting Extraordinary Things Done in Organizations"

Leadership is a verb, not a noun. Leadership is action, not a position. Leadership is defined by what we do, not the role we are in. Some people in "leadership roles" are excellent leaders. But too many are bosses, "snoopervisors," technocrats, bureaucrats, managers, commanders, chiefs, and the like. Conversely, many people who have no formal leadership role are excellent leaders. In today's fast changing world, we all need to be leaders.

To lead is to show the way by going in advance. To lead is to guide or direct a course of action. To lead is to influence the behavior or opinion of others. We all need to be leaders, regardless of our formal title or role. This starts with inner self-leadership and moves outward to influence, guide, support, and lead others. The process of becoming a leader is the same as the process of becoming a highly effective human being. Leadership development is personal development. Leadership ultimately shows itself in what we do "out there." But it starts "in here."

It would be easy if we could all become leaders by following a simple set of steps. But the journey of personal growth means finding our own way. There are, however, six critical areas of personal development based on timeless principles. The distance we need to grow along each leadership dimension will differ for each of us, but defining and continually growing along each of these paths is the way of the leader.

Strong leaders are well-rounded and constantly expanding their personal leadership across these key areas:

- **Choose Not to Lose** - Whether we choose to focus on our problems or our possibilities is a key leadership issue. When we are faced with obstacles and failure, those who can overcome adversity and learn from their experiences, turning them into opportunities, are the ones who will be truly successful.
- **Focus and Context.** THE CORE OF MY BEING: This is central to our growth along all the other dimensions. Our Focus and Context is shaped by three vital questions: Where am I going? (my vision); What do I believe in? (my principles and values) and; Why do I exist? (my purpose or mission).
- **Responsibility For Choices.** IF IT'S TO BE, IT'S UP TO ME: Leadership means accepting responsibility for our choices in life. Leaders realize that life accumulates, that choice more than chance determines their circumstances. They refuse to succumb to the "Victimitus Virus" ("it's all their fault" and "there's nothing I can do").

- **Authenticity.** GETTING REAL: Leadership isn't just what we do, it's something that we are, which then drives what we do. Genuine leadership comes from within. It's authentic, and based on honesty, integrity, and trust. We must ring true to ourselves by exploring our inner space, gathering feedback on our personal behavior, and ensuring consistency with our stated values and principles.
- **Passion and Commitment.** BEYOND NEAR-LIFE EXPERIENCES: Successful people are energized by a love for what they do because it brings them ever closer to who they are. They overcome apathy and cynicism, develop a burning commitment to their cause, and with discipline achieve their dreams and desires.
- **Spirit and Meaning.** WITH ALL MY HEART AND SOUL: What is the purpose of our work? Of our lives? Material success alone is not enough. Leaders seek within - and find something more. In what is too often a mad dash from cradle to grave, we need to take time - in work and life - to nourish our inner selves.
- **Growing and Developing.** FROM PHASE OF LIFE TO WAY OF LIFE: The popular goals of security, stability, and predictability are deadly. The closer we get to these dangerous goals, the more our growth is stunted. True and lasting security comes from constant growth and development, based on regular R&R (reflection and renewal).
- **Mobilizing and Energizing.** PUTTING EMOTIONS IN MOTION: Leaders don't motivate with rewards and punishments. Whether at home or in the workplace, they energize people to motivate themselves. Highly effective leaders boost the energy of others with their passion and appreciation. They engage people's hearts as well as their minds. They get them involved and participating. They actively nurture the "being" or culture of the group, not just the "doing".

The more the world changes, the more leadership principles stay the same. Leadership principles are timeless. And they apply to all of us, no matter what role we play in society or organizations.

Excerpt from Jim Clemmer's "Growing the Distance: Timeless Principles for Personal, Career, and Family Success". Jim Clemmer is a bestselling author and internationally acclaimed speakers. View Jim's web site at www.clemmer.net.