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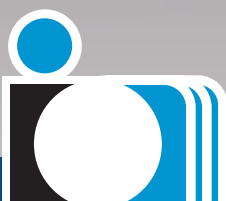
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Cover feature

Building and sustaining a strong leadership culture



Building and sustaining a strong leadership culture

Unfortunately, most organisational cultures evolve by default rather than by design. Philip Atkinson and Robert Mackenzie demonstrate that high-quality performance cultures can be shaped through developing the right leadership strategies. Their contention is that without leadership there can be no strategic thrust, change and improvement. Ultimately, they believe the degree to which your organisation will succeed or fail is dependent on your leaders' actions and behaviours.

When considering the strategies available for influencing others and forming a strongly focused performance culture, there is only really one effective option: concentrate almost completely on the dominant style of leadership within the organisation. In these difficult post-recession times, we have to rethink our

organisational capability to operate in a highly unpredictable environment. This is true not only for the private sector, but also for the public and third sectors, which have some extremely challenging decisions to make in order to structure their organisation for change.

You might ask why leadership is so important, rather than organisational redesign or any other management process. Our experience tells us that leadership is much talked about but practised infrequently, and we know it is critical because without leadership there is no strategic change. Culture change programmes can be designed and implemented, but unless they are driven with a focus, a determination and with passionate commitment, it is unlikely that they will succeed and generate the outcomes required.



You may not agree, but we are certain that organisations driven by leaders with strong positive values will take their organisations to places that others, driven by their passive counterpart, can only dream about.

Transformational or transactional?

There is much debate over whether management should be transactional or transformational in nature. We prefer the latter. We much prefer the term 'leader' to 'manager', as it portrays a much stronger position and role. Leadership implies ownership of issues, concepts, taking charge, being action oriented, influencing events and having a personal mission with responsibility, as well as being a role model for others. On the other hand, the 'manager' can be restrictive in interpretation and imply a preference to focus on control, administration and co-ordination. It generally appears to be more passive in nature and tends to avoid the proactive, can-do element of true leadership. You may not agree, but we are certain that organisations driven by leaders with strong positive values will take their organisations to places that others, driven by their passive counterpart, can only dream about. We also agree that transformational leaders can be independent and somewhat difficult to manage; but much better to have a strong team challenging how things are done than one that is overly conformist and orthodox in approach. Great transformational leaders challenge the obvious and temper this with managing thoughtful risks in a reasoned manner.

Start with the end in mind

It goes without saying that the qualities of those who lead the organisation ultimately influence the quality of your achievements as a business. How can you have a culture focused on quality improvement if you do not encourage staff at all levels to demonstrate that they are high-calibre individuals? Just as a coach of a hockey, rugby or football team gives careful consideration to the composition of that team, so the top team of any organisation should give attention to the composition, development and core attributes and characteristics of its key people.

It is obvious that the key players will either be those who report direct to the top team or to the most senior level within the organisation. So with an enterprise of 2,000 people, if you can positively influence the top 100 staff, then you are in a very strong position to impact business performance for the better. This means that by focusing your efforts on working with just 0.5% of corporate staff – that is, the top team and their direct reports – the natural outcome, if well designed, is to shift the performance of the whole business significantly for the better. A carefully designed leadership change strategy, focused upon the key players of the organisation, will significantly and radically improve corporate performance and breed a success culture more able to deliver customer satisfaction.

True business transformation

When companies commit to business transformation, they invest in technology, telephony, process improvement, protocols and new ways of working. It does not matter how much is invested in these resources if the right leadership is not in place. The bottom line in quality improvement is that the effectiveness of an organisation is, fundamentally, down to how people are led and managed. It is not about quality methodology or systems, it is about how people are led. If the management of people is designed to make a difference to performance, there should be a strong cause-effect relationship between great leaders and their teams achieving much more than those who demonstrate poor or confused leadership.

Our belief is that informed and targeted investment in shaping leadership behaviour will translate immediately to bottom-line results, including providing best practice and best value. In this post-recession economy, it is critical for organisations to commit to the fundamentals of developing a performance-enhancing leadership style to drive significant business transformation.

Shaping the business culture

Leadership in business transformation delivers significant and measured improvement in performance at all levels. An initiative focusing mainly on improved delivery to customers, consumers and end-users through the application of technology, telephony, web portals and processes addresses only the tip of the iceberg in terms of change. Leadership in business transformation goes far beyond this commonly accepted understanding, to designing the organisation to be continually self-renewing. To do this requires a shift in strategic mindset from transacting business to creating a legacy.

