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LEADERSHIP IN TRANSFORMATION

SEIZING THE UPSIDE OF A DOWNTURN

Donald Sull, Professor of Management at London Business School, and former Professor of Entrepreneurship at Harvard Business School, on realignment of leadership priorities in a downturn

LEADERSHIP IN CHALLENGING TIMES

What are the key issues for business and public leaders?
Extract from the TL First Leadership Roundtable, Chaired by H.E. Dr Christopher Kolade CON

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Editorial

Our last edition of Leadership in Transformation primarily considered how leaders can ensure that their organisations are sufficiently resilient to cope with economic, social and political challenges, and deliver the much required improvements. We received numerous positive comments from leaders across sectors.

In this issue, we are raising the bar and taking the transformational roles of leaders beyond individual organisations to transformation of industries and sectors. As simply stated by H.E. Dr Christopher Kolade CON, at our leadership roundtable earlier this month, "it can be done".

This edition therefore includes a number of contributions from world recognised academics in leadership and strategic management, highly experienced leaders of organisations and sectors, and leading consultants that have advised and facilitated large scale transformation of businesses and the public sector.

We have challenged both traditional approaches and contemporary approaches to leadership in suggesting a shift in paradigm. After all, we face a level of change or transformation that is unprecedented, therefore needing more than changes in tools, techniques and approaches; but also a new mindset.

To successfully deliver transformation at the required level, leaders need an unprecedented support from their Boards and Audit Committees. The traditional roles of governance, scrutiny, ensuring balance, and setting direction would naturally continue, but enhanced by a new mindset for innovation and managed risks. I gave a lecture to a group of leaders recently where I suggested that CEOs needed to invert their business models, stress-test key levers and integrate with a multi-dimensional risk management as a way of moving the corporate agenda to another level. After much debate, it was clear that turning an organisation's business model on its head' requires a level of courage and agility that is found only in 'a few good men (or women)'.

It has been said that people find the will to change (or act) at the point of greatest challenge. One should therefore expect a new phase of leadership actions to prevent extinction. An example of such is the urgency of actions to address the power problems.

However, Professor Donald Sull, of London Business School argues, in an article 'when the good gets ugly', to be published in our next issue, that leaders are un-seemingly aware of 'dry rots' in good times.

TL First Integrated Management has assisted many organisations in developing appropriate responses to both good and challenging times; cash preservation, streamlining, value-centred reporting, reforms, rebuilding relationships, stakeholder management, evaluating financial matrices, and more. We are now suggesting that leaders build upon the improved processes to step into a new paradigm. With the combination of strategic consultancy and leadership development, we support the move from incremental improvements in organisations to transformation of industries and sectors.

This Leadership and Transformation® magazine currently remains free of charge to top leaders of business, public sector and states, across Nigeria, Ghana, South Africa, UK and USA. We also host free leadership roundtables in these Countries. Interested leaders can register on our website www.tlfirst.com or via email to events@tlfirst.com.

As always, the opinions expressed in our publications and website are general in nature and do not constitute specific business, finance, tax, legal or other form of consultancy or advice. You should talk to us to obtain independent, professional advice for your own particular situation.

Finally, your feedback is always appreciated. Happy reading…

Olu Olasode

Olu Olasode is Group Managing Director of TL First. A Fellow Chartered Accountant and veteran of Ernst and Young in the UK, Mr Olasode holds a bachelors degree in Accounting from the University of Lagos, a Masters in Finance and Investment from London, and an MBA from Manchester Business School. He now advises many multi-national companies and government agencies, and has been Board Chairman, and Audit Chairman of many multi-billion private and public organisations; including a number of government parastatals, NDPBs and agencies

Seizing the upside of a downturn;

The realignment of leadership priorities to stay ahead

Professor Donald Sull

In a downturn, most managers fixate on the abundant bad news: demand is down, prices are falling, credit is scarce, and lay-offs are likely. Obsessing over threats obscures a surprising but crucial truth about downturns: the worst of times for the economy as a whole can be the best of times for individual firms to create value for the long term.

In past downturns, some companies, including Toyota, Nokia, Cisco, Samsung and Emirates, emerged from an economic crisis stronger than before. Like the mythological Libyan wrestler Antaeus who regained strength when thrown to the ground, these companies derived strength from economic hard times. Many of their competitors, in contrast, languished or failed. Part of the difference is down to having managers who understand how to create value during a downturn, as well as their effectiveness in acting on these insights.

Every downturn opens a window of opportunity to adjust the status quo, and astute managers push through necessary changes while the window is open. An economic crisis marks a sharp break with the past, and, observing the break; employees recognised that a firm cannot continue to do what it did in the past. The downturn lowers their resistance to change and cuts through complacency. A downturn often brings latent challenges to a head, and savvy managers can harness the resulting energy to infuse the organisation with a sense of urgency in fixing these problems.

A downturn provides a ready-made external rationale to justify painful decisions that would appear extreme in better times. Finally, an economic crisis provides managers with air cover to make decisions that incur short-term financial pain for long-term gain, such as pruning products, "firing" unprofitable customers or exiting money-losing businesses. Investors, boards and bosses are typically more forgiving of short-term dips in sales and earnings during a downturn, when all competitors are suffering, than they are during a boom, when everyone else is thriving. Managers can harness a downturn to make any number of possible changes, but the following four actions in particular are likely to create long-term value.

Instil ongoing cost discipline

During the boom years, many managers thought their objective was to increase revenue through innovation. It is not. Companies exist to create economic value, which is the difference between revenue and the opportunity cost of all inputs (including capital). Good managers keep their hands on both levers at all times, looking for growth opportunities during downturns while maintaining cost discipline when the good times roll.

Unfortunately, best practice is not common practice. Many companies veer between periods of undisciplined growth and brutal cost cutting. During a boom, they press on the gas pedal to increase revenues. When the economic cycle turns, however, they slam on the brakes, abandon growth and focus on slashing expenses to free cash flow. Once the economy picks up again, they abandon their new-found cost discipline to pursue revenue growth.

This stop-go approach is a mistake. Golden opportunities to increase sales often emerge in downturns (see below). The best opportunities to cut costs often arise in good times. During a boom, managers tend to overlook the inefficiencies that sprout like weeds throughout the organisation, sapping resources from more productive uses. During a downturn, good managers weed their overgrown gardens, but great ones also build processes to nip these costs in the bud as they crop up in the future.

Toyota overtook its Detroit rivals in large part through its "lean" production system, which continuously reduces costs by identifying and eliminating activities or materials that do not add value for end users. The carmaker pioneered these processes not in benign markets, but in 1950 during a deep downturn that depressed automobile demand and forced most Japanese automakers into the red.

Toyota managers did not ask what to cut, but addressed the more fundamental question of how to systematically identify and eliminate waste on an ongoing basis. Teams of managers benchmarked best practices within Toyota, and discovered an experimental process within the company's own machine shop, where successive work stations took only the parts or materials they needed at that point in time. This minimised inventories and quickly identified problems along the assembly line.

In instilling these processes, Toyota did several things well. First, managers looked outside the company for ideas without slavishly following the latest management fads. Second, they continued to refine their processes and added complementary practices including visual signals to pull more inventories and a system that allowed workers to stop the assembly line when they detected a problem.

Thirdly, they used the downturn to negotiate changes in work practices. The Toyota system required workers to man more machines, provide constant suggestions for improvement and move among stations as work flow dictated. The downturn helped convince workers that these changes were necessary. Fourthly, managers recognised that no company is an island, but is embedded in an ecosystem of suppliers and distributors, and they extended these practices to their suppliers. Finally, the company continued to use and improve these processes when the market picked up.

