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## Leadership

The five things that make  
the biggest difference

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## Leadership – in just five principles

There can be few subjects that have attracted so much interest, research and thinking over the years as ‘what makes great leaders?’ If only we could really distil it, replicate it reliably, how different would the world be? And just how much difference would it make to the business performance of organizations in all sectors in every part of the globe?

Alas, that final magic and insight remains elusive – so Hemsley Fraser has not presumed to find it. However, if we had to find just five key ingredients of leadership, is there a practical approach, which would make sense and provoke thinking on this critical subject of leadership?

By way of a short context, we need to briefly look at the tensions and contradictions which surround this important subject.

For example, consider the following views:

### The Leadership and Management debate

- ❑ Leaders lead and managers manage—that is, leadership and management are different and competing skill sets that should be considered separately
- ❑ There is an in-built hierarchy between leaders (at more senior levels in organizations) and managers who execute on a day to day basis

Or

- ❑ Leadership can be evidenced at all levels in an organization
- ❑ Furthermore, today’s organizations need leaders at all levels in order to be able build performance over the long term

### The nature versus nurture debate

- ❑ Leaders are born, not made - people can not be taught how to lead
- ❑ Leadership is intangible and unquantifiable

Or

- ❑ Leadership can be learned and taught – and furthermore, leaders are distinguished by their passion for their own learning and their ability to lead the learning of others

### The age old practices of leadership versus the wholly new challenges for leaders

- ❑ In terms of leadership there is nothing new under the sun to be learned
- ❑ The challenge is with application and translating well known leadership principles into practice

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**Or**

- ▣ There are some completely new approaches to leadership that are required in today's world where technology, global connectivity and the sheer scale of the organizations that we can now create pose unprecedented challenges
- ▣ We are truly 'leading into the unknown'

**Leadership is a constant versus leadership is all about context**

- ▣ Leadership skills are clearly definable, constant and true regardless of context

**Or**

- ▣ Leadership is heavily influenced by context – to the point that failure to adapt to context constitutes a major failure of leadership, with potentially disastrous consequences

The tensions and debates described above are a limited snapshot of the range of widely held points of view about leadership. We do not attempt to resolve all of these. However, we do take a position at certain points in the debate - one that we believe is practical, can be turned into actions for our clients and one which delivers results for individuals and organizations. This is reflected in our Five Principles of Leadership.

## 1. Principle One – Leadership can be taught and learned



The significance of this principle is that means that effective and successful leadership can be observed, described and that core principles and practices can be distilled in a form which can be taught and learned. It challenges the assumption that leadership is innate and somehow in-born.

Clearly some individuals have a greater propensity and motivation to learn about leadership than others – but this places leadership learning in the same category as just about all fields of learning.

There are some important implications which arise from this principle:

### 1.1. Leaders are committed to their own learning – and the learning of others

Not all learners are effective leaders – but all leaders are passionate learners. They learn, practice, reflect and improve as a repeating cycle, throughout their careers. They also do this with a degree of intentional self consciousness, which is proactive (in other words, it is not just provoked by feedback or apparent failure). This is the role modelling element of leadership learning.

At the same time, leaders are characterized by their ability to lead the learning of others. Jack Welch famously said that he spent about 40% of his time developing the next generation of leaders. However, it is a key characteristic of leaders that they consider how to ‘scale what they do’, how to create organizational capacity and therefore, how can they lead the learning of others. This is the coaching element of leadership.

### 1.2. Successful leaders are active learners

What we know about the ways leaders learn convinces us that only about 10% of their learning takes place in traditional settings like workshops and classrooms. The majority of what leaders learn occurs through a combination of coaching (20%) and deliberate practice (70%). Leaders who are passionate learners invariably have individuals they turn to who can coach them through tough times or challenging decisions, and who can provide additional insights and provoke self-reflection at any time. These leaders are also capable of, or have been provided opportunities to stretch their skills by taking on challenging assignments in which they are forced to deliberately apply those skills, observe themselves doing so, and continuously adjusting the skills until they become effective and incorporated into their repertoire of leadership capabilities. In short, learning to lead is about getting out there and leading, but doing so in a very self-aware and deliberate manner, and often with the support of a good coach or mentor.

## 2. Principle Two – The Core of Leadership



With so many models of leadership now in the public arena, are there some core principles of leadership which are likely to hold true, across sectors, across types of organizations and in all contexts? We believe there are and can be described as follows:

### 2.1. Setting a clear and compelling strategic direction

This is a core responsibility and role of leadership, which distinguishes it from implementation. However, our point of view is that this goes a stage further than merely focusing on the ‘top team’ role in setting strategic direction. Again, following the principle of ‘leadership at all levels’, a distinguishing characteristic of successful leaders is that they are able to interpret and shape strategy appropriately for their level in the organization. They think about how to make strategy real and practical at whatever level and how to connect the work of the people that they lead to that strategy. Interestingly, leaders are those who are proactive (not always waiting for the final level of detail and interpretation to come from ‘higher’ levels in the organization). It is sometimes cited that most senior leaders and executives can describe strategy (about 90%), but that a markedly small number (perhaps as little as 4%) can communicate strategy effectively. A counter to this point is that if the organization is committed to growing leaders at all levels, there should be far greater speed and close connectivity in the way that strategy is communicated and interpreted through the organization. In fact, when considering the enormity of interpreting strategy in the world’s largest and most complex global organizations, facing maximum levels of uncertainty, it is no longer realistic to expect the interpretation of strategy to be in the hands of the few at the so-called ‘top’ of the organization.

