

Redefining Leadership in a Changing Business Environment

-An extract from the book
Who's Driving the Bus

Gerry Moan

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WHO'S DRIVING THE BUS?

*Redefining Leadership
in a Changing Business
Environment*

**CHAPTER 10: SIMILAR CHALLENGES,
DIFFERENT REMEDIES**



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Oak Tree Press
19 Rutland Street, Cork, Ireland
<http://www.oaktreepress.com>

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Extracted from
**Who's Driving the Bus? Redefining Leadership in a
Changing Business Environment, ISBN 1-86076-237-9**

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SIMILAR
CHALLENGES,
DIFFERENT REMEDIES

The genius of a good leader is to leave behind him a situation which common sense, without the grace of genius, can deal with successfully.

WALTER LIPPMANN

This chapter looks at other findings from the research that impact on leadership and leadership training.

Strategy Development

Ireland is still trying to absorb the changes brought about by the boom. Irish business is currently trying to steady itself for the effects of the downturn.

Yet the research tells us that people across a wide range of industries tend to identify a similar range of challenges ahead. The difference lies in the emphasis.

One of the challenges is strategy management. Management needs to keep the workforce constantly informed, and a strategy management meeting is an ideal vehicle to achieve this. Strategy management can be like a rudder that keeps the organisation on course, clarifies the vision and initiates action.

Most leaders, according to the research, would like to believe that their company has a strong strategic vision. They reinforce this belief by pointing to the fact that their companies have strategy development processes in place. These processes are generally a rolling programme, with a strategic time-frame of about two years. More often than not, the same people involved in this process are usually also involved in the business planning process.

In many companies, the formulation of the company's strategic vision is usually the preserve of the top management team. These individuals jealously guard their territory. They show little desire to democratise involvement in the strategy development area. Nor do they usually involve outsiders in the process.

Most strategy development processes involve strong elements of monitoring and implementation review. Budgets

are checked and formal interim reports are written. At the end of the process, a document is produced that sets out the company's strategic development programme. The company pats itself on the back for delivering the goods.

"I don't think any organisation can get by without a strategy."

This idealised description, however, is often far from the reality on the ground. In many companies, the commitment to strategy development remains at the wishful thinking level. Not enough time is allocated to the process, and strategic development can often be mere lip service. And even when companies do devote time to strategy development, they rarely stick to a common strategy formulation model.

If strategy development is to be effective, it must also be proactive. When strategy development is based on reaction and response, it shows. Without a bold statement of future strategy, there can be no strategy development.

"Strategy means someone sitting at the tiller making sure that we are in the right direction. Strategy is not someone planning things we must stick to rigidly because we are responding to market changes."

Sometimes the strategy development document itself becomes the main issue. When this happens, to the detriment of the strategy development vision, the process is in trouble.

"I am less comfortable in a scenario where people sit down and articulate strategy, get it all written down, and get all the t's crossed and the i's dotted."

Another characteristic of the way many companies conduct their strategy development process is the absence of outsiders. When everything is done in-house, the strategists can end up recycling old ideas. Without external influence and input, there are limits to the issues addressed and the strategic options considered.

When challenged to explain why more outsiders are not brought into the loop, many companies will tell you that outside consultants have a poor reputation. With the exception of managers in the tourism sector, it seems that many top management teams are wary of consultants.

*If we don't change, we don't
grow. If we don't grow,
we aren't really living.*

GAIL SHEEHY

Does this mean that I and my consultant colleagues across the land should take fright at this finding? Should we start looking at the possibility of retraining and finding another field of enterprise?

I think not.

But this should be a wake-up call. If management feels that consultants are a waste of time, then something is not right in the way the consultant's role, function and value are being communicated.

Recruitment and Retention

When you ask managers about the advantages of joining their organisation, their response is usually built around the soft skills. They will talk about the good teamwork that has been built-up in the company. They will describe their company as a successful story. They will point to the interesting nature of the work and to the strength of the team. They will extol the convenience and physical comforts of the workplace, and will probably try and prove that their workplace is particularly friendly to the environment as well.