Managers can look for ways to build ongoing discipline into resource allocation processes. In many companies, the budgeting process takes the previous year's expenditures as given, and then incrementally augments or decreases them to calculate the next year's budget. Facing a deep recession in Brazil in 1983, retailer Lojas Americanas introduced zero-based budgeting that required managers to develop budgets from scratch and justify each item.

To instil ongoing cost discipline, managers should ask themselves a few questions. What processes do we have in place to systematically identify and eliminate waste? Could we improve these procedures? Are there promising best practices in parts of our organisation that we could disseminate more widely?

Force hard choices

Good times produce ample resources that blunt the need to make hard trade-offs. During a boom, managers tend to spread resources evenly to preserve a sense of fairness and minimised conflict. Even in the best of times, this means that promising opportunities receive fewer resources than they require while others get more than they deserve. In the worst of times, it is even more harmful, dissipating scarce cash. Many managers, for example, try to spread the pain of downsizing evenly, demanding an identical percentage reduction in headcount or expenditure across all units regardless of their merits.

A downturn provides the ideal opportunity to force hard choices. Consider Nokia. After the Soviet Union crumbled in the early 1990s, Finland suffered one of the worst recessions in its history, and Nokia, then a diversified conglomerate, faced financial distress. Rather than spreading cuts evenly, Nokia's executives made the hard call to focus on the fledgling telecommunications business while exiting other businesses that then accounted for nearly 90 per cent of revenues.

This example illustrates important points about making hard choices during a downturn. Firstly, managers must be willing to reverse their previous decisions. During the 1980s, Nokia executives invested heavily in consumer electronics, but when that bet failed to pay off, the top team was willing to cut their losses and focus on the much smaller mobile phone business. Secondly, Nokia's executives recognised that betting on telecommunications reduced the group's diversification and exposed the focused firm to greater risk. They offset this with other risk management tools, including diversification within telecommunications (for example, handsets and infrastructure), spreading across geographic markets and achieving economies of scale.

A downturn provides an occasion to make hard choices not only in the C-suite, but throughout the organisation. After the dotcom bubble burst in 2001, Cisco suffered a sharp decline in sales. The company's leadership responded by forcing hard choices at every level, including consolidating suppliers from 1,300 to 420, halving the number of channel partners, culling the bottom third of products, streamlining research and development projects and sharply reducing acquisitions.

During the boom, Cisco middle managers enjoyed wide latitude to acquire start-ups – the company snapped up two dozen in 2000 alone. During the downturn, Cisco tightened up the process by creating an investment review board that met monthly to vet acquisition targets. Managers proposing acquisitions were required to draw up detailed integration plans and personally commit to hitting sales and earnings targets for the new business.

Companies can also harness a downturn to prioritise which corporate initiatives really matter. Corporate "priorities" tend to proliferate during a boom. Middle managers in one European engineering group counted more than 50 so-called "strategic priorities" that had rained down on them from headquarters during the preceding two years. This excess of objectives consumes not only cash, but also diverts managerial attention from what truly matters.

In a downturn, senior executives should consolidate their major initiatives into a single list and select a handful that is truly critical. To ensure everyone gets the message, they should communicate the key priorities throughout the entire organisation, including a list of initiatives that are no longer objectives. Senior executives can give these priorities teeth by eliminating key performance indicators linked to less critical initiatives and link the bonuses of managers to corporate objectives.

To force hard choices, managers can ask themselves a series of questions. What initiatives, businesses, products, markets and so on, have a call on our scarce resources? Can we rank order them in terms of value creation potential? Where should we draw the line that marks the truly critical from the nice to have?

Accelerate fundamental changes

Prior to the current downturn, many organisations embarked upon large-scale change programmes. Common examples include shifting from selling products to services, fostering greater collaboration across organisational silos, or building a more entrepreneurial culture. Major change efforts are difficult in the best of times, and many executives worry that a downturn will halt future progress or reverse any gains made to date. Indeed, in a downturn, managers too often scurry from fighting one fire to the next and thereby lose sight of the longer transformation effort.

Large-scale change initiatives typically require eight to ten years to complete and often run out of steam along the way. Downturns provide an ideal opportunity to re-invigorate an ongoing transformation. Managers can harness a downturn to renew a sense of urgency, justify unpopular decisions and overcome complacency or resistance to change.

The case of Samsung illustrates this. After succeeding his father as Samsung Group chairman in 1987, Lee Kun-hee launched a programme to transform the conglomerate from a good Korean competitor to a great global group. Fifteen years later, Samsung Electronics, the group's flagship business, had largely achieved this ambition, leading in technological innovation, market share of key products, brand awareness, and financial returns. A careful analysis of Samsung's transformation reveals that most of the critical decisions that propelled the group were concentrated during two downturns.

After a promising start in the mid-1980s, Samsung's transformation was running out of steam. Mr Lee used the global recession during the early 1990s to force through a series of difficult changes in short order. He divested businesses, such as sugar and paper processing, which had a profitable and long-standing place in the group's portfolio, because they could not achieve leadership in global markets.

Mr Lee concentrated research and development and advertising expenditures on a handful of businesses deemed capable of competing globally while curtailing expenditures in others. He insisted that subsidiaries measure performance against global leaders, rather than benchmark other Korean companies, and instituted manufacturing processes to produce world-class quality. Finally, Mr Lee bucked the Korean tradition of basing promotions strictly on seniority to advance a large number of young executives based on their performance and global outlook.

By the mid-1990s, Mr Lee was concerned that the transformation was losing traction. While other Korean executives bemoaned the Asian Economic crisis beginning in 1997, Mr Lee saw it as another opportunity to re-invigorate Samsung's transformation. He divested additional units and led a further round of headcount reductions. He also increased the autonomy of the remaining businesses by eliminating cross-business subsidies, loan guarantees and below-market transfer prices. These changes, which marked a sharp break from traditional Korean business practices, freed Samsung to compete more effectively in global markets. As they enter the fray of short-term retrenchment, managers should ask themselves these questions to keep sight of long-term transformation. Which large-scale changes did we start prior to the downturn? Which do we still consider critical to our long-term success? What changes would we have to make even if this crisis had never occurred? How can we harness the crisis to accelerate these changes?

Seize golden opportunities

Golden opportunities refer to occasions when a company can create value significantly in excess of the cost of the resources required to seize the opportunity. Examples include acquisitions at bargain prices (think Santander's acquisition of Alliance & Leicester and Bradford & Bingley); innovative products, such as Apple's iPod, that dominate a new sector; expanding in emerging markets; or acquiring valuable resources cheaply.

Most managers look for golden opportunities when the good times are rolling. This is a mistake. The best opportunities often arise during downturns when distressed sellers are forced to offload valuable assets at bargain prices – recall how ING Direct snapped up the deposits unloaded by failing Icelandic banks. To conserve cash, companies may be forced to retreat from attractive propositions, thereby creating an opportunity for rivals. In the face of the current recession, Adobe Systems may scale back its ambitions in web-design software, creating an opening for a deep-pocket competitor such as Microsoft.

Competitors may have to pass on new opportunities to conserve cash. Airbus launched its A380 into the industry downturn following the terrorist attacks of September 11 2001 when few airlines had the wherewithal to buy the new aircraft despite its greater range, size and fuel efficiency. Emirates, in contrast, pounced.

