

# Special report

Leadership

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**34 Embracing leadership on the global stage**  
The global economy is a new phenomenon. It does not have the certainties of the past, the mental and psychological crutches upon which leaders in the old economy supported themselves. **Kenichi Ohmae** provides some markers for today's global leaders.

**36 The real thing**  
The academic study of leadership has reached industrial proportions. Leadership is held up to the light and viewed from a bewildering array of angles. The trouble is that for all the intellectual endeavour, little original insight is usually added to the leadership debate. Mystification regularly outweighs clarification. **Rob Goffee** and **Gareth Jones** offer a persuasive counter. As they tell **Stuart Crainer**, their work returns to the leadership essentials and is firmly rooted in their academic origins as sociologists.



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**40 The rule of three: A unified theory of leadership**  
There are as many leadership theories as there are leaders. All of the theories are correct in one way or another – but the one thing they have in common is that they are incomplete. **Alex Alexander** proposes that we can distil this profusion of leadership thinking down to a single, comprehensive, unified theory.

**45 Turning managers into leaders at Heinz**  
How many beans make five? Heinz has taken the cliché that a company's staff are its best asset at face value – and shown that challenging staff to choose their attitude to work can lead to a cultural transformation. **Anthony Landale** examines how this has led to significant growth for the company – as well as being an inspiring human success story.

**49 Tough choices for tough times**  
Decision making lies at the heart of effective leadership. **Orit Gadiesh** surveys the big decisions business leaders must now make.

**52 A leadership miscellany**  
Leading a major organisation has never been so challenging, so transient – or, in many cases, so richly rewarded. Nor has the job ever attracted so much critical attention. Yet, despite a small rain forest and an ocean of ink expended in the study of leadership there is still much to learn. To save you digesting an entire library of books, **Des Dearlove** and **Steve Coomber** provide a leadership miscellany for our times.

**59 Leadership and the art of discretion**  
Contemporary leaders exercise discretion in context. **Nada Kakabadse** and **Andrew Kakabadse** contextualise.

# Embracing on the leadership global stage

Kenichi Ohmae

**A**mong many other things, success in the new global economy will depend on good leadership. This is true whether we are talking about a region state, a micro-state or a company. There are enough examples of bad leaders around – people who are forever looking over their shoulder, who are reacting, usually belatedly, to events and then trying to pin the blame for

of sales figures at the end of the next quarter. They may be afraid of losing the next election.

Rather than dwelling on bad leadership let us try to isolate those qualities which the global economy will constrain leaders to adopt if they want to win.

Effective leaders, both from the public and the private sectors, have some things in common. One is an

nationalist government in the early 1930s, followed by the unbelievable horror of the Long March, when Mao Zedong led his followers on a forced migration from southern to northern China, across hostile terrain and under constant governmental attack. Privation was commonplace; shoes and dead animals were eaten. Bo senior's faith in his principles could hardly be questioned. One of these

**A good leader needs courage. This shouldn't be confused with gung-ho recklessness.**

their own cognitive weaknesses on others. A good leader needs courage. This shouldn't be confused with gung-ho recklessness, but courage usually signifies the opposite of timidity. A bad leader can usually be defined as fearful of something or other – or maybe everything. They may be afraid of a disappointing set

unwillingness to be imprisoned by ideology and to seek practical results. Bo Xilai, former mayor of the Chinese city of Dalian and now a senior government minister, came from a "good" Communist family. His father could not be decried as a comfort comrade. He had undergone harassment at the hands of the

principles was communal ownership of the forces of production. In its Maoist form it was also tinged with a certain xenophobia: Maoism might differ from "orthodox" communism because it was inherently Chinese. Yet, Bo Xilai not only openly embraced the opening up of the People's Republic to western-style

private enterprise, but eagerly sought outside investment in Dalian and now, throughout the country as the Minister of Commerce.

Singapore's Lee Kuan-Yew, an Oxford-educated lawyer, might seem very different to Bo Xilai. But they both spoke Chinese and English, very important tools to understand what is happening in the world. Lee was a visionary leader – one who was not

proved defective other ways were to be adopted. The most important thing that Bo and Lee share is that they invited prosperity from the rest of the world with vision, intensity and a passion for action.

A good leader, like a good government, needs a vision. This has always been true. In the invisible world of the 21st century, a vision should also help to set the direction

people who in some way or another are dependent on him, the more expansive his vision has to be.

We might say that good leaders should have vision, but they should remain pragmatists, never becoming prisoners or mute puppets of their visions.

Good leaders, whether they are in the corporate world or in government, must not be timid. The

## Perhaps present fears in the global economy are less than horrible imaginings.

afraid of formulating a vision and then imposing it on others. He believed passionately in his visions of Singapore – as long as they were successful. Once it became clear that they were no longer working effectively they were jettisoned. Pragmatism won the day over ideology. If we were to ascribe such a thing as an ideology to either Bo or Lee, it might be belief in success and in accruing the greatest and potentially most long-lasting prosperity for their people. The means to achieve this might lie within ideology, but if the latter

to go, and the speed at which the goal can be reached. In the jungle or in the fog, such a leader with clear vision helps others to move forward with less fear and confusion. This involves bravery too. He must have the courage to dare to look into the future, to act according to time-scales longer than the present accounting period or the next elections. Vision may not be valued in the short term. It may attract ridicule and scorn. There may be calls to “fix the problems of the present.” A good leader has the courage to pursue his vision, to “think big”. The more

global economy is a new phenomenon. It does not have the certainties of the past, the mental and psychological crutches upon which leaders in the old economy supported themselves. To paraphrase Shakespeare, perhaps present fears in the global economy are less than horrible imaginings. Uncertainty, like the dark, breeds more uncertainty. In such an environment the need for a strong, decisive and brave leadership figure is overwhelming. The leader must be truly fearless. It is no good just pretending, because fear is contagious. ■

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# The real thing

An interview with Rob Goffee  
and Gareth Jones

**R**ob Goffee, professor of organisational behaviour at London Business School, and Gareth Jones, first brought their original slant on the business world to a broader audience with their 1998 bestseller, *The Character of a*

latest book on leadership will be published by Harvard Business School Press in 2006. "The question – *Why should anyone be led by you?* – had an impact. Audiences paused for thought when they were asked it. Over the last five years, that question

broadcaster and writer, Studs Terkel. If you engage with people, you learn from them. It doesn't matter where people exercise leadership, they are still leaders.

And that's different to the conventional approach. Leadership

Great leadership has the potential to excite people to extraordinary levels of achievement.

*Corporation*. While this book focused on corporate culture – its closest intellectual antecedent is Rosabeth Moss Kanter's *Men and Women of the Corporation* – in the years since Goffee and Jones have focused their attentions on leadership and innovation.

Their research is resolutely based in the reality of leadership rather than in the leader-as-hero genre. Jones was director of human resources and internal communications at the BBC and a senior vice president at Polygram, as well as holding a series of academic positions.

Goffee and Jones won the McKinsey Award for their *Harvard Business Review* article, "Why should anyone be led by you?" Their

has taken us in intriguing, exciting, and often perplexing directions," reflected Rob Goffee when Stuart Crainer recently interviewed he and his co-author at their offices.

## **Your roots lie in sociology. How did you come to be diverted by leadership?**

Gareth Jones: We have always been interested in real people doing real jobs. For our new book, we interviewed a cross section of people. They included a hospital nurse, a Zimbabwean soldier, a head teacher, a round the world yachtsman, and a variety of others – as well as many with people in an array of corporate positions. We like the approach of the great American

has tended to be associated with the heroic and the famous, but our work with companies has exposed us to a variety of leaders who excel at inspiring people. That's what really fascinates us: leaders who succeed in capturing hearts, minds and souls. Rob and I are fascinated by leadership which, reaching back to the ideas of Max Weber, is anti-bureaucratic and charismatic. To have leaders with these qualities is not everything in business, but we think that it is worth a lot.

## **But surely leadership needs some hard-and-fast parameters. It isn't just about attitude and personality?**

Rob Goffee: True, leadership is about results. It has to be. Great

leadership has the potential to excite people to extraordinary levels of achievement. But it is not only about performance; it is also about meaning. This is an important point – and one that is often overlooked. Leaders at all levels make a difference to performance. They do so because they make performance meaningful.

And the quest for meaning is increasingly important to societies and individuals. As the pace of change increases, individuals are ever more motivated to search for constancy and meaning. We've become increasingly suspicious of a world dominated by the mere role player.

## Reaching the top of an organisation does not make you a leader.

Jones: In organisations the search for the meaning and cohesion leaders provide is increasingly clear. Look at hierarchies. In the old world of organisations there were ornate hierarchies, more or less stable careers and clear boundaries. All this has changed. The trouble is that people now realise that hierarchies were not just structural co-ordinating devices in organisations. Rather, and much more significantly, they were sources of meaning. The organisation man, with company blood coursing through his veins, now has to come to terms with a world of high ambiguity in which over identification with one organisation is a problem rather than a career. As hierarchies flatten, meaning disappears so we look to leadership to instill our organisations with meaning.

This process has been underway for a while. But the corporate scandals of the last few years have brought it under the spotlight. They are a symptom of amoral leadership and the damage done to the ideology that makes our economic system cohere has been substantial. One side effect of this is that there is a lot of cynicism among executives. If you ask them while at work, "What

gives your life meaning?" – they mouth the latest corporate platitudes. Ask them at home and they will admit to profound symptoms of meaninglessness as they struggle with work-related stress and dysfunctional family lives.

### What's the link between leadership and meaning?

Goffee: If there isn't a clearly articulated purpose, meaning is elusive. Leadership provides that articulation. This search for authenticity and leadership is reinforced whenever we work inside organisations. CEOs tell us that their most pressing need is for more leaders in their organisations – not

the consummate role-players who seem to surround them. And lower down the organisation the plea is either for more inspiring leadership, or, just as common, a fierce desire to develop leadership skills for themselves. Authentic leadership has become, the most prized organisational and individual asset.

Jones: That's what we find when we ask people which set of competences they would most like to develop. They all come up with the same answer: Help us to become more effective leaders. They have seen that leadership makes a big difference to their lives and the performance of their organisations. The same is true when we ask CEOs what is the biggest problem they face. They unerringly reply: Our organisations need more leaders at every level.

### Why are leaders in short supply?

Jones: There are two reasons we think. First, organisations might desire leaders but they structure themselves in ways that kill leadership. Far too many are machines for the destruction of leadership. They encourage either conformists or role players. Neither makes for effective leaders.

The second reason is that our understanding of leadership is blinkered. For all the research into leadership, it is surprising how little we know. We're not criticising our academic colleagues when we say that, but questioning the methods we have used and the fundamental assumptions upon which much of the research has rested.

Goffee: Look at the main leadership literature and you will see that it focuses on the *characteristics* of leaders. There is a strong psychological bias. It sees leadership qualities as inherent to the individual. The underlying assumption is that leadership is something we do *to* other people. But, in our view, leadership should be seen as something we do *with* other people. Leadership must always be viewed as a relationship between the leader and the led.