This is where the value of ‘leadership at all levels’ will manifest itself.



## 2.2. Building momentum and capability/capacity to get there – human, organizational systems and processes and metrics

A key way in which leaders build momentum and capability is through creating alignment of:

- People, so that all efforts are pulling in the same direction. This means that decision making is faster, there is little wasted effort on unnecessary debate or conflict resolution and people at all levels feel motivated and energized to contribute to the full.
- Organizational momentum comes from aligning all systems and processes to support the way that people need to work. This includes IT infrastructure and systems, HR and Knowledge Management. In today's world of virtual, remote and global organizations, alignment of organization wide systems and processes in order maximize human effort, support innovation and reduce re-work and errors is a key differentiator and source of competitive advantage.
- A final and key area of alignment is that of metrics – put simply, understanding how to 'measure what matters'. The way in which leaders set headline metrics and the cascade those metrics through the organization has a profound impact on the effectiveness with which strategy is implemented. Conflicting measures or measures which become 'an industry' yet create little value, are a common shortfall. As it becomes possible to produce ever more information, a key role of the leader is to prioritize, simplify and align this information – so that metrics become a key way to support and harness efforts.

## 2.3. Balancing near term and longer term results

A constant preoccupation for leaders is the maximizing of near term results in response to pressures such as market perception, requirements of financial backers and shareholders with the decisions which may build longer term and more sustainable value. This is an inherent and perennial tension and one to which leaders need to be constantly vigilant. The penalties of poor management of this tension and dilemma can be severe – ranging from hostile takeover of a valuable, but under-performing business (where the shareholders lose patience), through to the short term gains at the expense of starving investment in people, innovation and infrastructure. The results can be equally dismal.

This balance and the tensions within it lead to the whole focus on dilemma management. Leaders need to have an appreciation of the full spectrum of the dilemma – even an 'out of the box' view of the spectrum and have a clear process by which they reach aligned and optimum decisions.

## 2.4. The significance of defining the 'Core' of Leadership

Whatever model of leadership an organization adopts, our point of view is that it must encompass these three core elements. When all are present and working to maximum effectiveness, an organization could be judged as being well led, likely to outperform its peers and have the basis for short term and long term success.

The opposite test is that when an organization is under-performing, where there are signs of organizational stress and malfunction, it will track back to some combination of these three core elements of leadership.

### 3. Principle Three – Leadership is contextual



Having described a core of leadership, the key intervening factor is that of context. The context of the organization and the environment in which it is operating means that certain aspects of leadership assume greater significance than others.

The key is that effective leaders are skilled in interpreting the context and knowing how to adapt and prioritize. For example, when considering a major organizational decision, such as a merger or acquisition, the first focus, prior to the deal, is the strategic rationale, describing this and convincing key groups of stakeholders is an essential leadership preoccupation (a clear and compelling strategic direction). However, immediately post the acquisition or merger, the leadership context is much more around creating momentum, capability and capacity to realize the intended benefits of the strategy. Interestingly, where mergers and acquisitions typically fail or fall short, all experience points to the inability to create alignment, to execute the strategy – however visionary and sound the strategic intent was. Behind this is often the failure of leadership to be effective in interpreting the needs of the context and adapting their focus accordingly.

Whilst this is an extreme example, the contextual factor of leadership is a critical principle, underpinning approaches to adaptive planning and understanding the pace and nature of change which is required. The context dictates whether change needs to be centrally driven, systemic – even disruptive – versus change which is adaptive, cumulative and viral. How leaders judge and constantly review the context is core to how they adapt and prioritize around the ‘core’ of leadership.

### 4. Principle Four – Credibility and Integrity, the ‘Bedrock of Leadership’



The foundation (or ‘bedrock’) of leadership is that of personal credibility and integrity. It has always been an essential foundation of leadership, but has probably assumed greater global significance, during the latter part of the 20<sup>th</sup> century to today. People will follow leaders that they trust – they will even forgive them shortcomings.

By contrast, the most compelling vision, communicated with clarity and conviction will fall on deaf ears if there is fundamental perception that the leaders lacks credibility and integrity. Leadership integrity goes far beyond the basic requirement of 'not being dishonest'.

Fundamental honesty cannot be taught. However, linking back to the first principle that leadership can be learned and taught, our point of view is that leaders can learn to be credible. In other words, there are some key practices that distinguish high integrity leaders who are regarded as credible.

