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Leadership Role Models Earn Trust and Profits

By Paul Harris

It sounds like such a simple formula: Enlightened leadership begets engaged employees who produce greater earnings. Yet for too many companies, the idea remains an elusive and perplexing goal. And the stakes couldn't be any higher.



Here's a sobering perspective: More than half of the respondents to a recent employee survey insist that they feel "stagnant" in their jobs, while an astounding 62 percent claim to have no aspirations to assume any leadership role within their organizations.

So much for personal ambition and astute management—two pillars of "American know-how."

The opinions were gleaned by Development Dimensions International (DDI) in a research project that found confidence in leaders hurtling to a 10-year low. The report claimed that the disparity between stagnant and contented workers is growing wider, and it voiced a logical conclusion—employers can ill afford to employ unproductive, poorly engaged workers during this difficult time.

DDI is hardly alone in its perception of rampant disenchantment in the workplace. Indeed, we are awash in studies attesting to steadily eroding job satisfaction and deepening suspicion of business and government leaders. Research from the Conference Board, Deloitte Consulting, Britain's Chartered Management Institute, and others paint a similarly dismal picture.

And while many of the findings are influenced by the current recession (especially those bemoaning the lack of mobility in a tight job market), some experts predict that the high level of dissatisfaction is here to stay. "We call it 'the new normal,'" says Jim Davis, a DDI executive and co-author of the survey, "Pulse of the Workforce."

He says the term means that companies are redefining the number of employees they need to be productive and profitable as well as the kinds of people needed to drive business success. "They are coping with pressures to do more with less," he says. "Hopefully it will mean higher levels of engagement, but leaders as well as nonleaders are changing."

Leadership priorities questioned

It seems hard to believe that in the 21st century, leading companies are still seeking effective ways to break down barriers between management and workers. Much has been tried already, of course. In the late 1980s, for example, self-empowered work teams headed by "nonmanagement leaders" were created to produce flatter organizations. The idea of flatter teams is still around, but the promise of nonmanagement leaders has been generally unrealized,

TOP 20 LEADERSHIP TRAINING COMPANIES

Training Industry Inc. has issued its 2010 list of the top 20 companies that serve the field of leadership training. The list recognizes the world's leading training companies that provide leadership training services. To make its selection, the company's first such list of leadership training providers, Training Industry Inc. subjected companies serving the field to the following criteria:

- thought leadership, research, assessments, and influence in the leadership training industry
- breadth of programs, audiences served, and delivery methods offered
- company size, growth potential, and geographic reach
- strength of clients and experience serving the market.

AchieveGlobal | Tampa, Florida
 American Management Association | New York, New York
 BlessingWhite Inc. | Skillman, New Jersey
 Center for Creative Leadership | Greensboro, North Carolina
 Development Dimensions International Inc. | Pittsburgh, Pennsylvania
 Disney Institute | Orlando, Florida
 Duke Corporate Education | Durham, North Carolina
 eCornell | Ithaca, New York
 Element K | Rochester, New York
 Franklin Covey Co. | West Valley City, Utah
 Hemsley Fraser Group Limited | Saltash, England
 Linkage Inc. | Burlington, Massachusetts
 PDI Ninth House | Minneapolis, Minnesota
 QA | Slough, England
 The Forum Corporation | Boston, Massachusetts
 The Ken Blanchard Companies | Escondido, California
 The Richardson Group Inc. | Philadelphia, Pennsylvania
 Vangent Inc. | Arlington, Virginia
 Wilson Learning Corporation | Edina, Minnesota
 Zenger Folkman | Provo, Utah

and the typical command structure of so-called flat teams thwarts real engagement, say management consultants.

Granted, not every pollster is as pessimistic about this as DDI. For example, the Gallup Organization's annual Q12 survey maintains that most workers are contented in their jobs—a consistent finding since it began researching the topic in 1989. Gallup's periodic research indicates that in general, 25 percent of the workforce is highly motivated, 25 percent is highly disengaged and contagious about their disengagement, and the rest perform their jobs while neither engaged nor disengaged.