A corollary of this is that books on leadership persistently try to find a recipe for leadership. There are long lists of leadership competences and characteristics. Anyone reading these books is bound to be disappointed. Reading about Jack Welch isn't going to make you into Jack Welch.

### So there are no universal leadership characteristics?

Jones: We don't think so. What works for one leader will not work for another. If you want to become a leader you need to discover what it is about yourself that you can mobilise in a leadership context.

### Do you mean to lead you need complete self-knowledge?

Jones: That's what a lot of the contemporary writing about leadership suggests. But, while it is undoubtedly very useful to have a great deal of emotional intelligence, for example, none of the leaders we have talked to or worked with have full self knowledge. Life and leadership aren't like that.

Goffee: What they do have is an overarching sense of purpose together with *sufficient* self knowledge of their potential →

→ leadership assets. They don't know it all, but they know *enough*.

Jones: That might sound a bit too pragmatic, but it is actually based on recognising three fundamental axioms about leadership. The first of these is that leadership is *situational*. What is required of the leader will always be influenced by the situation. Think of Rudy Giuliani in the wake of September 11 or Winston Churchill. In organisational life, hard edged, cost-cutting turnaround managers are often unable to offer leadership when there is a need to build.

Our second observation is that leadership is *non-hierarchical*. Reaching the top of an organisation does not make you a leader.

Hierarchy alone is neither a necessary nor sufficient condition for the exercise of leadership.

Goffee: You could argue that the qualities which take you to the top of large-scale and often highly political organisations are not obviously the ones associated with leadership. People who make it to the top do so for a whole variety of reasons – including political acumen, personal ambition, time-serving, even nepotism – rather than real leadership quality.

### **So leadership is not the sole preserve of the chosen few.**

Goffee: No. Great organisations have leaders at all levels. Successful organisations – be they hospitals, charities or commercial enterprises – seek to build leadership capability widely and to give people the opportunity to exercise it.

Jones: The third pillar of our view of leadership is that leadership is relational. Put simply, you cannot be a leader without followers. Leadership is a relationship built actively by both parties. This web of relationships is fragile and requires constant re-creation.

This doesn't mean that everything is always harmonious. It isn't. There may be an edge in relationships but that's because effective leaders know how to excite followers to become great performers.



Rob Goffee

### **What are the implications – at a very practical level – for those who aspire to leadership? What do they need to know and do?**

Jones: The answer is simple, deceptively simple, in fact: to become a more effective leader, you must *be yourself – more – with skill*.

First, to be a leader you must *be yourself*. Look at Sir Richard Branson, the Virgin boss, and the way he uses his physical appearance – casual dress, long hair and a beard – to convey the informality and non-conformity which has become a central part of his leadership and, indeed, the Virgin brand. Followers want to be led by a person – not a role holder or a position-filler or a bureaucrat.

The leaders we studied were very adept at deploying their differences in ways that attract followers. Richard Branson's differences *signify* a message; they are *authentic* – not falsely manufactured; and they are *seen* by others. We are talking, then, not of *any* personal difference but of an artful and authentic display – often fine tuned over many years – of genuine differences which have the

potential to excite others.

Goffee: The link between self-knowledge and self-disclosure is a central – and increasingly fashionable – starting point for understanding effective leadership. But it is not everything. Leaders must be themselves *in context*. Great leaders are able to read the context and respond accordingly. They tap into what exists and bring *more* to the party. In management jargon, they add value. This involves a subtle blend of authenticity and adaptation; of individuality and conformity.

The thing with effective leaders is that do not simply react to context. They also shape it by conforming *enough*. This is the *skill* element. This involves knowing when and where to conform. Without this, leaders are unlikely to survive or make the connections they need to build successful relationships with others. To be effective, the leader needs to ensure his or her behaviours mesh sufficiently with the organisational culture to create traction. Leaders who fail to mesh will simply spin their wheels in isolation from their followers.

### Can you explain what you mean by conforming enough?

Goffee: Leaders who succeed in changing organisations challenge the norms - but rarely all of them, all at once. They do not seek out instant head-on confrontation without understanding the organisational context. Indeed, survival (particularly in the early days) requires measured adaptation to an ongoing, established set of social relationships and networks. To change things the leader must first gain at least minimal acceptance as a member – and the rules for early survival are rarely the same as the rules for longer term success.

Jones: If you look around the corporate world there have been countless examples of CEOs who rode roughshod over organisational contexts. Sometimes they have reaped short-term gains. But, in the long-term, sustainable change requires that the leader understands and tunes into the organisational context. Having done so, the leader can instigate change with credibility and with a greater chance of success. Ignore it and the results can be disastrous. Think of Al Dunlap or the host of ruthless downsizers and asset strippers who conspicuously fail to deliver long-term change

Goffee: The question is: Who can read organisations well and how do they develop this skill? Clearly, some leaders are able to intuitively read

their context reading skills.

We have developed a way of understanding organisational context that is based on a view of organisations as communities. In our model, drawing heavily on classic sociology, there are two key cultural relationships – sociability and solidarity. Sociability refers primarily to affective relations between individuals who are likely to see each other as friends. They tend to share ideas and values and to associate with each other on equal terms. At its heart, sociability represents a relationship valued for its own sake. It is usually initiated through face-to-face contact, though it may be maintained through other forms of communication, and is characterised by high levels of mutual help. No real conditions are attached.

Solidarity, by contrast, describes task-focused cooperation between individuals and groups. It does not depend on close friendship or even personal acquaintance; neither does it need to be continuous. It arises only from a perception of shared interest – and, when this occurs, solidarity can produce intense focus.

Although this discussion may seem a little abstract, relationships of sociability and solidarity are actually all around us – in our families, sports teams, social clubs and communities. Arguably this ubiquity is what drew the attention of the early sociologists in the first place. In effect, we all have an

interest in – and are affected by – these relationships. Ask someone to describe their ideal family, for example, and typically they will tell you it is one where the members like and love one another – that's the sociability element – and which pulls together when times get tough – that's solidarity.

**There are a lot of tensions and paradoxes at work here. The leader needs to be incredibly sensitive.**

Jones: Yes, there are a lot of tensions – leaders must reveal strengths but show weaknesses; be an individual but conform enough; establish intimacy but keep their distance. Managing these tensions lies at the heart of successful leadership.

### That's quite demanding. Wouldn't it be easier to imitate Jack Welch?

Goffee: The trouble is that even if that were possible, what works for Jack Welch won't work for you.

Our experience suggests excellence in one or two of these areas we've talked about is insufficient for truly inspirational leadership. It is the interplay between them, guided by situation sensing, that enables great leaders to find the right style for the right moment. In other words, every leader is unique.

Jones: And leadership is uniquely difficult. There is no point pretending that leadership is straightforward. Anyone who has ever been in a leadership position will tell you that it is complicated, demanding and full of personal risk. Clearly, not everyone can be a leader and there are many very talented individuals who are simply not interested in shouldering the responsibility of leadership. To assume that everyone has the sheer energy, drive and willpower required to offer inspirational leadership to others is facile. We argue that each individual has unique differences that potentially can be exploited in a leadership role. So, each of us has to address the blunt question: do we want it? And if we do, do we want it enough to put in the work required and make the necessary sacrifices?

Goffee: And then if you take on a leadership role you have to ask *Why should any one be led by you?* Why should *we* be led by you? Effective leaders must answer these questions every day in all they say and do. Otherwise the shortage of leaders will continue as their practice of leadership will be fatally flawed. ■

## Great organisations have leaders at all levels.

situations largely on the back of many years experience in different contexts. They develop a kind of wisdom which means that they are less dependent on conceptual models to give them insight or even to guide their interventions. But are there universal principles which underlie organisational relationships and which might frame possibilities for change? We think there are. Our consulting work suggests that many people find models which refine

# The rule of three: A unified theory of leadership

Alex Alexander

**T**here is an underlying structure and logic to leadership, but it is hidden within a fragmented and confusing welter of partial information and misinformation. Every year, there are 2,000 books published about leaders and leadership, and each teaches us different lessons. Add to that the untold number of leadership seminars, motivational speakers, executive coaches, and leadership ideas taught in business schools and corporate training centres – fragmentation and confusion are unavoidable.

The problem is that there are too many divergent approaches to leadership and little, if any, guidance on how to select the right theory for any specific situation. There's little or no acknowledgement that any one leadership approach won't work in all situations, or even in a significant number of situations. There's little guidance on how to size up a situation or how to figure out how to deal with the followers (and other stakeholders) in the situation.

Do we follow Rudy Giuliani's fourteen guidelines from his book *Leadership*? Do we adopt John Maxwell's *21 Indispensable Qualities of a Leader*? What if we follow the advice of Warren Bennis and Jane Goldsmith's *Learning to Lead*? Should we lead quietly, as Joseph L. Badaracco, Jr. counsels in *Leading Quietly*, or approach leadership as an art rather than a science, as Max DePree urges in *Leadership Is an Art*?

Each of these theories solves part of the leadership puzzle, but none of them covers it all. So if you apply any of the theories, you'll improve your leadership abilities because some aspects of any theory will apply to some aspects of any situation. This explains why so many people will swear that one approach is the *right* one, because whichever theory you apply conscientiously will improve your leadership – to an extent. But that doesn't make the theory *right*; it's just part of a bigger picture.

And just as every theory can be right, they can all be wrong as well,

depending on the situation. A theory that works well under some conditions fails miserably under others. None of them can be relied upon to guide every leader in every situation – nor can the aspiring leader predict which theories will work under which conditions.

It is unequivocally a myth that a good leader can lead successfully in any situation. Does anyone really believe that Gandhi could have led an armoured attack across Europe as successfully as General Patton? Different situations call for different leadership capabilities.

It's also common leadership lore that people in demanding situations rise to the occasion. "Leaders are forged in the crucible of stress," they say. True – but it's just as apparent that the "crucible of stress" crushes at least as many people as it turns into leaders.

Many gurus will freely admit that what we need is a unified theory of leadership, one that brings together years of experiential evidence to reinterpret what leadership really is.

The unified theory presented here is a template of the fundamental structure of leadership. It's a structure that is valid for all leaders – in all situations.

### The rule of three

The first premise of the unified theory of leadership is that leadership isn't just something that leaders do. Rob Goffee and Gareth Jones are on the right track – leadership is situational and relational. Leadership is a three-part phenomenon generated from the interaction of leaders, stakeholders (the relational dimension) and conditions (the situational dimension). This is a view that is becoming common currency amongst leadership thinkers, who are beginning to realise that the leader-based and trait-based views of leadership are only part of the picture.