Sometimes, seizing the opportunity requires a creative deal to help ease another company's pain. When the South Korean won collapsed during the Asian crisis in the late 1990s, Korean producers flooded the European market with cheap microwave ovens, driving European appliance makers near bankruptcy. The Chinese company Guangdong Galanz negotiated a novel agreement with European white goods companies. The Europeans moved their state-of-the-art production lines to China, where Galanz manufactured microwaves for half the cost, and secured the right to use the spare manufacturing capacity to make its microwaves for sale in Asia. Galanz thereby secured cutting-edge manufacturing technology, economies of scale, and exposure to leading companies' product design, which allowed it to quickly emerge as the world's largest producer of microwaves.

In a downturn, it is easy for managers to focus exclusively on managing threats, and thereby lose sight of golden opportunities. To counterbalance this, they should ask themselves the following questions. Are competitors retreating from opportunities that we can seize? Should we double down in growth markets, such as Bric economies, rather than retrenching to our core? Does our customers' or competitors' pain create an opportunity for us? Can we snap up key resources at bargain prices?
All the economic bad news can eclipse the crucial reality that every downturn has an upside. To make the most of that upside, managers must recognise opportunities during hard times and muster the courage to seize them.

Donald Sull is professor of management practice in strategic and international management and faculty director of executive education at London Business School; and former professor of entrepreneurship at Harvard Business School. Professor Sull is a world 'guru' on leadership and strategic management, and was a consultant with Mckinsey & Company. He is author of best selling books including; 'Made in China', 'Why Good Companies go Bad', 'The Upside of Turbulence' and 'Success against the Odds'. Meet Professor Sull in September at the TL First Leadership in Transformation ® International Conference 2009 at Transcorp Hilton Hotel, Abuja. Please send comments and responses to comments@tlfirst.com.

UNDERSTANDING SITUATIONAL LEADERSHIP; A female perspective in a 'male world'

Judge Ola Omotosho LLB LLM PDMS MCIPD

We live in an ever changing, fast pacing world, where the roles of leaders are more important than ever. As a woman and a successful judge with years of experience in business and the legal field, I have learnt to lead effectively without seeming to be too authoritarian and adapting my style of management/ leadership to suit the tasks and the situations that arise in everyday life and business.

A well known phrase is that 'leaders are born not made, whether or not you agree with this view is dependent on whether as a leader you have found things naturally easy or like the majority of leaders, you have over the years learnt to manage yourself and others, not just by relying on gut instinct but also making use of knowledge and skills acquired from studies, observations and experience. Leadership is a concept which has fascinated humankind for centuries. It seems so easy to those who have mastered it, and so exclusive to those who desire it.

One thing is clear, leadership is something more than just personality or accident or appointment. It is intimately linked with behaviour. It can be described as a 'dynamic process in a group whereby one individual influences the others to contribute voluntarily to the achievement of group tasks in a given situation.' It implies that a range of leadership styles is preferable to any one 'best style'. Effective leadership means thinking in terms of the other person. A workable strategy is appreciating that confidence and likeability go together. Evolved leaders win the trust and support of the people through their complete identification with them. The interests of the people are naturally promoted because they become the interest of the leader as well. It is not enough to be for the people; you must be of the people as well.

An ego, contrary to what is often thought, is not what makes a leader great. We need look no further than Mahatma Gandhi or Martin Luther King, Jr., to know that humility breeds followers. Those who rule with an ego rule with anger and fear and when those things are gone so too is their influence. History is full of these ego-oriented tyrants, dictators and warriors. It has been said that the best person to lead is the one who has the role of leader thrust upon him, rather than one who seeks to rule because he desires power. It is therefore important not to set yourself up as better than the rest, only as more willing than others to lead and as someone who is prepared to do what is necessary.

From the ancient classic Tao-te-Ching by Lao-Tzu come various passages about leadership which are very useful. An example is: 'leaders who impose elaborate strategies on people cause social reactions which undermine the structure of the organisation because clever strategies strike a resonant chord in people and trigger their own cunning responses. If leaders, instead, guide the organisation with simplicity and directness, the inherent cleverness of the people will be disarmed' (Wing, 1986). Simplicity is the key. A leader needs to be clear, simple, direct and organised with his own plan when he seeks to inspire people to align themselves with his way of thinking. If your ideas are muddled with countless exceptions and are multifaceted you will undoubtedly lose a person's interest and then his support.

Since the 1950's several theories about leadership or management styles have been put forward. These tended to be expressed in terms of authoritarian versus democratic styles, or people orientation versus task orientation. Some examples of these include 'the commander', where the leader gives orders and expects them to be obeyed instantly; 'the instigator', who is someone who is good at setting things in motion; and, 'the negotiator'; who involves other people at all stages of a project.

Situational Leadership

As already mentioned, there is no one correct style of leadership. Yours will depend upon the tasks before you and those with whom you have to deal. Leadership is not the same for the president of a country or of the local women's institute, as for someone who has charge of a group of young offenders. To be a successful and effective leader, it is important to develop or adopt a style of leadership that is appropriate to different situations you find yourself; one that is appropriate to the organisation you work for, your employees, colleagues, friends and family.

A leader's greatest weapon is self-belief and the conviction that he or she can achieve the objective set. This should however not be confused with arrogance. The sign of a good leader is the increase in the aspiration and capabilities of subordinates.

Functional or action-centred leadership is a concept developed in the United Kingdom by Professor John Adair (Adair, J.(1973), Action-centred Leadership, McGraw-Hill). It is based on the theory that leadership is more a question of appropriate behaviour than of personality or of being in the right place at the right time. The functional model however, distinguishes the concern for the individuals from the concern for the groups and stresses that effective leadership lies in what the leader does to meet the needs of the task, group and individual. Adair's concept of leadership is basically a contingency theory of leadership. It stresses that the leader's behaviour in relation to the task, group and individual needs has to be related to the overall situation and therefore has to be adaptive.

The female perspective

Some women believe that to be seen as a successful leader, they need to be not only more intelligent than men, but must be seen to be strong and perhaps authoritarian in approach to earn any respect or credibility. History have shown that many women leaders are usually perceived as aloof, cold, tough, stubborn, unfeeling, etc. A good example of this is the description of Margaret Thatcher, the British former female Prime Minister, known as the 'Iron Lady'. Whilst it was acknowledged that she was highly intelligent, formidable, strong, and bold, all traits of a good leader, she was perceived as cold, stubborn and unapproachable.

Common criticism of women leaders are:

'Too intense'; why couldn't she relax?
'Not a shred of humour'; why does she take everything so seriously?
'Too self-effacing'; she does not have to apologise for her existence, and does not appear as a confident operator.
'Dowdy'; this comment comes into the 'unfair women' category. Female dress is more noticeable than male, and is thus more fiercely criticised when inappropriate.
'Didn't like her much'; she sounded high-pitched and strident, and a touch domineering!

Whilst it is true that there are inherent conflicts between the male stereotype of a successful executive and the female stereotype of the feminine woman, both stereotypes are on the wane. Some claim that men make better leaders than women, but this is not necessarily right. If women have the potential to be above average communicators and leaders of people, then in my experience, women can also be naturally good at negotiating and at dealing with hierarchies. The simple fact is that as more and more men and women find they can work together creatively, effectively and profitably, it ceases to matter who is the 'boss'. There may be many glittering male leaders, but this is surely a reflection of the number of men in public office, and senior management compared with women.

