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Leading the way forward

Effective leadership has become the corporate catchphrase of the noughties and it seems that no one wants to get left behind

Constructive, transparent, accountable and value driven. These have become the new buzzwords of leadership. A mountain of literature is currently available on the subject and the need for leaders to engage their staff or, in a much worn refrain, 'win the hearts and minds of their people'.

Leadership is a subject around which there is always a new trend or theory on how to get the most out of subjects. But never before has leadership, and its many flaws, been so closely under the corporate spotlight. Leadership development was the number-one priority for organisations in 2003, according to *Human Capital Australia*'s survey of the ASX top 50 companies.

Considering the current business environment, it is understandable. Sustainability and accountability – particularly following the collapse of trusted corporate names in the past few years – have become the main focus for business. And, with the finger of blame in many of these collapses pointed squarely at the leadership, the top ranks are feeling the pressure to reform.

Top-down reform

The general consensus is that reform needs to come via leadership style, and that style needs to be open, transparent and inclusive.

"The days have gone where you have this blame culture, where people work in an atmosphere of fear and don't make mistakes," says Dr Alan McGilvary, managing director and CEO of Bayer Australia, New Zealand and Oceania. "The companies that will survive will be the ones who are open and can talk about what they are doing and where they are going with their employees."

Leigh Clapham, senior vice president of MasterCard Australasia, agrees that leaders must have a team perspective "rather than just being seen to be the figurehead of a business." The pressure for this change, he says, is not just via the external markets. "There is a stronger voice from the people working in an organisation surrounding that, and what they see from their leaders and what they expect from them," Clapham says.

Also affecting the leadership picture is the rise of 'generation X' through the corporate ranks. Said to be resistant to authority and independent minded, this generation of workers expects a different approach from their leaders – one that acknowledges their skills and offers them opportunity for advancement. "People are less prepared to unconditionally take direction – they're wanting to know for themselves that this makes sense," says Ros Williamson, corporate learning and development manager at CSL. "In organisations where [employees] get paid a lot of money and they have really smart people, to not tap into the hearts and brains of people and engage with them directly to shape a future together is just a waste," she says.

Williamson says the reduction of middle management has led to greater pressure on the remaining management to lead more effectively – "You can't have a bureaucracy with everyone [too] tied up watching each others' areas to see if things are getting done."

She also points to the advent of the knowledge economy as having usurped the traditional power source of leaders. This has left a gap, which leaders must now fill by focusing on other areas if they wish to lead effectively. "Previously people controlled knowledge and information, and that was a lot of the source of their power," she says. "This is now less an issue. With access to the internet and intranet, people can readily access and share knowledge.

Finding a style

Leaders have caught on and are clearly rising to the challenge with the impetuous for many of the new leadership programs coming right from the top. Leadership competency sets and capabilities are frantically being developed as organisations try to get on top of what is seen as the 'next big thing', with a focus on meeting the needs of both the organisation and the individual.

Bayer's leadership program

Dr Alan McGilvary

Dr Alan McGilvary – MD and CEO of Bayer Australia, New Zealand and Oceania – says he first realised that there was a need for leadership to better understand culture and "get a better, more constructive culture" while working in India. After an engagement survey – when he took up the MD position at Bayer around 2001 – returned a less than satisfactory result, he decided to developed the company's current leadership development program.

The results have been pleasing. "I certainly have 70% of my top management on board," he says. "You're never going to get them all. But they are moving and running with it and we have sustainable results. Not all the companies that Bayer has in Australia and New Zealand use the process, but those that are have got superb results."

The leadership values required are also being instilled via annual bonuses and performance reviews – a tactic that McGilvary describes as persuasive. "If you make mentoring and coaching part of the annual bonus, people are going to have to turn around and say 'this is the amount of time I spent coaching this guy'. And if they don't, they suffer financially."

McGilvary believes his own leadership style has greatly benefited from the targeted program. "The biggest learning curve I've had is looking at my style two years ago, and at the way I have changed," he says. "I have done a much better job and am more satisfied with what I'm doing because I measure myself against set criteria."

Aristocrat Leisure is one such company, says organisational development manager Elizabeth Day. Having realised the need for leadership development, she says the company "put quite a bit of effort last year in framing up what our different capabilities sets were for different management and leadership job bands". With that decided, Aristocrat is now concentrating on putting in place training programs to support and develop leadership along these defined lines. "It's been heavily customised to what our manager and team leader capabilities are," she says of the program, which was developed in conjunction with an external consultant.

