



Developing leadership skills across an organisation

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- Leadership effectiveness is a complex concept, but it can be distilled to a team's achievement of planned objectives, with satisfaction in the process, while the organisation as a whole meets or exceeds predetermined targets
- Staying close to the front line is vital for any leader, including talking to people at all levels of the organisation, visiting retail outlets or the shop floor and working openly alongside those who are doing the real work
- Successful leaders not only lead within their organisations, but manage and coach their teams as well

It follows that organisations which invest carefully in leadership development — at all levels of management — will nearly always be rewarded with improved results.

This article explores the following questions, as valuable considerations when determining how to enhance the leadership skills in any organisation.

- What defines leadership effectiveness?
- Is competence the same as leadership effectiveness?
- What approach should we take if staff survey results point to leadership being a problem?
- How can leaders ensure that everyone in their team is carrying out the right activities in an effective manner to drive business success?

Defining leadership effectiveness

Leadership effectiveness is a complex concept that attempts to capture many components including organisational outcomes and a wide variety of personal and interpersonal behaviours.

For organisations in which employees or stakeholders are significantly influenced by decisions and actions taken by others on their behalf, leadership effectiveness might be defined as the successful exercise of influence that results in accomplishing planned organisational objectives.

A narrow view of leadership describes one role or perhaps only a few formal positions for which specific behaviours and activities are required. In this case, only the CEO and some senior team members might be the leaders. A wider view recognises that leadership at all levels from a divisional manager to the front line is vital, as every team member contributes to the accomplishment of organisational objectives.

What options might a chief executive (CEO) consider when a previously successful division starts underperforming? In some circumstances a new divisional leader is appointed to address the situation.

If all goes to plan, the new leader achieves renewed motivation and alignment across the team, and the operation turns around with output and profits returning to acceptable levels.

Why does this happen? How can one person make such a difference? The answer is that effective leadership truly matters. The successful new leader will be disciplined enough to apply their relevant skills and knowledge with a crucial understanding of human emotion to create the right environment for this team to want to succeed.

Leadership exercised in appointed management roles at any level of the organisation must be measured by the ability to link vision to strategy and objectives, and subsequently to manage and coach critical activities to deliver on these objectives.

Leaders will be considered effective when the group of people they are privileged to lead achieve planned objectives, when those followers experience some measure of satisfaction in the process, and when the organisation to which they all contribute achieves or exceeds predetermined targets.

Is competence the same as leadership effectiveness?

Imagine being an insider at a listed company selling glassware to a multitude of retail outlets across the country. It manufactures its own product, procuring raw materials from a variety of sources. It has been in business for many years, with solid experience at senior management level.

Around mid-year our key supplier has a fire in its factory. Our chief operating officer (COO) acts quickly to change supply to another preferred supplier. This new supplier has a slightly higher price point, but this is accepted given the supplier can immediately provide raw material. As such, production is not stopped or even slowed.

As this is happening, the chief financial officer (CFO) is experiencing some systems issues. He can normally deliver flash results to the management team on the fifth day of the month. But a bug causes more workarounds than normal and the flash results are eventually delivered 15 days after the month end. Some assumptions have to be made, but the CFO is reasonably comfortable with the data, given it is for internal reporting only. He is commended by the CEO given he has been working nights and weekends to produce the management reports.

The marketing and sales director is preparing to launch a mid-year sales drive in response to pressure from retailers anxious to boost volume. Her team come up with a smart campaign and negotiate favourable terms with a decrease in price to offset the ever present challenge of imported competitor product.

One month later the COO walks in to the senior management meeting, happy that he has able

to maintain production. The marketing director enters, happy that she has negotiated good terms with retailers. Sales are up which she reconciles with production being on track.

The CFO is running late to the meeting. Fifteen minutes later he arrives, ashen-faced, with the flash results. Margins are down 25 per cent for the month. The CEO stares; 'What do you mean?' Costs are up for the month by ten per cent. Revenue is down by ten per cent. The impact — margin compression.

The COO suddenly realises he has negotiated a three-month arrangement with the new supplier to ensure production can be maintained while their preferred supplier ramps up again after their fire. The marketing director gulps; her terms with the retailers are for the next two months.

The CFO then announces that those were the results for last month, but there is worse to come. 'I've now been able to forecast for the next quarter. Costs will stay ten to 15 per cent above forecast. Sales are forecast to be ten per cent below because of a more aggressive assault by a competitor (who is even more worried than we are about overseas imports). We're looking at a 25 per cent drop in margin for the next two months at least. We'll need to speak with the board, and will have to update the market.'

