

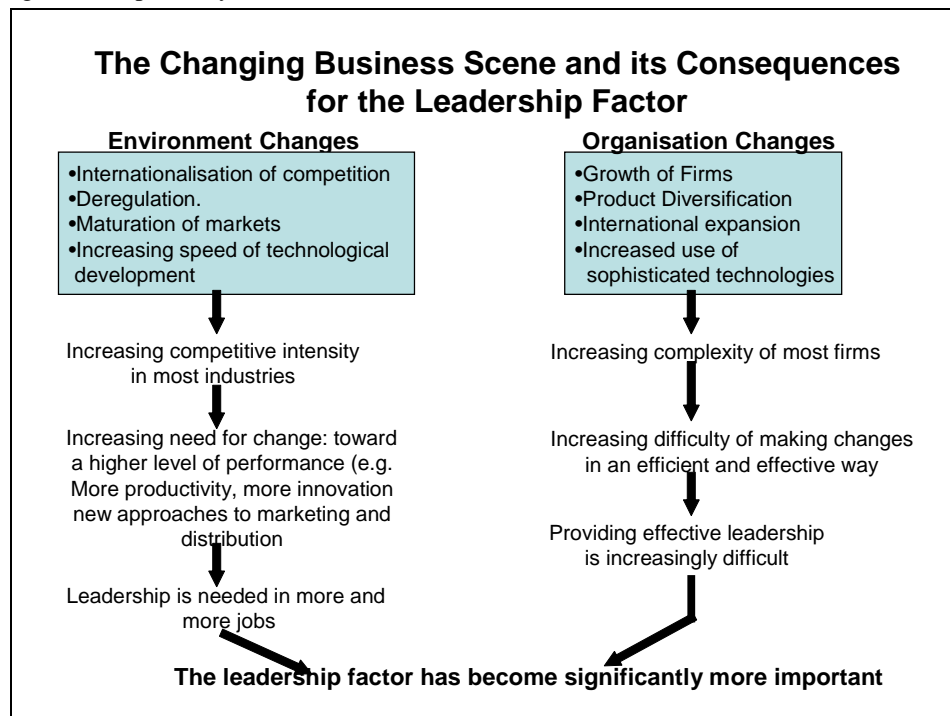
The Leadership Factor: Grooming New Leaders

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As an organization grows and expands and is influenced by the changes in the business environment, the need for strategic direction is critical. So too is the importance of grooming new leaders and having in place a strategy to create leaders.

Given the continuous and increasing pace of change today; changes in markets; changes in technologies; customers and competition; and each change provoking a need to create a new tomorrow, never have leaders been more relevant and more needed. The effects of the seismic changes in mass media and communication for example cannot be underestimated. A recent article in the Economist noted that “the era of mass media is giving way to one of personal and participatory media. This will profoundly change the media industry and society as a whole”¹.

Even the simplest organisations are not easily run today. In order to make the best use of capital, human and material resources, they require sound systems, policies and procedures. In essence they need to be not only managed but importantly, led.



Source: J. P. Kotter (1988)

Organisations today are constantly evolving and changing. They interact with the environment as external and internal changes happen. Peck (1994) suggests “all organisations are in process but the healthier they are the more they will be in process. The more vibrant, the more-lively they are, the more they will be changing and the closer to perfection they are, the more rapidly they will be changing”². In such demanding times, organisations, if they are to succeed or even survive, need strong competent leaders to lead the way. Handy (1995) argues that leadership has to be “endemic in organisations, the fashion not the exception” and that anyone who wants to succeed must “begin to think and act like a leader”³. And how many leaders will any one organization need? Handy suggests many and at every level of the organisation.

Kotter (1988) believes that the growing competitive intensity and the increasing complexity of firms means that the need for leadership is greater than ever⁴. He maintains the situation will accelerate in the future and too date most organisations are wholly unprepared. The world has moved on since then, demands are much greater but the indications are that state of preparedness is probably relatively not much better. The leaders of organisations, large, medium or small, face major challenges as they confront an increasing diversity of people and the complex nature of the business they manage.

There are many definitions of leadership that come from numerous studies over the years. Conger (1992) describes leaders as individuals who establish direction for a working group of individuals, who gain commitment from these group members to this direction, and who then motivate these members to achieve the direction's outcomes⁵. Schermerhorn (1993) describes leadership as the process of inspiring others to work hard to accomplish important tasks.

