

# The path to leadership

Developing a sustainable model within organisations





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# The path to leadership

## BUSINESS GUIDE

Editor: **Julie Hill**  
 Art director: **Jenny Eade**  
 Junior designer: **David Twardawa**  
 Production manager: **Karen Gardner**  
 Contract publishing director: **Jonny Summers**  
 Editorial director: **Stuart Rock**  
 Commercial director: **Kate Cazenove**  
 Chief executive: **Mike Bokaie**

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# Introduction

**E**ffective leaders, who can inspire their people to realise their personal and collective potential, are often the deciding factor between a company being good at what it does and achieving greatness. Given the competitive advantage that strong leadership can deliver, the plethora of books, courses and schools of thought that abound on the topic is understandable. Yet still there is uncertainty as to what a good leader looks like – and even more confusion about how leadership potential can be identified and cultivated.

The competition to find those with the enigmatic skill set that makes a good leader is often intense. So how should organisations go about identifying people with leadership potential and developing them into the leaders of the future? And crucially, how can they ensure that they create an environment where leadership skills are nurtured and valued?

In this guide, we have brought together leading academics, management journalists and those who have achieved leadership success in order to provide a central reference for those looking to recruit, retain and develop leadership talent. This guide should also prove an invaluable resource for those looking to foster the development of their own leadership skills or those of their team.

Harvey Nash is often required to assist clients in identifying people who can add real value to their organisation, whether on an interim or permanent basis, so we are well versed in identifying talent. Our expertise is also called upon by our candidates, who look to us for guidance on their career progression and developing their leadership skills.

It is in this context that Harvey Nash is proud to sponsor this CBI guide. We hope that it proves to be a valuable and enduring resource both for up-and-coming leaders and those already at the helm of their organisations, who are looking to develop the leaders of the future.

# Foreword

**L**eadership remains a topic of fascination among business practitioners and academics alike. What are the distinctive qualities that enable men and women to inspire great loyalty in employees and to achieve outstanding business success? What are the defining characteristics of leaders that people follow?

From commitment and vision to strategic execution and decisiveness, the qualities of the effective business leader are many. However, while these “hard” qualities remain as important as ever, the business world is changing. There is a growing recognition that “soft” skills, such as communication, delegation and trust, play an equally important role in the leader’s armoury.

As markets are subject to constant change – be it through regulation, technological shifts, M&A activity or changing consumer tastes – it is crucial for today’s business leaders to mix hard and soft attributes to achieve success. They must win the hearts and minds of their employees. And they must be nimble, adaptable and able to bring their people with them through changing times.

In this guide, we explore some of the styles and qualities that are employed by leaders from around the world and we offer practical help and guidance for individuals and organisations that want to develop their leadership talent. Throughout we have included contributions from leaders from the worlds of business, sport and politics, offering their views on their own leadership style and what makes a great leader. We hope that these contributions will provide role models and inspiration for current and future leaders.

In short, this guide offers a wealth of discussion, insights and practical advice on leadership, a goal to which all our members should aspire. We hope that it will encourage ambitious executives to develop their own talent, while convincing current leaders of the imperative of creating leaders for the future.



# 1

## What is leadership?

Simple definitions of leadership remain elusive. Good leaders are multi-faceted by nature and employ different qualities at different times.

Robert Heller, management journalist

Leadership never goes out of fashion. Management fads and fancies come and go, but the reality of leadership cannot change. The fate of businesses is determined in large measure by the actions and inactions, for good or ill, of those in charge of the enterprise. Not surprisingly, many writers have sought to explain and expound the nature and essence of effective leadership, so that its lessons can be studied, learned and imitated.

The catch is that no two leaders are exactly alike, and neither are their leadership styles or actions. Take two men who probably rank as the greatest business leaders of their eras (and certainly as the richest) – John D Rockefeller I of Standard Oil and Bill Gates of Microsoft. There's little in common here save enormous ambition and

a ruthless (to put it mildly) attitude to competition. You can't teach these behaviours at business school.

### The difficulty of definition

All the same, in 2004, the *Harvard Business Review* devoted a whole issue to leadership, testimony to our ongoing fascination with the subject. Yet the contributors couldn't escape the fact that leadership is hard to define, elusive to grasp. It's like being in love: you just know when you've got it – and when you haven't. It isn't simply management, but without good leadership managers must flounder. They have to know "who's in charge here?" Just as important, they must know where the leader is leading.

Authority and purpose (abundant in both Rockefeller and Gates) are the two pillars on which all leaders build. If the authority is weak or wobbly, or the purpose is ill-defined and wavering, effective leadership is lost. That truth, however, doesn't take you very far, especially in the 21st century. For a start, who is the leader? Businesses have become much more complex, and it's not realistic to expect one man or woman to lead every aspect of this complexity, or one leadership style to fit all cases.

### The cult of the chief executive

Yet the literature, from journalism to gurudom, blandly denies this self-evident truth. The cult of the chief executive still flourishes. The cultists hold that you simply appoint somebody with the right leadership qualities, whatever they may be, incentivise them with the promise (and reality) of inordinate rewards, and leave them alone to lead in their own omniscient way. The analogy is military. The CEO is a mini-Wellington, the "man on horseback", armed with charisma and genius, who will rouse the troops and destroy the competition.

This fantasy has been exploded time and again, mostly by abject failures. In 2005, *Fortune* magazine looked at 20 "epic decisions", some "breathhtakingly smart", like Sam Walton's 1983 decision to transform Wal-Mart, already hugely wealthy, into super-colossal stature by creating "the world's largest private satellite network". But other epic decisions were "appallingly stupid" (like Gerald Levin's destructive merger with AOL, which wiped out half of Time Warner's value). At least these contrasting epics define a major part of the leader's role: to ensure that necessary decisions are made as necessary (the easier bit) and that the decisions are right (the difficult part).

### Decisive and courageous

This necessity points to two surely indispensable qualities for good leaders – that they are decisive and expert at mobilising the contributions of others (above all, their colleagues) to the decision-making process, thus improving both the quality and the acceptance of decisions. That sounds clear enough, but it misleads in a vital respect. Sometimes excellent leadership demands ignoring everybody else, inside and outside the company, and doing what you, the leader, know to be right.

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In 1985, Andy Grove and Gordon Moore of Intel astounded associates by abandoning memory chips, the origin and core of their great business, and switching to micro-processors – thus creating a far greater business (and changing the world). Again, that suggests another indispensable quality: courage. Sure enough, bravery features on most lists of leadership attributes. But what if the pair had been wrong? The future hinged, not on their courage alone, but on other commonly listed attributes.

Indeed, Grove and Moore exemplified what one such list names as “inner and outer strengths” of the leader. In taking their momentous decision, they deployed other inner strengths besides courage, above all vision, but also self-belief, results focus (Intel was losing money on memory chips) and integrity. They were greatly helped in forcing through the transformation by external strengths involving others – their communication, visibility, commitment, team work and attentiveness.

#### **Contradictory qualities**

All very admirable. But there’s a problem with such lists. As with motherhood, few will speak against those strengths. But is that any more than lip-service? What do the fine words actually mean in practice? They are certainly poor guides to

effective leadership. Taking a bad decision boldly may show courage, but has nothing else to be said for it (witness Levin and AOL). Many terrible tycoons, moreover, have been all too visible (for example, Robert Maxwell). And as for results focus, that has notoriously led to wrong-headed actions governed by the leader’s slavish addiction to the share price.

Vision illustrates the gap between fine words and harsh realities especially well. Early in Lou Gerstner’s celebrated reign at IBM, he made the PR mistake of denying that he had any vision for the company. At the time, over-arching plans for future glory were all the rage in leadership, and Gerstner had to backtrack briskly. But nothing really changed. The leader went on masterminding IBM’s pragmatic switch from hardware to services as before.

#### **Preparing for the future**

As it happens, IBM’s strategy has buckled since Gerstner’s departure – so perhaps the critics of his lack of vision were not so wrong. A leader is inevitably judged by his or her results in the here and now. But strategy unfolds in a future when the leader may be long gone. Good leaders envision and prepare for a future which will excel the present and enable their heirs to build new and larger achievements on the inherited foundations.

Rockefeller’s Standard Oil empire was split up by the federal trust-busters. But the biggest component, Exxon Mobil, is to this day the second largest company on earth – and the biggest profit-maker. From early on, this first billionaire businessman (just

like mega-investor Warren Buffett today) exhibited one supreme talent of leaders who build for the future: selection. Rockefeller picked excellent colleagues and delegated authority widely and wisely; indeed, he attributed his success to putting his trust in people who he had given reason to trust him. The great man demonstrated that confidence by retiring from active business in his fifties.

#### **Handing over the reins**

In the modern era and in another country, Japan, Soichiro Honda of automotive fame did likewise, observing that he didn’t understand computers and it was time to quit – anyway, he hadn’t looked at any operating documents for ten years. Honda was ahead of his time. Today, many high-tech leaders are stepping back from operations while still in full vigour. Perhaps the best example is Bill Gates – still only in his forties when he moved away from operations.

These anecdotes make a crucial point. Excellent leaders do not hog power, but share power among effective deputy leaders to whose selection and development they pay enormous attention. One of *Fortune’s* epic decisions belongs to Reginald Jones of GE, who in 1980 deliberately picked as successor Jack Welch, a tough maverick whose nature and management style were entirely different, but who could be trusted to shake GE up from top to bottom.

Welch in turn devoted much of his second decade in power to choosing his own successor. He settled for Jeff Immelt, who has put imagination and marketing ahead of the financial and production emphasis of the Welch era. There have been many other examples of building a different future by backing different heirs. For a fabulous British example, look no further than the transfer of the Tesco leadership from Sir Jack Cohen and his family to a new generation that has transformed the business.

#### **Defining the essence of “achievers”?**

Do Welch and Tesco’s Sir Terry Leahy (see profile on page 12) have any more in common than Rockefeller and Gates? Not surprisingly, all four careers fit the label “achiever”, one of “Seven Ways of Leading” identified in the *Harvard Business Review* by David Rooke and William R Torbert. An achiever “meets strategic goals, effectively achieves goals through teams, juggles managerial duties and market demands”. The achiever is “well suited to managerial roles, action- and goal-oriented”. That, you might think, wraps it up.

Not so – even though, when it comes to implementing the strategies (the authors’ acid test of leadership), the achiever significantly outdoes three other ways: opportunist (“wins any way possible”), diplomat (“avoids overt conflict”) and expert (“rules by logic and expertise”). But the achiever in turn is beaten to the performance

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punch by three others: the alchemist (“generates social transformations”), the strategist (“generates organisational and personal transformations”) and the individualist (“interweaves competing personal and company action logics”).

### Multi-faceted leadership

Yet how can any other way work well without the achiever’s ability to effectively achieve goals through teams? For that matter, how can the achiever succeed without at times using the powers of the diplomat, the alchemist, etc? And why does the achiever account

for 30 per cent of the research sample, three times as many as those described as alchemists and strategists, if the latter ways are truly “most effective for organisational leadership”?

One answer is that the definition of leadership – in this study, as strategic implementation through transformation – obviously affects judgment of its quality. Second, the good leader is never restricted to one “way of leading”, but is multi-faceted. The leader of Toyota’s “impossible”

invasion of the US car market, Seisei Kato, compared his brilliant leadership to chess: he was by no means always king – “sometimes I was a foraying rook, and at other times I hustled about as part of the fighting force like a bishop,” he said.

### Commitment and adaptability

Most importantly, Kato “led the ‘troops’ myself”. Deeply involved personal commitment is the constant around which true leaders play their many parts, suiting their actions (and acting) to changing needs and circumstances. At times, even strategy may be subordinated – for example, when crisis threatens an organisation’s very survival. That’s when the turnaround experts (or company doctors) come into their own, deploying formidable, high-speed powers of command and control to lead the patient back from the brink (see chapter six on interim leaders, page 45).

IBM’s Gerstner is an outstanding example, both of a turnaround man and, perhaps, of the latter’s notorious inability to see beyond the crisis and cure to a bright new strategic future. There are some who believe that leaders in general are now in a similar fix. In his latest book, *Re-Imagine!*, the iconoclastic guru Tom Peters calls for “New Leadership... The Ultimate New Mandate”. Leaders and led alike, Peters believes, “don’t have a clue” about what the “new mandate” entails. So he offers leaders 50 heretical ideas.

### Towards a new model of leadership

But heresies like admitting “I don’t know”, honouring rebels and encouraging freaks no longer sound that heretical. Peters’ demand that leaders push their organisations into the “value-added stratosphere”, while also creating new markets, sounds very

much like the direction in which Jeff Immelt is trying to lead GE. In an age whose motto should be innovate or die, innovatory leadership is surely essential. The old order rested on hierarchy and the cult of the chief executive. The new order rests on radical initiatives and freer organisational forms.

