



## LEADERSHIP ACUMEN Issue 23

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# Addressing Today's Leadership Gap

*Ladies & Gentlemen we are having difficulty achieving our targets!*

Today's most pressing organizational challenges lie mainly in the socio-strategic domain. We have shown to be quite good actually in the area of technical ingenuity, automation, etc; but very poor in the areas of social ingenuity, adaptability to changing conditions, and strategic insight. Amid this, there is a fascinating "condition" I am noticing evolving in a significant number of executive suites around the world – across business, government and the third sector – and it might well be called "Gap-itis". Gap-itis is not as contagious as the Avian Flu, but it just might be more debilitating, and affect more employees, suppliers, shareholders and communities.

### Gap-itis Aetiology

#### Signs & Symptoms:

An executive who consistently applies technical, policy, and/or analytical approaches to all leadership or management challenges that come their way. When initial technical/analytical efforts fail, they buckle down and spend more hours – often behind closed doors or late at night/early morning by themselves applying more detailed processing and problem-solving. Often others are also engaged around them to prepare detailed reports of what they are doing, or asked to utilize their training/experience to make "smarter" decisions and be more accountable to improve organizational performance, with the hope that this will fix the situation.

#### Causal Factors:

Quick rising careers, often in technical or specialty areas such as finance/accounting, engineering, research/science, policy development, computer programming, R & D, etc.; without enough time being served in a particular role to see through a couple of business cycles – and deal with either success or failures. Excellent reputation forged for quick accurate analysis, problem solving, confidence and personal decision-making, particularly in a project environment. Proven accomplishment in a specialty area, then promotion to the executive suite with significantly enhanced responsibilities, but without leadership training or team-leadership experience. Changing business conditions and/or outmoded operational practices threatening the business.

#### Diagnosis:

Organizational results are languishing or stalled. Employee morale is dropping-off. Employee (particularly key professionals and jr. management) turnover is increasing. Inability/difficulty in attracting top-grade new talent. Absence of dynamic energy and enthusiasm in management team. The resulting **Gap** between technical/analytical actions applied and the social/strategic leadership required is leaving the organization rudderless, listless, and hungry for inspiration. Employees begin openly questioning the leader's judgement and effectiveness.

#### Treatment:

Strong doses of social sensitivity and people facilitation, strategic/network thinking, active hands-on project management, and inspirational caring leadership. Ability to "read" people, body language, and social environment cues. Understanding of how to change their language when speaking to different audiences with different contexts and varied priorities for their own focus, concerns, and personal motivation. Improved capacity to blend technical "detachment" with warm humanistic charm and charisma – recognizing that the demands of executive leadership are significantly different from their previous technical/analytical/ policy/project/specialty leadership.

### Complications:

Pressure from owners or members for quick fixes and maximized quarterly results. Reinforcement of the technical approach by other analytical/technical friends and executives. External analysts/commentators who focus narrowly on financial capital, without a view to such important concerns as intellectual capital, social capital, relational capital and ingenuity aspects of the enterprise. A personal disposition of greed, or a political power-grabbing approach to career advancement, short-term pay-off or overly competitive approach to business without a recognition of common decorum and fair play.

### Contraindications:

(A specific treatment, drug, or procedure that should NOT be used!)

Detailed, over-the-shoulder, critical reviews of subordinate's work. Rethinking & second-guessing their decision-making. Elimination/reduction of authorities, or requirement for new approval of all major decisions.

Consolidation of all decision-making to the executive office – slowing responsiveness. Reduced communication about what is going on until executives have “figured it out” and have the right answers.

### **Incidence of Gap-itis:**

This condition has been noticed and documented by several other leading and respected business authorities such as the Conference Boards in Canada and USA, by research/consulting bodies such as Hewitt Associates, McKinsey, government task forces in Britain, European Union, the USA, and more. The case for this has also been well articulated by my friend and colleague, David Weiss, in his recent book “Leadership Gap”. Although the quasi-medical description above is mine alone, and the rest of this article represents my own interpretation of this increasingly commonly observed condition, I would refer readers to David's book for additional insight.