Mindset change

We are sure that for the really successful business giants, such as General Electric, Apple, Microsoft, Tesco and Marks & Spencer, transformation means far more than just managing and administering daily transactions. It requires a pioneering mindset of focusing on strategic goals and translating these into their business operations. Leadership has to be reflected in the behaviours and actions that ultimately impact the customer for the better. It requires that processes are fit for purpose and capture the interest and loyalty of existing, new and old customers and clients. What enables this to happen is a shift in leadership from merely focusing internally on administering and transacting day-to-day operations to outwardly transforming the business to achieve a state of customer-focused self-renewal.

Shaping culture and performance

The two most important factors in shaping any business culture are both derived from the behaviour demonstrated by those who lead and control the business. The first is what it is to



which leaders pay most attention. For instance, if leaders of a business invest time in their people and generally make a deliberate attempt to improve quality and customer responsiveness, that is what people will see and experience. However, if they fail to develop their people and instead spend too much time on the little things to the detriment of employee, customer relations and corporate performance, that is what will be clear to everybody. It signals what is important – and what is not.

The second driver of effective performance is how leaders respond to critical organisational incidents. If there is a major loss in business or the possibility of corporate restructuring or possible acquisition, how leaders respond will strongly signal to staff at all levels what is a priority and what is not. Leaders and senior staff often fail to recognise that grapevine comments are generated, circulate and grow because of what others see and feel from their leaders' behaviour and actions.

Corporate culture and morale can be seriously affected through the perceived and often unintentional bad behaviour of key people. Consider these examples from Philip Atkinson.

Working with a large financial services business on a major project required some restructuring, which was all agreed well in advance of any communication to the staff. On the day when several negotiated voluntary redundancies were to be announced, two directors from the six on the board of management conveniently absented themselves, not wanting to be seen as part of the process. It was alleged they were taking a few days' holiday, when in fact they did not want to be available for difficult questions from their staff. They left it to HR to manage the questions and issues that arose. This is clearly a case of not leading by example.

However, in another situation, when working with the IT division of a major bank, all the directors actively committed to deliver the bad news when they had a similar message to convey. The difference in the behaviour of the two examples is obvious. The first team did not take their leadership role seriously and avoided shaping the climate for the business, whereas the team from the bank made and delivered the difficult decisions and did what they could, personally, to see things through. It is not difficult to see which organisation had a strong ability to drive and lead change.

People are boss watchers

Most of us spend time observing the behaviour of others more senior to us and we quietly assess whether they are living the values they allegedly espouse. But be careful, because others will be also be observing your behaviour, because you may be their boss or have an authoritative position to uphold. Doing what you say and saying what you do is critical in establishing a consistent management style that will spread throughout the organisation. We devote time to focusing on what it is to which the top people pay most attention, because that is what shapes the culture, teamworking and the performance of every single organisation.

Account and sales leadership

If a key Account Manager fails to drive the importance of customer retention and customer focus, it is a clear sign to all those who report to him or her of what is important. If referrals and client and customer visits are the order of the day with a direct intention to drive rapport with existing and potential customers, that is what the team will see and emulate. However, if a Sales or key Account Manager is more concerned with pumping volume and keeping costs to the bare minimum, that is the example by the team may well choose to follow.

Look in the mirror

The acid test for any leader is to take a good look in the mirror and see what it is like to receive his or her behaviour. We encourage organisations to streamline their structure swiftly by examining the dominant values and leadership behaviours presented top to bottom. The purpose of this is to establish the behaviour that leads to significant and enhanced performance, and differentiate it from that which does not. Dominant behaviour from the top tiers of the business determines the dominant style of management that will flow throughout the organisation, and for new people joining the organisation there are clear pointers of how to behave.

Leadership behaviour is what is received

Most behaviour is unconscious. Although people are conscious of what they are doing, they may not be conscious of their motives and the impact this has on others. They may not be conscious of how their behaviour is received, unless they have a high degree of sensitivity seeking feedback on their style.

For this reason, we regularly design specific 360° leadership assessments, looking at leadership behaviour not only from a solitary managerial standpoint through self-assessment, but also by winning the support of others. We ask co-workers, peers and colleagues for feedback, as well as direct reports and others involved in any direct or indirect supply chain relationship. In a sales or business-to-business context, we often seek feedback from customers or business partners, so that managers can take a reality check on their personal performance.

