



streetsmart Call Centre

Leadership through Breakthrough Business Solutions

Leadership for Corporate Success

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ABSTRACT

This paper examines the important ingredients required in effective leadership to achieve corporate success.

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1. Introduction

This paper argues that corporate evidence indicates there are clearly definable ingredients in leadership determining the overall performance and development of a company. This paper argues that these specific qualities, traits and actions determine the success achieved by a company.

2. Leadership Qualities & Values

Leadership is defined as the process that involves motivating people to exercise their creative abilities and to produce superior goods and services. It recognises the importance of the role of people in determining the success of organisations. Identifying and removing impediments to individual performance is one of the most important jobs leaders have. According to a book by Snyder, Dowd and Houghton there are three things which distinguish leaders from managers: vision, strong values, and courage to make their visions real. There are three key values which sum up leadership activity in successful organisations:

1. A focus on the customer
2. Continuous improvement
3. Employee empowerment
4. Commercial ownership

Success in many organisations can be determined on one key achievement: meeting customers' demands for quality goods and services. The main point is that leadership and quality issues are inextricably tied concepts.

The second key value is the ability to have a vision and the ability in communicating the vision to execute the vision. The important component is the emphasis on vision as a picture both of the future, and the present, appealing simultaneously to logic and feeling; first it makes sense, and then it inspires strong, simultaneous feelings of hope and pride in its accomplishment. Vision adds meaning to corporate life. Shared vision means employees commit and buy-in to the vision. They highlight the importance of being able to deal with failures. Leaders must communicate vision to others and set personal examples. They focus on core values and beliefs supporting the vision. Leaders must involve people in deciding how to achieve the vision. This point is used to argue for the importance of empowering people to do their jobs.

The leader needs to be committed to the process of realising the vision—the action of leading to the vision. They need to be committed to the journey. Commitment is achieved through:

- Personal behaviour
- Embracing change and continual improvement
- Fostering individual and organisational learning and growth
- Encouraging risk taking to achieve innovation
- Inspiring enthusiasm
- Leadership commitment

The role of the leader is to persuade people to commit to the vision through effective communication. There are several techniques which are outlined by business authors to effectively obtain the necessary commitment from the employees in the company:

- The message of the vision
- The need for the vision within the organisation
- The rightness of the vision for each employee
- The commitment of the leader to the vision
- The role of each employee in realising the vision

Other key ingredients in successful leadership are the beliefs and values upheld by the leaders and employees of a company. The set of core beliefs and values must be based around complete customer focus. These values form the foundations for action. There are three fundamental beliefs embedded in the concept of customer focus:

1. Business is a chain of suppliers and customers: leadership for quality strengthens the chain between business and suppliers, and business and customers
2. The customer is the purpose of the work: there is no higher priority
3. Success comes from valuing the voice of the customer

In order for these three beliefs to become reality there is a need to integrate three key values. The three values required to bring the beliefs to life are: service, humility and integrity. Achieving a true customer focus in a quality organisation depends absolutely on leadership that holds these beliefs and values, and models and teaches them to the organisation's people in both word and deed.

What is further argued by business authors is the need to be committed to continuous improvement in order to be a true quality organisation. There are four core beliefs associated with a commitment to this principle. The first two focuses on gaining the knowledge required for improvement; the second two focus on maintaining the spirit necessary to improve continuously:

1. You have to know the facts
2. Reason and learn
3. There is always a better way
4. Keep trying for perfection; you never will achieve it

Snyder Dowd and Houghton argue that employees need to be empowered to advance the goals of the company. Empowerment involves giving employees more responsibility: for their own work, for the work of their groups, and ultimately for the success of the entire organisation. In organisations where empowered employees act eagerly to advance the goals of the company, leaders hold and promote the following beliefs and values, which guide the actions of every member of the organisation. These beliefs and values are:

1. Employees are people
2. People are basically good
3. Bureaucracy kills Initiative
4. The manager's job is to provide training, tools, and support

The concept of empowerment is a paradoxical one: it implies that leaders give something to employees (power, authority or responsibility) when actually it is more a question of taking something away: the constraints and limitations imposed by unnecessary controls and bureaucracy.