Those demand a major shift from hard-nosed command and control (the classic military model) to what Daniel Goleman labelled as “emotional intelligence”, whose chief components are “self-awareness, self-regulation, motivation, empathy and social skill”. Emotional intelligence emerged as star of the show in the *Harvard Business Review* special on leadership – rightly so, if you believe that, in a world of fragmenting markets and sub-dividing organisations, genuine self-managed teams will be the building blocks of successful business.

In team leadership, all the hard attributes – from authority and purpose to decisiveness and the need to achieve – weigh as heavily as ever. But they will wither without the softer qualities – from collaboration and delegation to trust and sharing power. Hard and soft need each other for either to contribute fully to the brave new paradigm – the effective leadership and creation of other leaders.

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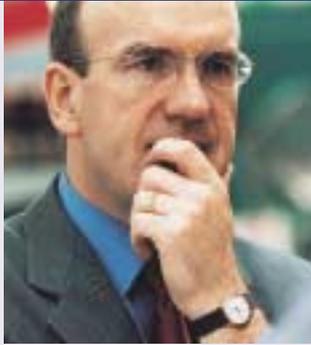
## “PERSONAL COMMITMENT IS THE CONSTANT AROUND WHICH TRUE LEADERS PLAY THEIR MANY PARTS”

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**ROBERT HELLER** is Britain’s best-selling author on business management. He was the founding editor of *Management Today* and successfully launched other business titles, such as *Campaign*, *Computing and Accountancy Age*. He is the author of *Thinking Managers* with Edward de Bono.

## Leadership profile: Sir Terry Leahy



Look-up “lead” in the dictionary and you will find dozens of entries. These include the usual words that you would expect – “control”, “direct” and so on. But the definition that catches my eye and sums up how we feel about leadership at Tesco is “to cause to act, think, feel or behave in a certain way”.

I don’t believe you can lead by central control or diktat; certainly we don’t at Tesco. How can I sit in my office and micro-manage almost 350,000 people around the world in 13 different countries with even more different cultures? Obviously I can’t.

This is why we don’t settle for one leader; we want thousands of them. To get them, we devote a great deal of time, energy and money to developing our staff, with one in ten being targeted for training and promotion. We also look for local leadership – leadership that is close to our customers. Indeed this has been one of the secrets of our international expansion.

So successfully led businesses create lots of leaders from within and don’t rely on a small number at the top. But for those leaders to really flourish, they have to be able to operate within a clear and consistent framework. In order to be free-thinking, they have to have the discipline of a guiding purpose and values.

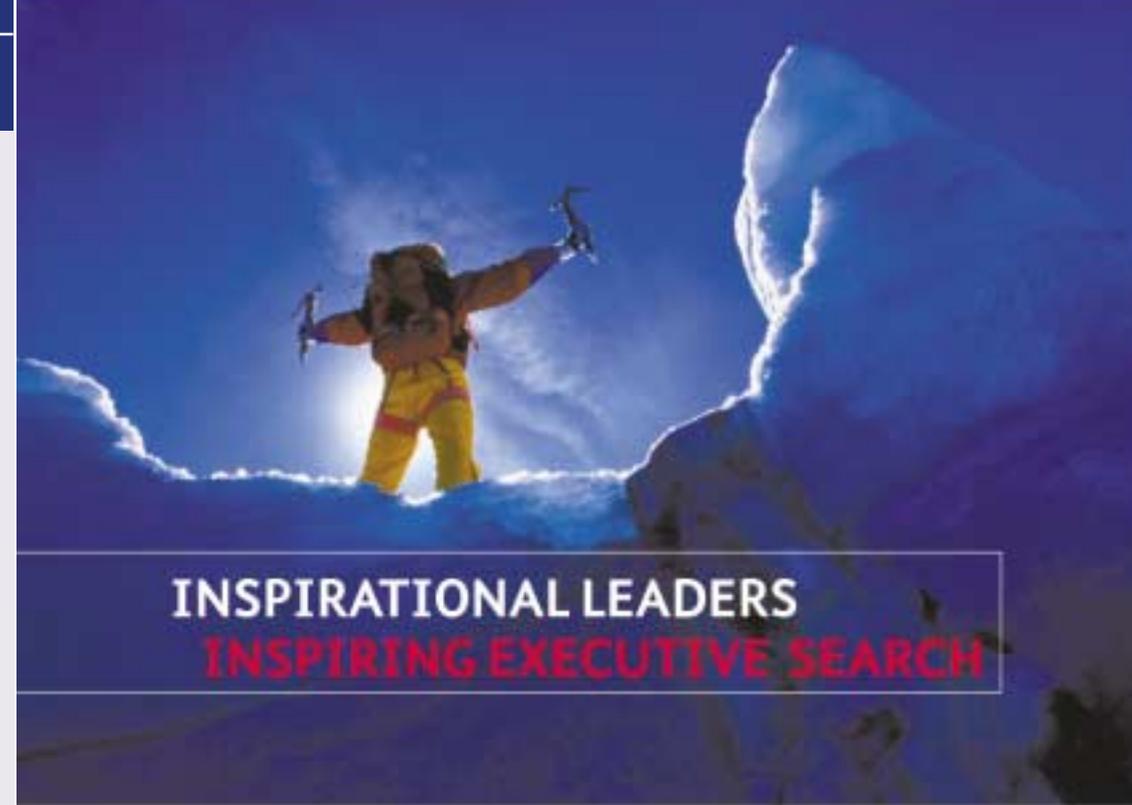
Another element of successful leadership is keeping things simple. In a large people business such as Tesco with hundreds of thousands of staff and millions of customers, you have to. People need to understand what is expected of them and how they can contribute to the company. So no management jargon, because it is a barrier to understanding. Simple thoughts, simply expressed, simply communicated that relate to the jobs people do and how they go about doing them.

I have talked about looking for leaders in your people, but I would like to conclude by talking about the importance of looking for leadership from your customers. I know that sounds strange, but remember that old adage about a leader being someone who will take you to places you would never go on your own. Well, if you allow them to, customers will do that for you.

If you really listen, they will tell you exactly where you are as a business. They tell you the painful truth, they are not worried about careers or promotion and they don’t hide bad news.

They will also tell you exactly where you need to go if you want satisfied and loyal customers. What’s more – if you try – they will support you all the way. Now if that isn’t great leadership, I don’t know what is.

Sir Terry Leahy is CEO of Tesco plc, the company which he joined as a marketing executive in 1979. Sir Terry received a knighthood for services to food retailing in the 2002 New Year Honours.



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## 2

### Cross-cultural leadership

In a global business landscape, what effect does national culture have on leadership styles and behaviours?

Monir Tayeb, School of Management and Languages, Heriot-Watt University

**T**he process of organising a group of people and managing them in order to get certain tasks done and certain goals achieved has probably been with us since the days of our hunter-gatherer ancestors. The techniques and styles have obviously changed and evolved over the millennia, but the notion of leading a group of people to achieve one's vision has remained the same.

However, leadership doesn't take place in a vacuum. Take the context of business. Various factors in the environment within which a company operates influence its shape and content, including the way in which its employees are led. This environment is more complex for a company with business interests and activities in different parts of the world because of the sheer variety of factors at play. Correspondingly,

the styles and behaviours of leaders and top managers in such a company will inevitably reflect the variety and complexity of its environment.

#### The evolution of management theory

The influence of environmental factors has not always been appreciated by scholars and practitioners. In the early part of the 20th century, management theorists tended to ignore the environment in which organisations operated. Instead they argued for a universalistic "one best way" of organising companies and prescribed bureaucracy as the most rational and efficient model for organisations. This universalistic approach is epitomised by Henry Ford's method of car assembly production and style of employee management.

It was only in the late 1950s and 1960s that this approach was challenged, and in the 1970s, the contingency theory of organisation was developed. The premise of this theory is that the survival of an organisation depends on its efficient and effective (optimum) performance, which in turn can only be achieved if the organisation responds and adapts to its environmental demands "appropriately".

Early universalistic leadership theorists identified two distinctive leadership dimensions or styles – concern for production and concern for people – both of which were argued to have a profound impact on employee performance, regardless of the context.

Moving on from an emphasis on leadership style to an emphasis on leadership behaviour, Fielder (1967), one of the chief proponents of the contingency theory of leadership, argued that although both these behaviours are important, their relative importance for performance varies, depending on situational factors.

In other words, the appropriateness of leader behaviour in terms of task orientation or employee orientation depends on the specific situation in which the leaders find themselves.

Fielder's situational factors and environmental variables consisted largely of internal matters, such as the characteristics of employees, the size of the business, production technology used, company ownership and the like. One of the major elements missing from Fielder's analysis was national culture and its influence on the way in which employees are led and managed.

#### The effect of national culture on leadership

Many scholars have written about how culturally-influenced, work-related attitudes might affect different aspects of organisations. For example, they have explored the effect of attitude to power and authority, tolerance of ambiguity, risk and uncertainty, honesty and interpersonal trust, commitment and work ethic, individualism, collectivism and group orientation (see, for example, Hofstede, 1980; Tayeb, 1988; Trompenaars, 1993; Gatley et al, 1996; and Schwartz, 1999).

Furthermore, it has been argued that people-related issues, such as employee management and leadership, are more readily influenced by culture compared with

“hard” aspects, such as financial and technical matters (Tayeb, 1988). For example, the power relationship between subordinates and their managers is likely to reflect the general pattern of power and authority in any junior-senior relationships as present and accepted in the national culture.

#### Leadership expectations

It is clear that people living in different parts of the world have different expectations from those who are in leadership positions – be it a country ruler, a local community leader or a senior member of the family like a grand old uncle or grandfather. Following the prevalent custom in the culture, leaders discharge their duties in a way that is compatible with those expectations; if they do not, they will lose the respect and affection of their followers and, in the case of political figures, be thrown out of office one way or another.

For example, in cultures with a preference for paternalistic, benevolent and autocratic leaders, managers are looked up to like father figures who know best. In cultures with a preference for participative and consultative leadership styles, the leader or manager is viewed by his or her subordinates as just another team member

who contributes to the discussions the same as anyone else, but also makes the final decision having regard to other views expressed.

#### Employee perceptions

The way in which employees perceive their leaders – as employee-orientated or task-orientated – appears to vary from culture to culture. A study conducted in Britain, US, Japan and Hong Kong by researchers at Heriot-Watt University (Tayeb, 1995) shows that there are some behaviours which are associated with a high employee-orientated (M) behaviour by respondents in one country but not by those in the other.

For example, US and British employees described their managers as M leaders if they helped them with their work-related issues and provided them with the necessary equipment and training to perform their job properly; the Chinese and Japanese did not. Meanwhile the Chinese and Japanese regarded their managers as an M leader if he or she discussed employees’ personal difficulties with other group members in order to find solutions for them; the US and British employees did not. Indeed many of the latter viewed such discussions as an invasion of their privacy.

#### Leading people across cultural boundaries

In a series of interview-based research projects conducted in the UK subsidiaries of multi-national companies (MNCs), the present author observed further cultural

differences in the ways in which senior managers “led their people” (Tayeb, 2005). Here is the British HR director of a Japanese MNC subsidiary describing how the parent company’s ways of thinking have been introduced into the UK site:

“It was agreed that we would give bonuses [of £250, because staff had met all their targets in the first period] and I said I would arrange for payroll to pay these. The Japanese MD was horrified. He said ‘what do you mean? You’ve talked to me about how these people should be congratulated and looked after. If you put it in their pay packet, who is going to shake their hands and say thank you? Why don’t we give them cash?’ I automatically thought it was nonsense, because no one uses cash in the UK [as a form of reward]... What he was really getting at is that the real point of contact was to thank people personally rather than just shove something in the payroll. My conditioning for many, many years had been that you reward someone by throwing cash in their pay packet”.

This example illustrates clearly different styles of leadership and employee management at work and the influence of cultural norms in the respective leaders’ home countries on those behaviours.

Consider the following example from France. The Scottish site of a French multinational had replaced assembly-type production methods with team-based cell manufacturing without informing the HQ. Mr X, the then 72-year-old owner of the company, found out accidentally that the Scottish subsidiary in Dundee was taking managers off the shifts as part of the new system (he saw the managers as “the guys who did the business”). He was livid:

“Mr X bumped into someone in the UK who said, ‘You want to see what Dundee are doing’. Immediately he said, ‘What? You’ve done what?’ and started flying people over from Dundee to explain themselves.”