- Consistent framework and approach to all situations and decisions – one which they are willing to explain
- Strong personal values about how people should be treated. This does not mean being 'soft' – it does mean demonstrating fair and consistent standards
- Clarity about what they know and what they can affect – and equally honesty when situations are complex and uncertain

Our point of view is that these practices can be observed, distilled and defined, in a way that means they can be taught and learned.

The principle of leadership credibility is the role of technical credibility. There is a school of thought that leadership is technically neutral (in other words, leaders should be able to move between sectors and organizations, with equal effectiveness). Whilst there is an element of transferability, our point of view and experience is that there needs to some underlying commonality between the sectors and the technical base of the knowledge required. The similarities may be greater between sectors (when considered more from the perspective of their inherent characteristics).

Thus, technical credibility becomes 'table stakes' for a leader. However, the greater challenge is for the highly technical and qualified individual, who has vested many years of development to establish their profile as an expert has to return, almost to baby steps, to establish credibility as a leader. One challenge often levelled at highly qualified experts, in the role as senior leaders, is their lack of discernable leadership. The greater the investment in technical credibility, the greater is likely to be the challenge of establishing a wholly new base of leadership credibility (and, hence, the greater may be the need for focused development).

## 5. Principle Five – Leadership at all levels



It is difficult to approach the subject of leadership without introducing the debate about leadership and management.

This is a real and live issue for many organizations. There are strongly held views which include:

Leaders lead and managers manage – and that is represented in the organization structure and hierarchy of the business

- Leadership and management represent different and distinct activities, skill sets and behaviors
- The delineation between the two is no longer relevant and that leadership should be evident in all levels of an organization

Our leadership point of view is founded on the following approach to this debate and possible point of contention:

- There is a definable craft of management – which can be taught and developed.
- There is no automatic hierarchy between management and leadership. In fact, the converse is true:

**In a healthy, high performing organization, leadership should be evident and recognized at all levels.**

When an organization restricts its definition of leadership, it runs the risk of cutting off opportunities for innovation, harnessing talent and engagement. The concept of leadership being in the domain of the few hinders the ability to respond to the rapid, even disruptive/seismic changes, which are the reality of today's operating environment. It is also the case that the larger, more complex and global an organization is, the more it needs to embrace the principle of leadership at all levels.

In holding the point of view that leadership can and should be evidenced at all levels, this is an important implication which arises from the four preceding principles. This is a challenge to the idea that leadership and management are hierarchical (typically, that leaders are more 'senior' in an organization than managers). This principle, therefore, can be contentious in that it challenges many assumptions about authority, guardianship of knowledge and expertise.

It is intended to pose exactly that challenge because many of those assumptions have either proved to be flawed or have been outgrown by the sheer complexity and realities of global, virtual and dispersed organizations. It has been suggested that whilst we have the ability to grow organizations of truly massive, global proportions, the capacity and capability of individual leaders has an obvious ceiling. A counter to this is the concept that leadership at all levels, which of itself, increases leadership capacity to execute complex and stretching strategy.

Hemsley Fraser's point of view is that leadership at all levels is more relevant to today's matrixed, complex and fast moving organizations. In fact, many of the old hierarchies have broken down or found to be ineffective in responding to and shaping today's competitive and global environment. The concept of leadership at levels opens up many more opportunities for engagement, innovation, talent management and in overall terms, operating effectively in the reality of today.

Our point of view is that Principles One to Four can and should be practiced at all levels in an organization.



## 6. In summary...

The Five Principles, around which our point of view is structured are intended to work together to describe fully effective leadership. There is also a sequence to the principles, which has an underlying and developing hypothesis: In summarizing them, we have also considered the converse of each principle.

### **Principle One – Leadership can be learned and taught**

It is essential to accept this principle as the basis for principles two to five. The consequence of not accepting this principle is that there is little point in going on to define leadership in a way that can be translated into learning.

### **Principle Two – whatever models of leadership an organization adopts, our point of view is they need to encompass the core of leadership**

Should any one element of this core be missing or ineffective, it will have consequences, possibly serious, for the performance of the organization.

### **Principle Three – the core of leadership is further impacted and informed by context**

The ability of leaders to prioritize and adapt, based on context, is essential to building a high performing organization, over the short and long term. Failure to contextualize in an appropriate and timely way is a major source of leadership failure – again, with potentially disastrous consequences.

### **Principle Four – all of the above principles are dependant upon leadership credibility and integrity**

Quite simply, if this is missing or impaired, it is unlikely that any core of leadership or contextualization can be effective.

### **Principle Five – the first four principles lead to the point of view that organizations should look for and actively promote leadership at all levels**

Leadership, as described in our point of view, is the key to building high performing organizations, which have the ability to adapt and sustain performance over the short and long term. In today's organizations and world, a failure to promote and recognize leadership at all levels creates a major ceiling to the ability of the organization to perform over the long term.

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