

You – a good leader?

It is a predictable, if depressing, fact that an economic downturn affects not just the business success of a company but also its culture and morale. The ability to listen to staff and customers, to see the world realistically, to re-examine strategy and to provide a vision of the future are some of the critical skills needed.

All this puts greater pressure on managers. Departments contract and friends disappear. Customer service levels risk decline. Frustrated by the all-consuming focus on the short-term and wary of their own future, some of the best people start leaving for jobs elsewhere. Brand consultants are replaced by cost consultants. How can you do more with less?

So what is leadership?

It is at times like these, of course, that good leadership becomes really important and can have a significant, even critical, impact on policy, people and implementation.

Unfortunately, most of us even have trouble defining what we mean by leadership, either by writing a shopping list of impossibly desirable qualities, or trapping ourselves in a trite and one-dimensional definition. In practice, we know it when we see it, usually when we are being led.

Research by Ernst & Young, as well as others, has thrown up the following insights into what people around the world describe, consistently, as the qualities of a good leader.

- *Communication*

In describing the good boss, people will always refer to communication: the skill to bring them into the picture, be aware of people's need for information, to listen and to empathise on a one to one basis. Importantly, people readily acknowledge that top managers are inevitably more remote in large organisations, yet they still describe the good communicator who, through whatever means or medium, can paint a credible picture of the company's strategy and share their enthusiasm for the future.

These top bosses often spend an essential, yet apparently inordinate amount of time – easily as much as 20% - getting face-to-face contact through meetings, training seminars and plant visits (for n a t i o n's experience click here to be taken to People Communication case studies).

- *Teaching*

Another common and welcome attribute is the leader's ability to teach – primarily, by creating the opportunities to learn. They coach. They allow their subordinates to experiment, they involve less experienced people in important business meetings, giving them an active role. In so doing they recognize that the craft tradition of master craftsman and apprentice is as relevant today in management as it was to cabinetmakers and stonemasons.

- *Trust*

This about the way somebody builds evidence that they can be trusted and that they are willing to trust their people. Trust liberates; demonstrable two-way trust helps people to do more between them, helping, in turn to reach the accountants' goal of greater efficiency in a much more creative manner.

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This is particularly difficult for many well-meaning managers to do when life is tough. There can be an almost overwhelming desire to do things ourselves both in order to demonstrate how useful we are and to minimise, in our own minds at least, the risk of failure. Yet the best way to spread the ever-increasing workloads is to let go, so that others are both more able and willing to contribute their energy and ideas.

- *Strategic Insight*

An effective leader knows, through diligence or intuition, what is going on in the world outside the organisation, what this means for the business and the possibilities this change creates.

They see the opportunity to change the accepted rules of the game and see totally new ways of addressing market needs that leave competitors trapped by a suddenly irrelevant industry infrastructure (See The new thinking – how will it impact your business?) Moreover, they can draw an engaging picture of the future that others can understand.

Whether this is threatening or attractive depends on the circumstances and intent. Often it may be necessary to awaken people to new realities to build anew momentum for change. These skills are the responsibility but absolutely not the exclusive preserve of the handful of corporate leaders sitting on top of the organisation. They are just as relevant but demonstrated differently in middle management.

A marketing manager, or equivalent, probably will not have the responsibility for corporate strategy, but the ability to read the market, to innovate, influence and enthuse colleagues to change is just as critical.

- *Readiness to Commit*

Insight is not of itself sufficient. Leaders also commit. Commitment and strategic insight together help to shape corporate and brand reputation because they ensure consistency and coherence in the way the firm brings its total offer (including, for instance, the behaviour of its people) to market.

When either of these two capabilities is missing, the chances are much greater that muddled offers will make their way, through a confused workforce, to potential customers who are unsure how the firm's products and services will create value for them.

Research shows that, when staff talks of its bosses' commitment, several related behaviours are described: a willingness to take decisions; acceptance of reasonable risk; a readiness to sanction; facilitate and drive change; practical support for people, especially team members and those who are affected by their leaders' actions.

Leading rather than Managing

The pressures of recession push people to manage rather than lead. Attention is all focused on driving the numbers and getting the most from the internal resources we have at our disposal. Less time is spent on the things that are seemingly unimportant – standing back to review strategy and remembering to stimulate roots and branches as well as driving top-down change.

