



Leadership

Failed CEOs are 'denying reality'

By JIM MURRAY

Organizations may be the sum of their parts but someone has to be in charge. Whether he or she is called CEO, president, executive director or something else, the leader is ultimately responsible for the success or failure of the enterprise. As such, choosing the right person for the job is likely the most important decision a board or the owners of a business will ever make.

Not making the right choice can have dire, if not fatal, consequences for both the leader and the organization. Two-thirds of those who were market leaders ten years ago no longer exist, and the average amount of time a company stays in the *S&P 500* continues to decline dramatically: 57 years in 1958; 30 years in 1983; less than 16 years today. Moreover, according to Chris Zook and James Allen of Bain + Co., fewer than 10 per cent of global companies have achieved more than a modest level of sustained, profitable growth over the past decade.

Not surprisingly, it's the leader who pays the price. A 10-year study of 2,500 leading companies and 3,800 leadership turnover events (by Booz & Co., 2010) concluded that: "The tenure of the CEO is becoming shorter, more complex and more intense, with a lower margin for error or underperformance." Approximately 40 per cent of new CEOs are fired or leave within their first 18 months on the job. And a shocking 64 per cent don't make it to their fourth year in office.

The primary reason for firing a CEO today is underperformance. The principle causes cited most by boards are mismanagement of change, ignoring customers, tolerating low performance of others and "denying reality" — failing to accurately see, assess and react to high-impact circumstances that imperil the business.

The last failing is largely a consequence of choosing the wrong leader. CEOs who deny reality think they have all the answers and thus eliminate naysayers and heretics. They tend to believe that pressing challenges "shall pass." They are unwilling to embrace the future and lack strategic foresight. Perhaps their greatest deficiency is an inability to achieve organizational clarity at the very time when the enterprise so desperately requires it.

To be fair, leadership failure is not necessarily a reflection of the person in charge. History is rife with examples of people who failed in one organization, only to succeed wildly in another. The reverse is also true since leadership is highly nuanced. For many leaders, cultural "fit" may be the critical factor in determining success or failure. Hence, both parties should be mindful of the need for due diligence in assessing the fit.

What organizations require in a new leader is also dependent on the current situation, as well as where they want to go in the future. Some may be seeking radical transformation, in which case an outsider is usually advised. Others might be planning to stay the course — thereby suggesting an inside candidate as the best choice. Insiders already fit the culture; outsiders inevitably articulate a new culture.

Since boards increasingly believe culture fit is critically important, they choose internal candidates 80 per cent of the time. The exceptions are noteworthy. Initially, HP believed it needed Carly Fiorina as a change agent CEO but eventually ousted her in part due to her alleged ruthlessness and self-promotion — behaviours far removed from the company's revered founders. On the other hand, Alan Mulally brought a different cultural mindset to Ford and, in the process, succeeded beyond expectations.

Cultures differ. Companies like Xerox stress collaboration and tolerance. Others, such as Microsoft, Apple and Motorola, have aggressive cultures that emphasize confrontation. And entities like GE are best known for their strong, top-down driven philosophies.

Curiously, a 2010 Spencer Stuart study of 300 CEO transitions at top companies over four years concluded that insiders and outsiders actually perform about the same. What does make a difference is the health of the organization — insiders do better when the company is doing well; outsiders when the company is in crisis.

Beyond this fundamental distinction, the attributes sought in an ideal leader would obviously further reflect a myriad of corporate imperatives — the strategic intent, sector, industry or marketplace, experience with previous leaders, competitive pressures and the like. Not surprisingly, many boards come to know what they need in a new leader as a consequence of discovering the deficiencies of their incumbent.

The bottom line is that companies today must know the difference between poor, good and best CEOs. Good leaders know who they are, what they uniquely bring to the table, what they can change and what they can't. The best are change makers — they know how to lead people to new places and new realities. The worst are those who are unable to make tough decisions, afraid to take unpopular stands, are rigid and inflexible, and can't meaningfully connect with people.