One of the qualities less spoken about but plays an important role in leadership success is courage. A leader must communicate the vision, and his or her commitment to it, in such a way that those who must follow understand what it is, know why it is important to the company and to them personally, and become committed to the process of making it a reality. Courage is a necessary quality in successful leadership because the tendency is to maintain the status quo rather than to venture new pathways. Following the existing path is much safer in the short term than taking chances by risking uncharted waters. Successful change demands determination, persistence, and courage.

3. The Role of Ownership

The impact of ownership in determining the effectiveness of leadership is often undervalued. There are numerous corporate examples of great leaders who were also owners or founders of their organisations:

- Ray Kroc: McDonalds
- Sam Walton: Wal-Mart
- Bill Gates: Microsoft
- Sir Richard Branson: Virgin

The role of possession or ownership of the company appears to contribute to the level of enthusiasm, desire, and persistence of the leaders.

This paper argues that there is overwhelming evidence in business case studies to suggest that ownership plays an important role in determining the actualisation of the vision. All the leaders used in the examples were successful in realising their vision by a great deal of determination and persistence. It is questionable whether the same levels of determination and persistence would have been gained from salaried executives with no ownership of the company. Tenants of a building will rarely treat their rented space with the same level of care and pride as the landlord.

There is a major question which is left unanswered: does ownership affect the effectiveness of leaders? The question to follow this line of inquiry would be: does employee ownership affect job performance and the level of commitment to the company's vision? There is evidence in the case studies to suggest that both questions may be tentatively answered positively. Companies such as Wal-Mart and Microsoft have publicly claimed the positive effects of employee ownership through the various employee share schemes. The level of productivity, creativity, and profitability all exceed their relevant industry averages whilst staff turnover figures are below industry averages. These facts and figures strongly suggest that ownership (whether directly or through stock options) plays a major role in determining the overall success of an organisation. Ownership may be identified as a prime motivation for successful leadership and quality management in an organisation.

Ownership is neither an attribute nor an action; rather it is the financial relationship to an object. More importantly it defines the psychological relationship between the individual and the object. Often, ownership of an object is viewed as a status symbol: the more you own the more successful you are. It helps an individual define their existence in relation to the rest of the world. Ownership in corporate life offers

individuals meaning to their work. Ownership offers individuals the reasoning for the work or activity. It creates a sense of belonging and becomes the driver for actions such as innovation, change, quality management, and striving towards excellence.

Ownership may be seen as belonging to the wider context of the growth imperative. This underlying imperative has been theorised by psychologists to be the driving force responsible for the general direction of all human activity. Theorists such as Klaus Riegel¹ argue that the natural order of development is not to remain in a state of equilibrium but to constantly change towards a state that is better than the previous one.

An understanding of the growth imperative from the perspective of theorists such as Riegel illuminates the importance of ownership in determining successful leadership. Ownership becomes a crucial element in determining the overall success of an organisation. Ownership, in a sense, satisfies a fundamental need for an individual to accumulate, grow, and develop. It offers the perception of growth for individuals and thus makes the work they perform meaningful within the realm of their existence.

4. Conclusion

This paper has noted three fundamental aspects about leadership that lead to a positive impact on the organisation:

1. The attributes of the leader
2. The philosophy binding the business
3. The ownership stake in the business

The attributes required to be displayed by a leader were:

1. The need to be a visionary
2. The need to have beliefs and values to guide all activity
3. Courage to act and realise the vision

The philosophy adopted by great leaders centres around ideas about quality, the commitment to continuous improvement, the customer as king, and the empowerment of people. These are the concepts they focus on and identify as the key contributors for successful leadership of an organisation.

¹ A summary of Klaus Riegel's developmental theory is outlined in *Complex Dialogue and Developmental Theory* by Joe Tawfik, July, 1997, DBA Working Paper, Southern Cross University.

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