

Research shows that leadership directly impacts on the bottom line. Studies have also found that leadership can be developed and the most effective programs are customised to link closely with the strategy and value drivers of the business. The complexity of the fast-paced, global business world of today demands that we think differently about the challenges of leadership. It is helpful to view leadership and management as closely connected, but as different concepts. Each brings its own perspective and adds unique value to organisations. The hero-leader is rapidly becoming an outmoded style in most contexts. The idea that it is possible to find, or even develop, 'complete' leaders who can single-handedly tackle the continuous stream of complex challenges that organisations face is also fast losing favour. Instead, organisations are developing high performance teams where distributing leadership is the norm, rather than the exception.

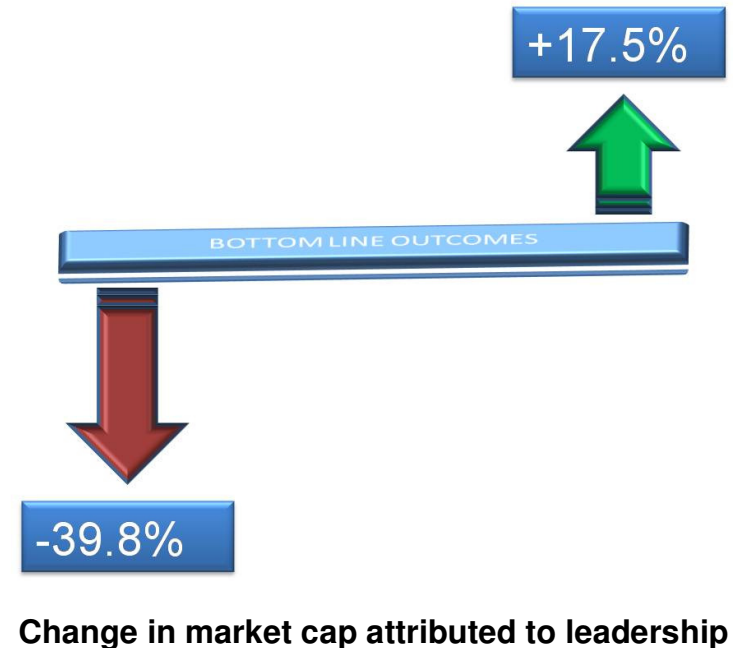
Are leadership issues a major challenge for you?

If you are exposed to the media, then you most certainly face continual bombardment by many leadership-related issues on a daily basis. At a personal level, it can be immensely rewarding to have high-level accountability for the company and its overall leadership bench strength. But it can also prove challenging, particularly when some of your leaders are sub-par. As a senior business leader, like most of our clients you probably spend a lot of your time and energy focusing on a wide range of leadership matters involving other leaders.

Longitudinal research, conducted annually over the past few years with thousands of high-level corporate leaders, has identified the development of leadership bench strength as a top management challenge for many businesses. In this research, competitive pressure, economic concerns and growth imperatives provide the context for the current leadership and management challenges.

Leadership affects the bottom line

Concern about leadership bench strength is justified because, along with best practice management, it has a substantial impact on the bottom line! An increasing number of studies are showing that leadership and management influence financial performance, the most widely used indicator of corporate success. One study that focused on CEOs, who were previously senior leaders at GE, highlighted the critical role that leadership plays in an organisation's fortunes. Although they were all outstanding and highly successful leaders at GE, their subsequent performances ranged between growing the value of their new company's market capitalization by up to 17.5%, through to presiding over declines in value of up to 39.8%! This is an enormous variation in financial outcomes. It is also associated directly with highly talented leaders who have proven track records at a company with a reputation as a developer of top global leadership talent. The huge disparities reinforce just how complex leadership really is and that's probably why, like so many of our clients, leadership issues justifiably consume so much of your waking (and even dreaming) hours!



UGM's approach to leadership development in a highly complex business environment

Clients with formal management qualifications or with experience of generic, off the shelf programs, often ask which leadership approach we favour. For example, 'Does UGM Consulting use the Situational Approach?', 'Will proprietary profiling tool will you use?', or 'Which framework do you use to map capabilities?'

