

# Realising Our Potential - Leading the way

by Roy Feltham

Version 1.0 October 2003

The Government published its Skills Strategy in June this year<sup>1</sup>. The overall objective is to raise productivity and competitiveness, by investing in workforce skills. The Government intends that this strategy is integrated with other drivers of productivity that are thought to be innovation, enterprise, competition and investment.

The White Paper indicates that there are around 4.5 million people in the UK who have significant management responsibilities, and reports that there are deficiencies in the level of management skills<sup>2</sup>

This article examines the role of leadership in realising the potential of organisations and their employees. Some insights are given into the tools that are available to leaders to improve the working environment and achieve organisational transformation.

## A simple enterprise model

It is not uncommon, or surprising, for businesses to concentrate their attention on the technical and commercial aspects that determine the success of their businesses. Successful organisations ensure that they recruit people with the necessary technical and commercial expertise and experience and they ensure that these skills are maintained in the light of changes in the business environment. However, in most businesses, and especially knowledge – based businesses, it is also essential for organisations to understand what it takes for a large group of people with a wide variety of skills and experiences and social backgrounds to work together effectively, to achieve organisational coherence.

*For a business to achieve and sustain success into the future there must be an appropriate balance between the technical, commercial and social processes and systems.*

## The Role of Leaders

One often hears about the need to “motivate people”; or of leaders who are “inspirational”, or who are “motivational speakers”. These suggestions imply first, that motivating employees is good and second, that it is something that can be “done” to people. This outlook appears to be based on the assumption that people can be treated like objects, having no influence on the outcome. Employees may be seen as ‘resources’, or ‘units’, or ‘numbers’, to be ‘managed’. A similar approach may also be taken with external relationships; as being something that must be ‘managed’. In fact, people can and do exercise choices, so it is simply not possible to take any actions involving people that will guarantee a particular outcome. Whereas physical objects can be controlled, people can only be influenced.

And yet, there can no doubt that ‘motivated people’ are the greatest and, arguably, the most important resource that an organisation has. *It is an extraordinary paradox that “people are our greatest assets”, but investment in skills is often the first to be cut.* The value of motivated employees is especially important when there is high employment, skills shortages in many sectors

---

<sup>1</sup> 21<sup>st</sup> Century Skills. Realising Our Potential. Individuals, Employers, Nation. HMSO July 2003

<sup>2</sup> The Council for Excellence in Leadership and Management (2002) Managers and Leaders: raising our game; CBI (2003) A results overview of the Regional Survey of UK Economic Trends.

of the economy, and strong competition between employers for the same skills. So the key question is: how can an organisation ensure that its investments in technology or assets are fully realised, and its commercial strategy is implemented effectively, and that a high quality service is provided to customers, when these strategies are dependent on the behaviour of its employees? i.e. How can an organisation ensure that employees are “motivated”; and are committed to the organisation?

In fact, the only person who can motivate an employee is the employee. Motivation is a matter of personal choice.

Employees who work in a favourable environment tend to be energised, highly engaged in the enterprise, creative, fearless, enthusiastic and, usually, successful. It is the work of leaders in an organisation to create this environment where people choose to work effectively in achieving the business objectives.

### **Leadership or management?**

It may be helpful to offer some clarification of the difference between ‘management’ and ‘leadership’. Most ‘managers’ are also leaders, which tends to imply that the roles are synonymous. The terms are frequently used together, as if they are inseparable, or tautological. In fact, whilst the two roles may indeed be simultaneous, they are profoundly different. The difference is associated with the reference above to objects and people and is well captured by Stephen Covey<sup>3</sup> when he says that “you *manage processes* and *lead people*”. Processes must be managed to achieve predictable outcomes by transforming selected inputs. The key to process management is to understand the causes of variation and use these insights to improve the processes.

It is not uncommon for managers to attempt to achieve specified outcomes by treating people as objects. This form of ‘management’ often succeeds in delivering results in the short term, by coercion, but will not create the sort of environment that enables people to contribute to the maximum of their capability. It will not stimulate creativity, process improvement, or business improvement. It will not create high performance working, or high energy. It will not realise the potential of employees, or the organisation. The efforts of ‘management’ are directed towards ‘controlling’ the workforce. The approach is difficult to sustain and cannot be relied upon to deliver quality services or products. It is improbable that employees who are controlled at work, or left to decide for themselves what they should be doing, will behave in a way that enables them to ‘engage’ in the enterprise and deliver high quality work. They may come to work, but leave themselves at home.

