THE SHAPE OF LEADERSHIP TO COME

Businesses are changing at a dizzying rate. But what about those who lead corporations? Are the leaders of today's firms changing to meet the future needs of the marketplace? **Srikumar Rao** has been asking students what they see as the essential attributes of tomorrow's leader. Their answers may surprise you.

Charles Darwin is on my mind right now, for he made a prescient comment about change in the 21st century: "It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change." He certainly was not thinking about managers and companies when he uttered those words, but change has become *the* force that a business must deal with or it, like one of Darwin's species, simply won't survive. And this will be even more true and more relevant to business as the extent of change expands and the speed with which it is doing so hits the marketplace with great force and sobering consequences.

What are some of the more important factors driving this change? First, the way in which business is transacted is changing. Technology – the Internet, new methods of communication, faster and more customized manufacturing, and so on – is a principal cause, but certainly not the only one. Second, the breadth of the playing field in which business takes place is increasing enormously. A tiny bookstore in a suburb of Manila can take a sale away from the mega-seller, Borders. Third, consumer expectations are changing, and consumers are becoming much more demanding. At the same time, employees and their expectations are changing. They expect more from work and want to contribute in different ways.

Another important factor is that interdependence is becoming greater and much more complex. A US company may have a research laboratory in Bangalore developing prototype products for Australia. The interdependence goes beyond business relationships to encompass governments, nongovernmental organizations and other parts of the citizen sector. Moreover, the pace of change has accelerated so rapidly that size is no longer a protective buffer. Multibillion-dollar companies often see their competitive positions erode within months.

Enter the leader

Is it any wonder that leadership is such a hot topic right now? In this new world, our organizations – commercial, not-for-profit, and government – need leaders with different skills and a richer skill set to lead us into the future. And I know what the successful leader of the future will be like. I am not guessing. *I know.*

Please don't think me immodest. I know this not because I am brilliant or a prescient thinker or in possession of a time machine that can reveal the future. I know because I have been unequivocally told this by the people who should know, the bright graduates of some of our best business schools who are entering the workplace and are very clear about the kind of person who can command their unquestioned allegiance. Let me explain.

I have taught a course called "Creativity and Personal Mastery" for many years. It is a deeply introspective course; those who take it spend enormous amounts of time contemplating the workplace and how they would like it to be. They think about leadership styles they would like to develop and what they would like to see in their hierarchical superiors.

In my role, I find that I am often listening much more than I am professing. Hundreds of students and executives have shared their opinions with me. Are there variations? Sure. But the composite picture that emerges is startlingly clear and quite unambiguous. *The successful leader of the future is one who can create systems that bring into being an organization that commands a deep allegiance from employees and from others who interact with the organization, such as customers and suppliers.* In discussing this new type of leader, I speak mainly from the perspective of for-profit business organizations, but intuitive changes can readily be made to adjust to the needs of other types of organizations. Also, much of what I reveal concerns organizational culture and values. So, what are the tasks that lie ahead for the successful leader of the future? There are seven.

Set an inspiring mission

Mission is crucial. The leader sets the organization's mission, and if this mission does not resonate deeply, then those being led will merely go through the motions. Many of our present organizations have exemplary missions that exist primarily in framed statements in the boardroom and in company brochures. This does not work. The mission should resonate, and it should be crystal clear to all that it is indeed the guiding principle of the organization.

Few people get passionate about maximizing shareholder value, gaining market share, reaching market dominance or achieving set revenues or earnings increases. In fact, a leader who puts any of these, or similar, metrics forward immediately and silently loses much support. Thus, the purpose of a business is to ensure that every person who comes into contact with it reaches his or her highest potential. This includes employees, customers, suppliers, lenders, shareholders and the community at large.

Such an assertion immediately raises a host of questions: *What is meant by "highest potential"? How is it measured? Who should define and measure it? How should conflicts be resolved? How can this concept be turned into actionable steps?*

All of these are legitimate questions, and sincere persons can hold varying views when it comes to the answers – even diametrically opposed views. It is →

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→ not important that there be agreement or disagreement. What is important is that this is the arena in which the debate should be taking place. A leader trying to formulate his or her company's mission in line with this purpose will find an unbelievable degree of engagement at all levels.

