Corporate leadership:

Are you up to the challenge?

By Larry Hulsmans

Probably the biggest challenge corporations or organizations face today is balancing the need for increasing shareholder value while simultaneously providing a work environment that truly engages the passion and commitment of its' employees. Increasingly, corporate growth and profitability depend upon an organization's ability to mentally engage and retain its workforce. Workforce demographics and attitudes are shifting at a rapid pace. Boomers, who make up the bulk of management and leadership with most large organizations today, traditionally worked in an environment characterized by the exchange of labour for the promise of lasting employment and financial reward. This is no longer a concept that works within our society. There is an undeniable need for a different social contract within our workplace. Employees, whether they be GenXers or Boomers, are not willing to trade in their intellectual capital, passion, and life energy in exchange for the "opportunity" to work within a corporate environment where they are shunned from employing initiative, taking risks, and being innovative and creative. Today's employees demand personal growth and learning that will engage and stimulate them. They want to be challenged, and they need to be trusted and held accountable.

Every year at The Banff Centre for Management, we work with over 3,000 executives, middle, and senior level managers from over 1,000 organizations in Canada and the U.S. on our leadership development programs. Although these individuals are focused on improving upon existing leadership skills and developing new ones, one common theme that they all share is a thirst for effective, impactful corporate or organizational leadership.

Our experience in increasing leadership effectiveness at both the corporate and individual level is that enduring, impactful leadership within corporations **must start at the top** and become part of an organization's culture. The best leadership development initiatives at the individual level will not benefit the organization long-term, if the organization cannot provide the supporting organizational culture, including structures, process, and systems necessary for individual leadership to develop within a corporation. Effective leadership, at both the individual and corporate level, is the key to long-term organizational results in our ever-changing business landscape. Now, more than ever before, there is a need for corporate leadership.

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The crucial role of corporate culture

Over the long-term, an organization's culture alone probably does more to influence corporate leadership than anything else does. It determines how individuals and organizations as a whole react and perform on a daily basis. An organization's culture is comprised of years and years of history, which includes successes and failures, good and bad decisions, and individual and collective stories. All of these create a set of values, explicit and implicit, for the corporation that underpins the corporation's leadership culture. Organizational culture is synonymous with **leadership culture** and determines how leadership is or isn't manifested in an organization. And just as individuals demonstrate good and bad leadership, so do corporations!

What we see…

So often, we see organizations investing in leadership development at the individual level while the corporation's values and leadership culture remain unchanged. At the individual level this disconnect typically results in individuals returning to the workplace where they try to implement some of these new behaviours. At the individual and team level these new behaviours are very often successful; however, at a corporate level they often are not. If employees are persistent then they may be able to continue to demonstrate these new behaviours even though they are not supported or encouraged by the organization. However, this is usually stressful for individuals and often they will abandon these new behaviours – despite the fact that they have been somewhat successful – in order to conform to the organization's values, or they will leave the organization in search of another organization that is aligned with their values, or perhaps do both. The organization then often attributes blame for the departure to the individual, or to "turnover," rather than attributing it to the organization.

The greatest two single corporate leadership issues we see in organizations today are lack of trust and poor communication – specifically communication regarding corporate values, vision, mission, and critical success factors. Combined, these two elements seem to be at the root of leadership duress within organizations.

Trust is a heady, multi-faceted, and elusive concept that pervades and manifests itself in everything we do. It comprises such weighty ideals such as accountability, integrity, truth, and honesty. As with individual leaders, nothing erodes or destroys corporate leadership more than not being trusted by its employees. Sure distrustful leaders might achieve mediocre results, but they will never be able to truly harness people's passion and generate the energy truly required to achieve outstanding business results. Continuously, we hear middle and senior level managers citing the inability or failure of senior management and the organization as a whole to "walk the talk" as a critical dissatisfier and prime indicator of lack of leadership.

Poor communication (and this includes listening) is probably the greatest weakness of many of the organizations that we have worked with. Poorly communicated, misunderstood, and unclear corporate goals, vision, direction, corporate values, and critical success factors are a leading cause of poor organizational performance, poor morale, and internal confusion. Frequently, we speak with senior VP's who are adamant that their organization's values and goals are absolutely clear and understood throughout the organization, yet when we speak with individuals at levels ranging from senior to junior managers this is clearly not the case. Organizational goals, objectives, values, and critical success factors need to be communicated and reinforced on a continuous basis. As things change, individuals within organizations need to be able to contextualize this change with their organization's values, vision, direction, etc., and be able to assess the impact of change and take the necessary actions.

