



‘NETWORK LEADERSHIP’: HOW ‘LEADERSHIP’ IS CHANGING

17 February 2014

Cultivating ‘network leadership’

1. Adopt a ‘network mindset’ – this is a prerequisite for unlocking value from the many networks within your organisation, including those that reach beyond organisational boundaries.
2. Provide skills development to unlock the value in this new kind of organisation because communicating and relating in networks is quite different from communicating and relating in hierarchies. People might develop some of these skills by chance but leaving it to chance might prove a lot more costly than providing a little training.
3. Reframe your notion of leadership, if you haven’t already done so. Most people recognise leadership as being a set of behaviours that influence others towards a common goal. All good. But most people also believe that those behaviours are exercised by ‘the leader’. While groups and teams will need specific leadership behaviours at particular times, these can come from anyone who exercises them. Think ‘leadership in the network’ rather than ‘the identified network leader’.

‘Critical human capital issues 2014’ address changing times

According to a 2014 report by the Institute for Corporate Productivity (i4cp), High Performing Organisations (HPOs) need to focus on three broad initiatives. Firstly, continue to develop strong talent and leadership pools. But, these must be broader and deeper than at present. Second, provide enhanced leadership development, focusing on interaction and communication. This accommodates a general shift to flatter organisations that include more Millennials. Finally, organisations need to understand and then measure and reward behaviours and results that support strategy implementation and culture.

In contrast, Low Performing Organisations (LPOs) must first overcome three common impediments. First, LPOs show a pervasive lack of alignment of strategy and effort (shockingly, only 12% of LPOs think they’re effectively executing strategy). Second, LPOs report a general lack of organisational agility, which impacts performance. Finally, LPOs say they have leaders who are unable or unwilling to make the shifts necessary to address significant changes in their workforce and markets – and only 11% feel leadership development in the organisation is effective. In short, LPOs are not doing a good job of responding to changing conditions!

i4cp recognises that many of its top 10 themes repeat year after year. However, it highlights the ‘new and different’ (changing) environment in which these themes are now playing out. UGM believes three aspects are especially important. First, change is now constant and all organisations need to be continuously ‘change-ready’. Second, organisations are generally flatter and more matrix-oriented (in structure at least). Finally, Baby Boomers are retiring in large numbers and, increasingly, being replaced with Millennials who prefer to work quite differently. Although these changes might not appear anything special for those living them, they represent a profound shift from the past. Business and work is transitioning, ever more rapidly, to accommodate the shift from an industrial to a digital economy. Organisations that don’t change don’t survive.

Deeper into the digital economy

Take just two minutes and reflect on how the way you work has changed in the past 10 years. It’s likely that you’ve experienced significant shifts in structure and operations. That’s no surprise as advanced economies transition rapidly from industrial to digital. You’d expect change in sectors such as the media, services and scientific research. But, even those working in agriculture, the source of the first economic revolution, find their sector ‘disrupted’. For example, new technologies are improving yields and enhancing distribution. Very few, if any, would be able to claim ‘it’s business as usual’.

Most work involves collaborating with others to deliver required outputs. In fact, that’s why organisations are established. People believe that organisations achieve desired outcomes more effectively and efficiently than individuals would, working alone. To the same end, albeit at a different level, the clichéd “Together Each Achieves More” (TEAM) catch cry advocates for the synergies expected from teamwork.

The nature of collaboration has changed profoundly in a relatively short space of time. The internet and related mobile communications means that it is possible to be in touch 24/7. Additionally, knowledge available has mushroomed, along with ease of access to global knowledge repositories.

Overall, the community is more connected and knowledgeable than ever before. Since ‘individuals’ make up ‘the community’, we can also conclude that people are more knowledgeable (or have access to knowledge stores as needed) and more connected (or can easily connect as needed).

From hierarchies to networks

In the past, power was concentrated at the top of organisations. For a long time this was the most effective way of managing with limited connections between people. The expanding telephone network started the network revolution. The network became more valuable when people started connecting via central computers. The public internet prompted yet another major shift in the way people connect, organise and relate. Though the senior management of organisations are still very powerful, those deeper (and with less formal authority) within the organisations have substantially more power than before – to reach within their organisations and also well beyond them.

So it is no surprise that HPOs must develop broad and deep talent and leadership pools and ensure more of their people than ever before are equipped to exercise leadership and connect with colleagues. This will help harness and realise ‘potential value’ that is available within the organisation. Interestingly, this potential value is mostly not located somewhere within a store, as it might have been in the industrial economy. Rather, the value lies within the network of relationships between its people. ‘Value’ is the ability to find the right knowledge and use it in a timely and effective way in the context of ever-changing business conditions.

Network leadership will, necessarily, come from all parts of the organisational network. In HPOs most, if not all, people will have the skills to step up and exercise leadership or offer their expertise as required. That is, they will be able to influence others towards achieving common goals. When they do this they are exercising network leadership.