A friend recently challenged my view that it was possible to manage people whilst still being a nice person. I replied that it had to be possible; it is simply not credible that only the selfish, insensitive, rash and brash can create and lead teams. Male or female, plainly, a leader is not (nor could we expect them to be) a saintly person. Nevertheless, unless leadership involves decent virtues and the fair use of power at the right time and at the right place, to suit the task, group or individual, it is unlikely that groups of people will operate at their best.

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...OF TIGERS, LIONS AND MARINE CEPHALOPODS

Mr John Bennett MBA FRSA on the birth of organic leadership

The question is… if you shaved a lion and a tiger, would they look the same? Well, for those not initiated into this conundrum, the tiger has stripes on its skin so it would still be distinguishable as a tiger. It is always a tiger ...yet this is an endangered species. What has this got to do with leadership?

Whilst most refer colloquially to the powers of the chameleon, its powers of camouflage are limited when compared with the multi armed squid which changes colour and dazzles onlookers with vibrant colour changing patterns whilst waving its eight legs and two tentacles, yes that's ten in total; another myth exploded. The chromatophores across the squid's body allow it to blend with its environment as a defensive mechanism. However, this same ability allows it to become the aggressor when hunting for sustenance. Even procreation makes a further set of rainbow shimmering. Is this outward shifting image the same trick used by successful leaders?

Compartmentalising leadership

We are surrounded by a plethora of books and learned writings concerning the categorisation of leadership. Is this not mankind's usual attempt to compartmentalise and make tangible abstract and vague concepts into a form we understand? Perhaps it is time to question some of these compartments and suggest that the best leaders have the same characteristics of many other organisms which have survived in various forms a lot longer than humans. Could it simply be that the best leaders adapt to their surroundings, tasks and audience to best effect? Is it that simple?

Accepted beliefs

In turbulent times where there is much anxiety and fast moving dynamics, we accept, in general terms that a strong autocratic style is required. No quibble, no doubt, no tangential deviation, total control and message clarity. In more fruitful times, where there is success abounding and a relaxed yet purposeful environment, the participative leader would seem to be more appropriate. In these times we are happy to share our leadership and consult ad nauseam on every matter as we all feel good and relaxed. Other than redundancy and downsizing, how many organisations are spending vast amounts of time on consultation now as we ride the storm of recession?

The audience

The audience and task to be done is critical to the colour of our spots. Would we use the same style on both shop floor and in the boardroom? Would we use the same leadership style for a cluster of health and social care workers than we would to a team of petro chemical workers in the deep forests of a remote wilderness? Would we practice our leadership style and robust persona if speaking with a television journalist as we would to an invited and selected audience at our local constituency? The inevitable ability of a room full of eight year old children to spot weakness and capitalise on a poor leadership style of a teacher working strictly by the book is astounding and should not surprise us. In each case, different styles of leadership are required.

The birth of organic leadership

We naturally adapt our style and become organic leaders best suited to our environment, the nutrients and the climate. What have we to work within a context, an environment and what is necessary at the time. Even if postulating the longer term strategies for our organisations we spend one instant basking in the revelation of what we must do; as they say, it all becomes very clear. For this brief moment, leadership is adapting right before our eyes and in our underused brains. We launch ourselves into growing organically with the direct result that we can then follow a course. We are, whether defensive, aggressive, hunting, or more squid than military general, doing what is best at that time in a style that best suits the occasion and the objective.

Perhaps then, we can learn more from nature that the organic leader is the new leader and not the compartmentalised, style defined, one track model. The secret is to use the compartmentalised styles of leadership as a mirror and reflect on how your team, your audience and your operating environment see you. The toolkit becomes accessible: the style redefines organically and we move on. Could it be, therefore, that the organic leader, adapting and changing styles to suit has the edge on the squid by being self actualising and aware of itself in a cognitive not reactive mode? Perhaps there is something in this evolution thing! It's your choice; the implicit and trained need to fit the right compartment or to be released as an organic leader and really starting to grow. It's up to you!

John Bennett is provoking a new thinking on leadership, where leadership styles are overtaken by styles of leadership – the birth of organic leadership. Meet Mr Bennett in September at the TL First Leadership in Transformation ® International Conference 2009 at Transcorp Hilton Hotel, Abuja. To concur or differ with the squid evolutionary style, please send comments and responses to comments@tlfirst.com.

EMPOWERING YOUR GREATNESS

Dr Charles Buckman on leadership in sub-Saharan Africa

As an Executive Coach, Author and Keynote Speaker, I am constantly asked about my take on effective leadership for emerging Sub-Saharan Africa. Each year, I read hundreds of books and articles on the topic with the hope that they will provide an honest and relevant, practical approach to a challenge many people accept with little or no training, guidance or support.

Becoming an effective leader is a lot like being in the stock market. You do not make your fortune in a day; you make it daily, a little bit at a time. What matters most is what is what you do day after day. Over a long haul the secret of leadership success is investing in your leadership development much like letting your assets compound.

Leaders are not born, they are made. The process of leadership is long, complicated and has many elements; respect, dignity, discipline, character, people skills, vision, emotional strength, opportunity, preparedness and experience are just some of the intangible elements which come into play when talking leadership.

When it comes to effective leadership, everyone has an opinion. In my personal opinion, one needs proven real-world, real-life solutions based on facts and evidence in an ever changing global economy. You have to develop high-powered leadership techniques you can use everyday in Sub-Saharan Africa.

One must use practical easy to use techniques for smoothly new transformational leadership roles. Honing your style, maximising your impact, handling tough coaching and feedback sessions, crafting visions, avoiding and managing pitfalls, strengthening key relationships, inspiring people, building world class teams, and achieving outstanding results.

Below are my seven top tips for TRANSFORMATIONAL LEADERSHIP in emerging Sub-Saharan Africa

1 Leadership from positions

It is Important we recognise that positional level is the doorway to leadership and every effective leader must pass through this doorway.

2 Leadership preparedness for the toughest challenges

Broaden your 'mental bandwidth', have a very tough skin, water on a ducks back principle.

3 Leadership beyond the numbers

Learn how to use all your resources, tangible and intangible.

4 Leadership from visions

Sharpen your vision, communicate it clearly, engage, motivate and inspire your team.

5 Leadership in challenges

Do not let stress and frustration impact your performance. Use power wisely and choose your battles

6 Leadership of people

Grow your people and grow your team; develop outstanding people to achieve outstanding results

7 Leadership of self

Develop yourself. Use power wisely. Apply the right touch.

Meet Dr C J Buckman in September at the TL First Leadership in Transformation ® International Conference 2009 at Transcorp Hilton Hotel, Abuja, or at TL First's UK based open programmes on leadership and strategic management. Please send comments and responses to comments@tlfirst.com

THE 6 BY 3 TRANSFORMATION FRAMEWORK The Afribank Case Study

Godfrey Ebetaleye

Two years ago, under the present management, Afribank Nigeria Plc embarked on a major transformation programme to retake her pride of place in the financial services industry. (It is instructive to note that about two decades ago the bank ranked 4th in the industry). The bank initiated a five-year strategic plan crafted to fully maximise its potentials, grow holistically and to offer superior returns to investors, and even more importantly, to retake her pride of place that had long been eroded by new entrants often referred to as the 'new generation banks' in local parlance. The main thrust of the growth plan was to make the Bank run at a high level of efficiency and best practices.