But at UGM Consulting we don't limit ourselves to the perspectives of a single theory, neither do we constrain our views to those of only a few leadership scholars. In fact, we strongly encourage our clients to adopt a similar approach because both research and our own experience show that it maximises the returns on investment in leadership development. Using an evidence-based approach, we extract the very best leadership and management thinking and research findings from leading journals and top leadership and management scholars and practitioners. Then we complement this with our own wide-ranging practical experience (in many diverse industry sectors and organisation types) and independent, original thinking. This leads to us developing a fit-for-purpose approach that always has a primary focus on client business drivers and bottom line returns. This approach ensures you realise tangible benefits.

Much of our research and work in the leadership field is based on a core belief that leadership, and by association leadership development, is complex. Good leaders are able to deal well with complexity in multiple and changing contexts. They also see leadership and management as different, but closely linked. Finally, they recognise that in a complex world it is not possible to be a 'complete' leader.

Unprecedented complexity

Today's business leaders face unprecedented levels of complexity. Rather than having the problem of too little information that plagued leaders in the past, now there is information overload. You have probably found yourself wondering, 'Which data are key?' Globalisation now affects every business, some more directly than others. A key consequence is a rapidly changing, hyper-competitive environment. Finally, in the knowledge economy, talent (rather than raw materials) is the greatest source of competitive advantage. But great talent is much scarcer than most raw materials.

Context is critical

Context is critical to leadership. In complex and ever-changing contexts, leaders need to be resilient and adaptable. This is a key reason why at UGM we harvest the best leadership ideas and practices, and then develop, adapt and integrate them to meet your specific needs. Some leadership thinking is truly ageless, but most of it has a 'use-by' date. It is a product of and for its time and context. As well, complexity usually means that what got us here today is unlikely to get us where we want to be in the future.

Leadership and management are closely linked but different

Very often the terms leadership and management are used interchangeably. Put simply, they are seen as one and the same concept. But, in a complex way, although leadership and management are intertwined, they are nevertheless very different concepts. Substantial insights (and business value) are to be gained from recognizing leadership and management as distinct capabilities and practices. Some unhelpful distinctions of the past elevated leadership and demonized management but we feel strongly that both are essential for organisational success.

In a nutshell, management is about the formal authority and accountability associated with your position. Leadership, on the other hand, is about influencing others without relying on any formal authority. After all, you are a leader only when you have people who choose to follow you. This means that organisations potentially have many leaders who can assist the organisation deal with complexity, not just those who have been appointed as managers. In fact, high performing organisations and teams do have many more leaders than there are formally appointed managers. Research has also revealed (and your own experience is likely to concur) that effective leadership is in much shorter supply than competent management.

Wanting to be a 'complete leader' is like seeking nirvana

We identify closely with, and are contributing to, the growing school of thought suggesting that it is almost impossible to find or become the 'complete' leader. Very few people are likely to succeed in today's complex business environment as sole leaders. Even the most competent leader is limited by the range of issues they can focus on and attend to at any one time. Think of the best leaders you know. They are often faced with many complex challenges, simultaneously requiring more effort than can be delivered by a single individual at any one time.

Using a hero analogy, even the most adept soldier will eventually succumb to the onslaught of an inexhaustible stream of attackers. He might hold out for some time, defeating many of the finest the enemy has to offer, but he will eventually succumb to fatigue. In a cruel twist, the fatal blow may even be delivered by the least worthy opponent! The bottom-line outcome of defeat, however, is nevertheless the same.

Our complex business environment throws up a ceaseless stream of challenges and for this reason the age of the single hero leader is rapidly giving way to a new era of *distributed leadership*. This is probably just as well because a number of studies have shown that organisations that rely on single leaders either fail early, as a result of constrained perspectives, or are unsustainable and fail, once the cult figure is removed or retires. In a distributed leadership approach, leadership is shared, not necessarily evenly, but according to the capabilities of the individuals and the requirements of the context. Most leaders probably recognize this intuitively which is why leadership bench strength has remained a critical business issue over time. It is also why teams have become such an important response and delivery mechanism at all levels of the organisation.