As Barbara Kellerman says in her book *Bad Leadership*: "Leadership scholars used to think that the leader's traits were more important than any other variable to the way leadership was exercised. But now they're more sceptical. Traits considered essential in some situations are now seen as virtually irrelevant in others." She adds, "It is now widely agreed that to over

emphasise the leader's traits is to under emphasise other important variables – such as the situation, the nature of the task at hand, and of course the followers."

## The leader is the catalyst. He or she promotes a vision and makes things happen.

emphasise the leader's traits is to under emphasise other important variables – such as the situation, the nature of the task at hand, and of course the followers."

The unified theory of leadership states: Leadership is the result of the combined influences of a leader interacting with and adapting to stakeholders and conditions.

Stakeholders include anyone affected by the business or influential in shaping conditions, and whom the leader seeks to influence. Conditions are the environment, or circumstances, in which the leader and the

stakeholders operate. The leader is the catalyst. He or she promotes a vision and makes things happen. But the leader can accomplish nothing without adapting to the stakeholders and the conditions.

Leaders need two kinds of capability to succeed. First, essential leadership capabilities – which are the capabilities required of all leaders, regardless of context – and second, situational capabilities – which are the additional skills required for success in specific contexts.

These three forces – leaders, stakeholders, and conditions – interact to generate the phenomenon of leadership.

In his book *On Leadership*, John Gardner identifies context as a key determinant of successful leadership. For Gardner, context includes the conditions or environment in which the leader operates, as well as the constituencies (i.e. stakeholders) who the leader seeks to influence.

## The leader is the catalyst. He or she promotes a vision and makes things happen.

Gardner states that it is not just the leader who creates leadership – the conditions and stakeholders also have a shaping effect on the leader. This is a revelatory thought for many students of leadership. Generally, leaders are effective either because they are innately well matched to the

conditions and their stakeholders, or because they see what is necessary and modify their behaviour to suit the situation.

Stakeholders don't always act proactively to shape the leader, although that can sometimes happen. Usually, the leader is the proactive party, adapting to the context. If the leader lacks the necessary capabilities or is unable or unwilling to adopt them, the result is ineffective leadership and eventual replacement by a different, more capable, leader.

Consider a hypothetical example. A successful sales executive is

brought into a think tank consulting firm to shift it from its stagnant, paralysis by analysis way of doing business into a more dynamic, aggressive kind of consultancy. The sales executive usually relies on his charisma to motivate people. He is a dynamic, energetic speaker who thinks quickly and instinctively. The consultants in the think tank are intelligent, cautious thinkers, suspicious of hype and resistant to new fangled business-speak and concepts like motivation if spoken with a transatlantic twang.

Clearly, if the new executive had employed his usual methods he would have alienated the consultants straightaway. Instead, our energetic executive assessed the situation and modified his behaviour. Rather than encouraging the consultants to walk the walk and talk the talk, he held one-to-one meetings, wrote strategy documents and relied on the services of credible outside experts to persuade the consultants to modify their behaviour. As a result he moved the think tank into a new mode of operating. He was successful because he adapted his leadership method to suit the client.

The proactive party in this transition was the new executive, but his way of leading was shaped by the

realities of the situation and his understanding of what was needed. He integrated himself into the culture and norms of the think tank in order to bring about the necessary changes. Despite this, it was the consultants' needs and expectations that were the primary shaping influence. The result was a successful interaction between the new executive and the consultants. In this example, the "interaction" was relatively passive on the part of the consultants and proactive on the part of the new executive – but it was interaction nonetheless.

The value of this hypothetical →

→ example becomes obvious if we think of it in terms of our own experiences or observations. Most people will have noticed that leaders fail in some situations and succeed in others, that successful leaders often become unsuccessful with time, and that unsuccessful leaders sometimes find success in new endeavours. Why is this? Why is an effective leader not always effective and why does an inept leader not inevitably fail?

Because every leader is unique, every situation is unique, and every stakeholder population has its own dynamic. Great leaders emerge when their capabilities are a match for the conditions in which they operate and

## The essential four

There are four capabilities that any leader must have in order to be successful in any context. They don't guarantee success – but success will not come without them. **Strategic thinking, commitment to purpose, right action** and **motivational influence** are the essential capabilities, because all effective leaders in any context must have them.

**Strategic thinking** is the ability to formulate a vision and to articulate it clearly in words and images. It includes the ability to identify opportunities and alternatives, and to understand the need for change or the need not to change. The leader

to a purpose is based on deep conviction. Commitment is most critical when conditions are at their worst and opposition is strongest. This is when weak leaders fail but effective leaders persist. Persistence means having the motivation to create the right action; as opposed to continuing because of stubbornness.

Commitment to self must be subordinate to commitment to purpose. We have all seen leaders whose primary purpose seems to be self-promotion. Many politicians and corporate climbers fall into this category. Ego and a certain degree of self-promotion are normal and useful for successful leaders, but they must

## Leadership is a continuous, dynamic process.

the stakeholders they seek to influence. Almost always, this requires a degree of adaptation. When there is no match, there is no leadership.

Leadership is a continuous, dynamic process. And it's not always clear which component of that process has the greatest influence. Leadership, then, is a symbiotic phenomenon – a complex dance of forces, shaped by the capabilities of the leader, the nature of the stakeholders, and the dynamics of circumstance.

can see the larger picture and devise a strategy that will lead to the realisation of the vision. Finally, strategic thinking includes the ability to see beyond rules and conventional wisdom and even to invent new principles, rules and ways of behaving.

**Commitment to purpose** is the determination, dedication, and energy to make the vision a reality. It means being committed to the vision in the face of obstacles, opposition, uncertainty and risk. The strongest leaders are those whose commitment

be secondary to purpose.

**Right action** is the ability to do what is most effective whilst obeying an ethical code. It includes discernment, judgement and sound decision-making. It means the ability to see what's important, to understand available choices and to make sound, practical decisions. Right action is a synthesis of these three parts – effectiveness, ethics and bias for action.

Warren Bennis has said, "A leader does the right thing," and others have expanded that observation to

## Leadership contradictions

While many ideas about leadership seem contradictory, the unified theory shows that, amazingly, they can all be true...depending on circumstances. Here is a sampling:

- Leadership is charisma and style. It's mystical and intangible. It's an art.
- Leadership is logical and rational. It's a science.
- Leadership is inborn, innate, instinctive, not learned or developed. It's a talent.
- Leaders are created by their life experiences, education, and training. Leadership is learned. It's a skill.
- Leaders lead through power, fear and greed.
- Leaders lead through inspiration, altruism and the self-interest of their followers.
- Leaders lead from the front. They lead by example.
- Leaders lead by directing others from a strategic vantage point.
- Leaders are loners.
- Leaders are collaborators and team players.
- Leaders are creative, imaginative, flexible and opportunistic. They take the course that has the best chance of success.
- Leaders are focused, steady, single-minded and committed. They follow a set course from which they don't deviate.

say that a leader does the right things right. But right action is more than that. It's doing the right things right, right now.

**Motivational influence** is the ability to communicate the vision and strategy and infuse stakeholders with enthusiasm, dedication, and some of the leader's own commitment. It includes the exercise of appropriate and effective forms of power and persuasion.

## Leadership depends on the interaction between leaders and stakeholders.

Some experts believe that the exercise of influence in the form of force or coercion isn't leadership at all, and that true leadership has to touch the hearts and minds of followers. This is a fallacy. The test of leadership is effectiveness. A leader who achieves evil ends through unethical means and brute force may be judged evil and unethical – but may still be effective. Of course, such leaders are undesirable. But it's not useful to ignore their leadership qualities because we do not like their actions – and it would be worse to deny their effectiveness because we deplore their methods.

### Reading the context

In addition to the essential capabilities, strong leaders need context-specific traits and skills – defined as **situational capabilities** because they enable the leader to adapt to the conditions and stakeholders that the leader encounters in a specific situation.

The list of potential situational capabilities is virtually unlimited. Some examples include: charisma, courage, intelligence, aggressiveness, patience, humility, eloquence, sense of humour, status, and appearance.

Some situational capabilities are strengths because they enable the leader to be effective with the prevailing stakeholders and conditions. On the other hand, some capabilities have a negative impact and are weaknesses that detract

from the leader's effectiveness. And frequently, a situational capability that is a strength in one context can be a weakness in another. Consider again what would have happened with Patton and Gandhi if their roles had been reversed.

An example of a situational capability is physical strength. Useful throughout history, because a leader could overcome opposition and lead by example in physically

demanding tribal activities, the value of physical strength for leaders today is largely irrelevant. In fact it can be a weakness – displays of intimidation based on physical strength are usually detrimental to the leader.

Some experts think that capabilities such as charisma or intelligence are essential capabilities, necessary in any context. But such capabilities don't pass the unified theory of leadership's rigid criteria for being essential in all circumstances. Many non-charismatic leaders have become CEOs in large corporations. They are notable for being effective at the same time as being unassuming, even boring – strong evidence indeed that charisma is not one of the essential capabilities of a leader.

### Followers, foes, and other folks

Stakeholders include anyone who influences or is influenced by the leader. While the term stakeholder is usually associated with business, it applies in other areas too. We usually think of a stakeholder as being part of a group, but sometimes an individual stakeholder can be a significant factor in leadership.

A stakeholder interest group is defined by the nature of its interest in the leader and the leader's cause. A business leader is concerned with stakeholder groups such as

customers, target markets, the board of directors, regulators, employees, managers, investors and suppliers. A political leader is concerned with interest groups such as party members, voters, the press and finance providers. Virtually any set of characteristics can be the common bond of a stakeholder interest group – race, religion, political affiliation, economic class, geographic location, age, attitude, behaviour, etc.

Stakeholders can be classified into four types, based on the view the stakeholder has of the leader's agenda:

- Active followers, who take action and help the leader advance the agenda.
- Passive followers, who support and advocate the leader's agenda but do nothing proactively to assist.
- Passive opponents, who disagree with and oppose the leader's agenda but take no action.
- Active opponents, including competing leaders, who seek to block the leader's agenda or to advance their own.

Leadership depends on the interaction between leaders and stakeholders. That interaction depends on the leaders' capabilities (essential *and* situational) and the characteristics of *each* stakeholder group. Stakeholder characteristics include, but are not limited to, such elements as: wants and needs; self-perceptions; values and morality; motivations; decision-making; relationships; and centres of power and influence.

The 80/20 rule is useful when analysing stakeholders. Usually, leaders can focus on small segments of the stakeholder population – such as significant opinion leaders, influential individuals or active followers. By finding and focusing on key people in this way, leaders can magnify the impact of their influence. →

## → Conditions: dealing with reality

It's useful to identify and closely study as many relevant factors as possible that comprise the conditions for each leadership situation. Some of the more important categories are:

- History – what brought about the current conditions, and are those factors still operative?
- Economic considerations, macro and micro.
- Social conditions and trends.
- Regulatory and legal factors.
- Cultural and ethnic considerations.
- Natural conditions such as climate, terrain, geography, weather
- Infrastructure and resources available to, and required by, stakeholders.
- Centres of power and influence, key institutions, individuals and groups.