Yet, with recovery still over the horizon and employee disengagement a worrisome problem, it is perhaps timely to inquire into the leadership strategies most often identified by experts for their effectiveness, now and in the future. That is precisely the subject of yet another survey, "Leadership Through the Crisis and After," by McKinsey and Company.

McKinsey's online poll of executives asked how individual leaders lead and how their priorities may have changed during most of 2009. It found that executives have markedly altered their leadership styles during the recession, but not always in ways that best help their companies. For example, it reported that far more leaders were focused on monitoring individual performance, even though they considered that tactic to be among the least helpful ways of managing a crisis.

"The kinds of leadership behaviors that executives say will most help their companies through the current crisis, such as inspiring others and defining expectations and rewards, are the same ones they say will help their companies thrive in the future," the report concluded. It also noted that these leadership strategies are ones most employed by female managers, who also "have the greatest influence on many of the organizational capabilities executives agree are important for companies now and in the future."

The report cited another important leadership behavior for the future that it claims is seldom used—challenging assumptions and encouraging risk taking and creativity. It says that such leadership would "reinforce innovation, the organizational capability seen as most important after the crisis." McKinsey also encouraged the development of female leaders through robust programs to increase gender diversity.

Low perception of leaders

Of course it doesn't take an opinion poll to confirm that the general perception of leadership is currently at rock bottom. From the late Ken Lay, Enron's disgraced chieftain, to the gaggle of CEOs and Wall Street traders rewarded for their misdeeds with bonus checks, there are ample reasons for our mistrust. Within the workplace, examples of mismanagement are widespread.

"People in leadership positions simply have not done a good job of earning trust," agrees Doug Harward, president of Training Industry Inc. in Cary, North Carolina. "Employees have a right to expect that their managers are trustworthy and that they will create stable organizations. Too many of our leaders have violated that trust."

Harward notes that the training profession has traditionally approached leadership from a skills perspective, emphasizing communications and business skills aimed at producing better decisions. "But we haven't done a good job of teaching about ethics or the leadership selection process." For example, individuals who

aspire to leadership roles don't necessarily want them for the right reasons, he says, echoing a theme expressed by former General Electric Co. president Jack Welch. "We are often too fast to hire and too slow to fire," says Harward.

As for the DDI survey's finding about low leadership aspirations, Harward is not surprised. "Lots of people don't aspire to leadership roles," he reminds. "Just because they're unhappy with their own leadership doesn't mean they want to be the leader."

But Harward says that those same individuals might be ignoring an obvious career opportunity—becoming a "thought leader."

"Leadership doesn't necessarily mean that you must own the daily responsibilities of the people who work for you and be perceived as part of the establishment," he says. "An important component of leadership is achieving expertise in a given area, thus inspiring others to follow and learn." Thought leaders are prized within every profession, but especially in the training field, he states.

Harward's views are seconded by Jared Bleak, executive director of Duke Corporate Education (Duke CE), a Durham, North Carolina-based learning and development company. "People don't want to become the next Ken Lay," he says. "They want to be somebody else." But sadly, the lack of role models in business leads to further disenchantment, he says.

Yet instead of countering management deficiencies with positive leadership, too many organizations focus on ambiguous goals such as achieving global and holistic mindsets, he says. "Leadership skills are the ones that they're lacking, and which have been devalued," he says.

More teaching, less telling

Bleak believes that many organizations are overlooking the obvious fact that employees want to contribute by doing work that matters and feel valued while doing so. Those ambitions are prevalent at all times, but especially during a recession, when lower levels of worker engagement abound, he says.

Nowhere is this yearning more prevalent than in the workforce's youngest generation, filled with eager people who want to get involved and rewarded early in their careers, says Bleak. "They also want constructive feedback in the moment," he says. But the economic downturn represents a double hit to this generation because it has reinforced the feeling of "compression" among workers seeking job movement, salary increase, and general progress, he says.

