

# Identifying effective leadership



**Y**ears of research and analysis by biographers, historians, and management scholars have produced an enormous library of books that the authors claim offer important findings and insights on leaders and leadership.

But how useful in practice are all these creatively marketed advice books? And how can managers distinguish between books that are merely faddish and those that offer genuine insight?

When the marketing hype is discounted, the seemingly non-stop stream of leadership books springs from just five important assumptions that are endlessly debated and recycled:

1. Good leaders have good character.
2. There's no best way to lead.
3. Leaders must collaborate.
4. Adaptability makes longevity possible.
5. Leaders are self-made.

Those who aspire to become leaders or improve their performance as leaders need to understand the issues in the debate and use their own judgment to select best practices they can incorporate into their personal leadership style.

## Good leaders have good character

Ultimately we can reduce the idea of character in action to a leader's mandate to "do the right thing" as compared to the bureaucratic, and sometimes ethically questionable, process of merely "doing things right". Implicit in this dichotomy is the recognition that good leaders are both competent – they get the right job done – and ethical – they act with integrity.

The specification for competence encompasses all the important leadership tasks: establishing purpose and clarifying the values of the organization, developing a vision, articulating a strategy, adapting to change, creating a community that is committed to the enterprise and its strategy, monitoring strategy implementation and developing future leaders.

The leadership mandate for integrity and character is less obvious. But clearly, competence alone does not suffice, as witness recent history's pantheon of corrupt CEOs. Recent egregious exemplars of this behaviour trajectory include Dennis Kozlowski at Tyco, Jeffrey Skilling at Enron, and Bernie Ebbers at WorldCom. When the leadership path gets rocky, there's also a risk that idealistic and ethical leaders who are on the cusp of failure will evolve into corrupt tyrants – or sacrifice their principles on the altar of pragmatism and expediency.

## There's no best way to lead

What guides leaders when they act to achieve their goals? A lot of authors are tempted to sell books by offering a universal leadership approach. But no single model fits all situations. The evidence now is overwhelming: how to lead effectively will depend on the organization's culture and values, the behaviour of the followers, the personal traits of the leader, the strategy to be implemented, the resources available for the task, the urgency of the challenge and the externalities facing the organization.

Over the past 50 years, we have obtained rapid access to unparalleled amounts of information – we are no longer ignorant of how the organization works. As a result, we are no longer willing to abdicate total responsibility for running the ship of state to our leaders. It's no surprise, then, that today's favoured model for leadership is the self-effacing, humanistic individual; co-creation of unique customer value is today's mantra for enlightened leaders.

### **Leaders must collaborate**

Leaders must exercise power, but tyranny, autocracy, and coercion in today's egalitarian society will only alienate their followers.

Good leaders must collaborate with employees, customers, suppliers, and all the other stakeholders, and at the same time manage their conflicting interests so that no one set of stakeholders has been paid more than enough to secure their willing and active participation (an approach that Jim Sinegal, CEO of Costco, has been credited for performing with exceptional skill).

### **Adaptability is the key to longevity**

Leaders come and go, their demise usually hastened by futile attempts to maintain stability and retain the existing order. Indeed, helping organizations adapt to change is perhaps the single most important leadership competency.

Strategies that worked last year may serve us poorly if economic, social, or technological forces undergo change – or if a competitor seizes an opportunity to innovate or serve an emerging market. As an industry matures, the leadership imperatives of the firm shift from entrepreneurial fervour to marketing to cost control and ultimately to management of cash flow.

### **Leaders are self-made**

Today's popular view is that all men and women can make themselves into leaders, escaping the handicaps of their own personal history and the constraints of their environment. This is the "everyman theory" of leadership – based on the dubious thesis that any manager can and should become a leader.

The reality is that leadership theory and principles can be taught, but leadership behaviour must be learned. Individuals evolve into leaders as they experiment with alternative approaches to new challenges and slowly integrate the successful approaches into a personal leadership style and strategy.

### **Four aspects of leadership**

Notwithstanding the occasional success of "leaderless groups," it seems axiomatic that organizations perform better when an effective leader is at the helm. If we accept this premise, we can identify four aspects of leadership that demand more understanding:

#### **1. Selection**

Organizations seem to perversely select and retain leaders who are not up to the task. They lack either competence or character or both.

The guidelines for selecting leaders should be self-evident: potential leaders must have integrity, be motivated to excel, exhibit high skills in learning, adapting and communicating, and be able to work with their followers to accomplish the right jobs. Yet we lack a tool that enables us to screen with full confidence those fit candidates from the flawed (or worse, the clever dissemblers). Skilled human resource practitioners have developed many instruments that offer some measure of managerial competence or performance. The critical problem, however, is that seldom is HR capable of doing an

effective job of matching the firm's situation and culture with the attributes of its next potential leader.

What we need: a simple diagnostic that increases the probability that our candidates for leadership will succeed.

## 2. Training

We have accepted as an act of faith that we can train men and women to be leaders. As a result, organizations invest millions of dollars and thousands of hours in leadership development. But the returns on these investments are meagre.

What are the alternatives? Teaching leadership competence by simulation of leadership situations continues to attract apostles. Students can also find a variety of experiential programmes at Outward Bound and similar organizations. But there is little evidence that decisions taken on a mountain wilderness trip inform leadership behaviour in the office. Moreover, any new behaviour adopted during these programmes usually regresses to old behaviour when participants return home. Finally, attempts to create classroom simulations that reproduce the reality of actual leadership challenges haven't clearly succeeded either.

What we need: a syllabus for learning that actually does enable men and women to improve their leadership capabilities.

## 3. Followership

The key insight today is that leaders and followers constitute part of a system. They are linked symbiotically, with each having the ability to support or degrade the performance of the other. Although by definition, leaders have followers, much of management research has concentrated on formulating behaviour recommendations for leaders.

But blame for organizational underperformance appears recently to have shifted from leaders to their followers. Barbara Kellerman indicts followers as seekers after safety, security, and self-preservation, while Mark Slouka observes caustically that power and fame still impress the majority of us today. And this subservience by followers enables malfeasance and misbehaviour on the part of our leaders.

How followers support or ignore the initiatives of their leaders is critical. (And all of us, leaders included, periodically find ourselves in the role of followers.) What must we do to enhance the effectiveness of the leader-follower system?

What we need: Training programmes for followers, as well as leaders. Guidance on how followers can find meaning and purpose in their work and avoid either disengagement or arrant rebellion.

## 4. Metrics

If only we knew how to measure leadership effectiveness! Short-term results can be cruelly deceiving. But increase in shareholder value is a flawed measure for long-term performance, and improvements in revenue, earnings per share, or stakeholder value are not perfect metrics either.

Of course, recognizing an effective leader is not always easy, for leaders do not necessarily reveal themselves by the force of their personality or the acclaim of a multitude of followers. It is especially difficult to identify good leadership in the short run. Even conjuring up lists of historical leaders is risky business. When Winston Churchill, the man who shepherded Britain through its great WWII crisis, campaigned for Prime Minister British a few years later in 1945, voters rejected him. The point is that leadership appraisals appear to wax and wane.

What we need: robust grading systems and clear measures for leadership effectiveness as a function of short-term and long-term results, success in balancing the needs of multiple stakeholders, and skill in helping the organization survive the inevitable periodic crises.

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