So how can a board find the right leader for its organization? Here is a comprehensive list of the characteristics that should be considered during the search for "the one" to lead an enterprise to its chosen destination. Optimally, a leader must possess:

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The rise of collaborative management

By JOHN KUYPERS

Command and control is dying. Leaders who manage people for results and think those words don't apply to them should think again. Many leaders do not perceive themselves as command and control leaders. Yes, they expect their decisions to be respected, but to them, that is not command and control. After all, they spend time talking to their people about the plan. They listen to ideas. And in the end, they made a decision. Their decision is a final decision and they expect their people to embrace it and make it happen.

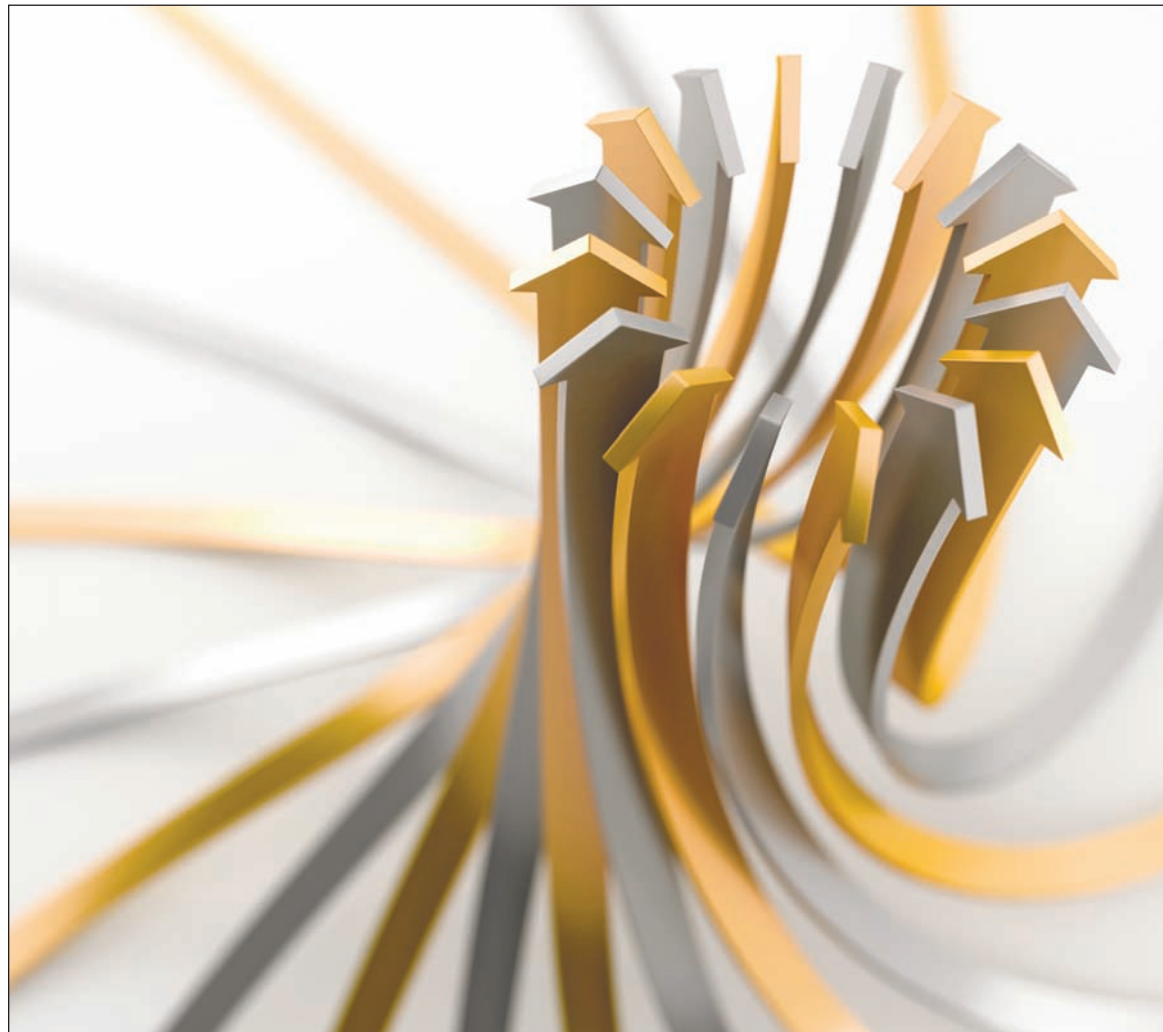
This is outdated thinking.

