

Theme 4:

Attaining leadership competence

Many larger companies and consultancies publish lists of leadership competencies (sometimes called 'behaviours' or 'practices'). A typical list appears below.

ESSENTIAL LEADERSHIP COMPETENCIES

- ❖ Knowledge
- ❖ Courage
- ❖ Integrity
- ❖ Being purposefully awkward and challenging the status quo
- ❖ 'Paradox management' – not 'either/or' but 'and'
- ❖ Vision
- ❖ Being an exemplar
- ❖ Helping others in the organisation change and feel comfortable with change
- ❖ Acting consistently in an ambiguous environment
- ❖ Listening to and understanding how others feel and make decisions
- ❖ Personal awareness and strong emotional intelligence

Table 7: Essential leadership competencies. (Adapted from Chris Gamblin et al: *Leading and Managing in the New Economy*, Centre for Tomorrow's Company, 2001)

Pros and cons of competencies

Competencies like those above can be used to drive and horizontally integrate recruitment, appraisal, promotion and reward systems. They can also be used to vertically integrate management behaviour with the business's goals. They communicate what the organisation considers best practice and they sideline aberrant behaviour.

One of the strengths of formal competencies is their face-validity or natural appeal: they appear timeless, worthy and useful for any organisation. But such strengths may mask weaknesses. Competencies suffer from a number of drawbacks, including:

- **Competencies focus excessively on individuals.**

The conventional view of competencies implies that all would be well if only individuals were competent. This overlooks what binds individuals together to produce collective success. Value is added at the interface. Scope for improving organisational competence is often found in the gaps.

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- **Competencies don't tap into what is happening in a particular organisation at a particular time.**

This means that they may fail to address explicitly what needs to change, especially for the organisation as a whole.

Competency schemes can help to professionalise the individual. This may be what an organisation most needs at a given stage in its development. But competencies derive from past best practice and tend to professionalise the status quo. In complex, fast-moving environments, this may not be what is needed.

It is relatively easy to come up with a list of what a company thinks it 'wants' from individuals. By contrast, embedding and delivering competence from a particular organisational standpoint (i.e. what the company 'needs' at a given time in order to change) is a much more challenging task.

Organisational competence

To avoid these pitfalls, there is another approach. It starts from the assumption that competencies (and collective competence) are a property of the organisation not of the individual.

The organisational leadership model raises several questions that relate to the concept and practice of competencies:

1. What does the organisation as a whole want to excel in and be recognised for as a leader?
2. How can the organisation ensure that it does the right things, and does not just do things right (i.e. competencies)?
3. How should the organisation get its own leadership needs met through individual leaders' competencies?
4. What do leadership competencies look like?

Defining leadership competence

The terms 'leadership' and 'management' are often used loosely, almost interchangeably. This is unfortunate but understandable. It occurs because many people's job titles contain the word 'manager', but fewer contain the word 'leader' (though the job of 'team leader' is growing). Also, managers are expected to display leadership at times. And, confusingly, senior executives and directors are expected to be good managers too. Think of leadership as a role, not a job position.

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Nonetheless, it can be helpful for an organisation to be clear about what the terms *leadership* and *management* mean for it. It can then design and run personnel systems for appointment, development, appraisal, promotion and reward more effectively. It may also help to ensure that the organisation's need for individuals to exercise leadership doesn't get overlooked in their pursuit of management.

Table 8 shows how management and leadership are different. Some of the leadership characteristics in the list are most clearly associated with senior positions. But it can be helpful to think of everyone, regardless of level, as having two jobs. One is to do what they routinely consider their job to be (as outlined in a job description). The other is to change that job – i.e. improve it, by asking questions about how and why it is that way. *How* and *why* are strategic questions that draw on qualities of leadership. This secondary job role gives most people, some of the time and within their own sphere of influence, access to the listed leadership characteristics.