- *Scan the outside world even more carefully*

What a tempting target the market research budget looks when the business is in for cost savings! Yet downturns are just when those climate-shifting inflexions in markets are most likely to occur. This is when customer attitudes turn and disruption brought about through technology or innovation will have the most impact. Keep the market research budget going and consider whether you are spending enough rather than too much.

- *Learn from your people, particularly your front-line staff*

Your people are another source of early warning data. Often they know about subtle changes in market perceptions, expectations, competitor activity and company performance long before this shows up in the figures. Your interest in them could also work wonders for their motivation. (n a t i o n has years of experience in internal staff research, communication and motivation. Please mail Richard Grimes, Partner, richardg@nation.uk.com, for further information).

- *Question the continuing relevance of your strategy and resource base*

The “just one more push” approach to overcoming adversity assumes that you are doing the right thing. You might not be. The effort and time devoted to getting things right, in effect doing the same, only harder, can blind you to the realisation that the strategy may no longer be right or relevant, even if the industry continues to play by the same rules.

One of the reasons that companies do this is because their capability is built around a legacy of resources, both tangible things like plant and equipment, and intangibles such as engineering skills, process knowledge and reputation. It is almost unthinkable that these should cease to have value, yet time and time again history has provided examples in insurance, IT, banking, retailing and elsewhere.

- *See the world as it is, not as it was nor as you wished it were*

It is dangerous to assume that things will get back to normal. Each recession triggers disruptive change, either in the way customers perceive value, or in the way it is created in the value chain. Such times can provide an opportunity to lead change, leaving others to adapt to your new rules.

But to do this effectively, your mind must be open to new possibilities and you must have the commitment to work through an uncomfortable process that may see brands disappear, long established procedures change and jobs affected.

- *Talk about the future and about how to get there*

When the going gets tough it is perfectly obvious to people across the organisation and they will be rightly concerned about their future. They will construe silence on the subject of future plans as ignorance or incompetence.

The only real answer is to talk about the way you see the future. Perhaps surprisingly, we are told that the plans do not have to be fully formed; indeed a more widespread contribution will often improve quality and certainly engage many more people.

Vision is important, but it is the way you articulate it and make it credible, understandable, achievable and ultimately attractive that will succeed in bringing people on board. (It is always desirable, and often vital, for people to “see the whites of each others eyes”. n a t i o n can help companies formulate internal marketing strategies and execute them by events and associated comms. Mail David Carrington, davidc@nation.uk.com, for further information.)

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- *Have the courage to trust your people; reduce your risks through coaching*

There is a vital role for leaders in coaching; particularly in the way things are done around the firm. Since coaching takes precious time, be opportunistic, for example by using travel time on the way back from meetings to discuss content and the individual's performance.

Delegation takes courage, to the extent that people might have to "give away" part of their jobs. But this is still the best way to grow and keep essential skills and experience

- *Learn when to use top-down change - and when not to*

Drastic cuts in workforce and restructuring, in particular, huge conglomerates might achieve short-term goals but they are unlikely to lead automatically to the fundamental changes in culture and perceptions necessary to underpin long-term changes in strategy and fortune.

You need to ensure people are constructively involved in making change and are not simply the victims of change. One example of this was when the massive GE corporation in the USA was restructured. The sweeping, top-down changes were followed by years of "Work Out", an ongoing, employee-led effort to remove unnecessary work and improve the way the business operates. Other examples abound. (Mail Richard Grimes, richardg@nation.uk.com, for further details on n a t i o n's knowledge of change management processes.)

- *Don't put your business in boxes*

Think of your business as a living, dynamic system: whatever you do in one area of operations will affect others. Reducing quality to retain margins, as sales fall will impact repurchasing habits. It will also change both customer profile and reputation (Marks and Spencer, please note).

Changes in the type of customer attracted to the business can affect the long term in subtle ways, as customer lifetime values change. While not always predictable at the start, this can affect businesses for years to come as this cohort of atypical and potentially less profitable customers moves through the business.

The systematic nature of business calls for constant cooperation between functions. When the going gets tough, functions and departments start to defend their corner, to compete for attention and resources, and can come to see themselves as enemies rather than allies. This is the time to exploit your communication talents, developing the internal network and exposing the cause-and-effect linkages between one part of the business and another. (Click here to see n a t i o n's [Capabilities](#))