CSL, on the other hand, decided to develop its leadership matrix and capability set in-house – something, Williamson says, that fitted better with the CSL culture: "It was important not to take something off the shelf. Being the kind of organisation that CSL is, they're pretty comfortable that it's home-grown and are suspicious of stuff that looks too polished".

MasterCard created its program with both internal HR and external consultants involved, but it is a program with a difference. Not only has the program been rolled out across management and senior management but also throughout the entire organisation – from the receptionist to the CEO. "We basically

going, and their role as leaders in helping achieve that," he says.

HR, leadership and cost

One result of the current focus on leadership is that it is has given HR a chance to shine. Responsibility for creating the appropriate programs has fallen to the HR department and – focusing on leading as it does – this role has given HR a chance to prove its worth directly to management.

McGilvary says HR has been instrumental in facilitating the leadership program at Bayer. So important was its role that he installed a new HR manager who he felt had the capability to implement what was needed. "I quickly realised that the HR person I had at the time wasn't going to make the grade. So we amicably parted company and I got a great guy on board," he says. "When I hired him, I looked for the constructive-style values we're trying to achieve."

The new HR manager, he says, is key to the leadership program and it's a role that should not be underestimated. "Being constructive and being the glue is not necessarily about being nice. HR has

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recognise that everybody's a leader in some respect," says Clapham. "So we're giving them leadership skills and feedback on the impact they have on others in the organisation."

The ambitious program has been implemented via a series of off-site training sessions, which Clapham says help to educate all staff about what leadership is and what it means within the company. "Everybody gets the feedback. Everybody has a road map and knows where the organisation is

Leigh Clapham

to sometimes make some tough decisions and say 'well these guys ain't going to cut it, they aren't going to move with it. You have to do something about it'," says McGilvary.

Luckily for the cost-conscious HR professional, most companies report that leadership programs give value for money – although they are time consuming. "In reality, from a total training budget within the organisations, the investment in this is quite small," says Clapham. "But it's probably providing the greatest value for money because it has engaged all the staff in sharing common goals."

Williamson says that CSL saved money by creating the leadership program in-house, but says for her it has been a time-consuming process. "It didn't take much money at all. It's my time, of course, and also that of [other] people in the organisation," she says. "We looked at consultants, but that was a potential spend of A$100,000 upwards. We needed to go through the exercise internally to get that buy-in and leadership." **HC**
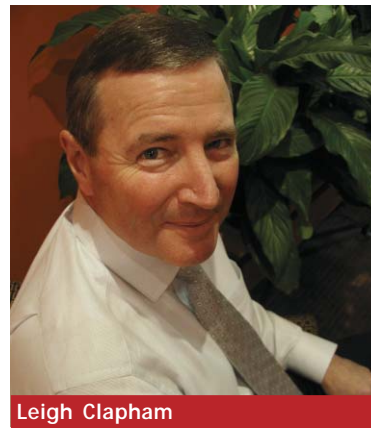
Leadership qualities for the year 2010

In July, management consultants PCD facilitated 16 business leaders to a vision for effective organisational leadership in 2010. The group mapped out a strategic path between leadership today and that of 2010. Here is a summary of the findings

WHAT CHARACTERISTICS WILL GREAT LEADERS IN 2010 NEED TO POSSESS?

- Adaptability, flexibility, and responsiveness to change
- Tolerance for ambiguity and the ability to make decisions based on imperfect information
- Comfort with (perceived) failure
- Passionate and inspirational with high energy levels
- Creative and innovative
- Values driven and trustworthy
- Absolute integrity

- Achieve results through relationships, listening, facilitating and coaching
- Approachable, warm and collaborative
- Obsessed with customer satisfaction and service
- Intolerant of mediocrity
- Able to balance short-term needs with long-term perspective
- More concerned with legacy than celebrity

WHAT ARE THE MAJOR FORCES OF CHANGE IMPACTING AUSTRALIAN ORGANISATIONS TODAY?

- Increasing transparency and greater accountability to a wide range of stakeholders
- The rise of the knowledge worker and Generation X
- Blending of home and work life
- Increasing diversity in the workforce
- Increasing employee movement within organisations, across employers and completely new careers
- Ageing population and the deferring of retirement
- Increased competitive environment driven by globalization and new technologies
- Women deferring marriage and children to focus on careers
- Blurring of traditional boundaries between employees, contractors and competitors
- Increasing concern with security fuelled by terrorism and other global threats
- Relentless speed of business resulting from email, internet and mobile phones

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