The new vision

Afribank's wholesale transformation programme involves several initiatives that redefined the bank's market sphere for engagement and focuses on the banks' people, processes and its technological infrastructure for service and value delivery to her customers and numerous stakeholders. It goes without saying that the ongoing change programme is a by product of the bank's strategic objectives in four broad areas which themselves are a fall-out of its new vision: 'to establish Afribank as a prominent financial institution in the commercial banking sector and the leading provider of investment banking services to retail customers'.

If the minimum capital requirement directed by the regulatory authorities in 2004 signposted the imperative for change, the additional capital of N105 billion that was successfully raised by Afribank in 2006 that upped its shareholders funds to N145 billion from under N40 billion gave impetus to the need for growth on key indices in tandem with stakeholder expectations. This equity base thus provided the strong platform for the Bank to embark on its now fabled 6 by 3 initiatives under the transformation agenda.

The 6 x 3 initiatives

Simply put Afribank's 6 by 3 initiatives represent a cache of 18 strategic initiatives dimensioned into:

- Six Group cross-cutting initiatives
- Six PLC i.e, the Holding Company (the bank) initiatives
- Six Retail Banking initiatives

Highpoints of selected strategic initiatives being vigorously pursued by the bank include:

Project TIGER - Targeted at upscaling the bank's information technology infrastructure to meet increasing market imperatives for quality service delivery. This is set within the context of a framework for explicit and systematic management of vital knowledge that is being evolved within the bank, to position the staff for effective competitive engagement in the banking industry. Given the dimension of capital outlay involved to bring these to fruition the bank has also evolved a Disaster Recovery/Business Continuity Management framework that should guarantee uninterrupted operations and service delivery to the bank's customers in the event of an unforeseen emergency. This framework was put to the test recently when an incidence on Broad Street, next to Afribank's corporate headquarters, led to a major shut down. The bank's operations had to be temporarily run from a remote location, without the customers noticing any hitches in service delivery.

Strategic Risk Management- To develop a risk management framework that meets Basel 2 requirements, the Bank aims at entrenching across board, best practices in managing its risk profile. Working with some of the best advisory providers in this area, the bank is at the moment configuring a risk management and control architecture that should help insulate the bank from the vagaries of risks inherent in its internal and external environments

A retail strategy that hinges on the banks' new vision that refocuses on retail business as a key profit engine for the bank's growth was subsequently crafted. This entails developing a strong capability for delivering retail products through traditional and alternative electronic channels.

Realignment of product offering to enable add value to other relationship groups including the public sector.

Repositioning of Afribank's subsidiaries to gain critical mass that would enable them better engage in their niche areas and provide synergy for the Bank.

Redefinition of Afribank's HR policy to deliver best HR practices. This include measures aimed at bolstering staff motivation and morale that have now increasingly made Afribank an employer of choice in the industry

Regeneration of the brand to reflect the vista of the new era that Afribank is transiting into.

It goes without saying that to achieve these goals require professionals with proven competencies and cognate experience in diverse business areas to lead the different teams. As a result, the bank has either appointed or reassigned key individuals in the bank to deliver on its targeted objectives. This has resulted in an enlargement of the bank's executive management - EXCO, and the creation of a Strategy & Group Coordination Department to mid-wife Afribank's change programme.

Business outcomes

Today, the initiative is already yielding positive results that the market has come to recognise and applaud. In the area of its financials, for example, Afribank has consistently grown its gross income and profit before tax. Gross income increased from N15.636 billion in 2006, to N27.537 billion in 2007 and N49.195 billion in 2008. The Bank which recorded profit before tax of N3.983 billion almost doubled it in 2007 at N7.288billion and continued the same streak in 2008 with a profit before tax of N15.116 billion. The Bank has progressively grown its Total Assets from N138.047billion in 2006, N187.079 billion in 2007 to N352.270 billion in 2008, with the impending unpublished financial results for March 2009 financial year end nearly double that of the previous year. Afribank beat industry standard by posting 38.4% return on its Shareholders' Funds of N39.52billon in its 2007/2008 financial year. The Bank's superior performance was attributable to high level of efficiency, aggressive business development strategies and staff motivation.

Conclusion

If the frenetic tempo of business unusual at the 51/55 Broad Street Plaza of Afribank and its network nationwide is demonstration of management and staff commitment to change, it can only be a matter of time before Afribank truly 'walks tall' among its peers in the industry.

Mr Godfrey Ebetaleye is the Head; Strategy & Group Coordination, Afribank Nigeria Plc. Please send comments and responses to comments@tlfirst.com. TL First provides organisations with the strategic consultancy and business analysis to assist with delivering major transformation and reform.

LEADERSHIP IN CHALLENGING TIMES Key issues for business and public service leader

A TL First leadership roundtable chaired by H.E. Dr Christopher Kolade, with Professor Paul Phillips as guest speaker

'The project on Re-branding Nigerian can be successful if the people for whom it is meant buy into the project'. This was part of the comments offered by the Pro-Chancellor of Lagos Business School (LBS) and Nigeria's former High Commissioner to the United Kingdom, Dr. Christopher Kolade, at the TL First Leadership Roundtable. He explained that the task of carrying the populace along with the project is imperative because the people and their future should remain the key focus of any leadership, which in turn ensures the commitment and interest of the people in programmes rolled out for their benefit by government.

Dr. Kolade chaired the pre-Conference Leadership in Transformation roundtable held at the Protea Hotel, Lagos, to consider the key issues for leaders in challenging times. This was held as a precursor to the international Leadership in Transformation conference to be held at the Transcorp Hilton Hotel, Abuja, from 21 to 23 September 2009.

Dr Kolade's full lecture on 'Leadership in Action' covered the purpose of leadership, the focus of leadership, the leadership challenge, the future of leadership, the role of ethics in leadership, and leader in the Nigerian context. Full text of the presentation can be obtained by application.

Other business leaders at the conference agreed that integrity, accountability and courage are necessary qualities for a leader passionate about rebuilding and reshaping the future of the country and its people.
Dr Kolade's contribution was followed by a lecture, given by Professor Paul Phillips of Kent Business School, UK, on dealing with the challenges for Nigeria's business and public leaders. Professor Phillips contribution included: the good times/bad times dilemma, leadership toxicity and trust, maintaining distinct competence, talent management & development, and innovation.

Professor Phillips offered further thoughts on:

- The fact that the economic climate both reveals and accelerates the need for innovation
- The need to become the experimental in order to test out core strategy issues
- Identifying new forms of collaboration
- Companies search for disruptive technology or products, but R&D budgets seem to produce less
- BRIC nations re-engineering existing technologies to create new products with huge R&D
- How leaders can differentiate offerings
- How do you become an effective leader during a recession? It really is harder to be a good leader during an economic downturn
- The need to cope with four remedies – predictability, understanding, control and compassion
- Leadership capability and measurement
- Leadership development and measurement

Professor Phillips concluded with the notion that effective response by business and public service leaders in Nigeria would facilitate new leadership paradigms for Africa. Again, full text of the presentation can be obtained by application.