This example illustrates the French owner’s intense intolerance of any deviation from HQ policy. It is also interesting to note the contrast with the Japanese way of showing disagreement with local managers.

Managers sometimes use informal and even unorthodox styles to lead their companies and achieve their visions. Consider this example of a senior expatriate manager in the UK subsidiary of an American company. He is trying to encourage his British employee to get on with his ideas the way it is done at the HQ back in the US:

“One American manager was sitting in his office; the then production control manager approached him with his proposed forge plan on a sheet of paper. The American read it, carefully folded the piece of paper into a paper aeroplane, threw it out the doorway, and said ‘follow it.’” (Tayeb and Dott, 2000)

This reflects the straight-talking “what you see is what you get” style which characterises inter-personal relationships in cultures like the US. Compare this with the Japanese manager’s nuanced and more subtle approach, described earlier, which is characteristic of many eastern cultures.

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EXPECTATIONS”**

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## People-orientated leadership

Great leaders inherently recognise the importance of their people and a robust people management strategy. Take Jeff Bezos, the CEO of Amazon.com. In a letter to shareholders, customers and employees, he sets out his vision and philosophy:

“It would be impossible to produce results in an environment as dynamic as the internet without extraordinary people. Working to create a little bit of history isn’t supposed to be easy, and, well, we’re finding that things are as they’re supposed to be! We now have a team of 2,100 smart, hard-working, passionate folks who put customers first. Setting the bar high in our approach to hiring has been, and will continue to be, the single most important element of Amazon.com’s success.

“During our hiring meetings, we ask people to consider three questions before making a decision: Will you admire this person?... Will this person raise the average level of effectiveness of the group they’re entering?... Along what dimension might this person be a superstar?” (Source: author’s email communication with Amazon.com in 2001)

Of course it is difficult, if not impossible, to say whether these different approaches are rooted in leaders’ respective home country cultures or their company’s organisational culture (see below) or something else. What is clear is that these leaders employ different leadership styles and ways of managing their employees.

## Leadership and clash of cultures

Cultural differences between employees and their leaders can at times create misunderstanding and lead to tension in MNCs and international joint ventures. The situation can be further exacerbated where perception of cultural affinity obscures the real cultural differences between the people involved.

O’Grady and Lane’s (1996) investigation into Canadian retailers operating in the US appears to confirm this view. The authors found that although the Canadian companies in their sample began their internationalisation by entering the US, a country culturally closest to their home country, when one looks beyond the sequence of entry to performance, one encounters a paradox. Instead of similar cultures being easy to enter and to do business in, the researchers argue, it may be very difficult to enter these markets, because leaders and managers may not be prepared for differences.

A case study of three US manufacturing firms operating in Britain (Tayeb and Dott, 2000) provides another example. Despite the perceived closeness of British and US cultures, this study found that significant differences do exist between the UK and the US, which have direct implications for the work environment and leadership styles.

Certain American qualities – can-do attitude; emphasis on entrepreneurship and innovation; positive attitudes to change and future orientation; legalist approach to contracts; informality yet preference for written rules and procedures; preference for human resource management over unionisation; industrial relations practices (such



as hire and fire policies, patterns of negotiations with unions and working arrangements) – manifested themselves in work-related behaviours, actions and attitudes in the three American MNCs’ subsidiaries investigated in the study.

While on the British side, a dislike of change, strong traditional values, past orientation, flexibility yet a preference to work according to the rules and industrial relations practices and policies (such as the divisive them-and-us attitude, negotiation patterns and shift-work arrangements) were present in these subsidiaries. These differences had created a certain degree of tension and frustration and at times had resulted in visible cultural clashes.

## Leaders and organisational culture

In addition to the national cultural environment within which a company operates, the corporate culture and “ways of doing things” also have a significant bearing on how employees are managed and led.

The shape and character of corporate culture may in turn reflect the founders’ vision, values and philosophy, as well as those of the leaders who are currently in charge. William Hewlett and David Packard, Kiichiro Toyoda, Thomas Watson and Sir John Harvey-Jones are but a few examples of leaders who have left their imprints on the companies they founded or led at crucial points in their history – Hewlett-Packard, Toyota, IBM and ICI respectively.

It is worth noting that company leaders and founders take their national cultural value system and heritage with them to the companies they found and lead – Kiichiro

Toyoda's Toyota is as much a Japanese company as Sir John Harvey-Jones' ICI is a British one and Jeff Bezos' Amazon.com an American one.

### Conclusions

This chapter argues that leadership styles reflect the complex context in which companies operate. Task environment, national culture and corporate culture, influenced by values and visions of past and recent leaders, are major ingredients of this context.

From time to time, the question of best leadership practices and their implications for company performance surfaces, but research evidence shows that the company's wider context cannot be ignored without detrimental effects on its performance.

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**MONIR TAYEB** is an honorary reader in the School of Management and Languages at Heriot-Watt University, Edinburgh. She has been teaching and conducting research in cross-cultural studies of organisations since 1976. Her current interest is in the human resource management policies and practices of foreign multi-national companies located in Britain.

## Leadership profile: Rudolph Giuliani



Reuters

Optimism, ethics, preparation and teamwork are all vital for leaders, according to former New York mayor, Rudolph Giuliani. But standing up for your beliefs is most important of all.

During his eight-year spell as mayor of New York, Giuliani won a reputation as a strong leader. His tough, "zero tolerance" approach to law enforcement saw the overall crime rate fall by half. But it was the Brooklyn-born lawyer's response to the terrorist attacks on September 11, 2001 that proved his defining moment. While President Bush remained out of sight for much of the day, Giuliani demonstrated great personal courage by visiting Ground Zero and co-ordinating the city's response.

His words that day were inspirational and were seen by many as playing a key role in helping people to get through the crisis. "Tomorrow New York is going to be here," he said. "And we're going to rebuild, and we're going to be stronger than we were before... I want the people of New York to be an example to the rest of the country, and the rest of the world, that terrorism can't stop us."

Such optimism is a central tenet of Giuliani's leadership philosophy. But more important still is knowing what you stand for. "There are many qualities that make a great leader, but having strong beliefs, being able to stick with them through popular and unpopular times, is the most important characteristic". He cites Winston Churchill and Ronald Reagan as examples of people who were steadfast in their beliefs in the face of widespread opposition.

But as well as firm beliefs, it's important to have a clear sense of ethics. "You have to have ethics and morality, and you have to have a sense of right and wrong... winning is only fulfilling if you do it through the rules, and you do it by being able to contribute to other people," he explains.

Good teamwork is essential. "No leader ever operates on his or her own," says Giuliani. "A leader needs to know his strengths and weaknesses and figure out how to counterbalance the weaknesses."

A successful leader also needs to be well prepared to ensure their organisation is able to deal with a constantly changing series of threats – from crime and terrorism to economic and market factors.

As Giuliani says of September 11: "We had prepared for many things. We had all these emergency plans, 25, 30 of them. We had an emergency plan for airplane crashes and for building collapses and for high-rise fires and for terrorist bombing, and I realised that every decision I was making came out of one of these plans."



# 3

## Identifying future leaders

Finding leadership talent is a challenging task. How can companies create a talent-spotting culture and retain their future leaders?

Nick Marsh, joint managing director, Harvey Nash Executive Search

Successful organisations invariably have strong leaders at the top. If those organisations are to continue to succeed, they need leaders in waiting ready to move into these senior positions when required. Similarly, throughout the different management levels in an organisation, it is important that each leader is grooming their number two – or several number twos – as potential successors.

Succession planning is clearly an essential activity for the senior executive team in any organisation. At the top of any chief executive's list of burning issues is the need to identify people with the ability to join the management team, to develop upcoming talent, and to strengthen any weak spots in the current line-up.

Identifying people with leadership potential isn't easy. As Jeremy Webster, head

of learning at people development consultancy, Water for Fish, points out: "There is no magic formula."

### Different leaders, different circumstances

What's more, adds Webster, organisations need different types of leadership talent at different stages of their evolution, and powerful leadership is often to do with having the right person in the right place at the right time. "Winston Churchill had poor school reports, made a hash of his early government jobs, but became a revered world leader at a time of crisis – World War II – only to lose the general election once peace broke out in 1945," observes Webster.

Similarly, the entrepreneurial founder of Body Shop, Anita Roddick, was an inspirational leader until her company got very large and institutionalised, when it rapidly became apparent that a completely different leadership approach was required.

"This 'situational' aspect to leadership disproves one of the common theories that leaders are born, not made," says Webster. For example, research has found that a remarkably high proportion of chief executives were head boys or girls and/or school and house captains. But while a strong leadership record at school may indicate future leadership potential, most leaders actually emerge later, says Webster.

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**“ORGANISATIONS NEED DIFFERENT TYPES OF LEADERSHIP AT DIFFERENT STAGES OF THEIR EVOLUTION. IT IS ABOUT HAVING THE RIGHT PERSON IN THE RIGHT PLACE AT THE RIGHT TIME”**

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### The need for a robust leadership approach

Because leadership skills are so difficult to define and quantify, many organisations rely on gut feel about who will make the standard. They are misguided in this, however, claims Brett Walsh, lead partner for Human Capital Consulting at Deloitte EMEA.

"Those organisations that tend to try to find leaders instinctively and don't monitor their performance are prone to dangerous mistakes," he warns. "Those, on the other hand, that put in rigorous processes to identify future leaders, train them against behavioural areas that are known to be important in that particular organisation, monitor their performance and move them into leadership positions at the right time, tend to be far more successful."

### Identifying the qualities your organisation values

The obvious first step is to develop a clear idea of what a good leader is and what characteristics they display. Such questions were considered in the first chapter of this guide, but are worth revisiting here. For example, people with leadership

capability typically have excellent communication skills, they inspire others to follow them, they take decisions early and take responsibility for fulfilling their obligations. They will probably also be very disciplined, have an eye for detail and be constantly raising the bar in terms of the achievements they expect from themselves and others – though they can sometimes be intolerant of under-performance. Most will be very confident and have great self-belief, while possessing considerable charisma and “presence”.

However, these attributes don’t guarantee positive leadership: Hitler probably fulfilled most of the criteria, as does Osama bin Laden. What’s more, many of these so-called “bright-side” characteristics can tip over into extreme “dark-side” behaviours in particular situations. For example, charm can become manipulation, enthusiasm may become volatility and confidence can become arrogance.

### Identifying leadership behaviours

The trick, believes Robert Myatt, managing consultant at business psychologists Kaisen, is to try and divine people’s inner motivations and core psychological skills through a mixture of interviews, personality tests and assessment centre techniques.

“The most common approach to identifying leadership talent is to look at good and less good people – both in the organisation and more widely – to see what makes the good ones stand out,” says Myatt. “However, while this approach can be useful in terms of identifying behaviour and getting others to aspire to this behaviour, it is less effective at identifying potential – that is, the qualities that give rise to the behaviour.”

As he points out, people may not have been in a position where they have been able to demonstrate a particular behaviour, which is where, as he says, “the traditional competency model falls down”.

### Identifying potential

Inner motivation is a key predictor of leadership potential, says Myatt. “This is developed during our childhood and is about who we are, our self-concept, self-confidence and values,” he says. “It is very individual and very enduring.” The next layer is an individual’s core psychological skills, including attributes such as emotional intelligence, communication and thinking skills. “These are a function of the way our brain works and drive big differences between us,” says Myatt. The outer layer is business know-how, which is the easiest both to develop and to assess, because it is skills-based.

“These three aspects are very separate and all develop quite differently, but you need to look closely at the two inner zones when trying to identify potential, because they are the necessary building blocks for everything else,” says Myatt. This is particularly important when recruiting graduates, who have no work track record to speak of.

While interviews are valuable in order to get a deep psychological insight into an individual, supplementing competency-based interviews with psychometric tests of personality and reasoning gives an in-depth view of the individual and an additional layer of knowledge. But psychometrics should never be used in isolation, warns

Myatt. “A personality test could indicate that someone was introverted, which might suggest they wouldn’t make a very good leader,” he explains. “You would need to balance that finding against the broader facts gained from an interview in order to judge whether they do in fact possess leadership capability. Personality alone is not a great predictor of job performance.”

### The value of assessment centres

Assessment centres, where individuals perform a number of different exercises designed to measure competencies, add further knowledge to the assessment of the individual. “You are looking for patterns,” says Myatt. While some would argue that assessment centres are good at identifying management – but not leadership – potential, Myatt and others disagree.

“Assessment centres are an excellent way of assessing leadership potential, provided you structure them properly to identify the particular qualities you are looking for,” says George Edwards, head of strategy at the Institute of Leadership and Management. “It’s no good just taking an off-the-shelf solution.”