- Forecasts, scenarios and development indicators. These include industry, product and business development cycles; product and idea adoption curves; growth and decline patterns etc.
- Potential wild cards – elements that are not normally significant, but which could become important.

Conditions pose two challenges for leaders: finding reality and identifying the driving forces. First off, leaders, especially those in high places, are often shielded from reality. Their sources of information often are distorted and misleading. Their direct observations are subject to the limits of their own senses and the biases that inevitably accompany the state of being human. All that, of course, can lead to poor decision making. The challenge, then is to find reliable sources of information, and to sort through the clutter of excess information to reach an

understanding of what is real about the situation. Secondly, in any situation, there are a small number of elements that have the greatest impact – it's another form of the 80/20 rule. Leaders must identify these “driving forces” and thus direct their efforts more effectively to influence the situation.

## The next step

The pieces of the unified theory of leadership aren't new. Even the idea of leadership as an integrated phenomenon has been known for decades. But this awareness remains ragged, instead of being a practical framework for understanding and evaluating leadership, and developing it in people and organisations. The task now is to convert the theory into practical processes for educating and developing the leadership potential we all have – and which we all need in our leaders. ■

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# Turning managers into leaders at Heinz

Anthony Landale

**M**ost companies will talk loudly about how the employees are their best asset. They then carry on operating in ways that are designed precisely to demotivate and obstruct that very asset.

They do this by imposing controls that slow staff down, and by implementing procedures that frustrate and over-complicate life for the staff. This is all caused by the need for managers to control; but the performance of staff is something that cannot be controlled. And until managers understand this, and develop a different kind of mindset for handling employees, they will never get the best out of their workers.

Managers do have an essential role in helping to create the conditions for high performance. But

the real breakthrough for optimisation of human resources appears when employees begin to lead themselves – and make the commitment to bring more of their passion for self-improvement to their working environment.

The evidence that such breakthroughs are within reach comes when you ask people what difference it would make to their performance if they felt inspired. Most people say they could improve by at least 30 per cent. And many people feel confident that they could even double their impact. If these startling figures are true, are there any viable ways in which managers can help people to release this discretionary effort?

## Squeezing the bottle

The answer for companies lies in

turning their managers into leaders. Firms are always under intense pressure to achieve bottom-line improvements and this typically translates into a demand on people to work harder, faster and more efficiently. But trying to do this through management command is self-defeating. Make this the foundation of an improvement strategy and you will quickly find a workforce that is stressed, exhausted and demoralised.

Leadership, on the other hand, offers a far more powerful solution. Effective leaders don't use the tools of discipline and control. On the contrary – they understand that empowerment leads to motivation, and that given the right motivation, people are more than ready to get inspired. But too many managers block their staff's talents by →

→ insisting that it's up to the managers to make all the decisions. This makes an employee less able to work quickly, and less willing to work hard. Needless to say, many managers compound the problem by communicating their instructions badly.

The reasons for this are manifold and all too human. To justify their roles as managers, these controlling types need to be seen to be managing – which usually translates into a heavy-handed obsession with control. If, on the other hand, managers want to establish a high performance culture, then they need to learn to redistribute responsibility, encourage people to bring more of their ideas into the workplace and find ways to support their staff's own ambitions.

### More sauce for your bucks

This is the cultural mindset that has been absorbed at Heinz. New management processes were introduced in 2004 at the UK sales division, and the refreshed approach is now being expanded to other areas of the business. Ray Cornwall, training and development manager for sales and marketing at Heinz explains: "Modernising the business culture was seen as a big opportunity and an enabler to drive change. We

work for Heinz, and to uncover what conditions would need to be in place to enable staff to improve their performance.

"The process of asking our people what they wanted, and listening to their answers, was really important," says Ray Cornwall. "But the deeper issue here was to give people the opportunity, beliefs and permission to create and own an environment that would allow them to work far more effectively and perform at their best."

The groups came back with powerful insights about the prevailing culture. They highlighted challenges around leadership, goal setting and trust and they also expressed a genuine readiness to take more ownership and bring more of themselves to work. For Cornwall, "all of this research showed that, as a company, we needed to harness this vitality and drive change."

As a result of these insights a programme was commissioned that would address the important areas. Although Cornwall knew that the culture development programme was a completely different approach to training than the staff had experienced before, he recognised that truly motivated employees could learn to choose their attitude and change the way

behaviours that do not allow such performance to occur, then it is bound to fail."

In other words, if people are constantly waiting for managers to tell them what to do then the decision-making process will be slow and the final service or manufacturing experience will be inefficient. "People will become frustrated and cynical," Reeve says, "because they will feel that they are being blocked from above. But if managers show real leadership, give people a chance to show their expertise, invite them to bring in their energy and support them when they do so – then you have a completely different scenario."

This focus on building a culture – rather than a cult – of leadership, is one that Reeve believes has to occur if companies are to change. In the future, we will all be asked to display our leadership capacity at work.

### Ketchup with the front runner

Reeve offers a story that highlights how important self-leadership is. "At the end of a particularly stressful day, I went on a run round the streets where I live. I didn't feel like doing it, but I put on my running shoes anyway because I knew I would feel better for it

## "The process of asking our people what they wanted, and listening to their answers, was really important."

recognised that by establishing best practices in managing, leading and coaching we would be able to transform the culture to help us to maximise our performance."

It's easy to say "we want to change things". But how is the process implemented? As with any type of change initiative, the first step is to examine the existing situation. Heinz worked with culture change consultancy R&A who ran specially designed brainstorm sessions at all management levels within the sales division. These sessions gathered information on employees' perceptions of what it was like to

they thought about work. This would not only give them a greater sense of purpose and benefit the business but would also positively impact their lives outside of work.

But the change initiative was not an airy-fairy, "let's get something done – tomorrow", exercise. In fact, the business logic behind the initiative was compelling. "In most organisations, it is relatively straightforward to see why results are not being achieved," declares R&A managing director, Colin Reeve. "It's all to do with alignment. If a company wants high performance but has in place structures or

afterwards. As I was jogging, and feeling like slowing down, I passed a woman in the street who said 'You make it look so effortless.' Immediately, I had a sudden surge of energy from somewhere. I ran better, and faster. I was back home much more quickly than normal. And I felt good about it."

It's the simplest management rule – show a bit of encouragement and the employee will do better. Often all the worker needs is a pat on the back and he or she will feel more motivated, work harder and feel more satisfied at the end of the day, ready to do it all again the next day.

But so often in business, this pat on the back is never given. Instead managers drive their workforce harder and faster – at least, they think they’re driving them harder and faster but in fact they’re slowing them down. When Colin Reeve was out on his run, all it took was a friendly woman saying the right thing at a moment when he was flagging to remind him of his potential. It was only a brief comment that cost

work with us to create meaning, and who help us make our work purposeful.

### Easier with Heinz sight

Paradoxically, one of the main obstacles that people face when trying to get inspired is their own beliefs. Ray Cornwall explains, “At Heinz, when people started looking at the causes of their current situation, they bumped up against

sales for Heinz, confirms that from his perspective the training has been hitting home. “I divide training into two elements – attitudinal training and skills-based training. What this programme has given us on the attitudinal side has been superb. It has helped people to see that it is up to them to create their own destiny.”

And the training has challenged people. “Under the umbrella of

“The energy and endeavour that people bring to work can be completely misdirected.”

her nothing – but it did have to be given, and it did have to come at the right time.

This distinctive view of leadership is echoed by several prominent business thinkers. Leadership guru Stephen Covey talks powerfully about the overlaps between personal and interpersonal leadership. Jack Weber, Professor of Management at the University of Virginia, suggests that real leadership only reveals itself in the inspired action of others. And Margaret Wheatley says we instinctively reach out to leaders who

their limiting beliefs. These were expressed in terms like ‘we’ve tried all this before,’ ‘it’ll never work’ and ‘it’s not the way we do things here.’ It took the programme to make them realise that such beliefs actually hold them back – and that they have been induced by the management, or by the employee’s perception of the management. When people recognised that they really are responsible for their own attitude, something clicks and it makes a sudden, massive difference.”

David Huse, vice president of

performance management it is certainly making a valuable contribution,” Huse asserts. “In the past the sales division used to be characterised by silo mentality and people looking after themselves. This culture has been completely transformed.”

### Bean doing well

According to Ray Cornwall, the feedback indicates that the culture change programme is making a discernable business impact. “We conducted a survey after the →

## Business alignment is key

What do we mean when we use a word like alignment? For Heinz, it means understanding that if the company says one thing and is seen to be doing another, then it will damage morale, customer relationships and business performance.

Heinz and Colin Reeve of R&A worked together to ensure that the company was consistent in setting out and establishing its strategy. In brief, the leadership aspirations came out as follows:

- The vision: “to improve the well-being of families everywhere”.
- The mission: “to provide good food every day”.
- The beliefs: “what we eat affects our health”; “our brands and our people are our most important assets” and “we will deliver superior business returns”.

But such high-level pronouncements have to

be backed up on the ground. And the team recognised that management follow-through would be required at the following levels to achieve their desired high performance:

- The imperatives: a commitment to skills and strategies that will focus staff on quality, effectiveness and innovation.
- The behaviours: leadership at every level.
- The environment: providing staff with the most appropriate tools and resources to allow them to perform at their best.

Colin Reeve is at pains to point out that if any of these levels are out of alignment, “the energy and endeavour that people bring to work can be completely misdirected.” But when they are all satisfactorily aligned, “a company can make astounding breakthroughs in performance. That is what we have started to see at Heinz”.

## Five characteristics of healthy high performance

- Clear, encouraging and engaging leaders.
- Self-leading, motivated staff.
- Teams which enjoy great relationships.
- A discernible sense of purpose and passion.
- A positive and creative working environment.

→ programme had first been delivered to ensure that the changes that we predicted were indeed occurring,” he says. “Especially encouraging was the finding that 85 per cent of the executive team had noticed positive changes in their staff. As for the training itself, one delegate said he’d never seen a course make so much difference. Another commented that after the course had ended he’d never seen so much team spirit and unity.”

These are the kind of observations and experiences that indicate a major culture shift. And for Cornwall, there is no doubt that the training

has been responsible for some tangible business gains. Improvements in staff morale and a low staff turnover have more than paid for the programme. “However, we need to keep reinforcing the messages of the programme in order to maintain our momentum.” For Cornwall, that is the next challenge – for Heinz to keep moving forward. There are more than 57 varieties of employee – and more than 57 ways to motivate them to greater things. ■

### Resources

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# Tough choices for tough times

Orit Gadiesh

**A** company's character can be measured by the difficult choices made by its leaders. But what are the easy choices in business these days? Where to have lunch, perhaps? Frankly, most choices in business are tough, for the simple reason that the people who make them bear personal, direct responsibility for what flows from their choices.

