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# Leadership in a nutshell

Give clear direction, communicate often, lead by example, issue rewards and watch the competition wither

BY CHRIS BART

Tom has just been given his first leadership assignment. But he's worried. He has two employees who report to him — Rick and Harry — and Tom doesn't think they're doing what the company's new mission wants them to: Amaze and delight each and every customer.

He asks them if they know about the new mission (yes) and if they are committed to achieving it (again yes). But, all the customer satisfaction surveys show that Rick and Harry aren't even close to accomplishing it.

Tom is frustrated. He really wants to succeed in his new job, so he seeks the counsel of his mentor, a wise old man named Fred. With a series of simple but profound questions, Fred leads Tom from being a new manager to a fully functioning leader.

Fred's secret? The four essential acts that good leaders must carry out if they are to have a fighting chance at capturing the hearts and minds of their employees and getting them to do what needs to be done.

Fred knows that if these essentials are not effectively addressed, none of the many other possible leadership activities that numerous authors have written about will matter. That's because none of the required changes in the perceptions, attitudes and behaviours of employees that will drive the strategy will happen.

### Essential Act 1:

Give direction.

Why is this so important? Because employees have a fundamental right to know where their organization is heading and the specific role that they can play to help make the achievement of that direction possible.

Indeed, when that direction is missing, workers will typically fill in the blank with their own interpretations of where they think their firm is going and then let those interpretations drive their own behaviours. Their collective actions, however, usually result in high levels of confusion and chaos throughout the ranks as different individuals and groups work at cross purposes to one another.

This is what Rick and Harry did and, not surprisingly, incurred the wrath of their would-be leader Tom.

Left unchecked, a sense of malaise and lack of purpose will begin to set in. To avoid this situation, good leaders often turn to their organization's mission, vision and values statements for communicating direction. As the most popular management tools in the world, these statements have been much maligned over the years. But without them, it would be very difficult for a leader to create the sense of direction, collective understanding and unity of purpose among their troops, which helps defeat competitors.

It is, however, extremely important to remember that simply writing a mission statement and then pasting it in the lobby does very little to create the kind of unified direction that I am talking about here.

This is also one of the significant problems Tom faced. For a true collective "sense of mission" to begin to occur, the mission, vision and values have to be properly prepared with input from all key stakehold-



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ers, properly constructed to say the right things (especially about building loyal customers and employees) and regularly and routinely reinforced. Does this require a lot of work on the part of a leader? Absolutely. And it is a struggle to do it right.

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But, without such effort, a leader would quickly find his or her organization rudderless and adrift on the competitive high seas and the mission's crucial effect — acting almost as the organization's *de facto* libido — atrophied and impotent.

### Essential Act 2:

Practise open, frequent and focused communication.

According to The 100 Best Companies to Work for in America, having good communication between senior management and employees is one of the critical components of their highest-ranking companies. And yet, a recent British survey reported that only one out of two employees claimed to understand the content of their company's communications.

Surely, nowhere could this be more detrimental to organizational success than in the case of employees' understanding of their orga-

nization's strategic direction. Surprisingly, however, an American Management Association survey recently showed that less than 50 per cent of executives believed that employees in areas other than marketing and finance had good comprehension of company goals.

Now, this is serious stuff. If employees do not know what exactly it is that they have to do when it comes to helping their organization achieve its purpose and vision, they cannot make effective contributions to it. They cannot get excited about it. And, by definition, they cannot feel good about themselves in terms of the things that they actually do.

Tom is convinced that Rick and Harry know and understand the mission. Boy is he wrong. And it takes him quite a while to finally appreciate how challenging the job of effective communication really is. But it's a lesson that if not learned cripples leaders for the rest of their working lives.

Some bosses learn this lesson too late. Just look at what Roger Smith, the failed CEO of General Motors had to say after he was thrown out of his job: "If I had an opportunity to do everything over again, I sure wish I'd done a better job of communicating with GM people. I'd do that differently a second time around and make sure they understood and shared my vision for the company. Then, they would have known why I was tearing the place up, taking out whole divisions, changing the whole production structure. If people understand the 'why', they'll work at it. Unfortunately, for me, I never really managed to get that across."