And while assessment centres are typically used for graduates and junior managers, they are equally valuable for assessing leadership ability at more senior levels too, says Myatt. “Not only does the top team have the greatest influence on the success of the business, but if assessment stops at the boardroom door, what message does that send out to the rest of the organisation?” he asks.

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**“IF ASSESSMENT  
STOPS AT THE  
BOARDROOM DOOR,  
WHAT MESSAGE DOES  
THAT SEND OUT?”**

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### Nurturing leaders

In any organisation, leaders will emerge who demonstrate the strength of character and behaviours that are required at the time, “but they have to be able to emerge,” says Edwards. “Like seeds in the ground, they will never be able to push through a dry, hard surface, and organisations must create an environment where potential leaders are nurtured and encouraged to exercise their talents. It’s not about giving them tools and techniques, as you do with management, but rather about devolving responsibility to low levels, so that people can make decisions early on and learn from them, giving them the confidence to experiment and supporting them when things go wrong.”

### Retaining talent

But identifying leadership potential is one thing; retaining it is quite another. As Edwards says: “There is no point encouraging leaders if there is nowhere for them to go. Leaders are self-starters and if their progress is impeded, they will self-start out of the door.” Progress doesn’t have to be vertical, though; it could be horizontal – into a specialism or project team, for example.

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## “ORGANISATIONS MUST CREATE A CLIMATE WHERE POTENTIAL LEADERS ARE NURTURED AND ENCOURAGED TO EXERCISE THEIR TALENTS”

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Walsh agrees. “Money is only one factor in retaining talent,” he says. “Our research on attracting and retaining talent [*It’s 2008: Do you know where your talent is?*] indicates that leaders and potential leaders at every level need to be developed in a way that stretches their capabilities, because they want to keep learning. They need to be deployed into jobs that engage their heads and hearts rather than into places where their talents will be stifled. And they need to be helped to connect to the people who will help them achieve their objectives, so they need to be part of wide and active networks.”

### Creating a leadership culture

But clearly, senior management can’t identify and grow their future leaders all by themselves. Creating a climate of leadership will help teach people lower down the organisation how to spot and nurture leadership talent, so that those with the potential to lead are highlighted and supported. Talent spotting should be considered as a constant, ongoing process, whereby managers review individual performance on every project.

Some organisations “fast-track” or “hot-house” potential leaders, while processes such as performance reviews should link reward with people’s ability to nurture talent in others and demonstrate leadership themselves. “In the same way that what gets measured gets managed, what gets rewarded gets respected,” says Myatt.

### The importance of leading by example

Leading by example is also an important aspect of creating a leadership culture – essential to the identification and nurturing of nascent leaders, says Edwards. “We all naturally turn to those above us for leadership, and people have to respect their leaders. If they think their bosses are foolish, they won’t want to ‘join that club,’” he says.

Unfortunately, good leadership is the exception rather than the rule. A survey last year from the DTI and the Chartered Management Institute found that more than half of Britain’s business leaders fail to demonstrate trust, show respect for their teams or even produce results. Only one in ten managers felt inspired by their leaders; six in ten said their managing director or chief executive was locked in an ivory tower and out of touch; just four in ten said their boss chatted to staff; and less than one-fifth had ever experienced an open-door policy.

### Internal and external talent

However robust an organisation’s succession management policy and however strong its talent management, there will be times when it needs to look outside to

supplement its talent pool. The balance between home-grown and bought-in talent will vary from organisation to organisation, depending on the nature of the business and its stage of development, but leavening the home-grown population with strategic hires from the outside is invariably a positive thing to do – provided it is done in a planned and proactive way rather than as a short-term knee-jerk reaction to some immediate problem.

Outsiders can bring an objectivity and fresh perspective that stimulates positive change and continued momentum in an organisation in danger of becoming complacent. For example, an outsider might be brought in to combat a looming challenge or to head it in a new direction (see chapter six on interim leaders, page 45).

### The value of external experience

Headhunters have a role to play too. They can help organisations to find new people, but they also challenge the client to define precisely what they need and then develop the brief for the job. A good headhunter will help the client understand the marketplace, where candidates are likely to come from and what their expectations and motivations are likely to be.

What’s more, their in-depth knowledge of market trends means headhunters can help clients understand the changing requirements of leaders and the evolving nature of leadership. They can also help them guard against their natural tendency to recruit people they like, people like them or people whose reputations go before them, injecting a much-needed rigour and objectivity into the process, often working in conjunction with psychologists and other leadership experts.

### Conclusion

Provided a company takes a structured and rigorous approach to identifying and nurturing its talent – including adopting appropriate recruitment processes and ensuring that a leadership and talent-spotting culture prevails – it should generate a pipeline of leadership talent. As Walsh concludes: “There is no one-hit solution to creating good leaders, but those organisations that work hard at it will find that cream rises to the top.”



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**NICK MARSH** is joint managing director of Harvey Nash Executive Search. Nick has more than 20 years’ experience of recruiting at executive level and is responsible for a significant number of successful board-level searches in the technology and telecoms sectors.

## Leadership profile: Arsene Wenger



Alamy

When Arsenal manager Arsene Wenger arrived in the Premiership as a relative unknown back in 1996, his meticulous approach to football management provided a counterpoint to many traditional British managers. Tea-cup throwing and dressing-room dressing-downs weren't Wenger's style. He preferred a thoughtful brand of

leadership built on his remarkable perception and analytical and tactical abilities.

The Frenchman, who has a degree in economics from the University of Strasbourg, arrived in London following spells in charge of Monaco and Japanese club Grampus Eight. Central to his approach is the belief that players should be treated as individuals and need opportunities for personal development to remain motivated. "If [footballers] feel deep down that you are only interested in them as a number in the team, or to fit into a tactical style, they won't be happy and may not play so well," he says.

As well as introducing new diet and training regimes, Wenger oversaw the opening of state-of-the-art training facilities designed to improve existing players' skills and attract new players.

One of his greatest strengths is his ability to identify and develop talent. His eye for a player saw Arsenal sign Nicolas Anelka for £500,000 and subsequently sell him for around £22m. And when Thierry Henry arrived in 1999 as a winger who had struggled at Juventus, Wenger spotted the skills that would make the Frenchman one of Europe's most feared strikers.

Wenger commands enormous respect from his players, a respect reinforced by maintaining a certain distance and a quiet watchfulness. At the same time, however, he recognises the importance of ensuring people have the self-belief to fulfill their potential. "All great successes, all great lives, have involved the coincidence of aptitude, talent, but also the luck of meeting people who have believed in you. At some point in your life, you need someone who will tap you on your shoulder and say 'I believe in you'," he says.

The success of Wenger's methods is highlighted by the silverware won during his tenure, with the club scooping three Premiership titles and four FA Cups since 1996. But at the time of writing, triumph in the UEFA Champions League – often seen as the ultimate benchmark in European football – remains tantalisingly out of reach. It seems that Wenger's ability to get the most out of his team will continue to be tested to the full.

This is based on an article that originally appeared in *In the Interim*, the magazine of Impact Executives International, the interim management arm of Harvey Nash.



## LEADERSHIP TALENT, ESSENTIAL FOR BUSINESS EVOLUTION

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# 4

## Developing tomorrow's leaders

From strategy and selection to training and culture, organisations that take a holistic approach to growing leaders will be the most successful.

John Adair, author and founder of the Adair Leadership Foundation

“Are there any organisations that grow leaders?” they asked me. Two main board directors of ICI were with me in my room at the University of Surrey, where I had recently become the world’s first Professor of Leadership Studies.

That year – 1981 – had not been a good year for ICI, the “bellwether of British industry” as the company was universally known (a bellwether is a ram that leads a flock with a bell around its neck). ICI, they told me, had declared no dividend that year – the first time since 1926. Seven of their nine divisions were loss-makers. ICI was broadly in the wrong markets – bulk chemicals as opposed to speciality ones – and its 60,000 managers and staff were infected by a backward-looking and bureaucratic organisational culture.

### The leadership growth imperative

“At board level, we have identified six new policies,” they continued. “Top of the list is to develop manager-leaders. Who are the organisations – apart from the armed services, for we have looked at them – who are growing leaders? Who do you recommend we should look at?”

Silence fell as I looked thoughtfully out of the window. About 300 organisations that year were participating in leadership training courses based on my action-centred leadership model. This course, originally developed at Sandhurst in the 1960s, focused not on the qualities of leaders but on the functions or actions they needed to take to meet three overlapping areas of need present in all working groups: the need to achieve the common *task*; the need to be held together as a cohesive unity (*team* building and *team* maintenance); and the needs which each *individual* brings with them into the working situation.

So successful has this approach been that today – 40 years later – it is still the foundation for leadership development in the Army, Navy and Air Force. But ICI was not asking me who was *training* leaders; they were asking me who was *growing* leaders. “No one,” I replied. “Right,” they said, “ICI will do it. Will you help us?”

At my suggestion, ICI selected 25 young managers from all nine divisions to meet for five days. Our task was to work out a leadership development strategy for ICI, a strategy for growing leaders. It was the first time any organisation, public or private, had done that.

A few days earlier, the appointment of Sir John Harvey-Jones as chairman had been announced and he joined us one evening. He shared with us his new strategic ideas for the group, making it clear that transforming managers into business leaders was a vital part of that strategy. Harvey-Jones added that he was going to start at the top with the main board, and he hoped that we would meet in the middle.

### Business leadership and business success

Over the next five years, I worked with all nine divisions, at all levels and in every function. At the end of the five years, ICI was the first British company in history to make a billion pounds’ profit in one year. Of course, factors other than business leadership, such as favourable exchange rates, were involved in that result, but it nailed to the masthead forever the strong nexus between good leadership and business success. The armed services were never in doubt about that link. As the Greek poet Euripides put it, “ten soldiers wisely led will beat a hundred without a head.”

In *How To Grow Leaders* (2005), I have summarised my experience – not just with ICI but with many other public and private organisations – of what works in developing leaders.

“THERE IS A STRONG NEXUS BETWEEN GOOD LEADERSHIP AND BUSINESS SUCCESS”

The Seven Principles is a simple framework for you to apply in your context. Each one is easy to state and may sound at first like mere common sense. So they are, but common sense is seldom common practice. The seven are complementary, and you should expect some added synergy if you apply them as a whole. They form the first coherent and really effective approach for growing leaders. Can you think of a practical and well-tested alternative?

#### Principle one: develop a strategy for leadership development

Leadership exists on different levels. There is the team level, where the leader is in charge of ten to 15 people. The operational leader is responsible for a significant part of the business, such as a business unit, division or key functional department.

Invariably operational leaders have more than one team leader reporting to them.

At strategic level, the leader – often the CEO – is leading the whole organisation. Strategic leadership – a phrase I coined in 1970 – is actually an expansion of the original, for in Greek, “strategy” is made up of two words: *stratos*, a large body of people; and the *-egy* ending which means leader-

ship. Strategy is the art of leading a large body of people.

The key to achieving sustainable business success is to have excellence in leadership at all three levels. Strategic, operational and team leaders need to work harmoniously together as the organisation’s leadership team.

The most common and most expensive error that organisations are committing at present is to focus leadership development on their more senior managers, so that becomes their entire “strategy”. In so doing, they completely ignore their team leaders. Yet it is the team leader who is closest to the customer. Make sure that your strategy embraces all three levels.

There is a useful distinction to be made between strategic thinking and strategic planning. You should see your leadership development strategy – evolved and guided by a small steering group – as part of your overall business strategy. It should be longer term (five to ten years). Don’t let the urgent deflect you from the important. Lastly, a strategy should have more than one element to it.

#### Principle two: selection

“Smith is not a born leader yet.” When those words appeared on a manager’s report in the 1950s, nobody thought that the person in question could do anything about it – still less the organisation that employed them. As a saying of the day had it, “leaders are born and not made”.

We don’t think like that now. The action-centred leadership course that was developed in the 1960s proved once and for all that the proverb was only half-true –

leaders *can* be trained or developed. The other half of the truth, however, is that people do vary in their relative amount of leadership potential. Since it is not easy to develop leaders, why not hire people who are halfway – or more – there already? Or at least make sure that when you recruit from outside – or promote from inside – you know how to select those with a high potential for becoming effective leaders, for it is leaders that will grow your business rather than just administering it.

There are no psychological questionnaires specifically for assessing leadership that have stood the test of time. But there are some proven group methods that are worth having in your repertoire when selecting team leaders. Most organisations can improve their powers of detecting leadership at more senior levels simply by becoming crystal-clear about the differences between being a leader and a manager, and most would benefit by updating their interviewing and assessment techniques.