At the risk of stereotyping my own generation, baby boomers in particular grew up in that world. Command and control can be deeply engrained in their culture as the way things are and ought to be. People who don't co-operate are "not team players." Deep down, if they are honest with themselves, they believe staff members who persistently question key decisions need to be sidelined or even moved out.

Having said that, no one can deny that in business, decisions need to be made and people need to get behind those decisions. Teams, departments and organizations need to work together in the same direction if the company is going to be successful in its mission and goals — in other words, they need to collaborate. This is every leader's challenge and today, well into the 21st century, that challenge is getting more complex and difficult. This article will offer a solution — a new type of collaborative leadership that both engages people and gets them to respect and accept final decisions. But it will require a leader with different skills and an increasingly recognized leadership quality called "Executive Presence."

In my 2011 book, *Who's The Driver Anyway?*, three reasons are given as to why command and control is dying. Reason number one is "Upbringing." Generation Y, born in the 1980s and '90s, has been raised by parents who involved their children in major decisions, from what house to buy to where to vacation. This has caused that generation to be labelled by some as "entitled." They believe they not only ought to have a voice, but that things should go their way.

Reason number two is "Service." We live in an information-based service economy, so employees at all levels are more informed about their company and have opinions as a result. Furthermore, they personally affect the customer far more directly than



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John Kuypers, coach, author

product-based companies whose staff rarely face the customer. This gives them more influence and impact on the effectiveness of the service organization's business strategy.

Reason number three is "Wealth." Today's workforce in general has a greater ability to quit if they don't agree with management's direction. They have financial cushions in the form of parents, working spouses, lines of credit and government support programs.

The bottom line is that today's leaders need to engage their people in ways that lead them to buy in to the strategic direction of the company, and even seemingly less weighty decisions like office layout and employee policies.

Collaborative leadership is a newer and more effective method of engaging people, while having the important side benefit of building executive presence among leaders.

Here is the basic premise. All leaders want work to get done on-time and on-quality. All work

requires decisions. When things are late or done improperly, you can be sure somewhere along the way a different decision was needed. Therefore the key to shifting from command and control to collaborative leadership is to be clear, up front and in agreement about one question: Who gets to decide? This is called, "The Decision Before The Decision." It is a similar concept to our democratic election process: We the people agree up front that whoever gets 50.1 per cent of the legislative seats gets to make 100 per cent of the final decisions, whether we like the decisions or not.

The perceived problem with collaborative decision-making is the mistaken belief that it means everyone needs to be involved in, and agree to, the final decision. But that is actually consensus decision-making, not collaboration. To lead collaboratively, leaders need their staff to agree up front on who gets to make the final decision. When that fundamental question is settled, people will accept the

can learn it in two ways. One way is via a leadership training course for soft skills development using a model called *The 7 Performance Drivers* (www.whosthedriveranyway.com).

A second way to learn it is by using a tool called *Role Driver* (www.roledriver.com). It is a high-definition, roles-and-responsibilities system. Team members at all levels define their own job responsibilities in detail through the lens of driver and passenger accountabilities, with the former being their own direct responsibilities, and the latter where they support the success of other drivers - either direct reports or peer relationships including bosses.