We know that, at the height of the boom, recruitment and retention were a major concern in Irish business. Demand for staff in a rapidly expanding economy was outstripping the resources of the employment pool. Recruitment agencies popped up on every corner. There was talk of importing a quarter of a million staff from abroad.

With the economy slowing down, it seems increasingly likely that unemployment will once more become a factor in the Irish employment scene. This will redefine the recruitment scene. I believe that there is a danger that the efforts that once went into staff retention will be relaxed, as companies no longer

have to cope with the urgent need to find ways of preventing staff from leaving. This would be a retrograde step.

How companies are viewed

The research shows that managers in large companies have a somewhat ambivalent attitude to their organisations. There seems to be little consistency. Managers claim that they do not regard their companies as a machine, as an organism. They prefer to see themselves as leaders of their teams. Some believe that they involve their staff, others downplay this element. However, if you probe deeper, there is no common understanding of some of the terms of reference.

Many managers tend to highlight the role of their organisations in the community.

*"We tend to be more considerate about people
and their personal lives."*

An extra perspective is available from Irish people who had previously worked abroad. The way they see the Irish workplace is often quite different to the views expressed by people who have always worked here. The returnees find the Irish workplace more relaxed and more informal. They find the workplace as more people focused, and built more around relationships.

*"It's not that we were inefficient, but we had the
opportunity to be more efficient."*

The view from the employee side of the coin is somewhat different. While employees agree that organisations are more

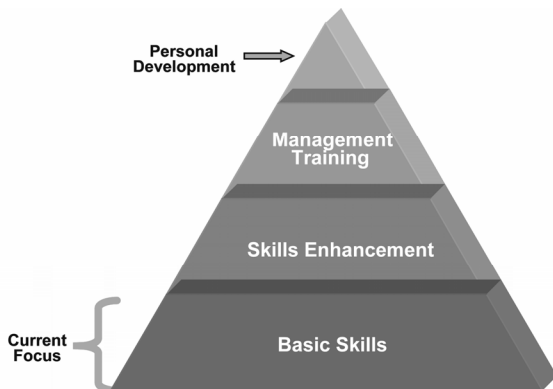
team-oriented, they still believe that the individual boss carries considerable weight in determining what happens. Employees acknowledge that their power has increased. Increasingly, they are expressing concern that this situation will change in the coming months as the stability of the employment sector is weakened.

Most employees express positive sentiments about where they work. The nature of the work itself does not figure very highly as a factor that determines whether they stay or leave the organisation. It is the people and personalities within the organisation that are the key factor.

"The key difficulty is that guys in key positions don't have the bottle."

Employees are as enthusiastic about good leadership as management. The fact that they make little or no distinction between the role of the manager and the role of the leader does not affect the importance they ascribe to the leader's role.

Investment in Human Capital



When we look at investment in human capital, we can identify four different levels in the development pyramid.

- ❖ The lowest level contains the **basic skills** that every employee needs to master any job.
- ❖ The next level up is **skills enhancement**, where an attempt is made to provide a more advanced level of competence.
- ❖ The next level up is **management training**, where suitable employees are prepared for taking on management positions, and where managers are encouraged to enhance their management skills.
- ❖ The top level of the pyramid consists of **personal development**.

We are chameleons, and our partialities and prejudices change place with an easy and blessed facility, and we are soon wonted to the change and happy in it.

MARK TWAIN

At present, the preoccupation of those responsible for investment in human capital is focused mainly on the lowest and broadest level – basic skills.

If we are to improve the overall quality of our human quality, we must change our focus. At the basic skills level, change will be internally directed. But the main focus in the future will be on the next two levels up the pyramid.



Skills enhancement will involve internally-directed change, while management training will involve both internally and externally-directed change. Further down the line, the focus will move up again to personal development, which will involve externally directed change.