As I said in my recent book, a person can be appointed a manager at any level, but he or she is not a leader until their appointment has been ratified in the hearts and minds of those who work with them. If too few managers in your organisation are receiving that kind of accolade, who is to blame? Not the manager in question, I suggest, but those who failed to apply principle two when they appointed the person in question. You cannot teach a crab to walk straight.

#### Principle three: training for leadership

To *train* implies instruction with a specific end in view; *educate* implies attempting to bring out latent capabilities. Of course, there is no hard-and-fast line between training and education. Think of it more as a spectrum of combinations between the two poles. For brevity’s sake, I shall refer here to both as training.

As part of your strategic thinking, you should identify your business training needs in the leadership context and assign them priorities. Bear in mind always that training of any kind is going to cost your organisation time and money. You need courses or programmes that are both effective – they produce good leadership – and also cost-effective (in terms of time and money). If you have large numbers (like the NHS), you need high-volume, high-quality and low-cost courses.

The first level to look at is your team leaders, alias first-line managers. Do newly appointed team leaders have training in leadership prior to or shortly after appointment? In my view, it is actually morally wrong to give a person a leadership role without some form of training – wrong for them and wrong for those who work with them. We do not entrust our children to bus drivers who have no training, so why place employees under the direction of untrained leaders?

At this level, don’t try and reinvent the wheel. We do know how to train team leaders. Indeed my own Adair Leadership Foundation now exists to equip trainers in companies with that knowledge.

If you outsource your in-company leadership training to external providers, make sure that you retain “ownership” and control, so that the programmes fit in with your strategy and organisational ethos. Delegation never means abdication.

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## “THE MOST COMMON ERROR IS TO FOCUS LEADERSHIP DEVELOPMENT [PURELY] ON SENIOR MANAGERS”

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Public leadership programmes should be used selectively. Their chief value is to get managers out of their corporate silos and cross-fertilising with managers from a wide variety of organisations. Recommended programmes in this context include those of the Windsor Leadership Trust, the Whitehall and Industry Group and the Campaign for Leadership and Common Purpose.

Can you save money by giving managers an individual computer-based learning programme? No, because in my view, there are none that are quality products. Anyway, in this field, face-to-face meeting is a necessary condition for learning. If you can afford to develop web-based material, it should be used in support of the course or programme – the approach that is now often called “blended learning”.

#### Principle four: career development

People grow as leaders by the actual practice of leading. There is no substitute for

experience. What organisations almost uniquely can do is to give people opportunities to lead. The trick here is to give a person the right job at the right time. It should be the kind of leadership role that is realistic but challenging for the individual concerned. No stretch, no growth.

If your organisation is serious about applying this principle, it will, for example, have a conversation once a year with each leader or would-be

leader in which it outlines what it has in mind for the individual concerned. Equally, such a meeting is an opportunity for the individual to be proactive and to say what they aspire to do. They may, for example, want to move out of a specialist role to a more generalist (leadership) one. Fitting together this jigsaw of hopes and expectations is the name of the game, and it should be a win-win situation. A strategic leader in the making – possibly as your successor – will need experience in more than one functional area of the business and, if you are an international company, in more than one country.

#### Principle five: line managers as leadership developers

In the midst of the Battle of El Alamein in 1942, Montgomery found time to telephone General Horrocks, one of his top operational leaders and a newly-appointed corps commander, and to give him a tutorial on leading at that level. For Monty had observed that he had been reverting back to being a divisional general. All good leaders are also teachers.

A leader’s responsibility for individual needs – that third area of need in my action-centred leadership model, along with task and team needs – includes

developing the individual’s potential – both professional and technical and in the “human side of enterprise”. That entails one-to-one meetings at regular intervals to offer constructive criticism, as well as encouragement or support.

Above team level (and some would say even at team level) all leaders are “leaders of leaders”, as was said about Alexander the Great. Good leaders will use their one-to-one opportunities – formal or informal – to share their knowledge of leadership in a conversational but effective way. It is, if you like, the apprentice approach to learning leadership, and its necessary condition is mutual respect. It is that mutual trust or respect that makes us both eager to learn and ready to teach. You need a system of setting objectives and appraising performance – part of action-centred leadership – but it won’t be complete unless it is seen as a channel for two-way learning.

#### Principle six: culture

Wellington and Nelson, Slim and Montgomery – yes, the armed services do grow leaders. They select and train for leadership, but their real secret is that since the 18th century they place a high value on leadership. They have a culture where it is valued at all levels. Above all, it is expected from all officers. The motto of Sandhurst expresses the ideal that is expected from every officer: *Serve to Lead*.

Values are the stars your organisation steers by and together they define your distinctive ethos. Make sure your culture comes to place a high value on “good leadership and leadership for good”. In the final analysis, it is culture that grows leaders, so it is vital to review it and make changes where necessary.

Corporate culture should also encourage a climate of self-development in leadership, the subject of the next chapter. Organisations only have 50 per cent of the cards in their hands; the other 50 per cent are in the hands of the individual. There may be no leadership courses available to you, but you can still learn leadership. Books are the best method, together with reflection on your own experience.

Perhaps your organisation needs a motto too. How about the motto adopted by the Chartered Institute of Management in 1948? *Ducere est Servire* – To Lead is To Serve.

#### Principle seven: the chief executive

In *Effective Strategic Leadership* (2003), I identified for the first time the seven generic functions of a strategic leader. One of them is: to select and develop leaders for today and tomorrow. In other words, as CEO, you own the problem of growing leaders. Personnel or training specialists are there to advise and help. They can assist you to formulate and implement your strategy, but you are in the driving seat. If not, don’t expect any forwards movement.

Apart from taking responsibility for the strategy, you should also be leading it from the front yourself. Be known to talk about leadership on occasion – not often

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**“IT IS MORALLY WRONG TO GIVE A PERSON A LEADERSHIP ROLE WITHOUT SOME FORM OF TRAINING – WRONG FOR THEM AND THOSE WHO WORK WITH THEM”**

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**“IF THE CEO CARES ABOUT LEADERSHIP, SO WILL THE ORGANISATION”**

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but sometimes and always effectively. Visit any internal leadership courses and show your support for them. If you care about leadership, so will the organisation. Incidentally, it is also a chance to get your message across, as well as an opportunity to practise the skill of listening. Organisations today need listening leaders.

There are now some good role models around, such as Sir Terry Leahy of Tesco (see profile on page 12), Dr Chai Patel of the Priory Group or Tim Waygood at MotivAction plc. These three are in organisations that are very different in size (350,000; 5,000; and 100 respectively). But what they have in common is that they all care passionately about growing business leaders and are actively involved in doing so.

### Finding greatness in people

In conclusion, developing future leaders is not a mystery. We know the laws of aerodynamics that undergird successful and sustained leadership development. The Seven Principles identified in this chapter are the foundations you are looking for, but it is up to you to apply them in the context of your organisation's needs and requirements.

So it is going to take you some time, effort and money. Why bother? The answer is simple. The tasks that face us are ever more challenging. In order to respond to them, people at all levels need effective and inspiring leaders. As John Buchan said: "The task of leadership is not to put greatness into people but to elicit it, for the greatness is there already."

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Adair Leadership Foundation – [www.johnadair.co.uk](http://www.johnadair.co.uk)



**JOHN ADAIR** is the world's first Professor of Leadership Studies and a leading authority on leadership and leadership development. He is author of over 40 books on leadership and management, translated into 26 languages, and founder of the Adair Leadership Foundation. He works as an adviser and consultant to both public and private organisations, and acts as a mentor to chief executives.



The leader's role is to have a vision, to galvanise people around that vision and to make things happen.

In many ways, the role of the leader is similar to that of an entrepreneur. The entrepreneur has a business idea and has to galvanise other people's enthusiasm to turn the idea into reality. A lot of time is spent influencing investors,

suppliers and employees and getting their buy-in.

Great leaders are often very entrepreneurial in their approach. However, in large organisations, many senior executives don't see it as their role to be entrepreneurial. I believe that big businesses need to encourage and develop entrepreneurs at every level of the organisation. It is only by doing so that creativity and innovation will flourish.

It is important for leaders to get "clueless" again. This means focusing on the vision, seeking new perspectives and not getting bogged down by the way the company operates. Entrepreneurs don't have the baggage of "this is the way we do things round here"; they are purely interested in the vision. Business leaders need to rediscover this.

They also need to push innovation. Through strong leadership, you can push through the obstacles and bring about real change. But the natural energy of a large company is against change. Great ideas get buried by what I call the "corporate traffic jam".

My leadership style is entrepreneurial. My strength is making things happen, rather than being a good manager. I'm launching a new business, called Skinny Candy, producing sugar-free chocolate, sweets and the like. My passion for the business filters through to everyone else through osmosis. It's when a company gets bigger that I find things difficult.

People talk about the differences between male and female leaders, but leadership is a personality thing, not a gender thing. If you are confident, you can make a great leader; it is a lack of confidence that sometimes lets women down. There are lots of positive role models for women. We should focus on them and get rid of the victim mentality.

There are many people I admire for their leadership. One example is Rosemary Bravo of Burberry. She has amazing attention to detail. She notices if you are wearing Burberry. That is because she is passionate about the business and inherently understands the customer's perspective.

Sahar Hashemi co-founded the Coffee Republic with brother, Bobby Hashemi, in 1995 and left the business at its peak in 2001. She now spreads the entrepreneurial gospel to big business.



# 5

## Developing yourself as a leader

By continually assessing progress, seeking new challenges and developing support networks, aspiring executives can mould themselves as leaders.

Ellen Van Velsor and Henry W Browning, Center for Creative Leadership

If you are reading this chapter, you have most likely already achieved some measure of success and recognition as a leader within your organisation. But you may recognise that the capacity for leadership can and should be developed over a lifetime of experience.

Alternatively you may be at a point in your professional life where you feel stalled or stagnant. You sense the need to do something to further your progression – but what?

How do you decide on areas for change and development? And what can you do during the learning process to make the transition to new leadership behaviours more comfortable and less threatening for yourself and others around you?

### The path to self-development

Research over a 30-year period among managers and executives around the world – including many in the UK – leads us to believe that there are three key elements that drive leadership development: assessment; challenge; and support. These can be practised on a regular basis to help you grow and move where you want to go.

Assessment is about getting the lay of the land – and all the elements that make up the “environment” of your workplace. This is gained by gathering information, both formal and informal, to give you a picture of where you are now. Assessment can tell you about your current level of leadership effectiveness, and what you need to do to develop or respond in a more effective way.

### Balancing challenge and support

Challenge means moving (or being moved) beyond your current capabilities. Meeting a challenge may require that you use skills or perspectives that are not currently part of your leadership toolkit. Challenge may also open up an opportunity for you to review and question your thinking or habitual responses.

Support can come from many different sources, boosting self-confidence and underlining your strengths, skills and ways of acting in the workplace. Building support is key to managing and even reducing challenges. Increased support will enable you to balance the challenges you face with the skills you possess. It will also help you to make the transition from one skill level to the next or from one work method or habit to more effective ones.

Focusing on assessment, challenge and support in a conscientious, consistent way can help you to make decisions about your career path and about what additional learning or resources you need to reach your goals. From this strong, balanced position, you will be better able to build skills and attitudes that will help you grow as a leader.

### What you have and what you need

You may be in a work situation that lacks excitement and challenge. Or you may be faced with what feels like overwhelming challenges that make you feel unprepared and ill-equipped. In either case, the first step is to assess yourself and the challenges you face.

Assessment helps you define what you have and what you need. As an executive or senior manager, you have probably been exposed to assessments in some form or another throughout your career. The most common is the review, often conducted on a regular and formal basis, and often limited to determining whether you will get a promotion or a pay rise based on your current skills and performance.

But assessments can also be used for development – telling you where you need to focus learning, practice and improvement in order to grow as a leader.

### Formal and informal assessment

Assessments for development can include personality inventories, such as the Myers-Briggs Type Indicator (MBTI), 360-degree leadership assessments, feedback from

management simulations and feedback from colleagues or fellow participants in management training and executive education programmes.

It is important to understand how others view you and how they are affected by your attitudes and actions. Assessments can also act as challenges, presenting new and sometimes surprising information for you to process.

### The danger of “derailment”

With age and experience, some leaders can come to think that they know all there is to know about themselves and their situation and then are taken aback when their leadership is called into question. Our research shows that this is one of the key factors in executive “derailment”, whereby executives get trapped in a situation or start pursuing a career path that doesn’t suit them. This can be easily avoided through self-assessment and by comparing that self-assessment with feedback from others.

In summary, our recommendations for approaching assessments are:

- Assess yourself and your situation.
- Use formal and informal assessment techniques.
- Balance self-assessment with data from other sources.