Implications of modern research for building your leadership bench strength

Overcoming the 'complete leader' myth

A key challenge and responsibility for leaders in a complex world is to identify their own areas of strength and weakness, and build a complementary support team around them. Mature leaders recognise and accept that they are not equally good in every area and consciously seek team members who are better than them in their weak areas. We find that hero-type leaders initially experience this as quite confronting. However, they also receive a tremendous boost once they start to realise the benefits of being able to focus on areas of their strength, confident that well-chosen colleagues (working to their own areas of strength) cover for the less capable areas.

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Building high performing teams

Being able to respond effectively to complexity is potentially a great source of competitive advantage and, ultimately, teams are better at this than individuals. High performing teams usually comprise the right people who are able to work together effectively and efficiently on complex problems. We have seen these teams display high levels of distributed leadership where all members exercise leadership according to capability and context. Complex situations often require multiple members to exercise elements of leadership at the same time. Research conducted by UGM Consulting has shown that, in high performing teams where all members subscribe to the notion of distributed leadership, there is much less conflict than when some members try to become the sole hero-leader.

Customised leadership development focuses on business drivers and links to the bottom line

Given that leadership capability impacts on the bottom line, it becomes critical to develop it to ensure that leadership impact is positive. The considerably reduced tenure of CEOs and senior executives over the past decade bears testimony to this assertion. If you can't lead you probably won't last! To maximise returns on your investment in leadership development, particularly at high potential and executive levels, we believe that development initiatives need to be customised according to the strategic needs and drivers of the business. Like all other investments, human capital spending, which includes leadership development, needs to contribute positively to your bottom line. It is useful to remember that leadership capabilities are simply enablers and not ends in themselves. Ultimately, a leader's strength is in what they do and deliver, not in abstract capabilities.

Off-the-shelf programs may prove highly informative and very enjoyable at a *personal* level but are unlikely to 'move the needle' of your key business issues and so will fail to deliver at an *organisational* level. Generic programs are often cheaper but many have acknowledged the false economies they suffered when they got what they paid for! As well, generic university programs are much more expensive, and researchers (such as management guru, Henry Mintzberg), have shown compelling evidence that they also fail to meet specific business needs. Likewise, research has demonstrated that, while teams may have a great experience engaging in team-building activities such as white water rafting or hiking the Kokoda Track, there is little additional business benefit beyond enhanced relationships.

Context, as we noted previously, is very important and leadership development experiences that are situated in and focus directly on current business challenges have been shown to be far more effective. Furthermore, this means that time-pressured business leaders get to work on their current challenges in a focused and effective manner during their development activities and so they don't feel the development initiative is robbing them of time to work on or in their business.

For example, in UGM programs, it is not uncommon for our clients to successfully combine their strategy planning sessions with opportunities for leadership and team development. At the conclusion of the program the teams emerge with:

- their business strategies for the next horizon
- members aware of what each needs to do to implement the plan
- a new set of skills that relate directly to their business and business challenges
- tools that can be reused in a variety of similar situations that present in the business on an ongoing basis, including cascading their own learning down through the organisation
- an enhanced sense of teamwork that results from knowing exactly what they need to do and deliver to be a high performing team

Research has shown that all modes of development, such as workshops, coaching, or action learning projects offer benefits. However, a comprehensive approach, using a combination of development experiences delivers the greatest return on investment. The comprehensive programs that UGM Consulting designs for clients include: highly practical Offsite workshops; 360° assessment and feedback; executive coaching to embed learning and change; and a variety of action learning opportunities that add direct value to the business by tackling current challenges.



UGM's comprehensive approach to developing leaders

Conclusion

The strength and quality of leadership affects your ability to deliver your organisational goals. In addition, the knowledge economy has human capital (people) at the core of value creation and there is an unprecedented demand for capabilities that maximise that value. Therefore it is not surprising that concerns over leadership bench strength, which is essentially about capacity to leverage the value of human capital, have consistently remained a key issue for business leaders over the past few years. We believe that leadership can be developed and, to maximise your investment, at UGM we customise initiatives according to current and future needs of your business. Aligning leadership development to your business strategy (just as you do with every other investment) will provide you with a source of competitive advantage. It will also help you deliver measurable results over the long haul.