Leadership means interacting with other leaders

How can leadership be interpreted in such a situation? Clearly the senior executives individually made decisions that they felt to be right at the time. They did what they were paid to do. What they did not use, and more importantly what they did not have in place, was a process or structure to help them work as a team with respect to key situations that arise. They made decisions in relative isolation. Each was aware of the issues facing the others, but all were busy running their own parts of the business.

A wider view recognises that leadership at all levels from a divisional manager to the front line is vital, as every team member contributes to the accomplishment of organisational objectives.

Were they competent? Leadership competence requires (among many criteria) a mix of knowledge, technical ability, appropriate interpersonal behaviours and the ability to solve problems, including complex issues. As individuals leading their own teams, these individuals quite possibly were competent.

However, the question of their leadership effectiveness must be considered in the context of the entire business. Effective leadership applies vision and strategy, manages complexity, understands interrelationships, and manages situations holistically.

What could these executives have done differently? How could each executive have foreseen the impact of the interrelated issues? This is where a practical approach to effective leadership can be useful. Vision, goals, strategy, planning, execution and review are all known principles. However not all companies have a process to ensure that each of these steps is led and enacted appropriately when required. Some might argue this is the role of strategy. But what if you don't have a strategy team in place?

The answer is relatively simple. Teach your managers how to lead, manage and coach their teams to address specific situations. Most importantly, teach and reinforce the logical management process of vision, goals, planning, execution and review. Then coach them through this process to think internally and externally to their specific operation when resolving problems. Teach them to consider 'what ifs'. And encourage them to teach and guide others through the same process.

Staff survey results and leadership

What approach should we take if staff survey results point to leadership being a problem?

Some critics might ask why you would have to do a staff survey to establish if leadership is an issue within the organisation. Senior leaders, if effective, should know already — if they truly have their finger on the pulse of the organisation.¹

The TV reality series *Undercover Boss* follows senior executives of large corporations as they anonymously perform frontline roles in their organisations, to find out first hand what's going on and how the operations could be improved. They discover for themselves what the environment is like for their frontline workers, how people are led and

managed, and quickly learn about the effects senior management decisions have on their people.

This is not an option for small to medium-sized organisations. And not every large company has the appetite to send senior leaders on such covert missions — let alone for these exercises to be documented for viewing on prime time television. But the message we learn from the show is that staying close to the front line is vital for any leader. This means talking to people at all levels of the business, visiting stores or the shop floor and working openly alongside those who are doing the real work.

In one of Australia's largest banks, each senior banking manager is assigned control of at least one customer account. It's much easier for them to know how their organisation's internal processes work when they're required to use and experience those systems rather than merely lead others to do that work. When they find evidence of a glitch, a break in the service chain or poor leadership at any level, their first hand experience provides both the motivation and insight to address the issue.

Staff survey results indicating leadership problems at any level nearly always signify the need for leaders and employees to get to know each other better, and for leaders to get out in the trenches more often to experience the actual workings of the business. The more regularly leaders do this; the more likely they'll be able to diagnose and resolve crucial issues before they escalate.

A structured framework to manage and assess leadership performance

How can a leader at any level ensure that everyone in their team is carrying out the right activities in an effective manner to drive business success? Success as a leader depends on the ability to lead, coach and mentor your people effectively, or to ensure that the managers working for you are effectively leading their people in their teams, all the way to the front line.

Anyone managing teams should perform and be assessed against the distinct roles of *leading*, *managing* and *coaching*.

Leading

The role of leading involves promoting the vision and purpose of the team, and then agreeing and communicating goals to achieve the vision. People strive when they believe in a vision, especially if it's something exciting and worth striving for.

An effective leader will consistently articulate the vision of the business or the team with simple messages, repeated often. They will then ensure that everyone knows and fully understand their team's goals as well as the personal targets they need to achieve to deliver on that vision. A well-led team will also know how they are performing against those goals.

Managing

The key to managing is to know what's going on in the team and across the business. Regular meetings to create plans and monitor activities are just the start.

An effective manager will observe and inspect, track key activities and results constantly, and check in with team members to find out their perspective.

Coaching

Finally, effective leaders know how and when to coach, and will ensure that everyone in their team is coached to help them improve their skills and deliver on their goals.

There's no perfect mix of leading, coaching and managing. The balance may change depending on what's happening with the team.

Effective leaders will focus on implementing actions and behaviours that support each of these essentials to ensure they are best equipped to handle the issues that invariably occur — such as changes in management, adjustments to business objectives or challenges from the market and the economy.

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Notes

- 1 For more information about staff surveys, see Bennett L, 2012, 'New generation employee surveys for the entire C-suite', *Keeping good companies*, Vol 64 No 7, pp 431–433 ■

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