Pursue profits after mission

Profits are essential; they are the lifeblood of a successful business. None of the people who have shared their thoughts with me have anything against making a healthy profit. *What they are against is a primary focus on profit.* Viktor Frankl postulated that success and happiness cannot be pursued – they must ensue as unintended side effects of one's personal dedication to a course greater than oneself. In like fashion, profits are the inevitable by-product of a business successfully run in accordance with a mission and purpose as described earlier.

Compensate fairly

Do you like receiving a pay cheque? Would you like it to be larger than it is now? Not answering these questions with a "yes" would be considered odd just about anywhere in the world. Hardly any discussion of leadership even broaches this topic, but it is hugely important. Leaders of the future will not seek monstrous compensation. In fact, they will *refuse* offers of excessive remuneration and go out

the resentment it generates chips away at the very fibre of an organization. Consider the words of one of my students:

Say a company is in trouble. The board decides that they need a "strong leader". To get him they offer a huge signing bonus, a large block of stock or options and other compensation that is frequently hidden. The implicit assumption is that money is the major factor that makes the job worth considering. And this has a chilling effect on everyone else in the entire company. Everyone starts thinking in terms of what they, too, can extract from the company.

It never occurs to the board members that the message they are sending is deeply flawed and dangerous. That maybe it is incumbent on them to find a person who thinks that rescuing a corporation with a storied past is a privilege. That there are people who would consider saving thousands of jobs and careers a reward in itself. They never find such persons because they never look for them. They never look for them because they think that money is the only way to motivate someone.

When they put someone like that at the top, the person immediately hires a whole bunch of

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of their way to ensure that their emoluments are not disproportionate relative to others and the average at the company.

There are pragmatic reasons for this. The chief's compensation – monetary as well as in the form of perquisites – is closely scrutinized. Any perception of excess immediately signals that this is a person prone to be self-serving. None of his or her dictums to husband company resources or control costs can carry any real weight, and many employees psychically distance themselves from such a leader. A leader certainly cannot generate a loyal following with that baggage.

There are also ethical reasons. In a complex modern organization, it is by no means clear who really adds value and how much. Outsized compensation for the person at the top simply reflects where power has been amassed, and it is considered a gross misuse of that power. This is seldom spoken of but it is always recognized, and

others exactly like him. Carried to an extreme, this is what brings people like Al Dunlap to the top job of major corporations. Our system is broken.

Leaders who cannot inspire a deep and inherent respect by virtue of their innate character cannot easily direct their followers. They then have to resort to fear or greed as mechanisms to ensure behavioural compliance. Sometimes such mechanisms work, sometimes they don't. But their presence does explain why so many of our largest companies have highly toxic environments.

Eliminate demotivators and obstructions

It is supposedly the job of a leader to motivate the rank and file, to fire them up with enthusiasm and get them to wholeheartedly work toward achieving organizational goals. Motivation is done through pep talks, individual exhortation, incentive structures,

evaluation mechanisms and similar methods. Great "motivators" are in much demand.

The reality is less pleasant and can be downright ugly. Everybody perceives that the emperor is naked, but few will proclaim that he has no clothes. Much of what is lauded as "motivation" is actually sophisticated manipulation to get unwilling workers to do what they are not particularly interested in doing. The carrots are incentives of various kinds, and the sticks are threats of firing, demotion and loss of compensation. Such "motivation" may be acceptable when used on animals in a behavioural science laboratory. It is downright demeaning when applied to human beings.

If the mission of an organization is carefully constructed and totally authentic, the vast majority

about genuinely cares about the employee and whether or not the employee is fulfilled. It really matters to the leader that the desired behaviour is manifested from conviction rather than fear or compliance.

There is no better way for leaders to establish their credentials than to walk their talk. If they demonstrate that they will cheerfully do whatever needs doing in any part of the organization, they gain immense moral stature and authority. When Bill Pollard, as CEO of Service Master, mops the floor; when David Neeleman, CEO of Jet Blue, serves coffee to passengers as a temporary part of the flight crew; when N. R. Narayana Murthy, as CEO of Infosys Technologies, stands in line in the cafeteria holding his own tray; and when Alex von

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of employees will enthusiastically rally around it. No great effort is needed to engender motivation. It is already built in and an integral part of the psyches of employees.

The function of a leader is not to motivate his or her employees. The function of a leader is to identify what is demotivating the employees and get rid of it. I'm not splitting hairs. It is a profoundly different philosophical approach, and I have seen near unanimity on this point. This is where tomorrow's leaders will spend a good chunk, if not the majority, of their time. Management structures and workplace procedures that were once helpful can easily ossify into obstructions. The leader constantly examines these and breaks up the obstructions as quickly as possible.