Challenges come in many colours, of course. Sometimes it is the consequences of a decision that makes it difficult. Closing a plant or firing a friend are tough choices, no matter how obviously correct they may be. Sometimes, a decision is made difficult because the answer is obscure, and there is no obvious good outcome. Eisenhower was pressed by invasion planners to postpone D-Day, because a storm was raging in the English Channel. He recognised that the storm would add complication and delay to the massive assault, resulting in casualties. But if he pushed back the invasion, the Allies would likely lose the element of secrecy, and

thus cost more lives. In deciding to stick with June 6, 1944, Eisenhower weighed uncertainty about the strength of the storm against the risk of being wrong. A tough choice by any measure.

What makes today's business choices particularly challenging is the sheer number of variables and uncertainties, the speed at which executives must deal with them, and the breadth of associated risks and opportunities. It's a distillation of the world we live in, fluid and complex, where speed and adaptability can make or break a business.

In this environment, making the most important decisions well, and then making them happen, quickly and consistently, is more important than ever. In fact, Bain & Company research shows that effective decision-making is the attribute that most distinguishes high-performance organisations from those with merely average performance. The finding emerged from Bain's survey of 365 companies in seven countries, where we defined high performance as a company's ability to grow revenue

and earnings at a rate of 5.5 per cent or better over a 10-year period, as well as earn back its cost of capital. The difference is striking: More than 90 per cent of high-performance organisations we surveyed believe that significant decisions get made well in their organisations, resulting in prompt, effective action. By contrast, nearly half of those who rated their organisations less effective believe that they often fail at making and executing decisions.

What, then, are the most important decisions that require action by today's business leaders and will shape the character of the organisations they lead? The overarching question that colours all others, of course, is how much risk can you handle and where in your company's activities can you tolerate it? The importance of getting this one right cannot be overstated: establishing an appropriate level of risk and ensuring that it's consistent throughout an organisation is arguably the most important task of a business leader today. Against →

→ that backdrop, three questions appear to be claiming a lot of CEO attention right now, regardless of which business they are in.

**First, which are the right bets to place in innovation?** A CEO of a global consumer goods or services company in 1974 would have expected new products or categories to account for roughly 15 per cent of sales by 1984. Today, our analysis shows, a CEO can expect new products or categories to constitute roughly 30 per cent of sales within a decade. The premium on innovation is as high as it's ever been.

As businesses grow more complex, their ability to act quickly and select the best focus for their investments in innovation can get stretched thin. They must deal with a playing field that has become global, while customers are separating into micro-segments. The right innovation strategy also needs to account for new and unforeseen competitors beyond industry boundaries. To cite an extreme example, candy

a world where the carbon economy is evolving fast. The moves into solar also demonstrate a certain fearlessness about following customers regardless of where they lead. For BP, the decision to build a business in solar energy products has involved commitments of marketing resources as well as technical know-how. As a result, BP is beginning to sell its solar panels through Home Depot, the American home-improvement chain. Indeed, such mapping of consumers' future needs – and investing now to create products and services that meet them – is a corporate helmsman's number one responsibility.

**Second, how can we right-source the capabilities we need?** This is not just about deciding whether to keep production, IT, R&D, engineering or customer service in house or move functions to foreign shores. Rather, it's a critical decision about what comprises a company's core business. Few companies today place outsourcing – in-house or

way their employees went about their jobs. Conversely, London-based HSBC, the world's third-largest bank, says it is expecting to add at least another 10,000 call-centre jobs to Asia, where the bank saves more than £10,000 for each job compared with the cost of locating a call-centre employee in the UK. While these institutions are worlds apart in one sense, they are similar in another: They are among a handful of companies to place sourcing – onshore or off – in a strategic context.

**Third, how do we crack the China code?** Every global company needs to think about sourcing and selling in China, whose number of middle class households is set to triple by 2010, and their spending to surpass \$500 billion. Competing with China puts enormous pressure on companies to close the cost gap. That requires companies to commit to using local suppliers and distributors. Colgate-Palmolive became China's top oral care company, in large part by

## When there's clarity from the top, the rest of the organisation knows what to focus on.

companies suddenly are finding themselves battling mobile phone makers for the disposable income of teenagers.

Choosing the right innovations to invest in requires resolve as well as foresight. Toyota bet heavily in the 1990s to develop today's Prius hybrid car, persevering despite years of early losses to be *the* vehicle for a world with oil prices above \$50-a-barrel. Today, people must join a waiting list to own a Prius, which sells at a premium, while many automakers struggle to move surplus cars and trucks despite having cut prices and laid on deep discounts.

BP is also betting big on alternative technologies. The oil giant has become one of the top three producers of solar panels in the world. Those investments will help to make BP's business as an energy producer more sustainable in

outside, onshore or off-shore – in its proper strategic context. For years, sourcing was a financially material, but strategically peripheral, corporate function.

Today, however, outsourcing has become so sophisticated that even core functions can – and often should – be moved outside. Company leaders need to analyse not just where they can outsource to lower costs and improve quality, but which capabilities are vital to their core. The choice is not whether to outsource, but rather how should a company source every single activity in its value chain?

That choice is visible in the decision made recently by investment bank Lehman Brothers. It brought its help desk back in-house from Indian outsourcers, because technical reps needed detailed insider knowledge of the

cutting production costs through its local partners and passing those savings on to consumers. Companies in China face another tough choice about how to move out to new customer segments as costs move down. Coca-Cola cut costs by manufacturing locally, setting up 34 bottling plants and partnering with three local bottling groups to provide a low-cost distribution network which spreads the costs of channels and advertising. It then added products, selling everything from "Modern Tea Workshop" herbal tea drinks to Coke Light. As a result, Coke sells more than half of all carbonated drinks in China, generating more than \$2 billion in revenue.

Perhaps the most difficult choices now for foreign companies involve how to compete effectively against entrenched local enterprises. The most successful multinational



Orit Gadiesh: Hands on leadership

companies are tackling China through a mix of global and local brands. Colgate snapped up Sanxiao Group, a leading local player, in 2000 to control the category. Anheuser-Busch, which dominates the tiny but growing market for premium beer with its Budweiser brand, recently purchased a controlling stake in Harbin Brewery, China's fourth-largest brewer. The Harbin acquisition allows Anheuser-Busch to reach the masses and consolidated its position in the market. And Gillette not only sells premium Duracell, but owns and markets local Nanfu batteries.

An equally difficult set of choices which need to be made now revolve around how companies should prepare for Chinese business expanding West. In the rush to China, many companies postpone this question, at their peril. If China moves into direct competition with

its current outsourcing partners, even assuming Western marketing costs, it would enjoy up to a 20 per cent cost advantage over its Western rivals. Again, indecision can be crippling: companies must gain direct experience in China in order to compete cost-effectively against Chinese competitors in the West. They also need to decide how and where to invest in capabilities where they still have a distinct advantage, like marketing, packaging and customer-led innovation. Lord John Browne of Madingley, BP's chief executive, got it right in a recent speech: "The important thing is to recognise the challenge and make a start."

All of which brings us back to leadership. When there's clarity from the top, the rest of the organisation knows what to focus on. The best leaders can express a compelling vision and clear priorities for what it takes to succeed in the business, as

well as "the way we do things around here," usually in a single breath. Michael Dell's two-word strategic principle – "Be direct" – sums it up for Dell's 55,000 global employees. During the Jack Welch era, all employees of General Electric knew their priorities, articulated by Welch himself in the 1980s: "Number one or number two – or fix, sell or close."

A compelling vision goes beyond stirring words. One mark of an effective CEO is his or her ability to reinforce the company's business priorities and values by creating "distributed leadership" – leaders at every level who send the same messages about the company's direction. "We don't have one leader," remarks Terry Leahy, chief executive of UK retailer Tesco, "we have thousands."

It starts, of course, with making good decisions at the top. When Lord Browne took over what was then called British Petroleum a decade ago, the company was literally running out of gas in its reliance on maturing oil fields in the North Sea and Alaska. He made a series of tough choices, pushing for new exploration in the Gulf of Mexico and off the shores of Angola, and leading BP into Russia – the first major Western producer to risk substantial investment in that oil-rich country. He engineered a series of large deals that transformed the oil industry, first buying Amoco for \$56 billion in 1998, then Atlantic Richfield for \$32 billion in 1999. And he pushed further into new product categories, like solar energy.

Today, BP is one of the top three oil producers in the world, and its growth and profitability have been among the best of the oil majors. In a volatile industry, BP's performance will no doubt be tested hard. But with a history of making good decisions and making them happen, the company is well equipped for the future. ■

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# A leadership miscellany

Des Dearlove and Steve Coomber

What is leadership?

Ask 100 executives and you will get 100 different answers.

Leadership, as management guru Tom Peters says, is “confusing as hell” – “if we’re going to make any headway in figuring out the new rules of leadership, we might as well say it up front: There is no one-size-fits-all approach to leadership. Leadership mantra #1: It all depends”.

Warren Bennis, the doyen of leadership gurus, concurs: “There is no magic formula. No accepted theory or paradigm. No heaven sent elixir one can drink or mathematical equation to be written on a blackboard. What we *do* know is that leadership is, at it’s most elemental level, a tripod of factors: a leader, followers, and a goal. What we also know is that leadership is of fundamental importance for the success of any organisation, from a girl scout troop to a *Fortune 500* company, from a church to a school system.”

What is clear, too, is that leading a major organisation has never been so

challenging, so transient – or, in many cases, so richly rewarded. Nor has the job ever attracted so much critical attention.

Yet, despite a small rain forest and an ocean of ink expended in the study of leadership there is still much to learn. To save you digesting an entire library of books, here are some highlights. Think of it as a leadership smorgasbord, a place to pile your plate and ruminate – a leadership miscellany for our times.

## The leadership odyssey

Leadership is a subject that has fascinated people for centuries. The poet Homer wrote about the heroes of Ancient Greece such as Achilles and Odysseus. Plutarch chronicled the histories of Roman Emperors like Julius Caesar. Thomas Carlyle dissected the character of Napoleon and others.

Today the leaders of corporations and other organisations have replaced kings, emperors and generals in the affections of those who study leadership. And leadership theories have become more

sophisticated and more numerous.

Theory and practice are inextricably intertwined. Dry though it can be, it is difficult to gain a true insight into leadership without tracing the development of leadership theory through history.

## Leadership schools

Much of the traditional theory falls within three broad categories. Some leadership theories centre on the disposition of the leader, their personality and traits. Others focus on the behaviour of the leader, identifying the different roles they fulfil and preferring to see leadership in terms of what leaders do rather than their characteristics. A third group of theories view leadership as specific to the context. They are based on the idea that different situations require different styles of leader – think of how Rudy Giuliani reinvented his reputation in the aftermath of 9/11.