Bennis (1989) after five years researching a book on leadership described one of his most important conclusions as being the distinction between leaders and managers -“Leaders are people who do the right thing, managers are people who do things right”⁶. Both roles are crucial he maintains but differ greatly. He remarked that he often observed people in top positions doing the wrong thing well. He observed that the study reinforced an earlier insight that many organisations are under led and over managed and do not pay enough attention to doing the right thing, while they pay too much attention to doing things right.

A question that has dominated the study of leadership over the years with little decisive outcome is; are leaders born or made? Is leadership a function of nature, or nurture? Opinion in general suggests both. Handy (1989) maintains that some people are born leaders but the question is how we will know, indeed how will they know and how can they show their leadership abilities unless they are given an opportunity⁷. He suggests that to some people it is natural for them to lead and they will do well. Others will dislike it, but unless you have had the experience and were provided with an opportunity to practise it in some way, you may never know. Leadership has to be experienced by one's self and seen in action by others to be recognized. No matter how much training or how many lectures you sit through, you aren't fully acquainted on performing a new task until you get in there and actually do it.

Such questions are at the heart of leadership planning for many companies large and small. In today's business environment if you do not have a supply of leaders across your organisation and others positioned to step into leadership roles a company could easily fall behind.

So the importance of leadership is accepted but the question is how one should go about acquiring it. To gain the key leadership skills it is not surprising to learn that the more effective method of doing so is to “learn by doing.” This notion has been proven time after time. It seems people learn more when they do the work, drawing in the ideas, the people and the resources, making the mistakes and improving over time.

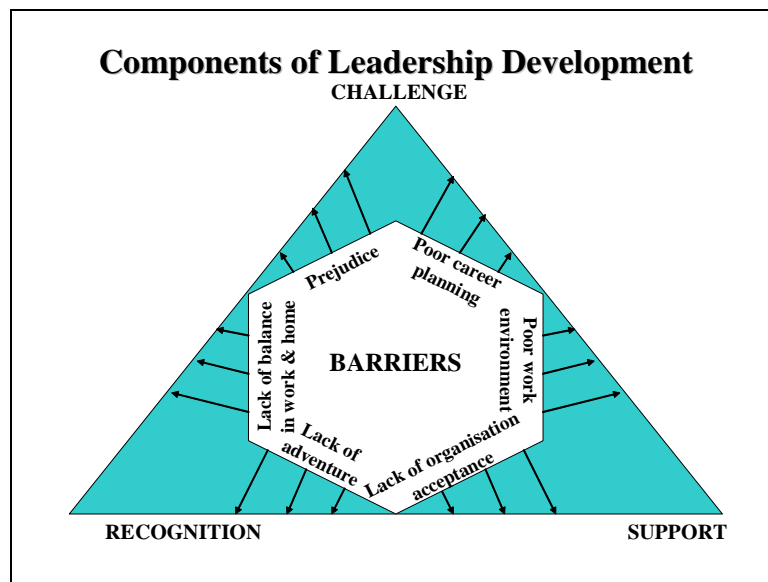
Kotter (1990) in an extensive study of executives in some very successful companies determined that such leaders early in their careers had opportunities to lead, take risks and learn from their successes and failures⁸. He identified the following leadership developmental opportunities:

- 1) Challenging assignments early in a career;
- 2) Visible leadership role models who were either very good or very bad;
- 3) Assignments that broadened knowledge and experience;
- 4) Task force assignments;
- 5) Mentoring or coaching from senior executives;
- 6) Attendance at meetings outside a person's core responsibility;

- 7) Special development jobs (executive assistant jobs)
- 8) Special projects, and
- 9) Formal training programs.

Without such development opportunities, how likely are future leaders to recognize leadership qualities in themselves? There are some that can see it in themselves; there are those that need to be informed. Talent needs to be nurtured: Many times it takes someone else to recognize that an individual can think beyond their job, can think bigger, and have the potential to make a bigger impact.

Morrison (1992) proposed a model of leadership development in which she suggests balancing the following three critical components for sustained leadership development: challenge, recognition, and support⁹.



Source: Sondhai (1999)¹⁰

1. Challenge: An organisation needs to ensure that potential leaders are tested regularly through challenging assignments that ensure the individual grows and is exposed to the difficulties and stresses to be faced in a leadership role.
2. Recognition: This includes acknowledgement and rewards for being successful.
3. Support: Sufficient resources, both financial and people, should be made available to the potential leader so that an opportunity to succeed presents itself, as opposed to providing a challenging assignment that is doomed to fail due to lack of support.

Morrison goes on to point out the barriers to leadership development. These need to be minimised.