Personally, I am witnessing this evolving dis-ease in corporations (both in executive suites and on Boards), in the third sector, and also governments of all levels. It is noticeable in Canada, in the USA, in Europe, Asia and the Middle East.

Let me say at this juncture that I have immense respect for our technical wizards and sharp analytical minds. Such knowledge and processes are important components to organizational success, and are also valuable skill sets for efficiencies, process controls, safety assessments, best-practice standards, plus methodical reliable “scientific” approaches. As one trained in the sciences myself and experientially schooled in the banking industry I utilize and truly appreciate the value of such mechanisms.

However, today's most significant enterprise challenges – the ones I see most often threatening otherwise potentially successful enterprises – are *social*, not technical. Remember, our people and intellectual assets have become the most significant differentiators in our marketplaces.

When past practices are producing mistakes; when current processes are failing to generate new products or inventions as promised to customers or investors; when costs are consistently exceeding estimates; when projected sales fail to materialize quarter after quarter; then “thinking smarter” or applying the technical knowledge gained over the past 20 years of similar methodology, or engaging in policy renewal will *NOT* solve the problems! Instead, you are now in the realm requiring transformational leadership: humanistic, dynamic, collaborative, knowledge-innovating (vs. knowledge-constraining), behaviour changing, personally accountable, measurement & results transparent, parallel-process (vs. linear), employee-customer-client-community engaging, selfless leadership.

The difference between the technical/analytical approach and social/strategic leadership is the *Gap* we are witnessing in innumerable organizations today. And, it is often a scary situation for technical managers!

### **Demanding Change/Results is Not Enough**

Given the complexity of today's business, government and other organizational challenges listed above, simply demanding better results is obviously not enough. However, I have often witnessed a strange, almost aristocratic approach emanating from executive offices: the "motivating" demand for improved performance of lower level managers, staff and suppliers. It can also be accompanied by the comments that the status quo is not acceptable. This is frequently followed within a few months, by the executive declaration to the outside world that the problems have been fixed and the organization is successfully turned around. As if simply stating that the problem is fixed, makes it so.

Boards in an effort to heed demanding Sarbanes-Oxley or other securities jurisdictional requirement for compliance have understandably put a focus on reporting. Government bodies struggling to be accountable for their actions to the public, attempt to develop at least minimum measurement mechanisms that will allow them to show a 'clean house'. An approach which focuses upon just building a reporting solution is generally short-sighted, grossly under-represents/estimates the real challenges, and often is patently untrue.

It is not effective leadership either.

### **Closing the Gap – Requires Real Action-Leadership on the Front-lines**

When current practices are causing things to slip through the cracks; where mistakes are being repeated, or costs over-running funding capacity, then changed practices are required. Executives must get down into the trenches, ask good system-wide exploratory questions, and facilitate wide-ranging discussions amongst team members and across departmental "stovepipes". They must listen, truly listen, to the front-line people to find ways to change and/or rebuild new processes. The executive will need to "hold the space" for new processes to be modelled and focused upon for several iterations on a weekly/monthly basis. This is necessary to co-define what is required and ensure that what happens next week is truly different than before. And, the executive must oversee that the new practices get adopted into regular routines until the "resistance to the new" or tendency to revert to the familiar goes away.

A recent study on Supply Chain benchmarking, by Deloitte and Touche LLP have shown key statistics regarding innovation from the 650 manufacturers they surveyed worldwide:

- Launching new products and services is the No. 1 planned driver of revenue growth
- By 2010, products representing more than 70% of today's sales will be obsolete
- New product revenue is expected to jump to 35% of total revenue in 2006, up from 21% in 1998

This *has* to mean that such organizations need to be good at continuously adopting new practices and processes. This requires engaging all the people in the enterprise and wider network towards creating and living out new structures for exchanging information, knowledge, insight; and for rethinking the mechanisms of "control" and "ownership" of decision-making, processes, procedures and much more.