## Power plays

One of the earliest preoccupations of leadership theorists was power →

→ and influence. Leadership was viewed as a function of power, exercised through politics and influencing skills. An early scholar of human nature in general, and leadership in particular, was Florentine diplomat Niccolò Machiavelli. He famously advocated a combination of cunning and intimidation as a way to more effective leadership. “Politics have no relation to morals,” he said. At the heart of Machiavelli’s work was the idea that “the ends justify the means”.

The theory with the longest lasting influence on leadership is disposition theory, which seeks to identify universal leadership characteristics or traits. It includes great man and trait theories. Great

Professor of Organisational Behaviour at London Business School. “So in a sense it is all a matter of what are the circumstances under which leadership is required.”

### Situation critical

The idea of situation or context is an important one in leadership theory. One school of thought believes that leadership is specific to the context. Different situations and contexts require different styles of leader. Winston Churchill was an effective leader in wartime, but not in peacetime. “In the health service, for example, you probably need different types of leaders at different levels,” says Nicholson. “If you are running a Trust the leadership model

transformational leadership. In transactional leadership the relationship between leader and followers is based on an exchange of value that is mutually beneficial. It might be psychological, political or economic in nature.

Transformational leadership, on the other hand, does more than exploit and meet existing needs or demands from followers. Transformational leaders try to understand the motivation that drives followers and meet that higher need. They seek to engage with the followers. Transformational leaders develop a binding and mutually stimulating relationship with followers.

### Transforming leadership

American academic Bernard Bass

There are times when you need a great man, and there are many times when you don't.

man theories were popular in the nineteenth century and early twentieth century, and were based on the notion of the born leader with innate talents that could not be taught. (Great women were generally disregarded at that time.)

### Trait talking

Related to the idea of the great man, trait theory identifies the key personality traits of effective leaders. In the 1980s, Warren Bennis embarked on his now famous study of 90 American leaders. Bennis sought to identify and codify effective leadership. In place of the man or woman of destiny, he offered a view of leadership based on four factors: vision, meaning, trust, and the deployment of self.

In the past fifty years great man and trait theory have lost a little of their lustre. But they have not yet been consigned to the dustbin of leadership. Today’s more sophisticated understanding of leadership allows us to make room for great men. “There are times when you need a great man, and there are many times when you don't,” says Nigel Nicholson,

is probably different from running a ward, and will be different again from running a Health Authority.”

The problem with previous situational theories of leadership is, in Nicholson’s view, that they are impoverished. “They focus just on tasks and relationships. They don’t really talk about the nature of the challenge or the complexity, the amount of change. There are so many other dimensions to a leadership situation than those which so-called situational theories look at.”

### Relatively speaking

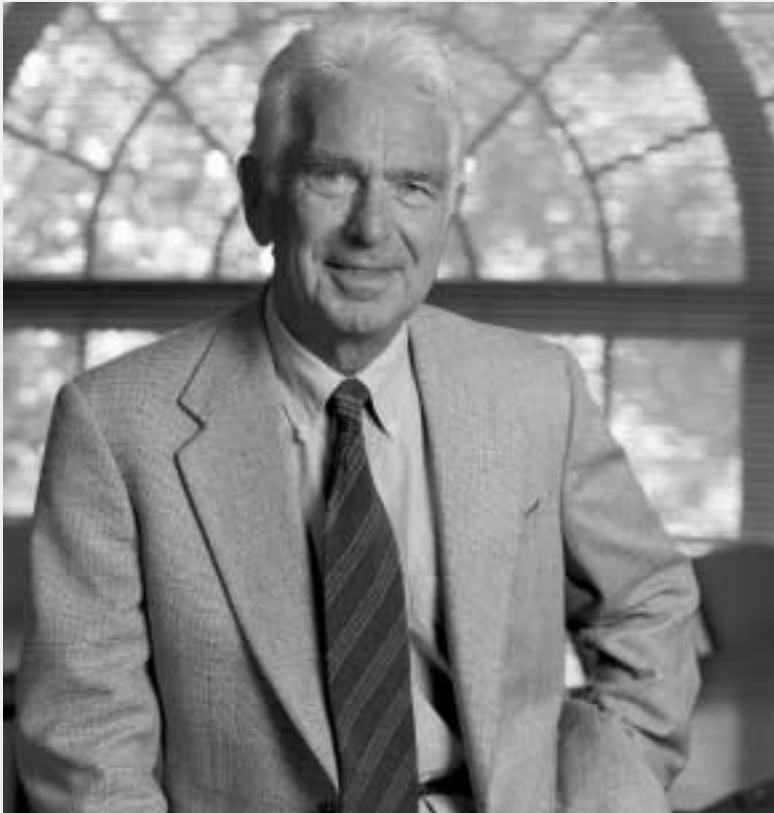
It was probably the work of James McGregor Burns in the late 1970s that led to the most significant change in the way we understand leadership. Burns viewed leadership as a relationship between leader and led. Leadership was, Burns said, “leaders inducing followers to act for certain goals that represent the values and the motivations – the wants and needs, the aspirations and expectations – of both leaders and followers”.

Burns identified two contrasting leadership styles: transactional and

suggested that transformational leadership was based on four components. Idealised influence stems from the moral and ethical standards of the leader: the leader acts a role model admired and respected by the followers. Inspirational motivation spurs followers to undertake shared goals. Intellectual stimulation encourages independent thinking, argument, discourse, rational thinking and problem solving. Finally, individualised consideration is when the leader gives personal attention and advice to the followers.

Most modern leadership theory has its roots in the work of Burns and Bass. By shifting focus away from great man and trait theory to the relationship between leaders and followers Burns and Bass paved the way for a reappraisal of leadership.

Transformational leadership is an idea that has been steadily gaining ground. The idea of a leader who is inspirational and who engages the emotions of individuals has obvious appeal. It also connects with other fashionable leadership ideas. “Inspirational leadership, visionary leadership, transformational



Warren Dennis: Leadership's original voice

leadership and emotional intelligence, are all linked," says Alan Hooper, founder of the Centre for Leadership Studies at Exeter University, and co-author of *Intelligent Leadership*. "The old model of transactional leadership is based on the idea that if you do this, then we'll do this. It is a very simple equation. Transformational

and Peter Senge with the leader as a strategic visionary.

An important effect of transformational theory has been to highlight the relationship between leader and follower. A 1988 article by Robert Kelley in the *Harvard Business Review*, "In praise of followers", began to shift attention away from the machismo of

## There are over 17,000 books on leadership and three on followership.

leadership is much more inspirational. It is about engaging the emotions of individuals in the organisation. It is crucial for leading change today."

### Follow my leader

Many writers on leadership have continued to develop the transformational theme. They include Meredith Belbin with his work on team leadership; Warren Bennis; Jim Kouzes and Barry Posner who have explored the idea of the leader as a catalyst for change;

leadership to the less glamorous side of the same equation. Leadership writers began to take more interest in the psychological contract between leader and followers. What makes people prepared to follow one leader, but unwilling to follow another?

For many, the importance of followership was, and still is, vastly underestimated. "There are over 17,000 books on leadership and three on followership," says Keith Grint, Professor of Leadership Studies and director of the Lancaster Leadership Centre at Lancaster

University Management School. "This implies you can be successful without bothering about followers which is a nonsense, because leadership can only be understood in relationship to followers."

### Crisis of confidence

At the turn of the century leadership theory seemed to be progressing towards more enlightened ideas about leadership. This movement was reinforced by a string of corporate scandals that included Enron, WorldCom, Global Crossing and Tyco and exposed the flaws in heroic leadership.

For the public and the media, admiration of chief executive officers turned into open mistrust. As for leadership theorists, they set aside popular conceptions of leadership. Instead they began to search for new ways of looking at leadership that might help leaders meet the challenges of the 21st Century.

### When the going gets tough

A report by Chicago-based global outplacement firm Challenger, Gray & Christmas noted that CEO departures in the US in March 2005 were up 79 per cent on the previous year. This was the fifth consecutive month of increases, with 129 announced CEO departures equaling the record set in 2000.

But it's an ill wind that blows no

one any good. A tough time for CEOs is grist to the leadership mill. There are many different theories competing for centre stage, claiming to offer some insight into the direction leadership should take.

The difficulty of identifying the key theories is compounded by the fact that, while few are completely true, many offer valid insights. "Most theories of leadership would never have had their place in the sun unless they had a certain degree of face validity," says Paul Danos, dean of the Tuck School of Business at →

→ Dartmouth College. “However, none are comprehensive and well-tested theories. Instead, most have some parts that are close to being true under some conditions. The problem is we don’t know which parts of these theories are valid under which circumstances.”

### The cult of personality

The most interesting theories on offer can be divided into a number of themes, including: the personality of the leader; leadership during periods of transformation; the relationship between leaders and followers; and distribution of leadership.

Much of modern leadership theory

question the management fervour surrounding so-called charismatic leaders. Charismatic leaders loom large in history and include Napoleon, Churchill and Ghandi. In the corporate world, however, charismatic leadership is a more recent, and not necessarily healthy, obsession. “Charisma wasn’t always important in business. For three decades following World War Two, the typical chief executive was an organisation man who worked his way up the ranks,” observes Khurana.

Elsewhere, Khurana notes that CEOs have much less impact on companies than is commonly

company rather than for themselves. They tend to leave a more durable legacy when they step down.

### The authentic chameleon

One leadership theory attracting support is that of authentic leadership. In part it reflects the backlash against heroic leadership and trait theory. Proponents of the concept include business school academics such as Rob Goffee and Gareth Jones (see page 36), and former CEO of Medtronic William George.

Rather than trying to imitate leadership role models authentic leaders make the most of their own

## Authentic leadership requires introspection and heightened self-awareness.

focuses on the personal qualities of the leader. Current thinking on leadership reflects recent experience. In particular, there is widespread discontent with a particular sort of heroic (or narcissistic) leadership – which many believe contributed to corporate scandals. True, there are governance issues. However, regardless of whether safeguards were inadequate, the point remains that some leaders chose to abuse their powers.

### Narcissistic leaders

In the late 1990s, American anthropologist and psychoanalyst Michael Maccoby noted a pronounced change in the personality of those at the top of companies. The new breed of business leaders craved the limelight. “There’s something new and daring about the CEOs who are transforming today’s industries”, he observed in an article in the *Harvard Business Review*. In Maccoby’s view, these larger-than-life leaders closely resembled the personality type that Sigmund Freud described as narcissistic.

Harvard Business School’s rising academic star Rakesh Khurana, author of “Searching for a corporate saviour: The irrational quest for charismatic CEOs”, is another to

believed. He estimates that anywhere from 30 to 40 per cent of the performance of a company is attributable to industry effects, 10 to 20 per cent to cyclical economic changes, and perhaps 10 per cent to the CEO.

### Taking leadership to the next level

One leadership guru to offer an antidote to more charismatic approaches to leadership is Jim Collins, author of the 2001 bestseller *Good to Great* (and co-author of the 1994 bestseller *Built to Last*). Collins has championed something he calls Level 5 Leadership. The highest level in a hierarchy of executive capabilities, Level 5 is a potent blend of selflessness, humility and iron will. Those who exhibit it are typically “quiet leaders” rather than the larger-than-life figures associated with transforming organisations.

