

## Message 6

### Leadership and Management

Leadership and management are two distinctive and complementary systems of action. Each has its own function and characteristic activities. Both are necessary for success in an increasingly complex and volatile business environment.

Management is about coping with complexity.

Leadership is about coping with change.

Managers manage complexity by planning and budgeting.

Leaders manage change by setting directions.

Planning is a management process, deductive in nature and designed to produce orderly results, not change. Setting direction is more inductive. The direction-setting function of leadership does not produce plans but rather creates vision and strategies.

Vision is important when it serves the interests of an organization's constituencies and when it can relatively easily be translated into a strategy.

Planning works best not as a substitute for direction setting but as a complement to it. In an organization without direction planning can become a black hole capable of absorbing time and energy.

Managers develop the capacity to achieve plans by organizing and staffing.

Leaders communicate directions by aligning people who understand their vision and are committed to its achievement.

Executives who are overeducated in management and undereducated in leadership usually face a serious organizational problem: getting people moving in the same direction -- align people. Aligning is a communications challenge. It involves talking to many more individuals than organizing does. Aligning requires credibility and leads to empowerment in a way that organizing rarely does.

Managers accomplish plans by exerting control and providing solutions.  
Leaders achieve visions by motivating and inspiring people.

Motivation and inspiration energize people, not by pushing them into directions as management does through control mechanisms but by satisfying basic human needs for achievement, a sense of belonging, recognition, self-esteem, a feeling of control over one's life, and the ability to live up to one's ideals.

Good leaders motivate people by:

- Articulating the organization's vision in a manner that stresses the values of the audience they are addressing.
- Involving people in the process of deciding how to achieve the organization's vision.
- Providing coaching, feedback, and role modelling.
- Recognizing and rewarding success.

Organizations that do a better-than-average job of developing leaders put an emphasis on creating challenging opportunities for relatively young employees.

### **Six principles of leading adaptive work**

Often the toughest task for leaders in effecting change is mobilizing people throughout the organization to do adaptive work. Adaptive work is required when deeply held beliefs are challenged, when values that made people successful in the past become less relevant for success in the future, and when legitimate and competing perspectives emerge.

Getting people to do adaptive work is difficult because:

- executives usually have difficulty in breaking the long-standing behavior pattern of their own: providing leadership in the form of solutions.
- adaptive work is distressing for the people who go through it.

The following six principles for leading adaptive work in organizations might

help understanding the nature of leadership in an organization that is under change.

1) Leaders have to be able to give employees a strong sense of the history of the organization as well as a clear description of the contemporary market forces that shape the future of the organization. Leaders must be able to move back and forth.

2) Leaders have to be able to identify the adaptive challenges. Besides, leaders that cannot learn quickly to adapt to new challenges will face their own extinction.

3) Leaders have to be able to strike a delicate balance between having people feel the need to change and having them overwhelmed by change. In order to maintain a productive level of tension, leaders should:

-- Create a holding environment, i.e. a temporary place (e.g. an area in cyberspace in the organization's Intranet) in which the leader creates the conditions for diverse groups to talk to one another about the challenges facing them, to frame and debate issues, and to clarify assumptions behind perspectives and values.

-- Direct people by identifying challenges and framing key questions and issues.

-- Protect people by letting them feel the organization's external pressures within the range they can stand.

-- Orient people to new roles and responsibilities by clarifying business realities.

-- Manage internal organizational conflicts by exposing them and viewing them as the engine of creativity and learning.

-- Shape organizational norms by challenging the unproductive ones.

-- Hold steady and maintain tension that serves as a stimulus for learning and change.

-- Communicate confidence and tolerate uncertainty, frustration, and pain.

4) Leaders have to be able to get employees to confront tough trade offs in diverse values, procedures, operating styles, and power. Leaders must show and instill respect for diversity of experiences, beliefs, assumptions, and values within the organization. Diversity's value consists of helping people discover the need for consulting each other and for using one another as resources in the problem-solving process.

5) Leaders have to let people take the initiative in defining and solving problems. Leaders must support rather than control people. Those who sense early changes in the marketplace are usually employees in the front line rather than isolated CEOs.

6) Leaders have to give voice to all people in the organization. Leaders must provide cover to people who point to the internal contradictions of the organization because those individuals often have a perspective which provokes rethinking that organizational authorities do not have.