MANAGEMENT	LEADERSHIP
<ul style="list-style-type: none"> ❖ Delivering today ❖ Working within the existing paradigm ❖ Using the present business model ❖ Operating the system ❖ Maintaining consistency, ensuring order and preventing excessive disturbance ❖ Understanding the present ❖ Achieving more with less and getting the work done efficiently ❖ Doing things right ❖ People, operations, information, finance ❖ Processes, statistics, calculations, routines ❖ Planning, organising, monitoring and controlling ❖ Problem solving 	<ul style="list-style-type: none"> ❖ Securing tomorrow ❖ Changing the paradigm ❖ Developing the next business model ❖ Stepping outside the system to challenge and improve it ❖ Questioning current rules and norms and disturbing the organisation ❖ Explaining current reality ❖ Providing focused direction for the common good ❖ Doing right things ❖ Inspiring and empowering people ❖ Envisioning and communicating the future ❖ Aligning people with the organisation ❖ Providing meaning for people's work ❖ Art ❖ Providing good governance ❖ Balancing stakeholders' interests

Table 8: Management versus leadership

Some organisations are over-managed and under-led. It is also possible to argue that organisations are often *over-led* and *under-managed*; i.e. there may be no shortage of grand visionary statements about the future, but these may be accompanied by a lack

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of managerial follow-through. A balance between management and leadership is needed (as there is between lack of administrative processes and too much bureaucracy).

The explanation behind different perceptions and criticisms may lie in what critics think leadership and management are and whether their focus is primarily internal or external. The history and traditions of the organisation will be a factor too.

Sharpening the distinction between leadership and management is helpful because it provides a way of understanding what is going on inside under-performing organisations and what we need and would like more of. It allows those who provide oversight (including politicians) to think clearly about appropriate measures of performance.

Many jobs contain multiple leading and managing roles, and some people can handle them both well. But most people are naturally suited more to one than the other.

Organising for individual leadership competencies

For the organisation to perform well as a whole, individuals' competencies should:

- be designed to align with, and be driven by, the organisation's direction and goals
- work together as an integrated, managed whole
- co-ordinate with the competencies of colleagues
- balance the organisation's needs for both convergence and divergence
- be facilitated by the organisation's systems, and be free of obstruction
- be capable of adapting to the changing needs of both the business and the organisation.

Specified competencies should be the minimum required in number for their purpose. They should not impose a straitjacket on acceptably diverse leadership behaviour. Around the necessary core, variety is healthy.

Competencies should be uniquely suited to a particular business at a given time. They should help take the business in its chosen direction and address real issues of concern.

Choosing competencies is therefore a matter of meeting the organisation's *needs* rather than merely its *wants*.

Eliminating legacy competencies

Before new competencies have a chance to establish themselves, some present ones may need clearing away. Out-of-date 'legacy' competencies need identifying in order to manage their decline. The challenge of leadership is about much more than specifying that individual leaders should possess new competencies: it includes how to change the organisation to enable such new competencies to gain a foothold in the desired culture and supplant out-of-date ones.

BUREAUCRACY

Before privatisation, British Airways managers were issued with rules for everything. There was even a published regulation on the standard type of ash tray to be given to employees.

The highly developed bureaucratic machinery had to be dismantled before managers were willing to accept new-found freedom to use their common sense, discretion and ingenuity.

The fact that these competencies include those of top executives compounds the problem (leaders are effectively talking about themselves). Worse still, the present leaders and their present competencies will be required to change. This results in a well-known paradox: "You have to work with the present culture if you are to change it". This explains why major change is so difficult. Inherent vested interest means that there is an in-built resistance to change.

A typical defensive response to this dilemma is for leaders of an organisation to claim that competencies apply to all levels below them, but not to themselves (after all, they argue, they wouldn't be in their positions if their own competence was in doubt!).

Categorising competencies

These practical and political problems aside, one of the 'tricks' is to classify and manage competencies under four headings:

1. **Emergent competencies**
Competencies that are of increasing importance to the organisation.
2. **Legacy competencies**
Dated competencies that have outlived their usefulness.
3. **Enduring competencies**
Competencies that you will always value.
4. **Transitional competencies**
Competencies that are relevant for the short term, such as 'change management'.

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Thinking about competencies in this way calls for considerable in-house research effort. A good starting point is the question:

What does this organisation need less of, and more of?