It's important, though, that leaders concentrate on the few high-priority messages that everyone needs to understand thoroughly — and remember — to create the organization's collective focus. Now, I don't know if there is a magic number in terms of how frequently leaders need to communicate with their employees about important issues. One advertising/communication expert suggests that in today's world of information overload, important messages need to be communicated at least 14 times before they are "perceived to be received." Maybe so. All I know for sure is that when it comes to practising effective communication, to paraphrase Jacquelyn Suzanne: Once is never enough.

### Essential Act 3

Lead by example.

This act is as old as they come. According to the ancient warlord Sun Tsu: "One must lead with actions, not just words." What that means is that wise leaders constantly look for ways to reinforce and reflect back to the organization through their own behaviour the priorities contained in the mission, vision and values and the ones they want the organization to focus on.

For example, in one remarkable display, a new CEO was hired to turn around an ailing, money-losing Canadian company.

On her first day at work, her secretary asked what supplies she needed. She quickly rhymed off a list of items including a "cup holder for my pencils." A short while later, her assistant returned with the items, including what had to be the finest cup ever designed for holding

pencils. When the CEO saw it, she blurted out: "What's this?" When her assistant explained, the new leader told him to "get our money back" and get a cup out of the cafeteria for her pencils. The story, of course, spread like wildfire throughout the plant.

**Smart leaders also understand that there is more to rewarding employees than money, stock options and bonuses.**

She later remarked: "You can be sure I wasn't going to get any gold-plated proposals after that incident." And she didn't.

In another — very different — situation, a CEO told his 78,000 employees in an intranet Web broadcast "to commit their bodies, minds and souls to the company's new mission," then proceeded to read it to them and stumble over the words. No doubt they didn't worry about memorizing the mission after that.

So make no mistake: Employees are looking at their leaders for signals and cues in their actions as to what constitutes acceptable and non-acceptable behaviour.

Employees are also looking for leadership acts that inspire them. Any resultant "imitation," therefore, becomes more than just flattery. It is how the organizational culture is developed and shaped. Tom had to learn this early on in his new job and soon discovered that it

was probably his most powerful form of communication. Make sure, then, that you are sending out the right messages in your behaviours and that they reinforce the organization's stated strategic direction.

### Essential Act 4

Measure success and give rewards on the basis of the organization's mission, vision and values.

It's a truism of business that you can't manage what you don't measure. And it's a truism of psychology that what gets rewarded, gets done. So I am constantly amazed at the number of times organizations that claim to be "mission driven" don't measure their progress against the mission and fail to reward employees for helping to make the mission a reality.

How can employees in such circumstances be expected to take seriously their organization's most important statements of strategic direction if there are no mission scorecards that apply to each employee? Why should they care — especially when the mission commands one set of priorities while the company's management by objectives system exhorts and rewards a different set?

This is the final challenge of leadership: to align measurements and rewards with strategy. And it's the final act that Tom has to master before he can decide the futures of Rick and Harry.

Indeed, when that alignment is missing, the results can be almost surreal. One company I know, for instance, claimed to want to make "innovative chemical solutions which spark the imagination and change the world." But there were no measures associated with achieving that goal. Even worse, the phrase somehow mutated as it moved down the hierarchy, so it was interpreted in the company's research and development department as "to make safe chemicals." And that's exactly what they do today — make safe chemicals — while their competitors kill them in the marketplace.

Smart leaders also understand that there is more to rewarding employees than money, stock options and bonuses. This is not to say that money is not important to employees. But when money is the only reward, an organization can quickly run out of the amount it needs to reward all of its employees' accomplishments. Rewards that truly make employees feel good about themselves, on the other hand, are in greater supply and are longer lasting. That's why wise leaders make generous use of non-monetary rewards — especially praise and respect — to motivate their employees. I find it ironic, though, that the things surveys show that employees crave the most — respect and recognition — and cost the least, are the ones poor leaders seem the most reluctant to dispense. Maybe we need to make this stuff much more complicated for our would-be leaders so that they can finally "get it."

By following these four essential acts, you can dramatically improve the attitudes of your employees about coming to work. And they can help unlock and unleash the incredible potential that exists in almost every person who works for you.

When this occurs, your competitors should be afraid — very afraid — because you possess one of the world's greatest competitive arsenals for creating highly differentiated products and services: a motivated and focused team that will roll over your competitors like a juggernaut. Just ask Tom.

*Adapted from A Tale of Two Employees and the person who wanted to lead them, written by Chris Bart, a professor of strategy at McMaster University's DeGroote School of Business in Hamilton.*