Role Driver combines employees' self-generated data with a common language to give leaders a simple yet sophisticated tool with which to shift the culture, adjust roles as needed and clarify up front who gets to decide what at each level of the organization.

Leaders appreciate the shift to up front collaboration because when people agree on decision-making, work flows smoothly. The soft underbelly of why work relationships break down becomes self-evident and people get on the same page again quickly and easily. Furthermore, "giving orders" is still possible and even desired by staff in some situations; after all, it is just one of seven ways of sharing decision-making authority.

Once collaborative leadership is embraced, collaborative leaders develop a greater executive presence that inspires employees to follow their lead via influence, not enforced authority. This is because with continuous use, collaborative leaders become more astute at sharing and shifting leadership authority right in the present moment. They notice the power-sharing dynamics at play in a meeting or in one-on-one situations. They can verbalize what is happening and are more skilled at handling deadlocks and disengaged team members.

Strategic leaders need to know more than their business. They need to know how to get people committed and capable of driving successfully. Collaborating up front develops that skill set. Leaders who get their teams aligned deliver faster, better results, and that is the real bottom line.

John Kuypers develops strategic leaders. He is a coach, trainer, speaker and author of the book 'Who's The Driver Anyway?' His client groups range from 10 to 200 in employee size and are typically facing rapid growth or strategic change. You can contact John at www.johnkuypers.com.



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second decision — that is, the final decision itself.

A good metaphor to illustrate collaborative leadership is that of a driver and a passenger. Only drivers do the work, as it is their hands that are on the steering wheel. But either the driver or the passenger can decide how to drive. Like driving a real car, the passenger could be making the decisions for the driver. Alternatively, the driver could be deciding, with the passenger supporting and encouraging the driver's decisions.

This simple idea provides a common language and framework for shifting the culture of an organization from command and control to collaborative leadership. Staff



Leadership

Use soft skills to climb corporate ladder

By TERRY LeBLANC

If you're hoping to move up the corporate ladder, take a hard look at your soft skills. Increasingly, finance executives are focusing on communication and leadership abilities.

Consider that in an Accountemps survey of 1,400 CFOs, 31 per cent named communication and 26 per cent named leadership as the areas where they would like to see the most improvement in their teams. Functional, job-related skills were identified by just 14 per cent.

What does this mean? Accountemps' chairman Max Messmer sums it up this way: "No matter how skilled someone is in a particular job, if he or she is a poor communicator, advancement opportunities are limited. The ability to effectively convey a point verbally and in writing is a key predictor of leadership potential."

The increased value being placed on soft skills by CFOs reflects some of the changes in the leadership role itself. In recent years, companies have scrambled to keep a lid on costs. That has required executives to distribute decision-making across their organizations — and tap the talent within. When leadership roles are delegated, senior officers are able to focus on strategic issues rather than the day-to-day activities.

Indeed, financial executives are expected to transcend their financial responsibility by providing even more incisive business advice to the CEOs and boards they serve. Delegating is critically important, as is the need to create a culture that identifies high-potential employees early on.



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Interestingly, more and more functional specialists are being elevated to the senior team. According to the *Harvard Business Review* (April, 2012), four

out of five direct reports added to a Fortune 500 CEO's team in the past 20 years have been functional specialists rather than the more traditional pick — the head

of a major business unit.

Clearly, the skills that it takes to become a leader are not only required for the people in the C-suite. For that reason, employees who are passionate and ambitious should be encouraged to assume greater responsibility and become leaders in their own right.

How important is leadership development? In its latest *Global Leadership Forecast*, Development Dimensions International (DDI), a global talent management agency, found that identifying and developing future talent was second only to driving and managing change as a top priority. The DDI study, which involved more than 2,600 organizations in 74 countries, noted that organizations with high-quality leadership were up to three times more likely to retain employees than the competition. Yet only 33 per cent of leaders and HR professionals in the study rated their leadership development efforts as highly effective.