The organisation's overall competence

Organisations as a whole may be known as leaders ('market leaders' is one manifestation of this). Such leadership reflects their prominence, reputation, what they stand for, and how they represent their sector. Any organisation has to ask itself if and how it wants to be recognised for giving leadership. Possible examples include:

- ❖ high-quality products
- ❖ value for money
- ❖ safety of the public and employees
- ❖ good care of the environment
- ❖ honest governance
- ❖ inclusive relationships
- ❖ product innovation
- ❖ customer service

Hewlett-Packard was long respected for its leadership in printer technology, supported by *The HP Way*. Industry sector leadership often combines with other human or social values that extend beyond the boundaries of the firm. The drinks firm Diageo claims:

'We are not content just to comply with high standards of behaviour; we want to provide leadership and involve our corporate partners in good citizenship activities. ...Diageo has been a prime mover in the drinks industry in establishing social aspects organisations (SAOs) ... promoting sensible drinking and helping to prevent alcohol misuse.'

Some organisations' reputation, values, preoccupations and commitments are inseparable from their individual leaders. Some approach this question of sector leadership with a dominant stakeholder in mind: e.g. profit for shareholders or value-for-money for customers. Others parade their leadership with a wider group of stakeholders, with customers or society (e.g. BP and 'beyond petroleum').

Besides their market image, these stances have an internal relevance: they can play a key role in defining relevant individual leadership competencies. And they can shape the purpose and content of leadership development programmes.

The positions adopted by companies that wish to be recognised in such a way are a reflection of leaders' and organisations' values. An explicit set of values and principles grounds and defines desired executive behaviour. Values serve as a continual source of reference against which leaders may test their decisions and determine appropriate action when faced with a tough choice.

Doing right things and doing things right

There are times when taking a decision and getting on with it is more important than agonising over what is the best decision. The difference between options may be small, but timing may be everything. Equally, some people argue that what you do matters less than how well you do it. They focus on the means and neglect to question the ends. They see little difference between 'doing right things' (ends) and 'doing things right' (means).

It is sometimes claimed that a key difference between leadership and management is the difference between doing right things (leading) and doing things right (managing). If so, one must accept that leaders also have to be able to manage. And managers are expected to lead.

If the distinction between *right things* and *things right* is not made, inappropriate things get done. Both *doing right things* and *doing things right* must be considered, especially where ethical business conduct is concerned. Prizing individual competence without thinking about where that competence will be applied, can lead to ethical disasters. Equally, concentrating on results without specifying the 'how' can be risky. Take the case of hacking into competitors' computers:

HACKING INTO COMPETITORS' COMPUTERS

Managers at Princeton University were discovered hacking into the students' database at rival Yale University. The unethical practice enabled Princeton to offer discounts to students to switch courses. But the revelation was immensely damaging to its reputation, one of its prime assets. The managers involved may have been highly skilled at what they were doing, but they were not doing appropriate things.

Another way of looking at this is to say that the university's specification for the managers' required results failed to place limits on the means of their achievement.

Balancing results and competencies

When British Airways launched its performance-related reward scheme for managers, it weighted results and competencies equally. It later changed this to favour results at the expense of competencies. Presumably it believed – as many companies do – that what ultimately matters is results. But this view carries dangers. Companies need to be aware of the risks they take in emphasising results and the messages conveyed to employees and other stakeholders by this tactical switch.

However, a focus on competencies is not enough. Talent and intelligence do not necessarily equate with high principles, or indeed common sense or sound judgement. Nor do they guarantee that the values of the organisation and its employees will be aligned.

Moreover, the leadership culture may be corrupt. Even ethical and well-intentioned individuals can lose sight of their values and principles and find themselves swayed

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and caught up in unethical decisions in fulfilment of their organisation's financial success – even without the lure of high personal reward.

The scandal of Enron is a case in point; here some potentially good leaders turned bad, influenced by a dangerous culture. The American consultancy McKinsey designed Enron's leadership culture, and has been much criticised for it.