Humility is a key ingredient. According to Collins, the simple formula is Humility + Will = Level 5. “Level 5 leaders are a study in duality”, notes Collins. “Modest and wilful, shy and fearless.” They are more likely to attribute their success to luck than any heroic leadership qualities. They are ambitious for the

leadership assets. Goffee and Jones have coined the phrase “authentic chameleon” to describe the ability of leaders to play different roles whilst remaining true to their own identity. Authentic leaders trade on their strengths and understand their weaknesses. To be useful these qualities must be real, perceived by others and significant. What leadership is not about is adopting the styles or traits of other successful leaders. This avoids a corporate world packed with Jack Welch clones.

Authentic leadership requires introspection and heightened self-awareness. Leaders that skip the necessary stages of self-development could adopt “false” personas that are not true to their own values or beliefs. Such leaders can be damaging to organisations, particularly if they are compensating for perceived personal shortcomings through their leadership.

### The leadership crucible

Another take on authenticity is that of Warren Bennis. In his book *Geeks and Geezers* (co-authored with Robert Thomas), Bennis considers the effects of experience in fashioning leaders. He examines a selection of “geeks” leaders between

→ the ages of 21 and 35 – and “geezers” – men and women between the ages of 70 and 93.

Bennis' message for would-be leaders is that leadership is founded on deeply felt experiences. Youth may not be an obstacle to becoming a leader, but only if you have been through a crucible and emerged unscathed on the other side. For many of the older leaders, wartime and the Great Depression of the 1930s were crucibles in which their values were formed. By “crucibles” Bennis means “utterly transforming events or tests that individuals must pass through and make meaning from in order to learn, grow, and lead”. The trouble for youthful leaders is that crucibles are rare and cannot be artificially reproduced. You can't re-create Nelson Mandela's Robben Island.

### The leaders we deserve

Increasingly, leadership commentators have recognised the importance of followership in the leadership equation. For example, as well as looking at narcissistic leadership Michael Maccoby has explored the bond between leader

As this suggests, the relationship between leaders and followers remains a hot topic. There is a significant body of research that shows how important the leadership-follower dynamic is to organisational success. One Harvard study, for example, found that exceptional leadership could improve organisational performance by as much as 40 per cent.

### Bad leaders

In her book *Bad Leadership* Barbara Kellerman examines bad leaders who she categorises as: incompetent; rigid; intemperate; callous; corrupt; insular; and evil. As Kellerman points out, bad leaders often retain a hard core of followers even when their inadequacies are exposed. How do we prevent bad leadership? Through strong moral followership. There is an obligation on followers to exert a positive influence on their leaders, and reject patently bad leaders.

### All change

Leadership studies often focus on leading change in organisations. Why? Because it is at these times of

The notion of the tipping point entered public consciousness thanks to Malcolm Gladwell's influential book, *The Tipping Point*. Gladwell, a former science writer for *The Washington Post*, observed how fashions take hold. He noticed that “ideas and products and messages and behaviours spread just like viruses do”. It only takes one or two people acting as carriers to spread a cultural infection. Once it takes hold, it shows up as a dramatic upward curve. The point at which the curve hits critical mass is the “tipping point”.

In an article in the April 2003 issue of the *Harvard Business Review* entitled “Tipping point leadership”, W Chan Kim and Renee Mauborgne, professors at the international business school Insead point to the work of New York police chief William Bratton as an example of tipping point leadership. In New York in the mid-1990s, Bratton cut felonies by 39 per cent, murders by 50 per cent and theft by 35 per cent in two years.

According to Kim and Mauborgne, Bratton's leadership is built around four elements – the cognitive

## A dictatorial CEO is bad business. Good business is about engaging with the people.

and follower. In an article in the September 2004 *Harvard Business Review*, “Why people follow the leader: The power of transference”, he offers a psychological perspective. Maccoby attributes the bond between leader and follower to transference, a concept developed by Freud to explain the attraction his patients had for him. It is the transference of experiences and emotions from past relationships – often parent-child – onto the present. So if employees believe that their boss cares about them in a parental way, they will work harder in order to please him or her. This situation will continue unless the employee's image of the leader and the reality become separated.

organisational stress that effective leaders can make a significant and highly visible impact.

Professor Rosabeth Moss Kanter, of Harvard Business School, has extensively researched the subject of turnaround leadership. She suggests that information and relationships are crucial aspects of turnaround leadership. A turnaround leader must facilitate a psychological turnaround of attitudes and behaviour before organisational recovery can take place. Kanter identifies four essential components of the turnaround process: promoting dialogue, engendering respect, sparking collaboration and inspiring initiative.

### Tipping point leadership

(communicating and ensuring managers are in touch with the problems); politics (keeping internal foes quiet and isolating external ones); resources (initially concentrating on trouble areas) and motivation (matching messages to various levels within the organisation).

### Trauma leadership

Among the most interesting research on leadership is that by Professor Katherine J. Klein, of the Wharton Business School at the University of Pennsylvania. Klein's findings have the potential to change our perceptions of leadership both in the public and private sectors. She spent 10 months studying medical teams →

→ in action at the Shock Trauma Center in Baltimore in the US. The result was a unique perspective on leadership “as a system or a structure – a characteristic not of individuals but of the organisation or unit as a whole”.

What Klein discovered was that, in the situation of the trauma unit, leadership was “a role – or, more specifically, a dynamic, socially enabled and socially constrained set of functions which may be filled by the numerous individuals who, over time, occupy key positions of expert authority on the team.”

Leadership is the product of an organisation’s or unit’s “norms, routines and role definitions.” In other words the function of the leader existed separately from the many different people who fulfilled the role depending on the circumstances. Klein also identified four key functions of the leader:

providing strategic direction; monitoring team performance; instructing team members; and providing hands-on assistance when required.

Klein’s research suggests that organisations would do better to put in place the necessary structures to support whoever steps into a leadership position – have well established roles and clearly identified norms – than concentrate on selecting brilliant leaders.

### Enlightened leaders?

Will the spate of new leadership theories lead to a cadre of enlightened leaders? It’s too early to tell. However, if the words of Curt Carlson, CEO and president of SRI International (formerly the Stanford



Jonas Ridderstråle: Leaders do the funky thing

Research Institute) are anything to go by the signs are promising.

“CEOs have always done many of the things I do today. But the difference now is that people can walk out the door. A dictatorial CEO is bad business. Good business is about engaging with the people. Getting agreement on the fundamental goals and values is a long process. None of these things are about CEO edicts. I don’t have the knowledge to do that. The real knowledge resides in our people. You have to tap into their genius and potential.”

### Heroes RIP

Leadership is not just about the top of the organisational hierarchy.

Leaders exist throughout organisations and require as much support and attention as CEOs and senior executives. “Leadership in a modern organisation is highly complex and it is increasingly difficult – sometimes impossible – to find all the necessary traits in a single person,” says Jonas Ridderstråle, formerly of the Stockholm School of Economics. “In the future we will see leadership groups rather than individual leaders.”

Warren Bennis agrees. He has charted the change in emphasis from individuals towards groups and teams. “None of us is as smart as all of us,” says Bennis. “The Lone Ranger is dead.” ■

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# Leadership and the art of discretion

Nada Kakabadse and Andrew Kakabadse

The shift from physical capital to the softer models of capital – such as social and human capital – has led to the emergence of network-based organisations. In these organisations the emphasis is on a group-based view of leadership rather than a single person clearly highlighting the path forward. Understanding and being responsive to multiple stakeholders in their context is now the leader's prime concern.

Effectively addressing multiple stakeholders means recognising and responding to multiple agendas. Negotiating paths through a multiplicity of issues and circumstances is near impossible for a single individual. As a result, network-based organisations, by their very configuration and purpose, require more leaders. The neat coupling of more issues to address and a greater number of actors to address them means that choice is ever more important in leadership roles. The new generation of leaders

are required to extensively exercise *discretion* to address the issues they face.

In practice, discretionary leadership means that the leader shapes the role and determines its more intricate nature. Discretionary roles vary according to the degrees of freedom they offer their incumbents. Certain roles will only allow for changes to the configuration of particular jobs, whereas ultimate discretion aims to make a profound impact on the strategic future of the enterprise.

A role with clearly assigned parameters is one where the incumbent is assigned resources and given the specific brief to pursue particular courses of action (prescribed). The limited freedom of the role holder requires the person to leverage existing resources, irrespective of whether those resources are considered adequate to do the job. The role holder may even be directed to act in a manner considered suitable to achieve the

goals of the task, team, department or organisation. Roles with broader discretion require the role holder to establish the parameters of the role, the direction they are to pursue and to be responsive to the circumstances they face.

Ultimately, discretionary roles are those positions for which organisationally beneficial behaviours and gestures can neither be enforced on the basis of formal role obligation nor elicited by contractual guarantee or reward. In response to the pace and pressure of organisational change, the nature of discretionary boundaries is increasingly determined by personal views, concerning the challenges leaders face and the nature of those with whom they interact. The idiosyncratic nature of the organisation, the peculiarities of each leadership role and the characteristics of the individual, are critical considerations in determining role boundaries and parameters.

| Characteristics          | Control / Transactional  | Transformational   | Discretionary  |
|--------------------------|--|--|--|
| <b>Projected image</b>   | Strong Man<br>Rational Man<br>Omnipresent  | Hero<br>Superman (Übermensch)<br>Maverick<br>Merlin<br>Athlete<br>Omnipotent   | Professional executive<br>Co-creator<br>Distributed  |
| <b>Metaphor</b>          | Manager (individual)   | Leader (individual)  | Leadership cadre   |
| <b>Conceptualised as</b> | Leader/followers relationship (e.g. "instrumental relationship")   | Leader/followers relationship (e.g. followers' identification with the leader)   | Role discretion contextually defined (e.g. shared power)   |
| <b>Emphasis on</b>       | Power and control  | Extraordinariness of a leader  | Development of others/organisation   |
| <b>Attributes</b>        | Powerful<br>Autocratic<br>Directive (e.g. path-goal setter)<br>Initiator of structure<br>Disciplinarian<br>Punitive<br>Task Oriented<br>Consolidator | Charismatic<br>Restless/dissatisfied with the status quo<br>Energetic/virile<br>Risk taker<br>Fighter<br>Action oriented/potent<br>Visionary<br>Determined<br>Communicator<br>Rational (logical, practical)<br>Good listener<br>Passionate<br>Alliance builder | Emotionally mature<br>Reflexive decision maker<br>Mindful of self, others and society<br>Responsible<br>Accountable<br>Networked<br>Communicative (engaged in polylogue)<br>Influencer<br>Negotiator of paradoxes<br>Inquiring learner<br>Coach/developer of intellectual and social capital |
| <b>Key tasks</b>         | Planning (charting)<br>Organising (structuring)<br>Controlling<br>Reviewing  | Provide vision/focus<br>Challenge status quo/impetus for change<br>Stimulate and inspire<br>Empower others   | Co-create differentiation<br>Change mindset<br>Co-create beliefs   |
| <b>Key needs</b>         | Skills   | Competence   | Capability   |
| <b>Impact</b>            | Transactional  | Transformational   | Contextual (transactionally and transformationally) appropriate  |