Debra Amidon, faculty at The Banff Centre for Management, and also one of North America's leading thinkers on Innovation and Knowledge Management uses the following matrix to describe five levels of generational management and where each level focuses to create value in the marketplace. Noteworthy here is that most organizations are striving to operate at the third, fourth, and fifth levels for Core Strategy, Processes, and Technology, and has accepted that Change Factors are at the fourth level and beyond. However, many organizations are still operating at the first and second level for Organizational Structure and People. Until organizations begin to recognize this disconnect and begin to align these levels they will find it increasingly difficult and frustrating to achieve the economic rewards these higher levels of operation offer. More information on Debra's research can be found at www.entovation.com

How Value is Created...

	First	Second	Third	Fourth	Fifth
	Technology as the Asset	Project as the Asset	Enterprise as the Asset	Customer as the Asset	Knowledge as the Asset
Core Strategy	R&D in Isolation	Link to Business	Technology/ Business Integration	Integration with Customer R&D	Collaborative Innovation System
Change Factors	Unpredictable Serendipity	Inter-dependence	Systematic R&D Management	Accelerated Discontinuous Global Change	Kaleidoscopic Dynamics
Performance	R&D as Overhead	Cost-Sharing	Balancing Risk/Reward	'Productivity Paradox'	Intellectual Capacity/Impact
Organizational Structure	Hierarchical; Functionally Driven	Matrix	Distributed Coordination	'Multi Dimensional' Communities of Practice	Symbiotic Networks
People	We/They Competition	Proactive Cooperation	Structured Collaboration	Focus on Values and Capacity	Self Managing Knowledge Workers
Process	Minimal Communication	Project to Project Basis	Purposeful R&D/Portfolio	Feedback Loops and 'Information Persistence'	Cross-Boundary Learning and Knowledge Flow
Technology	Embryonic	Data-Based	Information-Based	IT as a Competitive Weapon	Intelligent Knowledge Processors

So where does an organization start?

Truly successful organizations recognize that longer-term business success and employee well being and fulfillment are linked. Employee well-being and engagement requires effective corporate leadership. Clearly, if an organization is looking to increase its capabilities then addressing its leadership culture is perhaps the best place to start. This traditionally means starting at the top of the organization with those who can most greatly influence and shape culture. Leadership culture can be developed from the bottom up, but it is a costly and unhealthy process for any organization. Effective corporate leadership is very similar to effective individual leadership. An organization might consider starting with a snapshot or initial assessment of what the leadership culture is by conducting a survey of individuals across different levels of the company. The Organizational Cultural Inventory, produced by *Human Synergistics* of Ingersoll, Ontario assesses culture across a number of categories including tendencies toward power, achievement, avoidance, competitiveness, and self-actualizing.

From this basis point, the organization can then look at what the leadership culture needs to be. However, it is essential that this assessment is done within the context of the longer-term strategic plan of the organization, market place dynamics, how the corporation creates value, and how it plans on continuing to create value in the marketplace. From this exercise should flow a list of corporate values and competencies that speak to a new or perhaps more refined sense of what the corporation needs to be doing and how it can get there. More specifically, it needs to define what type of internal operating environment and culture it must create for its employees in order for it to be successful.

The next challenge would then be to develop the skills and competencies within the corporation that would help create and define this new leadership culture - again starting at the top. Our experience has been that 70% of organizational competencies are common, with the remaining 30% being specific to the organization and its industry sector. Common skills and competencies themes that corporations would very likely pursue include the following:

- ❖ Develop organizational values that not only speak to profit generation but also to the growth, development, and well being of employees.

- ❖ Create and implement corporate wide business metrics that provides a clear sense of what needs to be done.

- ❖ Provide clear and constant two-way communication of corporate values, vision, mission, and critical success factors for the purposes of understanding and context. The corporation must also listen to employees and take appropriate action. Effective corporate leadership is open to criticism, seeks feedback, and is accountable for its actions.

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- ❖ Embrace and foster creativity, innovation and learning. An organization's ability to learn in today's marketplace is perhaps its greatest strategic advantage.

- ❖ Create an environment of trust and respect.

- ❖ Remove redundant corporate bureaucracy.

- ❖ Create and implement a succession/career progression planning program that clearly articulates corporate expectations and charts a course for employee development.

- ❖ Create space for leadership to grow.

Today, longer-term (can anything be long-term today?) corporate sustainability requires a powerful corporate leadership culture where employee energy, passion, and intellectual capital can flourish in support of an organization's objectives. Based upon our experience we believe creating this environment should be the number one priority within organizations. This is the gas that fuels the organizational engine. Is it possible for organizations to change their leadership culture? We believe it is but it is no easy task. It requires significant commitment throughout the organization and leadership… especially from the top!

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