This activity is an excellent tool to assess the potential of managers and leaders and is a powerful way to structure a succession process within an organisation. Huge returns can be experienced when tailoring training and all development activities towards adding value to all team workers. Often this exercise will generate a whole list of questions: here are the top four.



1. Who is a leader?

Anyone who manages anybody is a leader. Anybody who has responsibility for the performance of others is a leader. If you have staff reporting to you, your results are determined by how well you lead your people. A manager can leave today and a new recruit takes over tomorrow. The style of leadership will significantly shift how he or she leverages people to deliver the results. Leadership has a major impact on the performance of teams. Also, consider the solitary individual with a more technical specialism: is there a role of leadership for this person? Of course, he or she is part of a supply chain and needs to demonstrate strong team behaviour to ensure that the supply chain is strong, firm and delivers to expectations. This person will influence how others operate.

2. Is there a difference between a manager and a leader?

Yes, a major and fundamental difference. We consider managers to be more transactional in nature – that is, dealing with processes and protocols focusing upon the administration of the system to the detriment of the future of the business. Managers may do the job right, but leaders will do the right job. Leadership is about transformation and is largely to do with challenging the way business is achieved.

'Leadership is the significant factor impacting upon organisation performance and one that many organisations need to address.'

This requires an enthusiastic manner and ability for creating a strong vision for the organisation and ensuring that leaders inspire others to achieve this performance. Transformational leaders will devote time to thinking out of the box, taking thoughtful risks and building strong teams of people to work across boundaries and silos.

3. Can you have too much leadership?

We have yet to find an organisation that does, although there are plenty of businesses that are making great strides in how they drive for change. The real focus should be on what can be done better, quicker and in a more customer-focused manner. Leadership can soon be created and the effect of a strong leadership programme will be instant. Think now: in your organisation, what percentage of those who manage others are true leaders in how they behave? Now consider if it were possible to increase that by a factor of 10–15% – to create those with the attributes to drive sustained change and improvement – what effect would that have on your business performance?

4. What benefits can be expected from a strong leadership programme?

- Behaviour will be clarified, which will immediately lead to improved team performance
- Leadership will exist by design rather than by default and will quickly highlight desired ways of working and team building away from strictly task-led behaviour towards becoming more creative and strategic
- Development activities can be designed specifically to support managers as they manage the transition to the strong transformational model of behaviour
- Clear signals will be given to new recruits or those new to a managerial career
- Morale within teams will increase because team members will be expecting and experience a freedom to succeed, simply because trust will take over from control
- Performance management will be taken seriously and new measures can soon become tangible
- Most importantly, those who are early adaptors will be able to support those who take a little more time to practise the skills

The focus of the organisation will be on achieving the best from their teams. It is pretty obvious that the real benefit accrues to organisations that attract and retain the top talent in their field. In 2010, new recruits of high calibre are a scarce resource for many organisations. To attract such quality people, organisations will need to demonstrate a positive healthy culture in which they can grow and prosper. Those companies that fail to develop sound strategies to attract and retain strong leaders will not have the best choice of the market.

The leader is not employed to be a super-independent and sole performer but, rather, committed to achieve results through others – so that ultimately leadership is about creating an empowered culture that is self sustaining.

Characteristics of effective leaders

We know that effective leaders pursue transformational type behaviours, but what specifically do they need to do more and less of in terms of driving change through team work? We call these the top five Es.

- **Energy** Leaders must be able to energise themselves, to display a high degree of energy to demonstrate their resilience and their ability and stamina to contribute in a demanding business. Energy means being positive. It is unlikely that someone who displays inactivity and a lacklustre desire to improve things will be able to work closely with challenging projects. Energy is what keeps people out of bed at night and at the same time gets them up early in the morning. Successful people generally tend to be early risers and are able to achieve more with less.
- **Enthusiasm** Self-confidence is a strong key to effective leadership. If a leader fails to display self-confidence and has a less than positive image and low self-esteem, it is unlikely that he or she can inspire others to superlative performance. The major factor holding people back from achieving their potential is their personal beliefs about what they can and cannot do. The oft-quoted statement from Henry Ford perfectly reflects this sentiment: 'Whether you think you can or you think you can't, you're right.' People with low self-esteem and a pessimistic attitude will not wish to move as readily out of their comfort zone as those who generally are optimistic and positive and believe that life is going to turn out OK anyway. Dealing with this leadership issue is a golden opportunity for the organisation to commit fully to the development of the potential of its people.
- **Energise** Those who can energise self and work independently of others will only be partially successful. How can we expect others to have a passion for a subject if the leader is less than enthusiastic? Energising others demonstrates a consistent way of behaving that illustrates some positive actions that others can emulate and master. The leader who understands how important it is to get team members to express themselves confidently and with pride will probably commit to improve his or her own influencing and persuasion skills.
- **Execute** Managers who prevaricate and weigh up all options in minute detail before they are prepared to make a decision will never become leaders. Leaders have to be decisive after taking in relevant data, weighing up the pros and cons and then acting. Here, execution of the decision becomes the norm. People who fail to make decisions fail to learn from their experiences.