But be aware of what we call the “build it and they will come” phenomenon; seeking out assessment from direct reports, peers and bosses (even informally) can create expectations of action and change. Be prepared to analyse the information, disseminate (achievable) action points, and then follow through.

### Tools at your disposal

Things to consider in launching your assessment work include an inventory of your company’s offerings or resources, such as 360-degree feedback programmes or access to personality inventory instruments (with professional interpretation and analysis).

Your organisation may have other tools, such as books or online programmes that are available and have been endorsed by your leadership, human resources department or organisational development professionals.

You might also look at whether your company or group has conducted a climate or culture survey over the past year. These findings can be useful in identifying areas where you, as a leader, need to focus your development in order to move the organisation in the right direction.

You can also look at whether there are others within your organisation that have been in situations similar to yours who can provide tips on assessment techniques and resources. They may be willing and able to give you the benefit of their own assessment findings. A by-product of this internal research is that it may allow you to identify candidates to play a support role for you further down the line.

Don’t overlook the obvious when seeking out assessment. Articles in business and lifestyle magazines and the business section of newspapers can provide valuable information about your particular situation or circumstance. This may be one of the quickest ways to discover processes that can help you in your ongoing development.

### Reviewing outcomes

We suggest reviewing your assessment outcomes in the context of some basic questions:

- In what areas was I highly rated/rated lower on assessments by others?
- How does my self-assessment compare to what others said?
- How do my strengths and weaknesses relate to my performance, and what is my most urgent development need?
- How can I leverage my strengths to address my development needs?

To help you set developmental priorities, look at what your strengths and weaknesses are against what is demanded in your current job. Similarly, if you are contemplating a job or career change, examine your strengths and weaknesses against what is needed to be successful in your new role.

### Stretching your capabilities

Challenge means you are stretched beyond your current capabilities. Depending on how much of a stretch it is, you may feel comfortable or you may feel intimidated. Challenge enables the development of new skills and understanding. Indeed the way leaders respond to challenge can mean the difference between derailment and sustainable development.

Challenge can come from many sources. It can arise from greater responsibility, new job location or parameters, mergers or restructuring. You may receive knowledge that runs counter to your beliefs or perspectives.

### Getting the balance right

Some people seem to relish challenge. They seem to have a formula for response that gets quick results and makes them successful. But if a leader continually responds to challenge in the same way, he or she may ignore the need to seek other perspectives and ultimately run into unfamiliar territory where the old methodologies don’t work. This can have serious negative consequences ranging from loss of self-confidence to derailment.

A word about degree of challenge – if the demands of your job seriously outstrip your skills and understanding, your chances of failure escalate. Tough demands are not always developmental opportunities. The stress created by the mismatch of requirements and feelings of incompetence can make it nearly impossible to learn new skills and behaviours required for success. In this situation, the right move is to increase your support network and ask for help in reducing the level of demands.

Lack of challenge has its own pitfalls. Boredom and burn-out can arise from unchallenging work situations. For example, you may have been recruited for a

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specific position based on previous success in a similar endeavour or field, thus giving you a short learning curve for your new position. But after a period of doing the same thing again and again, the work will lack challenge.

### Creating challenging opportunities

How can you safely add challenge without increasing the possibility of derailment? Challenge and change often go hand and hand. The following can help create challenges that will offer positive experiences and developmental opportunities:

- Take a new job with broader or different responsibilities than your current one. New experiences, by definition, create challenge. Making a geographic move or a move into a new organisational culture will also create challenge.
- Add responsibilities to your current job. If you can't or don't want to make a major move, expand the remit of your current job. This could be as simple as making a presentation for your company in order to develop public-speaking skills, or teaching or mentoring new employees.
- Seek new perspectives. Actively looking for and being open to new ways of thinking and behaviours will bring challenge into your life. Your company may encourage this through formal promotion of workplace diversity. You can also find different perspectives through people outside the company's boundaries, such as customers, suppliers or partners.
- Seek responsibilities away from work. It may not be possible to add challenge to your current position. Challenges are available outside the workplace, through voluntary work or advisory positions.

### Alleviating the discomfort of challenge

Developing new skills through accepting new challenges can be difficult. The feeling of being less competent in the early stages of learning and trying out new behaviours can be uncomfortable, especially for seasoned managers who have risen easily through the ranks to leadership positions.

Balancing your challenges with assessment and support encourages development, so that you can contribute to your own growth as a leader and to your organisation, while remaining engaged in your work.

### Regular self-assessment

Assessment of skills, developmental needs and job situations is needed on a continual and regular basis. Periodic self-evaluations can alert you to when the challenges you face are too out of synch with, or too different from, the skills and personal resources you have.

For many executives, the first response to major challenges is denial. Or, as explained earlier, leaders who have successfully dealt with challenges in the past may be tempted to rely on existing strengths and skills, only to realise that these are not the right components to meet the new challenges.

### Creating the right support network

A valuable solution for difficult challenges is support – to enhance self-confidence, affirm strengths and, perhaps most importantly, guide rapid and effective acquisition of needed skills.

For many high achievers, the higher up the corporate or organisational ladder, the more difficult it is to identify sources of support and then seek it out. Men may receive support as they enter organisations and move up through the ranks, but after a certain time, they are expected to stand on their own feet. Although women are likely to have used support networks outside their organisations throughout their careers, they may balk at calling on internal support when they achieve leadership positions for fear of appearing weak.

People are not the only source of support in challenging situations. Inner resources are available to everyone and can be accessed by clarifying priorities – personal and professional – and by aligning your energy with your desire for specific outcomes.

### Conclusions

Assessment, challenge and support can be gained through a classroom setting in an intensive way. But they are not confined to executive education and leadership development programmes. They can be learned and used in your day-to-day work.

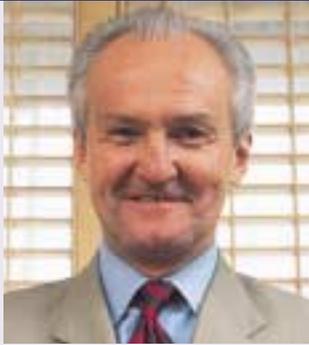
In fact, we strongly believe that they need to be embedded in development experiences you have outside the classroom. We believe that without a balance of assessment, challenge and support, other developmental opportunities are not as likely to help you grow as a leader.

Using assessment, challenge and support in an integrated way will enable you to seize the opportunities in your current environment to develop leadership skills for tomorrow, while continuing to meet your responsibilities today.



**ELLEN VAN VELSOR** is a senior fellow at the Center for Creative Leadership in Greensboro, North Carolina. **HENRY BROWNING** is a senior enterprise associate at the Center for Creative Leadership. The Center for Creative Leadership is one of the world's largest organisations dedicated to the understanding, practice and development of leadership in Europe, Asia and the Americas.

# Leadership profile: John Sunderland



Nick Dawe

Leadership is about giving a clear sense of direction and purpose to the organisation you lead, so it knows where it's going, what it's expected to do and how it's going to be measured.

Communication is the essence of good leadership. All these things need to be communicated clearly, consistently and regularly, so that people know what the journey is they're supposed to be making and where they are on it at any time. You also need to lead by example – in other words, be consistent with the values and mission you're describing to people.

I've observed many great leaders over the years and I don't think there's any absolute pattern. People are born with certain innate leadership skills – energy, clarity of vision, the ability to communicate. While you can hone, nurture and develop these to a certain degree, it's tricky to do if you don't have the essential skill set in the first place.

I think my colleagues always understand what I expect of both the organisation as a whole and of them individually, so there's clarity of purpose. In Cadbury Schweppes, we talk about the three As. The first is accountability – you own the agenda and are happy to be measured against how you deliver it. Next is adaptability – the ability to respond to a fast-changing and competitive world. And the third is aggressiveness – recognising that you must be determined and compete to achieve your goals.

For years I've said that business is 20 per cent strategy and 80 per cent people, because people deliver. We put huge store in the importance of people in the way we recruit, train, develop, motivate and remunerate them.

I'm a great admirer of military history. People like Napoleon, Wellington and Monty of Alamein are often some of the best examples of leadership. They are people whom men would follow anywhere. In business, Jack Welch was an obvious example of someone with those characteristics.

Over the years, we've had a number of mergers and acquisitions of businesses. These situations test leadership to the full, but they are also those I've enjoyed the most. Organisational change brings great challenges. It creates uncertainty, an organisational vacuum that can cause misapprehension and demotivation. You deal with that through communication – letting people understand what you're trying to do, how you're going to get there and what their role will be – whether they will be part of the future organisation or not. Clarity is important to people – it's uncertainty that's demotivating.



## Interim leaders

Interim managers bring finely honed leadership skills to organisations, based on years of experience across different business functions and sectors.

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Christine de Largy, managing director, Impact Executives

**R**escuing an ailing company. Integrating an acquisition. Getting a new venture off the ground. Reengineering business processes. What do these business scenarios have in common? Firstly, they are all situations that require careful change management. Secondly, they demand strong leadership skills from the management team to get staff buy-in to the change. Finally, all four roles are commonly fulfilled by interim managers.

This latter point is no coincidence. Interim managers are highly experienced professionals who are brought into organisations undergoing major change to bring leadership and fresh thinking. They are typically brought in for a fixed period of time to fulfill a specific role for which the company doesn't have the necessary skills internally. Interim executives have distinctive qualities and capabilities that make

them exceptional leaders. This chapter seeks to explore some of those qualities and argues that in many cases interim managers' unique skill sets and personality traits make them more capable leaders than the average permanent manager.

### A breed apart?

Impact Executives research, conducted in partnership with international HR consultancy Cubiks®, points to a number of factors that make interim managers good leaders and effective change agents.

The research study compared a sample of interim managers to a conventional managerial and professional sample to investigate the personality and professional competencies of each group. It found that interim managers are a very homogenous group with distinctive characteristics and personality traits.

### Change-hungry, confident leaders

Firstly, interim managers genuinely embrace and enjoy change. In many ways, this comes as no great surprise, given that their chosen career involves moving from one company to another on different assignments.

Secondly, and as a result of their hunger for change and new challenges, interim managers see themselves as more competent and confident in a leadership position than the average permanent manager. They are used to bringing leadership and direction to situations, employing skills that have been built up through years of experience on different assignments, in different countries and across different industries and functions.

### Adaptability

This leadership capability is underpinned by a number of other qualities. The best interim managers are highly adaptable and can evidence their adaptability. This means that they may have worked for large, complex organisations in the FTSE 250, but equally they may have worked on a start-up assignment in an SME. They can respond to different management styles and company cultures – and understand the motivations of teams and individuals.

Because of the often multi-faceted nature of their business experience, they have developed a unique toolkit to deliver results, almost regardless of the external environment they find themselves in. And in a business world characterised by rapid change and less rigid and hierarchical organisational forms, flexibility and adaptability are key requirements for effective leadership.

### Results orientation and clarity of purpose

Strong results orientation is another defining characteristic of interim executives. They have a short period in which to define and achieve goals and persuade those around them to accept and embrace change. The best leaders make change relevant for individuals; if people can see the purpose and positive impact of change, they are more likely to follow the leader. On an interim assignment, people often see the

impact of change quickly and successes are communicated to them. This is an important part of winning people's hearts and minds when introducing change.

Interim leaders often go into organisations that are in crisis or are going through a period of major flux. Their role is to bring some certainty in a very uncertain situation. They have to give the team and individuals a sense of direction in what might be a chaotic and difficult scenario. This means having clarity of purpose, communicating the message in a simple way and ensuring that people understand the route map through the change. Strong planning and organisational skills are essential to do this and are two of the qualities that make interim managers effective leaders.

### Independence of thought

Some organisations bring in interim managers with the distinct objective of shaking things up. Because interim managers are independent and never fully integrate into the client organisation, they can bring fresh thinking to situations and challenge the status quo. As we have seen in other chapters in this guide, the ability to challenge “the way we do things around here” and to constantly strive for improvement is one of the qualities that defines an effective leader.

The input of an interim executive is fairly unique in this regard. Because an interim manager isn't bound by the structures and politics of the organisation, he or she can quickly cut through the red tape and get things done. Without the emotional attachment and vested interest that comes with working for an organisation for many years, interim managers can spot

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**“INTERIM LEADERS OFTEN GO INTO ORGANISATIONS THAT ARE IN CRISIS. THEIR ROLE IS TO BRING CERTAINTY IN A VERY UNCERTAIN SITUATION”**

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projects and initiatives that have become sacred cows to full-time managers. So if inventory needs reducing, cash flow increasing, labour costs cutting down or unproductive sites shutting, the impartial interim can play a dispassionate and professional role to deliver the message in a way that a full-time manager perhaps never could.