Other participants at the roundtable were John Momoh, Chairman/CEO, Channels Television; Debo Adesanya, ADS Aviation, Olu Olasode, Group Managing Director
TL First Integrated Management; Clive Dove-Dixon, Senior Consultant, TL First; Soji Kuforiji, Senior Special Assistant to the Executive Governor Fashola of Lagos State, Stephen Clarke, Fellow, TL First Integrated Management; Engr. Anthony Effedua, GMD/CEO, Antonio Oil Plc; Wanle Moronkeji, Senior Consultant, TL First; Leke Opeodu, CEO, L&B Ventures; Alhaji Suleiman Olarinde, Finance Director, Dangote Sugar Refinery Plc; Tunde Balogun, Chief Financial Officer, NAHCO Plc; Bola Adenuga, MD/CEO, Pharos Power; Adesegun Ogunlewe, Permanent Secretary, Ministry of Establishment and Training; Yetunde Ogunseye, MD/CEO, Associated Discount House Limited; Ike Onyia, Head, Asset Management, Zenith Capital Investment Banking; Salamatu Umar-Eluma, General Manager, Training & Manpower, FAAN; Tasala Osinowo, Finance Director, John Holt Plc; Bates Sarki Sule, MD/CEO, Nigerian Aviation Handling Company Plc; Ajakaiye Adeola Adeniyi, Director of Administration, Fed. Airports Authority of Nigeria; Nath McAbraham-Inajoh, Principal Partner, McAbraham's Limited; Ali Ango, Treasurer, Dangote Sugar Refinery Plc, and Babatunde Erinjogunola, Executive Director, Associated Discount House Limited.

The matters raised at the roundtable debate will inform the workshop sessions at the international conference in September. For more information about the international conference, please email events@tlfirst.com. Please note that due to the limited number of spaces available, booking restrictions on number of delegates per organisations will apply to late registration.

LINKING LEADERSHIP DEVELOPMENT TO BUSINESS RESULTS

Professor Dennis Tourish

Many organisations invest heavily in their leadership development activities. However, very few of them evaluate its impact. Fewer still attempt to gauge the relationship between organisational success/ performance and their leadership development activities. In consequence, many organisations avoid leadership development entirely, are sceptical about its overall value, or are in truth wasting their money.

I have conducted a major research project with 192 organisations in Scotland, exploring what forms of leadership development they utilise, how it is evaluated and the barriers towards good practice that are most commonly found. Based on this, I have now developed a five step framework designed to build robust links between leadership development and business performance. Briefly, this framework proposes that:

Leadership development starts with clarity on the organisation's goals

In particular, it means identifying the challenges which are faced over the coming year to eighteen months, and therefore identifying the barriers towards business success which those going through leadership development are tasked with resolving.

Identifying the leadership behaviours that are needed to achieve these goals

We have found that most organisations lack clear statements about what behaviours they expect from their leaders. Many of the statements that exist also fail to adequately relate the behaviours statements to immediate goals. Greater clarity on this is essential. Without it, organisations cannot select people for leadership roles who are truly capable of meeting their needs. With it, an honest attempt can at least be made to fit the right people into the right roles at the right time.

Select leaders based on those leadership behaviours that the organisation needs to achieve its goals

It has been said that the best predictor of future performance is past performance. It makes sense to select for leadership roles those people who already have shown some indication that they posses at least some of the skills, behaviours and mindsets that are required for improving the organisation's performance. While some organisations do this, many that I have worked with do not, sometimes even allowing people to self select for leadership development programmes, or having managers nominate them based on flimsy or non-existent criteria. Such approaches are a fast way to waste money. They are unlikely top impact on business performance. I would recommend that some form of 360-degree evaluation be implemented to achieve this.

Give people the job of solving critical problems, and offer development that provides them with the tools to do it

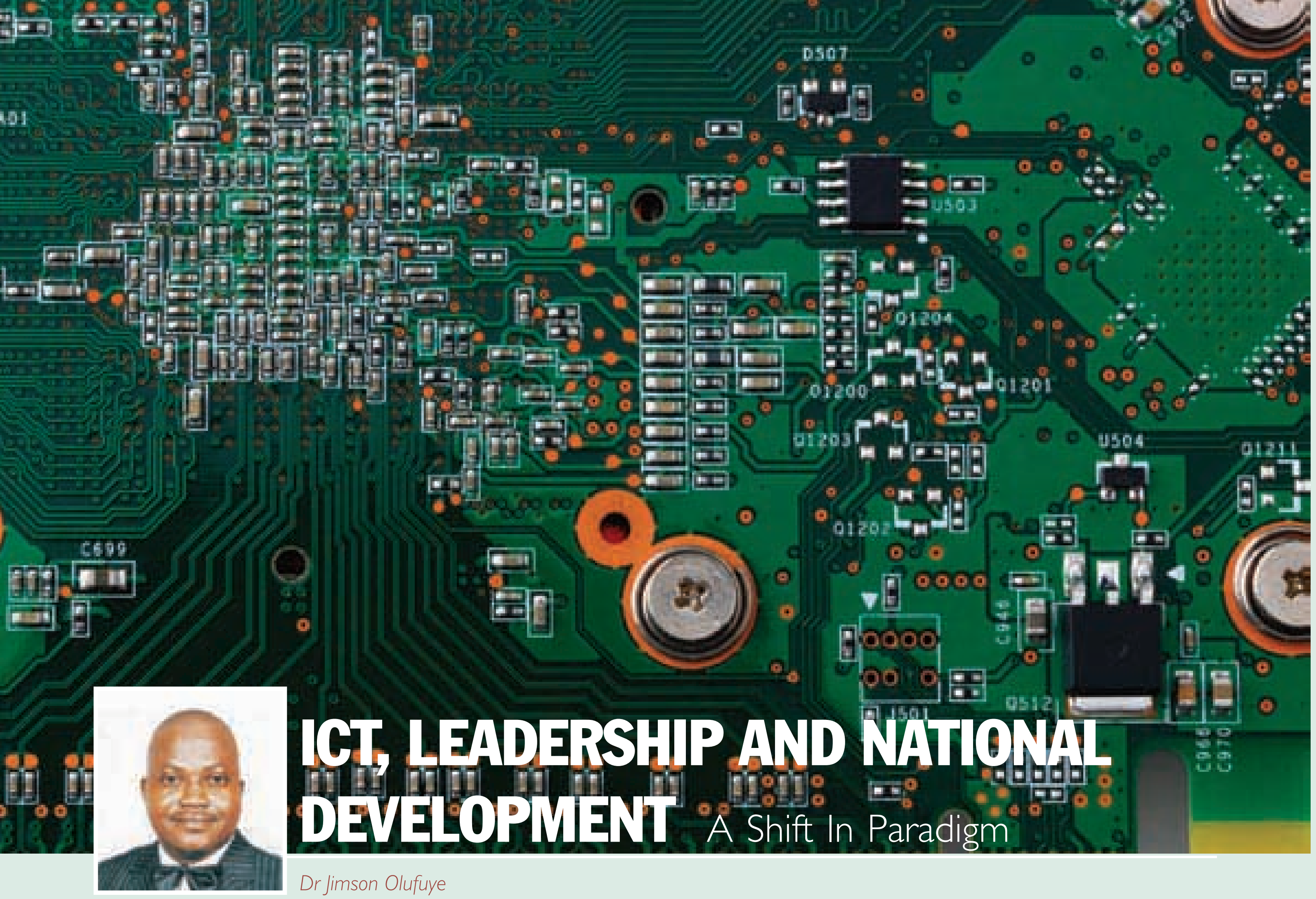
Effective leadership development is directly linked to the immediate challenges that people face in their jobs, and to the key business goals for the immediate period ahead. Of course, formal courses might have a role to play. But they will only work when they are tied directly into solving problems in the person's day to day role, which have been identified as vital to the organisation's future success. Accountability therefore also becomes central to the process. Those who have had resources invested in their development are answerable to one key criterion: have the problems that this organisation identified as critical to its future and that I have been charged with solving actually been solved?