We suspect that more learning comes about when decisions did not go as expected. In many ways, good leadership comes from experience, some of which involves a degree of failure. Good leadership comes from learning when things that do not go so well, not just from successes. So, if you never make decisions you probably have never experienced some partial failure and hence no learning. Managers who fail to make decisions until they have every piece of the jigsaw puzzle will never make anything



happen in their organisations, because they are probably too afraid to move away from their comfort zone. Leaders who are decisive have to be equally good at ensuring that others understand what is expected of them and the methods for implementing and sustaining changes from the decisions made. Here a leader who is 100% committed to rigorous decision-making will know precisely how much support he or she will have to give people to help move them the next rung up their own personal performance ladder.


- **Edge** The top 10% of people in any profession or business will never need to look for a job; they will always be in demand and will be valued by their employers. Living on the edge is to be seen as being knowledgeable and curious for new ways of looking at current problems and thinking creatively to dream up new solutions. Being always alert and open to new ways of working is what characterises sharp people who live on the edge in terms of considering new ways to behave and experience new situations. They challenge the way things are done to improve performance and are wise in how they use their time to best effect. We personally believe that no one should need to spend more than eight or nine hours a day at work to achieve their objectives. If they need more time, they are probably doing someone else's job or not being sufficiently skilful or disciplined to differentiate the high priority/high payoff activities from the non-value-added work.

Our research indicates there are multiple behaviours that demonstrate effective leadership behaviour and these can depend on the context of the organisation and the challenges facing it. These behaviours are pivotal to leadership performance and our experience is develop the person inside-out, so that the benefits accrue both to the individual and the organisation.

Summary

Leadership is a critical issue for many businesses. Talent is increasingly a scarce resource and the methods for sustaining the flow and retention of good quality people are not in abundance. Competition for the best people will intensify, implying that potential recruits have a choice of working with a strong leadership culture or someone else. Our experience is that high flyers choose the former.

Organisations and their top teams committed to developing a strong culture composed of high-quality people know that leading by example is a critical competence to display outwardly and in the policies, strategies and processes that hold the organisation together. Many organisations today still do not realise they face a leadership challenge. It is worth knowing that those organisations that can implement strategies for continued and sustained improvement will be those peopled by high flyers, and these do not just evolve and gravitate to your organisation by accident. They have to be developed, coached and ultimately retained and groomed for senior positions and challenges.

By now you will be aware of the numerous benefits of developing a strong leadership style that is fundamentally based on transformational behaviour. We think you will agree that it is surprising that many organisations neglect or fail to commit to investing in their most vital people: those who lead others. Some organisations believe the change to transformational leadership is beyond them. If that is the case, they should commit to combining a strong blend of a transformational and transactional leadership styles with an equal respect for the talents demonstrated by each style. But note that the results for the business can be immense, once your business has established a strong leadership style. Those who achieve a strong leadership culture will be able to sustain any drive for change and guarantee a competitive edge for the future. 

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Suggested reading: This book is available from the Webshop, call 01536 740105 to order.

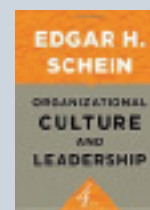
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When one brings culture to the level of an organization and even down to groups within the organization, one can see clearly how culture is created, embedded, evolved, and ultimately manipulated, and, at the same time, how culture constrains, stabilizes, and provides structure and meaning to the group members. These dynamic processes of culture creation and management are the essence of leadership and make one realize that leadership and culture are two sides of the same coin...Leadership [must possess the ability and willingness] to step outside the culture that created the leader and start evolutionary change processes that are more adaptive. This ability to perceive the limitations of one's own culture and to evolve the culture adaptively is the essence and ultimate challenge of leadership.