The "compression environment" presents specific leadership challenges, Bleak says. The challenges are especially prevalent among financial and professional services firms, which hire the brightest and most energetic people out of college and then often saddle them with tedious and unrewarding jobs.

How should managers deal with the situation? "For starters, they should give these employees the challenges they're seeking and trust them more," he advises. "Let them know how their activities contribute to a broader agenda." And most importantly, he says, do more teaching and less telling. "Instead of ordering people to do something, show them how it's done. Set an example."

In short, says Bleak, "managers should think about how to improve engagement. For us, the answer is more accelerated learning by

improving leadership and changing the nature of work.”

Bleak says that the typical reply from clients to such advice is, “we’re doing that already.” But that is seldom the case. “We take them through a process of self-awareness where they discover that they’ve been doing these things in a random and unsystematic way. Success comes from consistency in behavior, feedback, challenge, and teaching because worker engagement and learning are intertwined,” he says.

He says that opinion studies such as DDI’s will only advance thinking for managers and leaders willing to ask questions of themselves.

Duke CE’s solution is a change management process best performed on-the-job rather than in off-site training programs, insists Bleak. “We try to create programs that do not disengage employees from their actual work, but instead change the nature of that work and ultimately the acceleration of learning.” Nor is it rocket science, he says. “It’s about helping leaders do what they know they should.”

It’s management, not skills

At the Washington, D.C.–based Council on Competitiveness, an energetic initiative is afoot to address leadership and worker engagement concerns while also meeting such national challenges as economic security and enhanced competitiveness.

“American workers are depressed, and you know what? They have every right to be. We have a problem,” insists Debra Van Opstal, the Council’s senior vice president of programs and policy. “That problem is the way management is structured.”

She believes that the Gallup and McKinsey surveys indicate “a whole untapped area” to be explored in terms of improving worker engagement. It follows the fundamental idea that worker empowerment is all about improved management, not skills development. It is based on the simple premise that satisfied workers feel a meaningful purpose in coming to work, and thus will do better for the company—a pure bottom-line issue.

Mining that untapped area of worker engagement is the goal of an upcoming initiative at the Council, to be led by Van Opstal. Through a series of roundtables involving academic, corporate, and labor leaders, it hopes to devise a menu of solutions to address a litany of interrelated challenges involving manufacturing competitiveness. The study is expected to consume at least one year.

Van Opstal says that the recommended solutions must benefit companies, workers, and the country, while helping to solve U.S. national security, economic security, and competitiveness challenges. The initiative is based on the simple concept that by engaging workers to be part of something larger than themselves, companies can address both their workforce and competitive challenges in today’s global economy.

“In the final analysis, it isn’t the job of any CEO to ensure the economic competitiveness and national security of the United States. But they have valuable insights into what motivates worker behavior,” she says.

Van Opstal is not suggesting that the human element isn’t important in today’s knowledge-based economy, or that executives should become callous capitalists. “But our systems have become very

complicated. Reporting is so complicated that companies don't know whether to be vertically integrated or horizontally flat. Meanwhile, leading companies are still figuring out how to break down barriers between management and workers."

She says that it's become abundantly clear that the United States has underinvested in process research and that deployment systems from ideas to products are slow and broken.

Importantly, the Council defines "manufacturing" in sweeping terms: "the creation of value from ideas to products to delivery." That represents an important expansion of the word to include many jobs and activities that are linked to making goods, not just those directly related to production. The reason is that companies are less vertically integrated, often spinning off manufacturing support entities as separate service companies.

The definition will also give its roundtables more to chew on, figures Van Opstal, who feels that there is a lot riding on the outcome. "I'm concerned about the path that American companies are going to use in the future," she says. "I still see everybody scurrying from pillar to post without a worthy strategic plan. How are we going to compete in a world of more equal competitors?" **T+D**

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