How then does an organization produce great leaders? In addition to delegating, mentoring is certainly valuable. Mentors can identify projects for mentees to lead and produce, while giving guidance and feedback on communication and leadership skills along the way.

Pairing new immigrants with established financial professionals can be especially helpful in developing both leadership abilities and an understanding of the Canadian business culture. The Certified General Accountants Association of Canada, in particular, reaches out to internationally educated professionals and graduates through its Accountants Coming to Canada website.

What else is important in creating a culture of leadership? Keeping people motivated, of course, by recognizing their contributions and ensuring they feel appreciated.

Communication tips

- Sweat the small stuff. Whether you're drafting a report or an e-mail, always proofread. Even minor typos and grammatical errors send an unfavorable impression. Vague or unclear instructions can lead to costly misunderstandings and unnecessary back and forth.

- Hear them out. Communicating well is as much about listening as it is about talking. Focus on what is being said rather than trying to formulate a response in your head while the other person is still speaking.

- Watch your nonverbal cues. Poor body language — crossed

arms, fidgety fingers or a tense expression — can be distracting. And nothing sends the message that you're disinterested more than looking out the window, checking your smartphone or glancing at your watch while someone's talking.

- Focus on the audience. Know what will appeal to them, and frame your discussion in that context. Keep information relevant and concise, using key points to support your message.

- Consider the context. No single method of communication is most effective in every situation. If the message does not require a lengthy explanation,

then an e-mail or memo is probably fine. However, if the message is more complex or could easily be misunderstood, a telephone or in-person conversation is likely best.

- Ask for help. Choose a mentor whose communication skills you admire and emulate his or her style. Request feedback from them and other confidants so you can continually improve.

- Practice. Take a public speaking course and rehearse presentations in front of the mirror or with a friend. Volunteer to draft memos or other communications that will help you hone your writing skills.

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Leadership

Firms also need good followers

By MARC AND SAMANTHA HURWITZ

In a culture that venerates leaders and leadership in general, it often seems that followers get short shrift. Google “leadership” and there will be 119 million hits — over one thousand times the number of hits for “followership” at 116 thousand. Luckily, the ratio of leaders to followers isn’t 1,000-to-one in real life.

We have studied the relationship between leaders and followers, and we believe followership is not well understood or getting its due respect. Everyone talks about leadership being a key to organizational success, but how important is followership in comparison?

Dr. Augustine Agho, a professor at Indiana University, did a fascinating study published in 2009. He interviewed over 300 C-suite executives about followership. First, he asked them if their staff were good followers: 96 per cent said no. Next, he asked them if staff knew how to be good followers (it is more than doing what you are told) and, again, 96 per cent said no. Finally, and here is the critical question, he asked these senior executives if followership was important to work-unit performance and the quality of the work. Over 99 per cent said yes.

Although the idea is fresh, there is a lot of new research to show that followership is at least as important as leadership to organizational success. After all, leaders need followers to execute the work of the organization. It’s one thing to have a vision and a strategy, but without good followers to carry out that plan, it’s a moot point.

Another consideration is that almost everyone in an organization is a follower — even the CEO is a follower to the board of directors.

For example, Samantha was controller of a large financial institution for many years. One of the ways she supported the organization’s goals was to engage her team in monitoring the balance sheet: studying trending, isolating problems and spotting opportunities to improve results. In this capacity, Samantha was performing her leadership role.

Another task Samantha performed for the CFO and general manager was to edit, summarize and/or write the quarterly financial commentary. In this capacity, Samantha was performing her followership role. Almost every person has both leadership and followership opportunities in their job.

Clearly, it is important to know



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Marc and Samantha Hurwitz, FliPskills



MARC HURWITZ

how to do both well to optimize success.

Does followership affect personal success? Yes, in fact followership has proven to have a stronger correlation to personal success than leadership. Research on performance appraisals, for example, shows that followership can be the most significant factor in the outcome, more than even hard quantitative results.