Investment in Human Resources

The research findings suggest that the extent to which a company invests in human resources can often be a function of the scale of the company. Smaller companies are extremely task and skill training focused. Many of these companies can regard investment in HR as a luxury that they cannot afford.

With the more traditional companies, the attitude is even more extreme. Many of these companies still see investment of this kind as no better than a necessary evil.

Newer employees in more modern companies have been exposed to a business environment where there is a wider acceptance of HR investment. These employees now expect it. Employees with no experience of the more modern way of doing things still resent it.

By definition, the benefits of task-based training are easier to measure and easier to demonstrate. In larger companies that are undergoing rapid change, there is often a preference for on-the-job training.

By and large, it is clear that many companies do not yet fully understand the need for personal development programmes, and do not appreciate the benefits that these can bring.

In the area of HR investment in leaders, most companies adopt an unstructured approach.

Performance monitoring, on the other hand, is widely adopted. Some organisations assign a critical role to team peer assessment. In most companies, it seems that the degree of HR investment is down to individuals driving their own agenda where necessary.

When we look at the overall training and development spend, a rather grim picture emerges. The spend is low by any standards, usually in the range of €127 to €1,270 per person per annum. One exception is merger situations, where companies have to invest in order to create consistency of knowledge and competence across the newly merged entity.

"You've got to analyse where a person's starting-off point is. Different people in the same room can be at different levels."

Those companies that operate training and personal development programmes identify the ability to tailor the programmes to the individual's need as a key measure of success. Another critical factor in how successful these programmes are is the quality of the presenter.

"It was brilliant because they spent a lot of time checking out what your needs were. They kind of made the course to suit you."

Training and Personal Development

In order to obtain some valuable feedback on the training needs of a company, it is instructive to speak to employees. When asked to identify the key development programmes suitable for the decision-makers in their organisation, they have very definite ideas.

Communication and self-awareness programmes are themes that are repeated again and again. Employees know a good communicator when they are managed by one – and they can spot a poor communicator a mile off.

"I would send my manager for communication training. He has very good vision, but he's not very good at communicating the vision back to the staff."

Employees also want to see their decision-maker bosses learn how to listen. They want bosses to show a degree of humility, and not assume that they have all the answers.

"I would send my boss on the 'I'm not always right' course."

Employees want to be treated with respect. It's easy for anyone to stand up and say, "I am a people person". But in their dealings with their employees, they often fail to display these skills.

"My boss needs to attend a people skills course."

It is clear from the issues explored in this chapter that the "customers" of leadership have their own ideas about what leadership means. The implications for leadership training are clear. If we are to train new breed of business leaders, we have to make them much more aware of how their employees view their actions, their policies and their behaviour.

A boss creates fear; a leader confidence.

A boss fixes blame; a leader corrects mistakes.

A boss knows all; a leader asks questions.

A boss makes work drudgery; a leader makes it interesting.

Anon

ABOUT THE AUTHOR

Gerry Moan is one of the most inspirational trainers in the Irish corporate education market.

His first experience of leadership training was in the Scouts Movement, when he served as Ireland's youngest ever Regional Commissioner. After graduating in architecture, he worked in the emerging field of geographical information systems software. Gerry entered the area of training in 1993, and became a founding partner of Optimum Results in 1995. Over the next 5 years, Gerry delivered training to over 1,000 Irish SMEs in the fields of marketing planning, strategic planning, team-based change, retail training and sales training.

He earned his Advanced Certificate in Business Counselling from the University of Durham, and is closely associated with the Durham Business School Foundation for Small and Medium Enterprise Development. He is a member of the Institute of Business Advisors, and a former Regional Chairman of the Marketing Institute.

He has served as consultant to a number of regional and national organisations in Ireland, helping County Enterprise Boards, FÁS, Employment Partnerships and others to define and develop their own training infrastructures. He also serves on the boards of several companies involved in adapting new technologies to the SME training area.

Gerry launched Constructive Intervention as a vehicle for delivering meaningful and measurable training to the Irish SME market.

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