Table 1. Migration of leadership models

| Characteristics                    | Control / Transactional   | Transformational  | Discretionary   |
|------------------------------------|---|---|---|
| <b>Resources mobilisation</b>      | Physical capital (reflected by tools, machines)<br>Human capital (reflected in number of employees)   | Physical capital (reflected by portfolio investment)<br>Human capital (reflected by education training, experience)   | Social capital (reflected by existence of close interpersonal relationships among individuals)  |
| <b>Role theory explains</b>        | Role expectancy<br>Role clarity   | Role modelling<br>Role/frame alignment<br>Role assignment/followers perceptions<br>Role clarity/ambiguity   | Role discretion<br>Role accountability/responsibility<br>Role representation  |
| <b>Communicative strategies to</b> | Give direction  | Influence followers to buy into   | Shift mindset   |
| <b>Focus on</b>                    | Output maximisation   | Results/outcomes – shareholder value  | Intrinsic values / sustainability   |
| <b>Influential theories</b>        | Two factor theory of leadership (McGregor, 1960)<br>Equity theory (Adams, 1963)<br>Expectancy theory (Vroom, 1964)<br>Path-goal theory (House, 1971)<br>Contingency theory (Tannenbaum and Schmidt, 1958)<br>Situational theory (House and Dessler, 1974)<br>Exchange theory (Homans, 1961)<br>Leadership behaviour theories – Reinforcement theory (Thorndike, 1911); directive/structuring (Fleishman, 1953); autocratic and punitive (Halpin and Winer, 1957); task orientation (Katz et al, 1950); Punitive (Arvey and Ivancevitch, 1980)<br>Transactional leadership (Burns, 1978) | Sociology of charisma (Weber, 1947)<br>Social cognitive theory (Bandura, 1986)<br>Charismatic leadership theory (House, 1977)<br>Transformational leadership (Burns, 1978)<br>Empowering leadership theories – super leadership (Manz and Sims, 1991) and servant leadership (Greenleaf, 1998)<br>Visionary leadership (Tichy and Devanna, 1986)<br>Value-based leadership (Covey, 1989)<br>Leadership competence (Bennis, 1993)<br>Spiritual leadership (Fairholm, 1996) | Role discretion (Jaques, 1951)<br>Corporate Social Responsibility (Davis, 1973)<br>Self-management theory (Thorenson and Mahoney, 1974)<br>Leadership capability (Kakabadse, 1991)<br>Stewardship model of leadership (Block, 1996)<br>Ecological theory of interdependence (Gilpin, 1995)<br>Discretionary leadership (Kakabadse and Kakabadse, 1999)<br>Leadership cadre (Kakabadse, 2001)<br>Social capital theory (Lin, 2001) |

→ Indeed, making such a distinction illustrates that those with a broader role remit are in a position to substantially influence their situation. Further, the number of discretionary roles that exist in an organisation determines the number of visions and ways of operating that can shape, positively or negatively, the future of the enterprise. The greater the number of discretionary roles, the greater the number of visions that can be pursued and the greater the leadership challenge.

Accordingly, leaders exercising their discretion are required to perpetually, deliberately and reflexively consider the nature of the

nature, houses a greater number of discretionary roles, the need to promote positive interdependency, is paramount. Responding to multiple stakeholders' requirements obviates identifying the one best way to manage. Only through nurturing a shared value system are the tensions inherent in the network-based enterprise minimised and that energy focused towards achieving positive ends.

However, where discretionary role analysis highlights variation of experience, capability, values, personality, behaviours and the exercise of choice amongst the leaders of the organisation, tension

organisational performance considerably rests on the quality of interactions, communication and co-ordination between stakeholders, leaders will be challenged to share their leadership and, as a result, will need to enhance their maturity in order to effectively share authority and responsibility across the leadership cadre. Ever greater innovation in ICT and the growing globalisation of trade will further induce the proliferation of networked organisations of alliances, emphasising joint ventures based on collaboration and dependent on situational authority. The new-age-capabilities of pursuing multiple

## The greater the number of discretionary roles, the greater the number of visions.

linkages that connects their every action. Leadership is not just concerned with the exercise of control and co-ordination in the pursuit of a particular direction, but also with a sensitive understanding of the context in which actions are exercised and the appropriate mobilisation of others, in essence, the generation of social capital. Through so doing, the shape of organisations, supported by technological systems are increasingly designed around intellectual flows rather than configurations of command, where performance measures and incentive systems reward individuals for the creation of value.

For the flatter, more network-based organisation, which, by

and conflict become endemic with potentially disastrous consequences for individuals and the organisation. Where continuous tension and an evolving but negatively inclined organisational landscape become the norm, leaders, particularly within network-based organisations, require an overarching analytical perspective that can comprehend the totality of the state of the organisation and yet, simultaneously, understand the nature of each interaction within the enterprise. A first step towards such enlightenment is to appreciate the level of migration from the control/transactional model of leadership to that of discretionary leadership which can induce a transformational impact (Table 1).

As the effectiveness of

dialogues simultaneously, namely, polylogues and co-creating value, are posited as becoming fundamental elements of organisational functioning.

### Shifting mindsets

The switch from the charismatic leader model of communication – focused on selling a vision and getting buy-in from followers – to that of discretionary leadership which aims to influence the mindset of others in the network and shift towards a shared philosophy, requires movement from singularly created meanings to co-created meanings (Table 2). The leader needs to be an active listener in order to gain the necessary understanding of follower needs and

|                 | Communication | Transactional                  | Transformational                                | Discretionary                  |
|-----------------|---------------|--------------------------------|---|--------------------------------|
| <b>Purpose</b>  |               | Give direction to subordinates | Influence followers to buy into leader's vision | Co-create meanings with others |
| <b>Strategy</b> |               | Planning                       | Manufacture and maintain meanings               | Mind-shift                     |
| <b>Outcome</b>  |               | Clarity of goals               | Inspired followers                              | Shared philosophy              |

Table 2. Communication models of leadership

use that insight to shape the vision in a fashion that appeals and inspires followers.

Such bonding and bridging of social capital in order to promote a shared philosophy, not only depends on the leaders' cognitive phenotype but also on the social time devoted to addressing the formal and tacit relational dimensions within the organisation. Open information organisations are characterised by lateral and horizontal patterns of exchange, interdependent flows of resources and reciprocal lines of communications. The diverse interests and priorities of varying stakeholders requires the discretionary leader to navigate through a multiplicity of interests, identifying shared commonalities and ensuring that benefit is derived from participation. Dialogue, a form of communication between two actors, is insufficient when sense making conversations are simultaneously required across multiple actors. Thus, dialogue is substituted by *polylogue* or *multilogue*.

Within polylogue communication, conversations abound, at times being experienced as productive and other times, being viewed as repetitive and fruitless. Emotionally and contextually driven conversations require reinforcement, often involving repetition of the

appreciation of each stakeholder and by judging the degree to which a new convergence of opinion emerges, a breakthrough in terms of mindset shift can be achieved.

As polylogue requires ceaseless conversations, negotiations, compromise, mutual exploration and inquiry, where the range of participants encompassed not only covers the trusted, but also "strange and alien voices", it is critical to also achieve closure on discussions through establishing a new platform of awareness reinforcing the changed mindset. The challenge of achieving closure is clearly identified by Cary Cooper who remarks "inclusive doesn't mean being touchy feely" and continues that shared and inclusive leadership equally has little to do with popularity.

Once established, the philosophical platform enables integration of contrasting perspectives, such as, concern for others (people), economic efficiency (profit), environmental care (planet) and establishing an environment conducive for future generations (posterity). The discretionary leader's challenge is to promote a polylogue environment by providing intellectual as well as process contributions. Teams become as much units of action as learning groups, whereby, reflection on experience and

application effectiveness in government which concludes that leadership has to be considered as a pluralist activity and not an individual cluster of qualities and requirements.

## The responsibility

Individuals who find themselves in a leadership position bear responsibility for the moral state of their constituency. Such responsibility does not solely require establishing the leader's values. Moral effectiveness requires balancing and, if possible, integrating the constituent members' desires and perspectives, and emerging with a collective sense of moral integrity and responsibility. Such considerations are particularly critical in today's complex organisations where leadership is shared. Certain individuals promote leadership from the centre, others hold leadership responsibility on a country or regional basis, still others on a functional/professional basis and yet others have a line of business or product or service responsibility. Simply because leadership responsibilities and accountabilities are shared does not mean a sharing of philosophy, objectives, attitudes or even mission and vision for the organisation. On the basis that the greater the number of leaders potentially the

## Individuals who find themselves in a leadership position bear responsibility for the moral state of their constituency.

same conversation, as much to help individuals face their challenges as to provide them with insights to better enable them to move forward. Providing support, displaying empathy to others, making allowance for people to express their frustrations and going over the same issues so that each individual can gain a greater understanding of the issues facing them, can be perceived as pointless repetition. Reinforcing messages can also, unfortunately, lead to unproductive repetition. However, through greater intimacy of

learning, combined with action, are accepted as an everyday norm. Adopting a polylogue mindset better enables the community to address and discuss the undiscussable issues that require open examination. Thus, the discretionary leader promotes a value trajectory, in which participatory methods used for debate and procedures and tools for guiding debate, form as much the leadership kitbag of skills as do fiduciary and accountability mechanisms, a point supported by research examining policy

greater dissonance, the requirement for polylogue-based communication is heightened. Otherwise the erosion and tearing of the social and economic fabric of organisations will become an everyday experience. The balance lies between desire and a personal sense of responsibility; between the demands of economies of scale and the social needs of the community.

Responding to the economic realities confronting leaders, balanced against providing a sense of care for the community are →

→ paradoxes that any one individual would be unduly challenged to reconcile. Thus, the need for the discretionary leader to co-create futures with others, through involvement and continuous examination of ways forward, balancing short-term, operational demands captured in the accountabilities that confront each leader against attending to the sustainable development of the enterprise. Thus, the philosophy of shareholder wealth is impregnated by the philosophy of stakeholder development. Polylogue, the desired philosophy of communication underpinning discretionary leadership, requires the suspension of judgement until the other's point

of view has been examined and reflection over one's own practice has been undertaken. Discretionary leadership adopts the Socratic perspective of the examined life – “an unexamined life is not worth having” – and only through such enrichment, can all jointly progress beyond leader/follower and shareholder wealth, to shared responsibility and enterprise and community sustainability. ■

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