In Canada, our Medicare system is now beyond the limits. We simply can't afford to provide all the care, services, diagnostics, treatments, etc. expected by the population from general tax revenues of the Provincial and Federal levels of government. This is especially so with the aging Baby-boomer generation's demands. Social Services and Education are equally stretched. The demographic flow of our doctors, nurses, pharmacists, lawyers, clergy/nuns and other professionals into retirement without adequate replacement is another challenge to the status quo service models. We really have to re-think but more importantly re-cast and action our delivery implementation mechanisms. Other countries are similarly challenged.

Again these are social challenges more so than simply technical ones.

When the current R & D pipeline or Divisional innovation teams are not producing the new products, programs or services to the agreed-upon timelines or as expected by customers; the knee-jerk implementation of enhanced reporting, accountability and performance management processes will not be enough. Innovation and creativity are more social and unpredictable sciences – not efficiency exercises. Stripping down resources, increasing speed, or adding extra shot-gun efforts are anathema to enhanced knowledge leverage, idea generation or improved focus on best potential. Executives in these situations need to spend time “making time” for the teams to be more creative, facilitating communities of practice sharing insight, and reducing distractions – such as added reporting or “numbers game” efforts.

This demands executives with the capacity to be engaging, motivational, and supportive of failure, to focus on the learning from various attempts while re-iterating the insight, challenge, or paradox at play. We need to actively solicit ideas across the team no matter where the sequence of production might normally involve them, and cross-connect key players that emerge with potential breakthrough elements. In order to do this, we have to be present and involved ourselves in walking around, understanding what each person is doing, and what “drives” their exploration spirit. Again social, dynamic, values-based, connecting and leveraging leadership is called forth.

**“We have a tendency to want to talk about the ‘substantive’ things, the numbers or whatever. But your people also need to hear us talk about the normative things. Those are the real substance. As the leader, you must create moral context for what you are trying to accomplish. No matter what your organization does or hopes to do, it revolves around people, and inside each individual there is an ideal person you must draw out. You have to keep going back to values.” - Gordon R. Sullivan “Hope Is Not A Method”**

When sales of existing products and services are not growing as expected or even in decline; when competition has decreased the value of your value-add; when margins are slipping precipitously; you can not keep doing “business as usual” – only faster, harder, and through ramping-up the sales-force or incentives. Instead executives have to face-up to the fact that a new strategy is required. You are going to have to re-position your value offerings in the marketplace. And, you are going to have to re-craft such things as production methods, go-to-market approaches, alliance networks, partnerships and more. You must develop a new or enhanced value proposition.

While analysis *may* help you understand why you are in your predicament, and give you an understanding of your current state, such technical approaches will not tell you how to move forward differently and successfully. Even market research is famously untrustworthy! Just because customers or potential customers tell you they want various features, doesn’t mean they will actually buy it when you deliver on their stated desires! I and many other executives have learned this the hard way. No, this leadership domain of direction-setting, value-differentiation, and strategy-building/-execution is quite non-linear, non-analytical, and largely non-technical.

A recent May 2005 McKinsey Quarterly newsletter released the details of a study on Board Governance & Executive Leadership Practices: “The view from the Boardroom”. This study has many riveting statistics, including: “Only 8% of over 1,000 Directors surveyed feel that Management fully understands the key initiatives required by the strategies for the future. One wonders what the Board is paying Management to do!

Instead, such strategic leadership requires executives to get out in the world – both within their industry/markets and outside them. It will require you to spend considerable percentage of time engaging clients, employees, suppliers, other stakeholders, different distribution channels and more – again truly listening to their challenges and aspirations. It demands of the executive to fully understand the dynamics at play in the industry, community and/or situation. And, it calls for the “guts” to make a decision, to be able to explain the rationale, to stand accountable for success or failure. This incurs high risk, and high visibility, and high responsibility for the impact on many other people. While some politicking may be necessary and even advisable, politics alone will not be enough and must ultimately give way to actions of substance.