Another trend we’ve uncovered is that, like leadership, followership becomes increasingly important to careers the higher you go in the organization. For example, evidence suggests that CEOs get fired based more on their relationship with the board of directors than due to bad results.

Most studies on executive

careers have found that poor followership is the top reason people go off-track, i.e. stop progressing in their careers or get fired.

Career transition coaches we’ve interviewed tell us that between 90 per cent and 100 per cent of the people they work with have had a new leader within the last 18 months. It wasn’t a new responsibility, a new team, or a lack of technical expertise that landed them at the out-placement agency, it was poor followership.

So, while being a good leader is clearly vital to the success and well being of an organization, being a good follower is equally important to the organization, with an additional impact on career success.

Some of the problems we have seen with traditional models of leadership in terms of relations with followers include:

- Not getting to the heart of how leadership differs from followership. It is hard to mentor someone in their leader role if you can’t distinguish it from everything else. It makes becoming a leader seem daunting. We have helped organizations build a stronger leadership pipeline simply through clarifying the real role of leadership;

- Overly lionizing leadership. Focusing all your attention on the leadership aspect disempowers the rest of the organization. A lot of problems we see with engagement can be traced back to ignoring followership;

- Treating leadership as a per-



SAMANTHA HURWITZ

sonal choice, not a role; and

- Not talking about followership. When you don’t talk about this role you lose opportunities, such as training people in non-leadership roles or building better partnerships. Fundamentally, the two roles are complementary and can be most effective when you understand both.

There has been a lot of talk lately about “servant-leadership” and how it relates to leadership and followership. Servant-leadership is popular right now and we think it is a step forward from earlier leadership models, but it still doesn’t get to the heart of the matter. The premise of servant-leadership is that there are times when a leader should lead, and other times when they need to

provide support to their staff (as a servant). What the model fails to recognize, however, is that when leaders aren’t leading they are following, and also that followership is not a passive role in which you simply wait to be told what to do.

Initiative, proactivity, and accountability are the standards for both leadership and followership roles. By continuing to position leaders as (possibly humble) heroes, the value of followership gets neglected. This is at the root of many of the engagement problems we see in today’s workplaces.

Perpetuating the confusion is that we call people leaders rather than saying that they take on a leadership role. This is a subtle but important distinction: a role is something you do at some times and not others. It is like a coat to be put on or taken off as the situation demands. Servant-leadership doesn’t acknowledge the two roles — in fact, we believe it hides the follower role by trying to include it as a leadership competency.

The real question is, how can organizations foster followership?

Step one is to start having open conversations about followership and to treat it as an “equal but different role” that we all take on some of the time. Depending on the workplace culture, this can be easy or it can be very hard. In fact, we’ve had some clients who won’t allow us to even use the word.

Step two is to get at the heart of the skills involved in followership and focus on development through training, coaching and mentoring.

Step three is to begin measuring and providing actionable feedback on followership. This can be as simple as adding it to performance appraisals with a category such as “Leader Support”, or by defining followership in a competency dictionary.

In one of our favourite episodes of the hit TV show 30 Rock, Liz Lemon receives a followership award. At first she turns it down, claiming that there is no way she is a follower; but when she realizes it comes with a cheque for \$10,000, she changes her mind and is “happy to accept this award for followers everywhere.” Taking a hidden reward (the influence of followership on personal and organizational success) and making it visible is a critical step in getting bottom-line results.

While we have talked a lot about leadership and followership, the real issue is what the

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Leadership

Gatekeepers must make right choice

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- Leadership smarts: The ability to see “what really counts” and act upon it;
- Resilience: The determination, grit and guts borne of having survived difficult situations;
- Perspective: The ability to step back, stay cool under pressure and see the bigger picture;
- Focus: Knowing how to cut through the clutter and pinpoint the critical issue(s);
- General knowledge: A diverse background and understanding of a wide variety of things;
- Teaching ability: Able to inspire people to listen, understand and seek to try new things;
- Global sensitivity: Cross-cultural awareness that is not locked into stereotypical thinking;
- Can make others think: Asks clever, penetrating questions and

What organizations require in a new leader is also dependent on the current situation, as well as where they want to go in the future.