The broader failing of McKinsey and its acolytes at Enron is their assumption that an organisation's intelligence is simply a function of its employees. They believe in stars, because they don't believe in systems. ...But companies ... don't just create; they execute and compete and co-ordinate the efforts of many different people, and the organisations that are most successful at that task are the ones where the system is the star. ...The talent myth assumes that people make organisations smart. More often than not it's the other way around.

(The Talent Myth', *The New Yorker*, 22 July 2002)

Jack Welch, ex-boss of GE, used to claim that the most dangerous combination was competence and unalignment (i.e. with his goals for GE). If people were unaligned, better they were incompetent.

Alignment comes through values and clarity about desired results and outcomes. Equally, specifying results alone is not enough; they need coupling with acceptable managerial and leadership practices and behaviour. Both are needed. The organisation's values (assuming that they are ethical and can be shared publicly) should drive both the sought-after results and the competencies. This is true for the leaders themselves, for the organisational entities they lead, and for the people they are responsible for.

Allowing and choosing to do

Conventional development primarily concentrates on the efficacy of its inputs – helping learners learn. But if potential is to be realised, it requires two further ingredients: *will* and *opportunity*. 'Performance is potential minus interference', according to Timothy Gallwey in *The Inner Game of Work*. He is referring to psychological barriers, but we can extend his point. Transfer to the workplace is enabled by recognising and managing the equation which states that individual competence translates into competence for the organisation only through the mediation of organisational 'top-down' *allowed-to-do* permission and individual 'bottom-up' *choose-to-do* motivation. (See Figure 4.)

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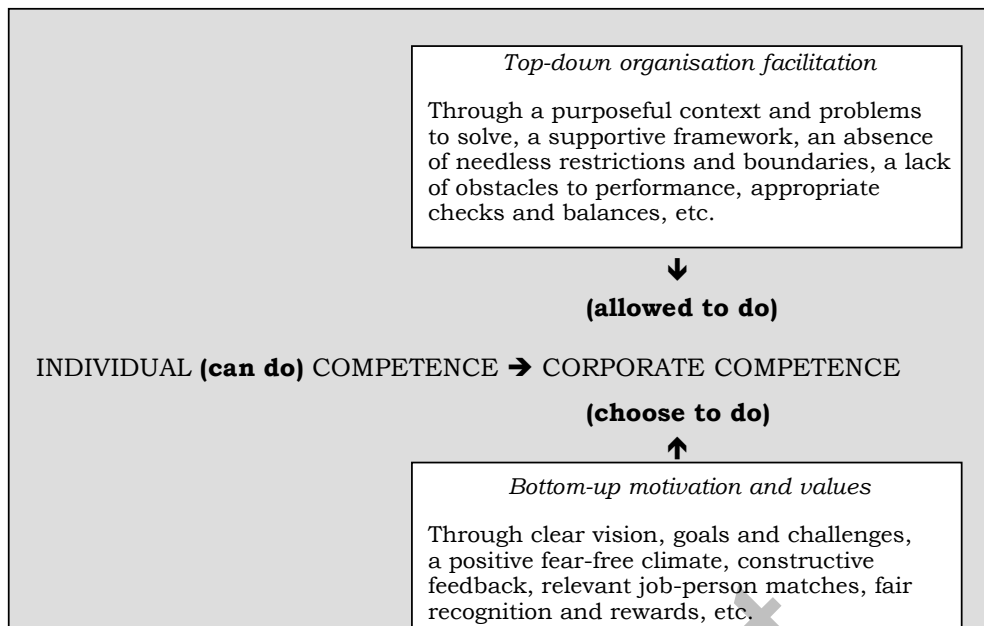


Figure 4: Converting individual competence into corporate competence.
(from W Tate: *Developing Corporate Competence*, Gower 1995)

Without such facilitation, personal development won't take root in actual performance. In other words, blockages to leadership being practised need to be made explicit and removed, whether they stem from above in the diagram (the organisation) or below (the individuals themselves).