Be of service, not self-aggrandizing
The role of the leader is to be of service. He or she is constantly seeking ways to help all employees become more fulfilled, at work and as individuals. Part of this is the leader's effort to systematically identify and remove demotivating factors, as mentioned earlier. Another part is to encourage individuals to live up to the very best that they are capable of.

Such exhortation differs from the traditional pep talk aimed at reinforcing particular behaviours. The difference is in the intent. The leader we are talking

Bidder, managing partner of the Four Seasons restaurant in New York, personally serves a customer, they all send very powerful messages.

Bear in mind that such CEO behaviour does not shape company culture when it is a gesture or a PR stunt. It only works when it is the outward manifestation of the kind of person the CEO really is. It was not for show that Mahatma Gandhi personally cleaned toilets, and insisted his wife do the same, when he was developing his movement in South Africa. That was where he started building up the immense bank of respect and goodwill that eventually enabled him to sway an entire country and command the unquestioned commitment of tens of millions of people. The "cost-cutting" CEO who cancels free coffee and newspaper subscriptions while acquiring a bigger corporate jet and hiring a better-known personal chef never commands great loyalty.

Demonstrate a commitment to community
It would be wonderful if all members of an organization were like family, and some companies unctuously proclaim this to be true of them. This is unrealistic, given the size and geographical dispersion of modern companies. It is, however, possible for members of an organization to form a close-knit community. The effective leader, the one who is tomorrow's hope, knows this and makes sure that →

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→ he or she strengthens the community feeling and sense of belonging. There are several aspects of this:

Care in separation – A community cares for its own. Before a member is cast out, every effort is made to give that member a chance to integrate into the community and live up to its norms. Codes of conduct are clear. If a violation could seriously harm the community, retribution is swift and sure. Otherwise, the member is given considerable slack and rehabilitative help.

Shared suffering – When bad times roll around, as they inevitably do, the community rallies and distributes the pain. Burdens are shared in line with the ability to bear them. The leader ensures, for example, that first-class travel and expense accounts are eliminated before employees are made redundant. He or she makes sure that salary reductions start at the top with highly compensated members taking proportionately greater cuts. The weakest members of the community are extended the greatest protection. There are never any golden parachutes at the top, and if the ship goes down, the captain remains on the bridge till everyone is safely off.

Diversity – Certain shared values are a given. Outside this, it is a dull community in which all the houses are built and painted the same way. Diversity is what makes a community vibrant. Cross-fertilization builds strength in the next generation. The leader goes out of his or her way to ensure that diversity flourishes and tolerance is high.

Bench strength – A community built around – or dependent on – a single individual is unstable and will dissipate quickly when that individual goes. The leader makes sure that there are many others capable of snatching the banner if he or she falls. Each person who grabs the banner should be able to count on the support of the community. This can happen only if everyone bears allegiance to the mission. So the leader makes sure that the mission is always alive and in the forefront of community consciousness.

Make a commitment to learning and justice

There always will be complaints. There always will be bitching and moaning. This comes with the territory in any company, and the leader knows this. What is important is the nature of this grumbling. In moribund organizations persons might complain about how cold the coffee is. In vibrant organizations, persons might complain about how long it takes to get approval for a new marketing strategy. "Satisfaction" measures are largely meaningless. Much more important is that all individuals feel that they are in an environment in which (1) they are learning and (2) there is justice. When employees feel that they are in a situation in which they are developing their skills and are confident that they will be given a fair chance – and when they are also committed to the company mission, then powerful energies are released.

When this occurs across the board, magic happens and the momentum is unstoppable. The effective leader knows this well and spends all his or her time making sure that the company offers opportunities for growth in many different areas and that there are mechanisms in place that swiftly and openly address any perceived inequities. Mistakes are rarely a problem as long as they are acknowledged and addressed. The leader is not driven by ego but by a sincere desire to nurture the organization and keep it healthy.

The successful leader of the future, then, sets an inspiring mission, pursues profits secondarily to that mission and makes sure that compensation is fair at all levels. This leader eliminates demotivating obstacles and is of service to his or her followers, is not self-aggrandizing, and demonstrates a commitment to community, learning, and justice.

And this, my students tell me, is the sort of leader for whom they will gladly lay their heads on the rail. ∎

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