### **Action Now – Please!**

Many of today’s government and civil service bodies are paralyzed by bureaucratic analysis, politicking and the policy-technical “bafflespeak” games of intellectual one-ups-man-ship. It is time to roll up the sleeves, let go of power, privilege or dogma, and close the leadership gap to get our public institutions really working again.

Many of our companies have “hit the wall” of old operating paradigms, global competition, and loss-leader practices. Growth and share-price is either stalled or creating the need to reinvent internal processes. Instead we need to foster enhanced innovation and cross-barrier collaboration to sustain or indeed create new value offerings. It is time to close the leadership gap to engage our people’s ingenuity and mobilize passion for serving the needs of customers and community. Executives: get out of the office and pump-up the social environment!

Our third sector social services, health care, education systems, professional bodies and other NGO’s have been some of the most progressive, creative and practical enterprises in order to survive this far. However, they too must close their leadership gap – applying business-like leadership principles alongside their traditional care and service models. There simply is not enough tax-based resources or even donor dollars from the community to sustain excellence under old operating models – with today’s constantly evolving expectations for quality care and service. You must consider revenue-generating services and alternative sponsorship or volunteer-engagement models.

There is a leadership gap across so many sectors and enterprises today. Arguably, it is no one’s “fault”. However, time-honoured technical approaches or in-depth analytical efforts on their own will be unable to close the gap between expectations and current practice. ***Follow-through***, on a very personal level by executives, is crucial to executing new practices effectively, to ensuring the others in the organization understand exactly how and what they will do differently next week vs. the unacceptable practices of last week.

**“Clear, simple goals don’t mean much if nobody takes them seriously. The failure to follow-through is widespread in business, and a major cause of poor execution. How many meetings have you attended where people left without firm conclusions about who would do what, how, and when?” - Larry Bossidy & Ram Charan – “Execution”**

Most of the solutions to our current BIG enterprise challenges are fundamentally social, innovation and strategic leadership ones. In order to achieve success tomorrow, our current generation of leaders must take personal action at the front lines and develop the capacity for more facilitative processes. It truly is time to dig-in.

### **Exploring the Web!**

This month, the connections below take you to sites with more perspectives, commentary and discussions of engaging, facilitative leadership.

<http://hbswk.hbs.edu/book-review.jhtml?id=4924&t=all-book-reviews>

*The Leadership Gap* – David Weiss & Vince Molinaro

<http://www.bookfinder.us/review0/0609610570.html>

*Execution: The Discipline of Getting Things Done* – Larry Bossidy & Ram Charan – book reviews

<http://www.amazon.com/exec/obidos/tg/detail/-/076790060X/104-3658899-4659128?v=glance>

*Hope Is Not a Method* – Gordon R. Sullivan & Michael V. Harper

[http://www.mckinseyquarterly.com/article\\_print.aspx?L2=39&L3=3&ar=1584](http://www.mckinseyquarterly.com/article_print.aspx?L2=39&L3=3&ar=1584)

The View from the Boardroom – McKinsey Quarterly Article

<http://www.conference-board.org/publications/describe.cfm?id=380>

Bridging the Leadership Gap – Louis Csoka, The Conference Board. A study on the leadership practices of 400 Fortune 100 companies.

[http://en.ce.cn/Insight/200506/30/t20050630\\_4094889.shtml](http://en.ce.cn/Insight/200506/30/t20050630_4094889.shtml)

The Leadership Gap in China

<http://www.leader-values.com/Content/detail.asp?ContentDetailID=258>

Talent Management Key to Filling the Leadership Gap – Albert Vicere

<http://www.keepmedia.com/pubs/BusinessWeek/2002/05/20/21192?extID=10026>

Filling the EU Leadership Gap

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