- Prejudice: Assumptions people hold which prevent them from seeing the new, which is clearly the requirement of a leader.
- Poor career planning: Leaders do not just happen, and the only person responsible for becoming a leader is the individual.
- Poor work environment. The work environment should encourage creative and innovative thinking that also allows the potential leader to fail, so as to learn.
- Lack of organisation acceptance: leadership is a political game, and the key is to win the key influencers.

- Lack of adventure: Potential leaders may well be afraid to step out of their world of comfort, thus preventing the development of the networks and links required.
- Lack of balance between work and home: part of the role of the organisation is to provide an environment that is balanced and does not encourage development at the expense of family life.

Not long ago the Ford Motor Company faced dramatic industry overcapacity and near-flat worldwide sales. Its business model perpetuated stability. Its stocks were trading at less than ten times earnings. Its CEO argued that the company had become too rigid, too slow and to keep pace with the competition, he believed it needed to find new ways to innovate - fast. What was required he felt was to drive down decision making into the ranks, to enable, "nimble leaders at all levels." He wanted to have people at all levels of the company who would take risks and who could make decisions¹¹.

The company had always attracted and nurtured capable managers and technicians, but failed to do the same for change agents and leaders. So it embarked on a sweeping attempt to mass-manufacture leaders. It wanted people who had the courage and skills to topple old ideas, and who believed in change passionately enough to make it happen.

Ford sent about 2,500 managers to its Leadership Development Centre to instil in them not just the mind-set and vocabulary of a revolutionary but also the tools necessary to achieve a revolution. It demanded that leaders themselves do the teaching, because teaching would make them stronger leaders. It set out to create "total leaders" who could effectively integrate their work with family and community. It enforced group work, both as an instructive learning vehicle and as a way to promote employees' understanding of Ford as a whole. It demanded feedback and accountability.

At the same time, Ford needed business results and so every element of its leadership-development strategy was rooted in action. The company set out to shake up its people on the basis that a project that created discomfort promised great learning and profound improvement. The company's new leaders were actually responsible for instigating discomfort, for forcing change up to the higher levels of an unwilling organization, while the CEO forced it down from above.

Interestingly an article in the Irish Times dated January 2007 reported Ford Motors losing a record \$12.7billion, their biggest loss in their 103 year history¹². Perhaps 'grassroots' leadership was a bridge too far?

From a small business perspective, small businesses typically don't produce either good managers or good leaders. They tend to be one person and a strong figure, who perhaps founded it or who was second-generation family, and the troops underneath not particularly good at managing or leading. In a relatively benign environment that style of approach would perhaps be adequate where you've got a solid and substantial share of the market and not much competition. That would be a dangerous road to take in the kind of business environment a lot of companies are in today."

The key message is that organisations must continually evolve in this fast changing global market place and those that don't take a big risk. To do this, organisations need leaders across all levels in order to improve their chances of long-term success and must plan accordingly. Organisations must place an increased emphasis and focus on enhancing leadership skills and provide a leadership development programme which emphasizes the critical importance of a change, creativity, innovation, people skills, motivation and enterprise. A key challenge is to inspire those who play a key role in the organisations future and the best way to learn is to do it. Organizations need to offer suitable challenges, recognition, and support to prospective leaders, as well as minimizing the barriers for sustained leadership development. One thing is certain, the leadership factor is significantly more important than ever before and needs to be on the strategic agenda of all businesses today.

Fergus McDermott, 29th January 2007.

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- ² Peck, M Scott, *A World Waiting to be Born*, Arrow 1994 page 435
- ³ Handy, Charles, *The Age of Unreason*, Arrow 1995, page 106
- ⁴ Kotter, J P, *The Leadership Factor*, The Free Press, 1988.
- ⁵ J. Conger, *Learning to Lead*, (San Francisco: Jossey-Bass, 1992), page 33.
- ⁶ Bennis, Warren (1989), *Why Leaders Can't Lead*, Jossey-Bass, page 18.
- ⁷ Ibid, Handy.
- ⁸ J.P. Kotter, *A Force for Change: How Leadership Differs from Management* (New York: Free Press, 1990), 124-125.
- ⁹ Morrison, A.M. "The New Leaders", Jossey-Bass Publishers, 1992 (cited in Sondhai R, Total Strategy, Airworthy Publications 1999, page 100)
- ¹⁰ Sondhai R, *Total Strategy*, Airworthy Publications 1999, page 100)
- ¹¹ Hammonds K.H. *Grassroots Leadership – Ford Motor Co.* Fast Company 2006
www.fastcompany.com/online/33/ford.html
- ¹² Reid. John. *Ford Motors loses record \$12.7bn.* The Irish Times Business This Week, January 26, 2007