This independence of thought is reinforced by our research, which shows that interim managers tend to be assertive and ready to confront people and situations. Indeed the power of a great leader is that they think independently and aren't afraid to deliver the bad news. Despite everything that may be going on around them, they will always think about the bigger picture, about the effects on staff and will do what is right.

Among the interim management community, doing what is right is an intrinsic part of their value set. In many cases, interim managers would rather speak out and if necessary escalate to the highest level than let an assignment fail.



Mark Linnell is an interim sales executive and coach who has worked on multiple assignments for Impact Executives, in each instance bringing leadership and direction to client companies. A former soldier and sales director of a Wal-Mart wholesale company, McLane (UK) Ltd, Linnell also ran his own sales consultancy for a number of years, before specialising in sales and sales coaching as an interim manager. He identifies five key qualities that make interim managers good leaders.

**INTEGRITY:** “Integrity is the most important quality for a leader and underpins all the other qualities,” says Linnell. “As a senior executive, unless you have 100 per cent integrity and demand the same from others, you won’t build good relationships based on trust. Why should a senior manager trust me – someone who they don’t know – to take up a senior position in their organisation and be let loose on their subordinates? This is why it is crucial to establish integrity in an assignment early on.”

**PREPARATION:** Linnell works with sales executives to help them break new markets, launch new products or work out why an existing approach isn’t working. “I prepare thoroughly for every assignment,” he says. “If a company is asking me to take over its sales force, I’d be crazy to try and wing it and it would be disrespectful to try to do so. As soon as I arrive, I spend time to find out what the company is selling, to whom and how it sells its product or service. By setting the example, through thorough preparation, people start to respect my input.”

**RELATIONSHIP BUILDING:** “Good communications and instilling confidence in people are a crucial part of the role of the interim leader,” says Linnell. “Because I’m an outsider, people often tell me things in confidence. I never betray that confidence. I lead by example and encourage others to learn from my leadership style. I’m happy to roll my sleeves up and get my hands dirty, because this is essential in earning people’s respect.”

For example, Linnell was brought in to Remploy Managed Services, the outsourcing arm of Remploy, the largest employer of disabled people in the UK. Remploy Managed Services’ remit was to provide teams of disabled employees to work at client sites and it developed an “enterprise” concept to take its proposition to market. However, it lacked the appropriate business development and sales expertise to make it happen.

Enter Linnell. He helped the business development team hone the sales proposition and refine the sales process. Then crucially he spent four months working alone proving that the sales concept actually worked. “Once I had opened a number of new business accounts and set a new standard, I had earned people’s respect and could move on to the next stage.”

**PROCESS CAPABILITY:** “I bring an independent perspective to a new situation,” says Linnell. “I can redesign processes to create a new working structure and I have the authority to introduce that structure. When you make a process transparent and show it to people, they may resist change. But because of my leadership style and my independent position, people will take the message from me and change the way they do things.”

**CHALLENGING ASSUMPTIONS:** “I’m there to create solutions,” says Linnell. “I constantly challenge the ‘way we do things round here’ and look for improvements. My remit is generative rather than remedial.”

One of Linnell’s particular leadership skills is his ability to coach and mentor others. This was a key part of his role at Remploy, where he coached three business development managers after proving the reengineered sales concept. And he acted as a one-to-one mentor for Tony Hanlon, who runs his own asset management consultancy. Linnell worked with Hanlon to help him develop his unique sales proposition and identify prospects and coached him in business development and sales techniques.

“Coaching and mentoring are a fundamental part of interim leadership,” says Linnell. “You are only at an assignment for a short while and you don’t want to leave a vacuum behind you. This transfer of skills is what interim management should be all about.”

### Emotional intelligence

However, this independent perspective and tendency for plain speaking has to be tempered by sensitivity to ensure that the message is delivered in an appropriate way that doesn't alienate those on the receiving end. This brings us on to another characteristic of great leaders – emotional intelligence.

In management generally and interim management in particular, executives have to be aware of the way they engage with internal and external stakeholders. Gone are the days when executives could “just do it”; today's business leaders realise that they won't achieve sustainable change and improvement unless people have understood the change, bought in to it and feel they “own” it. This imperative to build and manage relationships and to communicate effectively has led to emotional intelligence gaining greater credence as an important leadership skill, alongside “hard” skills, such as authority, purpose and decision-making. Here again interims rank highly.

They have to have excellent communication and stakeholder management skills in order to complete assignments successfully.

### Managing stakeholders, inspiring employees

Take James Shapland, an interim manager and IT specialist who joined IT consultancy, Vivista, to manage the implementation of a national IT and business change programme across police forces in England and Wales. The NSPIS Case Preparation and Custody Programme is designed to help

police manage an individual's case through arrest, custody and court proceedings, bringing standard systems to both police forces and courts.

Shapland's remit as programme manager was to manage the relationship with the Police Information Technology Organisation (PITO), the programme's primary customer, and to ensure that the programme was delivered, implemented and integrated with police force systems as effectively as possible. Stakeholder management was a key part of the value Shapland brought to Vivista.

“This is a high-pressure, difficult programme with a long history of conflict between the various stakeholders,” said Bruce Brain, CEO of Vivista. “By bringing together the necessary disparate elements of the programme and gaining the confidence of all the stakeholders, Shapland has helped substantially in reducing conflicts.”

Finally, interim managers, like most good leaders, see mentoring as an important part of their remit. Often when we ask our interim candidates what they have found to be the most fulfilling part of their role, they will say that it is seeing an individual member of staff develop during their assignment. Indeed mentoring is often an accidental by-product of an interim assignment, even if it wasn't part of the client's original brief.

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**“INTERIMS RANK HIGHLY IN TERMS OF EMOTIONAL INTELLIGENCE. THEY HAVE EXCELLENT COMMUNICATION AND STAKEHOLDER MANAGEMENT SKILLS”**

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### A growing phenomenon

Interim managers clearly have exceptional skills and qualities that make them good leaders. A thirst for challenge and innovation, adaptability, a strong sense of purpose and emotional intelligence are just some of the characteristics that enable interim managers to inspire others and help organisations achieve competitive advantage. And in a business climate in which the pace of change continues to accelerate, it is inevitable that interim management will go from strength to strength as a way for smart and agile companies to continuously renew management talent and inject leadership into change programmes.



**CHRISTINE DE LARGY** is managing director of Impact Executives, the international interim management arm of Harvey Nash. Christine joined Impact Executives in 2000, having established a strong track record gained working for a broad range of blue-chip organisations at senior and board levels.

## Leadership profile: Stelios Haji-Ioannou



I'm sure that leadership takes many forms, but I can only speak from my own experience. If I have any skills, they are those of a serial entrepreneur, not a corporate manager. So as a leader, I have learned to delegate.

I stepped down as chairman of both the publicly listed companies which I created in my life

– Stelmar Shipping and easyJet – so that they could be run by professional managers. This freed up my time, so that I could concentrate on my smaller companies, turning good ideas into good businesses.

The early years is when a business is most in need of care, attention and entrepreneurial leadership – risk-taking if you wish. easyJet doesn't need to take risks any more; indeed as a plc, it should avoid risks. It needs to carry on doing more of the same, managed by steady, reliable, even predictable, leaders.

This is not to say that I don't admire "big" business leaders. My own father built up a very large and successful tanker business from scratch and one of my first business heroes was Sir Richard Branson, who has put his brand on many diverse businesses, at least two of them truly world-class performers.

Sam Walton built the world's largest company by turnover, proof and inspiration to me that most people prefer a low-cost option if possible. I also enjoyed meeting Ingvar Kamrad, founder of ikea, and Michael Dell, founder of Dell Computers. The former seems to live very modestly despite his huge wealth and the latter has managed to go from founder of a start-up to chairman of a huge company, all before he is 40 years old.

Hard work, even if obvious, deserves a mention, as it is indispensable in trying to lead a company. Luck is useful too! I find that sharing information and openness inside a company is empowering and inspiring to all.

Last but not least, I try to have fun, which also goes down well with your colleagues. One of our current tasks is organising the tenth birthday party of the "easy" brand. Having fun at work really is possible and everyone enjoys it.

Stelios Haji-Ioannou is the founder of easyJet and a serial entrepreneur. His easyGroup now includes brands such as easyCar, easyMoney, easyCinema and easyCruise.



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# 7

## From CIO to CEO?

Many CIOs struggle to take their place in the boardroom. But the ranks of IT leaders are growing. What's their secret?

Janice McGinn, editor of *MIS UK*

**G**andhi, Katherine Graham, Jack Welch, Margaret Thatcher, Alex Ferguson, Larry Ellison, Richard Branson, Bob Geldof and Jamie Oliver. Different eras and characters, but the roll call has one thing in common: the leadership factor. Where they led, others followed.

Chief information officers (CIOs) are keen to muscle in and assume that mantle as well, but few in the UK are making it into the boardroom, never mind the top leadership slot. The vast majority are hitting a glass ceiling in terms of their career progression. Are CIOs the new women in UK plc's corporate hierarchy?

In theory, no. The door to the top executive suite for the typical CIO has never been more open, but the reality is mixed. We can see a number of high-profile CIOs

shaping business strategy – Paul Coby at BA, Gordon Lovell-Read at Siemens, John Varney at the BBC and Centrica's Peter Brickley are just a few notable examples of CIOs making a difference and there are many more – but the majority of senior IT managers are aspirational, still working out how to scale the corporate ladder.

### CIOs: natural leaders?

That said, the dearth of CIOs at board level begs a question. Why should CIOs have a place at the boardroom table anyway? Why are they better qualified than their management colleagues in other departments?

Darin Brumby, CIO with First Group, the UK and US rail and bus operator, is emphatically clear. CIOs should be natural leaders. "According to some, the timeline to our CIO death is as little as five years," says Brumby. "Apparently, a new breed of business operators with board-level gravitas, transformational leadership skills and the business management experience to turn strategic thinking into action, will be taking over.

"My advice to my peers is to discard the victim culture that dogs our profession and take a long hard look in the mirror... there is the future business leader."

### Delivering value to the business

Brumby's confidence comes from a position of strength that others should emulate. Quite simply, he is delivering on his promises to the business. That is and always will be, the touchstone, the basis on which a CIO's value is judged. Measurable delivery is how senior IT managers will build a powerbase within the business and acquire the strong, strategic voice that they desire.

Brumby says that when he joined First Group, the IT set-up was reflective of most of the transport industry and there had been little investment over the previous five to ten years.

"It lacked a clear and understandable strategy. It was IT almost for the sake of IT and was certainly not well led. It was fragmented across the different product lines and ultimately high-cost, low value add and gave poor service. The remit was: 'It's not working and it's costly. We need IT to be an enabling part of our business. How do we get there?'"

### Driving out cost

To gain the support of the board, Brumby backed up the business case for new investment by promising ambitious cost savings: "We needed to put a stake in the ground. I told the board: 'If I cannot get £5m worth of savings in the first 12 months, then you can get rid of me and find someone else who can.'"

This was a roll of the dice in career terms, but it paid off. First Group's IT budget for the 12 months ending March 2005 was £37m, compared with £42m a year earlier,

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and Brumby has promised to make further significant differences to the bottom line. “I think we can take off £30m over the next four years,” he says. “We believe the costs in four years’ time will be significantly lower, while our services will be significantly increased.”

### Scapegoat or leader?

First Group’s Brumby has clearly displayed leadership and delivery in transforming the company’s IT function. But after several years of seeing their profession blamed for just about every business setback on the planet, many CIOs question the extent to which IT’s contribution is valued by the business. They are disillusioned with the negative headlines and aware that professional rehabilitation is a priority if they are to wield the influence they desire.

Brumby, refreshingly, has no doubts that CIOs should be up there competing for the leadership positions. He sees no reason why CIOs are less qualified for the role of CEO than their colleagues in marketing, HR or operations. If anything, their professional experiences over the past few years make them more suitable than their colleagues.

“Look at what CIOs have in their arsenals and what new weapons they will need,” he reflects. “If you are a current or an aspiring CIO, then you have probably already fought in, survived and learned from many differing campaigns: the Scrutiny War of 2000; the subservient skirmishes of internal politics; the benchmark battles of outsourcing; the financial fisticuffs of forward planning; and the black ops missions of ‘more for less’.

“CIOs have been champions in the change crusades and have learned to adapt, improvise and overcome. But this has still not been enough to secure a seat at the strategy table.”

### The CEO/CIO relationship

The qualities Brumby describes certainly sound like the stuff of leadership and he is clearly passionate about what CIOs could and should achieve. But the ongoing absence of CIOs at board level makes many in the CIO community wonder what kind of welcome they can expect from the CEO. Indeed the relationship between the CIO and CEO has often been a tricky one.