A classic error in leadership relates to the sterile technical mindframe of those CEOs who derive their solution to a problem and then try to sell it to their people. However, leadership demands solutions coming from people throughout the organization. Leaders engage people in confronting challenges and providing solutions.

### **Five ways CEOs lead**

CEOs develop a guiding philosophy about how they can best add value to the organization they manage. Successful CEOs have a coherent, explicit style of management which is not only a reflection of personal style but also best meets the needs of the organization and the business situation at hand.

The following five ways CEOs lead have been among their top-preferences. They are different approaches to leadership.

#### **1) The Strategy approach**

CEOs believe that their most important job is to create, test, and implement a strategy for long-term success. These CEOs employ extensive analysis, reporting and planning systems that test strategic scenarios.

## **2) The Human-Assets approach**

CEOs believe that strategy formulation belongs to the business units, therefore CEOs primary job becomes management and growth of individuals. These CEOs usually develop "the company way of doing business" which is a set of values and behaviors that individuals in the company have to adhere to for superior performance.

## **3) The Expertise approach**

CEOs believe that their primary job is to select and disseminate within the organization an area of expertise that will become the source of competitive advantage. These CEOs focus on a package of ideas and techniques that strengthen the organization's competencies.

## **4) The Box approach**

CEOs believe that they can add value to their organization by creating, communicating, and monitoring an explicit set of controls that ensure uniform and predictable behaviors and experiences. These CEOs often run companies in highly regulated industries such as the banking industry.

## **5) The Change approach**

CEOs believe that their most critical role is to create an environment of continual organizational reinvention. These CEOs do not focus on where their organization will end up but on how they will get there. Because the reinvention of business causes uncertainty, anxiety, and friction, these CEOs must possess consensus building skills.

## **A leader's Emotional Intelligence**

Emotional Intelligence (eIQ) is one of the core ingredients of leadership. While technical ability and expertise -- intelligence (IQ) -- are sine-qua-non prerequisites for successful performance, eIQ matters much as IQ for leadership.

The following table concisely describes the components of eIQ at work in the environment of a business organization.

**The five components of Emotional Intelligence at work**

	definition	hallmarks
self-awareness	The ability to recognize and understand your moods, emotions, and drives, as well as their effect on others.	<ul style="list-style-type: none"> <li>-- self confidence</li> <li>-- realistic self assessment</li> <li>-- demonstration of candor</li> <li>-- self-deprecating sense of humor</li> <li>-- comfort in talking about strengths and weaknesses of self</li> </ul>
self-regulation	<p>The ability to control or redirect disruptive impulses and moods.</p> <p>The propensity to suspend judgement--to think before acting.</p>	<ul style="list-style-type: none"> <li>-- trustworthiness and integrity (ability to say no to impulsive urges)</li> <li>-- comfort with ambiguity</li> <li>-- openness to change</li> </ul>
motivation	<p>A passion to work for reasons that go beyond money or status. A desire to achieve for the sake of achievement.</p> <p>A propensity to pursue</p>	<ul style="list-style-type: none"> <li>-- strong drive to achieve</li> <li>-- love to learn</li> <li>-- strong drive to do things better (continuous rise of the</li> </ul>

	<p>goals with energy and persistence.</p>	<p>performance bar)                  -- like in keeping score                  -- optimism, even in the face of failure                  -- organizational commitment</p>
<p>empathy</p>	<p>The ability to understand the emotional makeup of other people.</p> <p>The skill in treating people according to their emotional reactions.</p> <p>The importance of empathy stems from:</p> <ul style="list-style-type: none"> <li>• - the increasing use of teams</li> <li>• - the rapid pace of globalization</li> <li>• - the need to retain talent</li> </ul>	<p>-- expertise in building and retaining talent                  -- sense of how to give effective feedback                  -- cross-cultural sensitivity                  -- service to clients and customers</p>
<p>social skill</p>	<p>Proficiency in making relationships and building networks.</p> <p>Ability to move people in the direction you desire.</p> <p>The ability to find common ground and build rapport.</p>	<p>-- effectiveness in leading change                  -- development of a wide circle of acquaintances                  -- persuasiveness                  -- Expertise in building and leading teams.</p>

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