

***A flock of sheep led by a lion will defeat a
pride of lions led by a sheep!***

New Skills Required at the Top of Corporations!

Changing Leadership Demands - The Role of the CEO and the Board

History shows that different leadership styles are required at different times. To be defined as a leader, and remembered as a leader, something significant needs to be accomplished. Winston Churchill possessed a demanding management style that fit the needs of the problems occurring in 1939. If the Second World War had not started what would have happened to Winston Churchill? He probably would have continued living with a shadow over his reputation and railing against his critics. However, the Second World War did commence, and this situation demanded a different type of leader. Winston Churchill possessed the leadership skills required for the new reality. The old leaders, with their old practices, could not cope with the new and rapidly changing situation. Winston Churchill demonstrated that leadership is everything. Leaders stand out, with actions, and not with bravado.

Currently, in executive positions at most corporations are leaders who learned their skills in yesterday's economy. Too many of these executives are waiting for the next economic updraft to return their company to profitability. Too many others have chopped employees and costs believing that this is the only solution. Simple actions masquerading as executive leadership.

Currently there are many daunting business problems. Some are real and some are attitudinal. They range from the belief that a general economic recovery is underway and this recovery will rectify all problems. A moronic short-range economic outlook! Disavow this daily worshiped myth that a broad economic recovery is getting legs. The debt issues, rising interest rates, and the demand for increasing social services, will soon demonstrate that the much desired recovery is illusionary. Wishes and propaganda will not overcome reality! Belief in the unbelievable is always a mistake and prevents the believer from developing alternative plans.

The economy that has evolved during the last three years, and is still evolving, is different from economic models of the past, and consequently requires a different strategy. It is essential to recruit corporate leaders with different leadership skills than in the past to manage the problems of today and tomorrow. Leaders who can manage the problems of yesterday are not required!

What traits and strengths are required in the business leaders of today and tomorrow and where are such leaders going to come from? The future is going to be different from the past and it is necessary to possess the vision to make the next, but different decision, quickly. To take actions different from those learned in the past. Finding effective corporate leaders, who can develop plans for the future and not the past, is going to be very challenging. As the future will be different from the past, the leaders of the future require a different mind set than in the past.

Where will these new executives, with new style be found, where will they come from? Never ask this question of current middle managers, as they believe themselves to be effective leaders and believe that they are CEO material. This is natural ego. It is not difficult to find middle managers who want to progress to the top executive position. The challenge is to find creative leadership that thinks in the future, which is a special ability, and is much more than just following a formula. These are not economic times where a formula is useful. Leadership is planning, execution, attention to detail, getting things done, and implementing many small changes across all disciplines within a company. Still to achieve these goals the leader must have an image of what his company will look like in the future, not in the past.

The best executive leaders for today and tomorrow will possess a cross-trained background in many segments of business management. Experience in only one element of business will be insufficient. For example, a CEO candidate whose only operational experience is in sales and marketing is insufficiently cross-trained to be a CEO of the future. Alternatively, just a finance background is also too constrictive. Knowledge of financial procedures is critical for any CEO but all companies have a VP of finance. A company need not duplicate this role. Future leaders should possess a background in every discipline.

Imagination and creativity will be more valuable than learning from case studies. Case studies tell of what happened last time and not what will occur next time. In most instances, the future will not be like the past, so education in case studies will not be as helpful as in the past. In unknown territory, historic knowledge will be less useful than imagination and creativity.

Currently there appears to be a glut of standard leaders. Standard leaders are effective for standard times. If a different result is required then different operational practices must be implemented. The old practices will yield the old results. Sacking the existing CEO, and replacing him with another individual who has worked 25 years within the same company, seems ineffective. This new executive will have difficulty being a change merchant as he helped to develop the existing procedures. A clone of the past management who will deliver cloned results. This is a victory of process over substance. The recruitment committee of any board will be required to think about and define those skills that they require in a new CEO. If a company hires the skills required in the past, it can expect to duplicate the results of the past.