Assess for behaviour change and impact on business performance

This is a two pronged approach. On the one hand, participants in leadership development are assessed for changes in their behaviour. On the other hand, I also suggest evaluating whether the problems and challenges identified earlier have been resolved. In this way, concrete metrics are developed of the link between leadership development and business performance.

And then it all begins again. Leadership development can never been a one off programme, event or discussion at the top. It only works well when it becomes part of a company's DNA, when it absorbs time and attention on a daily basis – and when it is firmly grounded in an organisation's immediate business needs. Sounds a challenge? Maybe, but it can be done. The alternative is simply to throw time, money and resources at it, in the vague expectation that it will do some good. It is hard to imagine any other area of business activity where this would take place. I see no reason why leadership development should be any different!

Dennis Tourish is professor of management at Aberdeen Business School. Meet Professor Tourish at TL First's UK based open programmes on leadership and strategic management. To discuss his research project, apply the framework in your organisation or send comments on the article, please email comments@tlfirst.com.



ICT, LEADERSHIP AND NATIONAL DEVELOPMENT

A Shift In Paradigm

Dr Jimson Olufuye

There is an instinct in man that propels change. The change can either be positive or negative. However, there is no one that wants to be a loser; rather everyone wants to be a winner. Therefore, the inherent virtue of man is for a positive change to deliver economic growth and development. The economic growth and development of any nation directly affects the living standard of the people and the prosperity of the nation as a whole. Nations that have mastered its determinant variables have transformed their nations and extended influence and affluence to other nations and peoples.

In economic terms, growth refers simply to an increase in output capacity of existing infrastructure and a means of production. It is generally associated with developed economies whereby the concern is to increase over existing capacities. Conversely, development refers to the construction, deployment and installation of the structures that would enable growth and positive change in the demographic indices of the nation. It goes to imply that development determines the degree of growth of any economy. That explains why for nations like Nigeria, the concern is for accelerated development of structures germane to national development.

It is a known fact that the mastery of the industrial revolution propelled the development of United States, Canada and Western Europe over the past century. At the advent of the information revolution, the capacity and the capability of the nations above soured with the use of Information and Communication Technologies (ICTs). ICTs led to improved decision making, learning, production, and propelled new industries thereby creating unprecedented growth of those economies.

In the past two decades, we have also seen how effective harness of the information revolution with ICTs has transformed new economies of the Asian Tigers namely South Korea, Taiwan, Singapore and Hong Kong. They are by and large in the 50 biggest economies bracket. How did they do it? How did they use ICT to develop? How can Nigeria engage the subject and also develop? Is there a connection between ICT, leadership and national development?

Answering the questions posed above requires a clear definition of Information and Communication Technology (ICT) or Information Technology (IT) for short. ICT consists of three words namely information, communication and Technology; and the word communication in IT is silent, nevertheless it is implied. Let us start with Technology. Technology is simply the application of science ie knowledge; and it is also known as applied sciences. Information is processed data. Thus Information Technology is the use of modern technologies consisting of processors, circuits and switches (computers) for transferring, storing and retrieving of data (digitally) over electricity or electromagnetic waves at close to the speed of light from one location to the other.

You can see that communication is assumed in this definition. So, the speed and accuracy attributes of IT indicates that it is able to provide quick information, knowledge, know-how and possibly wisdom to whosoever can harness it for mass literacy (e-learning), health care (e-Health/telemedicine), governance (e-government), commerce (e-commerce), business (e-business), payment (e-payment), procurement (e-procurement) etc. The proper harness of the above pedestals implies the development of a robust service sector. The service sector engendered by IT has the potential of tripling the GDP of any nation and increasing the living standard of the people because, as Francis Bacon said, 'Knowledge is Power'.

ICT in South Korea

South Korea's (SK) IT industry grew rapidly since the 1990s due to enhanced production; and IT plays a steadily and increasing important role for South Korea's economic growth, due to its fast expanding IT exports. In 2004, the South Korean government launched the "IT839 Strategy" that aims to "promote an effective industrial development model that creates future growth engine through the strong collaboration among IT services, infrastructures and manufacturing". The prominence of IT in the South Korean economy boasted the GDP (PPP) from US$772.8b in 2000 to US$1,359b in 2008 effectively making SK a highly industrialized nation and the 13th largest economy in the world. Percentage of services (engendered by IT) in the economy is 60%.

ICT in Taiwan

Taiwan adopted an IT-led development strategy to develop. Over a period of 30 years, Taiwan developed its national IT capabilities and national IT investment on economic growth, based on heavy investment in a robust national information infrastructure that supports IT adoption and application. From a GDP (PPP) of US$357b in 2000, its GDP through IT has doubled to US$700b in less than a decade (2008). Percentage of services (engendered by IT) in the economy is 71.1%.

ICT in Hong Kong

The Digital 21 Strategy

Since 1998, the Digital 21 Strategy sets out the Government's vision of developing Hong Kong into a leading digital city using IT. With in-dept application in the Government, businesses and the general public, the strengths of Hong Kong as one of the worlds' most competitive economies is thus sustained. GDP (PPP) therefore moved from US$98b in 2000 to US$308b in 2008. Percentage of services (engendered by IT) in the economy is 92%.

ICT in Singapore

Through its e-City Programme and very strong government backing, Singapore transformed itself with IT to the nation city with the highest per capital in South East Asia of US$52,000. Percentage of services (engendered by IT) in the economy is 67%.

Underlining the above success stories are the following factors namely:

- Outstanding political leadership
- Clear institutional framework for implementation
- Effective coordination of various ICT projects
- Effective and appropriate legislation to protect intellectual properties and promote digital access
- Direct support of the local IT industry.

By direct inference of the development curve of the above Asian Tigers, it can easily be deduced that given the immediate application and sustained implementation of the above factors in the Nigerian economy, our current GDP(PPP) of US$ 338.1b with a Per Capital of US$2,300 and 31.1% of services can attain a GDP (PPP) of US$1,189b in about 11 years more than US$189b above Federal Government target of US$1trillion for the vision 20 - 2020. The above can be attained given that our economy grows at an average of 13.4% with 71.8% optimal service economy, stable and transparent economy and peaceful Niger Delta. With ICT and focused leadership Nigeria will by 2020 be among the leagues of the 20 biggest economy. It is doable and achievable as our Leaders rethink and the default paradigm shifts.

Dr Jimson Olufuye is President of the Information Technology Association of Nigeria (ITAN) and a member of the World Information Technology and Services Alliance (WITSA). To discuss or challenge the case for a paradigm shift in ICT, please email: comments@tlfirst.com.

SOMETHING TO DECLARE;

Comments from leaders in practice

Engr Anthony Effedua, Group Managing Director of Antonio Oil plc, on the pressures against leadership

Thank you for the opportunity to contribute my thoughts in your magazine.

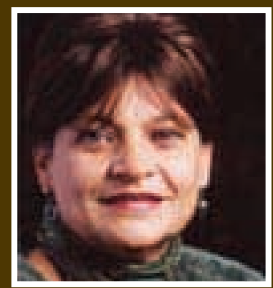
First of all lets us start by the term 'definition of an opportunity', which clearly states access. This is very critical in every vision of prospect which every emerging company faces in Nigeria. For instance the infrastructures are not in place for companies to rely on; policies are not favourable, challenges of multiple taxations and focus by face value assets which, in other terms, I call 'knowing who is top'.