Zach Nelson, CEO of NetSuite, an American company experiencing heady international growth with its hosted CRM business model, offers his perspective. “CEOs assume that CIOs have the knowledge and ability to implement technology answers to business questions,” he says. “However, what CEOs really want from CIOs is the ability to implement these technology answers quickly. Both parties share the responsibility of making this rapid response capability happen.”

The reality is that CEOs have listened to pleas for cash for enterprise resource planning (ERP) systems, systems to cope with Y2K and the dot-com boom – and they stumped up all over again for expensive CRM systems that still fail to deliver.

CEOs look at their massive investment in IT and wonder if it has made a difference to the bottom line or improved shareholder value. Too often, the results fail to live up to expectations or have simply cost too much.

To top it all, Nicolas Carr’s seminal *Harvard Business Review* paper “IT doesn’t matter” posited the idea that technology is commoditised anyway and that it does not provide business advantage. These are just some of the barriers the aspiring CIO is up against that can make his or her relationship with the business, and with the CEO, difficult.

### Strategic input

However, Nelson disagrees with the analysis that IT doesn’t provide business advantage. “CEOs need to give CIOs the chance to contribute to strategic planning sessions early on and give them the chance to achieve real business benefits,” he says.

He cites the example of a project at NetSuite to better manage and motivate sales reps. Sales reps’ compensation packages weren’t driving the right behaviours, as managers typically made the schemes so complicated that it would take weeks, or sometimes months, to calculate pay-outs. The process was managed out of an ERP system, which wasn’t visible to sales staff.

Nelson wanted to ensure that sales reps could see exactly what they would get paid the moment they generated an estimate or order. This, he felt, would motivate them and drive the right behaviours. He involved his IT department right at the beginning of discussions to define the business goal and seek an appropriate solution. Sales reps can now see details of their compensation package through NetSuite’s CRM system and the company has seen fast, bottom-line benefits as a result.

### Agitating for change

But IT leadership isn’t just about delivering business benefits. IT leaders also need to drive innovation and act as agents for change. Take John Varney, the BBC’s chief technology officer. He masterminded a controversial ten-year, £2bn outsourcing deal with Siemens Business Services, which now owns BBC Technology and provides all the parent company’s IT services.

The newly created SBS Media Holdings provides and maintains the BBC’s IT infrastructure, desktop and telephone systems for 28,500 users, as well as hosting its website and applications. It will also design and build new broadcast facilities and systems. The outsourcing contract guarantees a massive £20m in annual cost savings.

It was a radical move but, says Varney, “the deal was a matter of life and death”. It became increasingly apparent that the BBC needed to achieve new economies of scale to be able invest in new technology.

“The market that we’re in is fiercely competitive,” he says. “It is hugely reactive to consumer pressure and consumer change as never before. The logical thing to do is to lose that distraction of managing technology. I don’t worry about the servers anymore.”

“That’s the way all media organisations should be going, particularly the large ones, because if they stay fragmented in the way they look at their operations, they’ll miss the market changes and die.”

### Transformational leadership

Varney is displaying the foresight that can be the difference between a business flourishing or floundering. Similarly, British Airways’s CIO, Paul Coby, has been key to transforming the company. It is only a few years ago that BA was threatening to go to hell in a handbasket, but since the end of 2001, Coby has cut 40 per cent of the costs of running IT, while volumes have quadrupled in terms of processes, storage and transactions.

That 40 per cent saving is being reinvested in impressive new functionalities that have transformed BA – internally, externally and in terms of customer experience. Eighty-nine per cent of customers now use self-service check-in facilities and 94 per cent of staff use online self-service systems to handle rosters and travel.

Around four million regular passengers use the online systems, “but you ain’t seen nothing yet,” says Coby. “I’m really excited about the ability for passengers to print their own boarding cards. It combines very advanced technology with the simple one of printing a barcode and means passengers can go straight to gate when they arrive at the airport.”

His next challenge is to support the business processes in Heathrow Terminal Five. “It is a fabulous opportunity for us,” says Coby. “BA will be the only airline occupier, so the chance to deploy our principles will be greater. The key is to really understand the businesses processes and then use IT to make them happen.”

### New skills, new leadership

It is hard to define what makes a transformational leader and even harder to go about changing the corporate culture to encourage leadership at all levels, but top-flight CIOs like Coby are doing exactly that. Technical prowess, expert power and jargon count for little. CIOs are acquiring new competencies, softer skills, and above all, distinctive and demonstrable leadership ability.

Eavesdrop on a CIO conversation nowadays. They are using words not usually associated with IT – courage, emotional stamina, accountability, stewardship, passion, decisiveness, empathy, credibility, self-confidence and anticipation.

### Self-development

And that’s just for starters, according to First Group’s Brumby. He says the next stage is to couple these traits with the new knowledge gained from business management

qualifications and new experiences gleaned from working across multiple industry sectors and global regions. It is a question of CIOs challenging themselves through bold career moves and self-development to be able to really add value to their roles.

“If CIOs are not up for the challenge, they won’t have to worry about stepping aside,” he says. “They will be overtaken.”

### The value of risk-taking

Although in many instances they are fighting an uphill battle, CIOs are increasingly displaying leadership traits, such as charisma, strategic vision, empathy and motivational skills. But are they prepared to take risks? Being a transformational IT leader like Coby is a scary business. It requires taking risks. Risk-taking, so we are told, is at odds with traditional IT culture.

Or is it? The following example illustrates otherwise. US Rear Admiral Grace Hopper was an IT pioneer whose work led to the development of the business language, COBOL. Born in 1906, she was still an active consultant for DEC (Digital Equipment Corporation, a pioneer in the US computer industry) at her death in 1992. She was also a great teacher, social scientist, corporate politician, marketing whizz and visionary.

Hopper’s wisdom was legendary and she was known for her pithy comments, many of which should adorn the walls of a leader or leader in waiting. “Humans are allergic to change,” she said. “They love to say, ‘We’ve always done it this way.’ I try to fight that. That’s why I have a clock on my wall that runs counter-clockwise.”

Hopper’s philosophy was to continually challenge people’s assumptions and to take personal risks to effect change. As she said, “It’s easier to ask forgiveness than to get permission.” Perhaps aspiring CIOs should take heed of her words.



**JANICE MCGINN** edits *MIS UK*, the UK’s premier monthly business title for chief information officers and senior IT decision-makers. *MIS* was launched in Australia in 1990, Asia in 1996 and the UK in 2000. It is part of the John Fairfax stable, the largest newspaper publisher in Australasia. Janice was a freelance journalist for many years and wrote a book on customer relationship management, *Increasing Customer Loyalty and Profitability in Retail Financial Services*, published by Informa. She also has extensive experience of managing media training and analyst liaison programmes.

## “TOP-FLIGHT CIOs ARE CHANGING THE CORPORATE CULTURE TO ENCOURAGE LEADERSHIP AT ALL LEVELS”

# Leadership profile: Allan Leighton

Richard Gleed



They used to say leaders are not made – they're born. That may have been true 50 years ago, but I don't think it works like that today.

Leaders were once high-profile people driving others to get things done. But people today can lead as much through their logic, their reason and their intellectual ability. You can't copy

someone's style, but it is possible to adapt aspects of other leaders' styles.

I think leadership involves your head, your heart and your feet. Your head thinks about the job all the time and is constantly asking the question – am I doing the right thing? Is it working? Your heart is fundamental, too. Whatever your style, good leaders are passionate about their role.

But your head and your heart won't produce good results unless you're pounding away with your feet, meeting and listening to the people in the company and, crucially, doing something about what you're told. And it's talking with people that counts – not at them. Never use "management speak" and be clear at all times, even when you disagree with someone.

A good leader is a great listener. It's a fundamental quality. You must show people respect to get the best out of them. Respect is something you give, not earn.

Choose people you can trust to deliver and surround yourself with good, lucky people. Recruit people who will be better than you – and don't be afraid of that. And don't assume that you can get other people to make change happen – it will involve a lot of personal input and hard work. Attention to detail and micro-management is essential. If you do this, it will rub off on others and help keep everything on track.

The big decisions are always about people, not the actual event. If you get your people decisions right, then you'll get the big decisions right. Transforming companies is all about how good you are at implementing decisions. As a rule of thumb, it's 20 per cent strategy and 80 per cent delivery at the operational end. Execution is key. You get buy-in from the people at the coal face with projects that will improve their daily working lives.

I've been fortunate to work with a wide-ranging group of very good leaders – people like Philip Green, Rupert Murdoch, James Dyson, Archie Norman, Galen Weston and Sam Walton. All different. I admire them all.

And never be discouraged. If it feels as if everything is going wrong most of the time, then you are probably succeeding!

# Developing your leadership skills

## Further reading

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## Online resources

- Adair Leadership Foundation  
[www.johnadair.co.uk](http://www.johnadair.co.uk)
- The Campaign for Leadership and Common Purpose  
[www.commonpurpose.org.uk](http://www.commonpurpose.org.uk)
- The Center for Creative Leadership  
[www.ccl.org](http://www.ccl.org)
- The Whitehall and Industry Group  
[www.wig.co.uk](http://www.wig.co.uk)
- The Windsor Leadership Trust  
[www.windsorleadershiptrust.co.uk](http://www.windsorleadershiptrust.co.uk)

## Evaluate your skills

Self-knowledge is crucial for evaluating achievements and potential. Below is a list of attributes associated with leadership. Read through these statements and evaluate the leadership skills demonstrated by your team and those that you display. Score yourself from one to ten for each attribute or put ticks or crosses in the boxes. Use this information to consider areas where you or your team could develop.

### 1 Demonstrating initiative, delivering operational excellence, implementing decisions and delivering results

- I reinforce people's determination to do the right thing.
- I have a strong work ethic.
- I do things right the first time.
- I stay focused on priorities and recognise when to delegate tasks.
- I stretch myself to meet the values of others and myself simultaneously.
- I demonstrate value by tangible and visible actions.
- I choose service over self-interest.
- I act with integrity.

### 2 Drawing groups together, enjoying team management and placing importance on the development of others

- I reward and recognise team members daily.
- I use analogy to simplify conceptual ideas.
- I connect and integrate values into the working operation of the organisation.
- I clarify future direction in terms that make sense.
- I reduce strategic plans to simple ideas which can be easily communicated.
- I communicate effectively with internal and external stakeholders.
- I target communication to the needs of the audience in pace, level and method of delivery.
- I break complex targets down into digestible pieces.

### 3 Offering support, demonstrating active listening and encouraging others to achieve objectives

- I demonstrate trust in others to perform effectively.
- I recognise that leadership is a process of upward as well as downward influence.
- I inspire excitement with my communication style.
- I encourage hard-hitting debate and dialogue.
- I display stature and presence to gain commitment and loyalty.
- I put aside personal ambition for the sake of the whole.
- I take time to connect with each team member.
- I set clear goals and success criteria, allowing people to use their initiative.

### 4 Demonstrating decisiveness, offering inspiration and eliciting respect by touching hearts, not just minds

- I take pride in winning as a team, not just individually.
- I foster the development of a common vision.
- I appear consistently enthusiastic and inspirational about the vision.
- I build the capacity of the next generation of leaders by investing in the team.
- I hold myself accountable, without blaming others.
- I hold people accountable with the clear understanding that ethical standards must never be compromised.
- I manage the ambiguity of leadership and power.
- I find a sense of continuity through others.

## Plan your development

A personal development plan can provide a useful framework to help you or a member of your team embark on a journey of continuous improvement. Consider the attributes of leadership, as outlined in the previous section, and determine the areas that you or a team member should focus on in order to progress. Any development plan should consider both your personal objectives (ie to develop your leadership potential) and your corporate objectives.

1. What are my objectives?	
2. What do I need to improve to enhance my future performance in my current role?	
3. What do I do well now and how can I do even better?	
4. What stops me being successful and how can I deal with that?	
5. What skills should I develop in order to prepare for future changes in the environment in which I operate?	
<b>Review your progress</b> It is imperative that you review your progress periodically in order to recognise where you have been successful and also to note any difficulties you may have.	
<b>Set review date</b>	
<b>How well have I performed against my objectives?</b>	

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 Fax: +44 (0)20 7333 0032

### Belgium

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 Fax: +32 (0) 2 463 32 77

### China

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 Shanghai 200021  
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 Fax: +49 (0) 89 590 813 20

### Hong Kong

Unit 6 9th Floor, Entertainment Building,  
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### The Netherlands

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 The Netherlands  
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 Fax: +31 (0) 346 581 080

### Switzerland

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 Fax: +41 (0) 1 296 80 55

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The path to leadership  
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