A background in customer service and product quality will be more important than in the past, as market share will be won with increased service and improved quality. Every business can benefit from improved service and quality. If reduced costs are necessary, increase productivity. It is good news that all of the above, productivity, quality, and service are all internal disciplines that any company can improve. However, it will require attention to these details, and the development of a plan, relentless tracking, and someone experienced and comfortable with being a change merchant. These functions will be the competitive advantages that make a company successful in the future. Future leaders of corporations will understand this.

Someone trained in the past will be comfortable with past methods and probably not focus on the “non-essentials” of improving customer service and quality. Results, continuous change, systems, tracking of non-financial data, and emphasis on little changes will be the gospel of successful corporations for the future.

Be fearful of doing nothing!

Leaders must implement the changes necessary to enable a company to compete in today’s business environment. Then, sequentially, implements changes tomorrow in the face of changing circumstances. Leaders make changes quickly and are always unsatisfied. They get on with the job, are continually attempting new approaches, entertaining new ideas, and implementing change. Not grand plans, which are past thinking, but detailed plans focused on making the company more effective, more productive, and better equipped to service their customers.

This is the management process for the future economy and not the past economy. Looking in a rear view mirror is fine but only if you have a reasonable expectation that the future will look the same as in the past. The future is going to be radically different.

Leadership and the Board of Directors

Recent financial shenanigans have forced the activity level of boards of directors to intensify. Past practices, such as where a CEO stuffs the board with his cronies, are disappearing. In the future both shareholders and regulatory agencies will demand more interventionist action from boards.

It will not be acceptable in the future for board members to act as “yes men”! Merely acquiescing to a plan as presented by the management of a company.

What style of individual should be on the boards of companies in the future? Who will be the board members who demand leadership if the CEO is not supplying this leadership? Board members must interrogate a CEO whose only plan is to downsize, repetitively if necessary, and wait for the recovery. Where are the board members, displaying and demanding leadership, who will point out that besides downsizing they want to see some change and growth plans? Certainly not from a board staffed with cronies of the CEO! If the board wishes to retain a CEO who does not present a real plan then the board must interject such plans or accept the consequences. If a board wish to accept mediocre results, fine, but the shareholders may hold the board responsible.

Ineffective and non-interventionist boards are part of the problem. For if the repairperson does not see a problem nothing gets fixed. Boards are in place to see problems.

A company in crisis, and waiting for a rescue by a general economic updraft, does not possess a creative or imaginative strategy. If the patient needs radical surgery, and executive management cannot see the problem, then the board is mandated to see the problem and supply leadership. A board should not accept the application of tanning crème to make the patient look healthier as a substitute to fixing the problem.

Impulsive actions have lost more battles than won battles.

In the past, high profile individuals would be appointment to boards even if they knew nothing about a particular industry. This pattern will unfortunately continue. However, in the future the best performing boards will possess industry knowledgeable individuals. For example, a prominent person without experience of the pharmaceutical industry should not sit on the board of a pharmaceutical company as this individual may have difficulty understanding how this industry operates. The board members of pharmaceutical companies must possess experience in the pharmaceutical industry. The boards of manufacturing companies must possess manufacturing experience.

Board members of the future should be demanding, somewhat arbitrary, and endlessly questioning the management of their company. Asking what is going on today, and what is going to happen tomorrow, and then the day after that and not accept any soft and goopy answers. If a board of directors accepts as the only management plan, endless downsizing, and outsourcing, and accepts there is no other idea, then they are conspirators in maintaining the status quo at this company.

Boards will be required to change the management of a company when the board is not satisfied with the trend performance of the company rather than waiting until there is a crisis. When falling, you should attempt to do something prior to hitting the ground. The splat is generally ugly and loud.

Traditionally when a board starts a search for a new CEO, it creates a job description and defines what experience is required. Unfortunately, since no one has experience in tomorrow, what a candidate has previously accomplished may be of small value. Discovering an individual who will change things will be of much greater value. All candidates will state that they are change leaders. Most are change followers! Radical thought is not an end in itself but a process to discover new ideas and approaches.

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