### **Leadership accountability**

[The Chief Executive or Managing Director of an organisation is accountable for creating an internal culture that supports productive relationships between employees.](#) This also includes developing productive relationships with external stakeholders such as customers, suppliers, regulators, business partners, investors, and trades unions, so that adversarial relationships do not inhibit the performance of the business.

The leadership style of the organisation is determined, directly or indirectly, by the kind of working environment that is decided by the CEO or MD. Individual leaders should translate the strategic intent of the organisation into meaningful context for their team, so that their team members understand how their particular work contributes to the enterprise. If this context setting is done well, team members will be able to ‘follow’ their leader.

---

<sup>3</sup> The Seven Habits of Highly Effective People. Stephen Covey.

Once the CEO or MD has specified the kind of culture that is to be created, every manager in the organisation should then be held to account for adopting and developing the espoused culture. A relaxed, or laissez – faire approach towards leadership behaviour undermines the espoused behaviours and, in turn, inhibits the full potential of the organisation.

### **Assessment of the current culture.**

An assessment can be made of the extent to which the current working environment enables employees to achieve their potential. This assessment can be conducted by 'estimating' employees' views about some of the most important features of their working environment, or carrying out an actual survey of staff, or by using a third party to conduct an audit, so that actual responses can be obtained in confidence.

From experience in many organisations, the results of such surveys provide a reliable indication of the leadership style of the organisation and provide a platform for organisational transformation.

### **The tools of leadership**

The leaders in an organisation have 3 tools that can be used to achieve organisational coherence:

1. Leadership behaviour
2. Symbols
3. Systems

[Employees throughout an organisation observe the behaviour of their leaders.](#) If the behaviour they observe is aligned with the espoused culture, it is easy for employees to build confidence and trust in the leadership. Conversely, if they observe behaviour that they rate as being inconsistent with the espoused behaviour, they are likely to be confused, at best. More likely, they may form a view that the "espoused behaviour" described by the leadership of the organisation is some form of deception, designed to encourage different behaviour among employees, whilst the leaders continue to behave in the same way towards employees. In these circumstances, it is unlikely that employees will respond enthusiastically to the leadership of an organisation.

Symbols are non – verbal representations of the culture in an organisation. Symbols may include dress code, rituals, logos, badges, gestures, the "house style" of the organisation, office layout and equipment, etc. Such symbols provide evidence, or insights, into the behaviour of leaders, because this behaviour materialises in these various physical forms. Symbols are interpreted by employees, customers and other external stakeholders and reinforce their views of the organisation. If it is intended to change the leadership style and culture in an organisation, changes in symbols are a powerful means of signalling, or demonstrating, this change. However, such is the power of symbols that changes that are seen as being inconsistent with the espoused culture will also undermine the efforts to bring about change.

It is widely recognised that the design of systems has a major influence on the behaviour of people employed in organisations. This is reflected in the statement "systems drive behaviour". Systems are critical because they are the equivalent of the non-verbal behaviour of the organisation. If there is a contradiction between what an organisation says, (i.e. through "mission", "vision" statements and policy) and what an organisation does (i.e. the way in which systems are designed and implemented) it is the latter that people will believe. The mismatch between what people experience and what the organisation says also affects the credibility of the leadership of the organisation. It follows that the design of systems is a vital tool for leaders to transform an

organisation. Such systems include technical, commercial and, especially, the social process systems, such as selection, performance management, reward and recognition, succession planning and workforce development.

### **The role of leaders in relation to the Skills Strategy**

The development of workforce skills, which is the subject of the Government White Paper, touches at the very heart of the role of leaders in organisations. [The leadership role is about creating an environment that encourages employees to contribute fully to the enterprise, to the maximum of their potential.](#) This raises the ambition of employees and increases the demand for skills.

Effective leadership will realise that the capability of employees is of profound importance to the well – being of the organisation. This discovery will be translated into strategies for workforce development that are driven by the business objectives and will enable the full potential of their employees and of their organisation to be realised. The leadership of the organisation will lead the way in realising their potential.