Jim Murray, course instructor

listens to the answers;

- Humility: Aware of his limitations and demonstrates a willingness to learn from mistakes;
- Creativity: Can think beyond the box, utilize intuitive judgment and be mindful;
- Fitness: Is psychologically, emotionally and mentally ready for the challenge;
- Reflective: Able to look for deeper meanings and insights in personal experiences;
- Maturity: Intentionally and appropriately matches emotions to fit the situation;
- Presence: Commands attention with charisma and superior communication skills;

- Integrity: Possesses an explicit and consistent moral compass; and
- Authenticity: Knows who she is and is comfortable in her own skin.

Few people possess all the attributes listed, so it's imperative that boards do everything possible to ensure the individual is the right fit for the role and the organization. The prospect of cultural misalignment, and the potentially harmful financial and cultural toll a rapid CEO departure places on an organization, is just too great a cost to risk making a bad choice.

The gatekeepers, be they boards or equity owners, must know intimately what their organizations require in the leader role and must find the one individual who can take them from where they are to where they want to be. Making the right or wrong choice can result in either sustained profitability or going out of business.

Today, leadership is important because it's the one advantage that cannot be copied by your competitors.

A noted architect of ICAO leadership programs, Jim Murray's course — Becoming CEO (and



MURRAY

Staying There): Acquiring The Leader's Edge — is designed to help today's business leaders flourish at the top. For more information, please visit: https://ebusiness.icaon.ca/pd/pdCourseFilter_Detail.aspx?coursecode=26001CA3

CFOs prize communication, leadership

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Presenting challenging opportunities is also critical. One way to provide these is to place potential leaders on assignments, even before they think they are ready. If there is a strong level of support from senior management — and mentorship throughout the process — it can be successful. Helping broaden employees' perspectives and stimulating their interest in becoming part of the leadership group, encourages them to go above and beyond their job requirements and begin the tran-

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Terry LeBlanc, CGA-Canada

sition from expert to leader.

Consider the well-known North American auto executive Sergio Marchionne. When he stepped into this leadership role in 2009 he had to make some difficult choices. Many involved restructuring his management team. But as he put it, “My job as CEO is not to make business decisions — it's to push man-

agers to be leaders.”

According to Massimo Vecchio, an analyst with the Italian investment bank Mediobanca, when Marchionne took over the company he was literally shifting personnel every day.

Aspiring executives take note: going forward, your top-notch technical skills and knowledge may only get you so far.

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LEBLANC

Singing the praises of followership

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partnership between them produces. We like to use the Generative Partnership Model as a framework. It can be helpful to think of partnership outcomes in math terms:

- A functional partnership is 1+1= 2;
- An efficient partnership is 1+1= 3;
- An innovative partnership is 1+1= new; while

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Marc and Samantha Hurwitz, FliPskills

- A partnership that is generative is 1+1= more and new.

Being generative — a generative leader or a generative follower — is about maximizing the

creative and productive output of the partnership, not the individuals. Ultimately, our goal isn't to foster followership. Rather, the goal is to build followership and leadership skills as an integrated

package, delivering both innovation and efficiency in organizations.

Lawrence Wong, CA, of the Institute of Chartered Account-

ants of Ontario assisted with this article.

Marc and Samantha Hurwitz are the founding partners of FliPskills, an organization dedicated to unlocking more potential in people, their partnerships, and their organizations. They lead an ICAO course called Foundations of Leadership (and Followership) (www.icaon.ca/PD/FoundationsofLeadership). FliPskills' website is www.flipskills.com and the Hurwitz's can be reached at info@flipskills.com.