It is worth remembering that much-vaunted *skills* – which most organisations are content to develop – only amount to *can-do* competence. The above model argues that organisations need to look beyond what skills people have to what they do do. In other words, what they *choose* to do with what they can do. What *allows* them to do what they can do. And thus what *causes* them to do what they do do.

The perceptions and mental maps in people's heads are crucial here. These reside in the heads of followers as well as the leaders. What the leader is allowed to do includes what those who are potentially affected will allow the leader to do. And that depends on their perceptions, in turn shaped by their relationship with the leader, among other things. This is a big subject – beyond the scope of this audit. It concerns change implementation as much as diagnosis and planning. The important lesson is to realise the limited powers of development on its own to bring about change.

THEME 4 QUESTIONNAIRE

Attaining leadership competence

ASSESSMENT

Write in empty boxes, complete statements, circle options, or mark ✓ where applicable. Numbers equate to points scored.

Designing competencies

How clearly does your organisation distinguish managerial from leadership competencies?					
Don't know	0. Not at all	1. A little	2. Quite a lot	3. A great deal	

Are competencies grounded in what is happening in your organisation at this particular time?					
Don't know	0. Not at all	1. A little	2. Fairly	3. Considerably	

Is past best practice in your organisation a good guide to competencies needed for its future?					
Don't know	0. Not at all	1. A little	2. Fairly	3. Very	

Is it clear what your organisation wants to excel at as a driver of individual competencies?					
Don't know	0. Not at all	1. A little	2. Fairly	3. Very	

Has your organisation considered its need for more convergence vs. more divergence in performance?					
Don't know	0. Not at all	1. A little	2. Quite a lot	3. A great deal	

Has your organisation taken into account how competencies incline towards converging behaviour?					
Don't know	0. Not at all	1. A little	2. Quite a lot	3. A great deal	

Managing competencies

Does your organisation recognise the role of will and opportunity in converting competencies into performance?					
Don't know	0. Not at all	1. A little	2. Quite a lot	3. A great deal	

Does your organisation ensure that will and opportunity are managed so they enable competencies to flourish?					
Don't know	0. Not at all	1. A little	2. Quite a lot	3. A great deal	

How much effort goes into managing competence at the interface or space between individuals?					
Don't know	0. None	1. A little	2. Quite a lot	3. A great deal	

Categorising competencies

How much thought has your organisation given to distinctive and explicit leadership competencies?					
Don't know	0. None	1. A little	2. Quite a lot	3. A great deal	

If they are not published, list what you think are key leadership competencies for your organisation.

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How aware is your organisation of which competencies will remain important for your organisation?				
Don't know	0. None	1. A little	2. Quite a lot	3. Very
List <i>enduring competencies</i> that you consider will remain important for your organisation.				

How aware is your organisation of which competencies will become increasingly important in future?				
Don't know	0. None	1. A little	2. Quite a lot	3. Very
List <i>emergent competencies</i> that you consider will become increasingly important for your organisation.				

How aware is your organisation of its need for special competencies to help manage transitional change?				
Don't know	0. None	1. A little	2. Quite a lot	3. Very
List <i>transitional competencies</i> that you consider your organisation will need for a short time.				

How readily does your organisation jettison outdated competencies?				
Don't know	0. None	1. A little	2. Quite	3. Very
List <i>legacy competencies</i> that you consider are no longer relevant to your organisation and should decline.				

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Doing things right or doing right things

Does your organisation recognise the distinction between leaders *doing right things* (i.e. appropriate end results) and *doing things right* (i.e. competencies/methods/practices/behaviour)?

Don't know 0. Not at all 1. A little 2. Quite a lot 3. A great deal

Does your organisation show concern for an appropriate balance between leaders *doing the right things* and *doing things right*?

Don't know 0. Not at all 1. A little 2. Quite a lot 3. A great deal

In which direction, in your view, does the balance need redressing? To show more concern for:

Appropriate end results or Appropriate competencies/methods/practices/behaviour

What are some of the wrong things your organisation is doing, however competently it does them?

What are some of the right things your organisation is doing, but with insufficient competence?

SCORING

Total number of points scored
Out of a possible maximum of 48
Percentage = %