With all this challenges one wonders how companies can still thrive like ours! It all started with good planning and getting the right people with focused oriented minds and skills. All this has gone a long way to good success. Most companies in Nigeria suffer various set backs because they lack leadership qualities, much attention is attached to personal greed of managements, bad policies, or soothing selfish interest; causing more damage than good for them. Primarily we have cultivated an attitude that has been addressed by our management, this includes planning and adhering to self discipline with additional motivations which comes along side with various packages.

The banking reform system did not help matters, as all the banks, rather than help companies grow, built brick walls that made it impossible for companies emerging to have a friendly environment. Interest rates rose, micro credit schemes fell apart, and even banks went into politics which was the bane of their problems.

Imagine a bank importing "a g-o diesel..." into the country in disguise! When the price crashes who bears the brunt, we can go "on and on the focus…" Companies in Nigeria has to go through terrible and though circumstances to emerge as major players. I certainly feel that more seminars and enlightenment should be encouraged to equip the practical minds of people and choice of business.

To send us contributions under 'something to declare' please email comments@tlfirst.com. Comments are published at the discretion of TL First. Integrated Management Group.



CAST IN A NEW LIGHT

Beverly Alimo

Metcalfe, Professor of Leadership at Bradford School of Management, describes how a leadership style that switches on engagement can make staff radiate productivity

A major preoccupation of organisations in the 21st century is how to increase employee engagement. Studies increasingly reveal that organisations with cultures with high levels of engagement outperform their competitors, so the search is on for hard evidence about whether engagement really does predict outstanding performance. Also, what form of leadership is required to create engagement and a culture that sustains it? We believe we have some of the answers.

For much of the past 10 years, we have carried out research and consultancy to identify the precise nature of engaging leadership, analysing 360-degree feedback data for thousands of managers, and assessing the impact on their staff's motivation, job satisfaction, commitment, and well-being. It was not until recently, however, when we completed a three-year longitudinal study of 46 mental health teams that we were able to provide evidence that engaging leadership does, in fact, predict productivity. We also found that this style of leadership increases employees' motivation, job satisfaction and commitment, while reducing job-related stress. Leadership skills alone do not have such a transformational effect.

The study looked at the impact of leadership on the successful implementation of change in multi-professional teams. Each of these teams, set up to provide home-based support to people experiencing mental health crises, had a designated team leader. But with the teams operating around the clock, 365 days a year, they were in practice led by different individuals at different times of the day. This meant that our focus was on assessing the quality of leadership in the team, rather than on any single individual within it. Questions were based on the engaging leadership behaviours we had identified in the course of our previous research through a 360-feedback tool known as the (Engaging) Transformational Leadership Questionnaire (TLQ)

Our analysis of this qualitative data and of responses to the 731 completed questionnaires we received enabled us to identify three dimensions of leadership culture: "engaging with others', "visionary leadership" and "leadership capabilities". We found that all three dimensions positively and significantly affected several aspects of staff's attitudes to work and their well-being at work.

The degree to which members see their team as competent in leadership positively affects motivation, job satisfaction and a strong sense of team effectiveness, though not the other aspects of commitment and well-being. The extent to which the team is seen as displaying "visionary leadership" also has a significantly positive effect on motivation, and most of the aspects of well-being, including a sense of fulfilment. Importantly, we found that visionary leadership also helps to reduce job-related stress and exhaustion. However, only "engaging with others" significantly affects all aspects of positive attitudes to work, and all aspects of well-being, including a strong sense of team spirit, which neither of the other two leadership dimensions predicts.

Next, we examined whether any of these three dimensions assessed in 2005 significantly predicted the productivity of the teams 12 months later. Again, we found that of the three, only "engaging with others" was a significant predictor of performance, defined in terms of meeting their targets. This was the case even when we allowed for contextual factors.

As far as we are aware, this is the first study to have provided evidence of a cause-and-effect relationship between leadership behaviour and organisational performance, when the effect of the context has been taken into account. Our research has significant implications for the way organisations build leadership capacity. Many still base their leadership development activities on competency frameworks, despite increasing criticism of this approach both in the UK and the US, and growing evidence that some of the most competent people in organisations are also the worst to work with in terms of their impact on the morale, well-being, and commitment of others. Our research takes this debate further since competencies did not predict productivity, whereas engagement did.

However, for the effects of engagement to be sustained, it is crucial to embed the leadership behaviours that promote it in the culture of the organisation. To be effective, therefore, any interventions designed to create such a culture must start with the CEO/GMD and the top team. Indeed, focusing interventions only at lower levels may well create more problems than it alleviates. Our experience of working with organisations overwhelmingly shows that people find the model of engaging leadership instantly appealing. We have witnessed extraordinary changes to the behaviour and attitudes of individuals towards colleagues and others with whom they work, and to their approach to their job.

But it is also our consistent experience that one of the greatest frustrations for staff is when this form of leadership is not reflected in the style of those at the top of the organisation, and is consequently at variance with the dominant culture - so much so that we now believe that not involving top managers in such interventions might be ethically questionable.

But fortunately, the converse is also true. Our experience of working with organisations in which the CEO/GMD and the top team accept that creating an engaging culture must start with them is that the effects can be extraordinary, and do not require substantial intervention; in fact, that would defeat the purpose.

It is largely up to HR professionals to exploit the exciting prospects opened up by these findings. Their role is critical in influencing top managers, not only by arguing the business case for engagement, but also by ensuring that the culture of engagement permeates all parts of the organisation and all people processes, including recruitment, promotion, appraisal, reward and performance management systems, talent management and succession planning efforts.

ENGAGING LEADERSHIP IN HIGH-PERFORMING TEAMS

The model of engaging leadership emerging from our study closely resembles Robert Greenleaf's notion of "servant leadership" with its emphasis on service to others and shared decision-making. Such leadership is not confined to people in senior roles, but is distributed throughout the organisation. Among the teams we studied those that had succeeded in developing an engaging leadership style displayed the following characteristics.

- Engaging stakeholders from the outset to shape the nature of the service. This formed the basis of continuing strong relationships necessary for the teams to succeed.

- Collective vision of good-quality service: team leaders ensured that the vision of the team and the operational policies were shaped by team members to create a sense of "ownership" of their work and of belonging to something they valued. Regular meetings and informal communication, such as office banter, kept the vision alive.

- Non-hierarchical teams: while there was an appointed leader in every team, a culture of devolved leadership encouraged people to take the lead where it was appropriate for them to do so.

- Supportive culture: informal support from colleagues and the team lead, and formal support in the form of regular individual and group clinical supervision, ensured that people felt comfortable in seeking advice and sharing work-related problems. This created a culture of joint problem-solving, which empowered team members to take the risks necessary to be innovative.

- Successful change management: team leads ensured team members were consulted on impending changes and their responses taken into consideration. The result was a collective team response to top-down changes and the formulation of a joint action-plan for addressing such changes.

DIMENSIONS OF LEADERSHIP

Analysis of the data gathered in the course of our study revealed that team members perceived quality of leadership along three dimensions: engaging with others, visionary leadership, and leadership capabilities and competencies.

The 14 leadership capabilities or competencies we identified included: understanding and using overall strategy to achieve goals and objectives; ensuring clarity of roles, the goals and/or targets and criteria for success; establishing, maintaining, and inspiring them with the team's passion and determination.

Engaging with others was made up of items such as concern for the needs of staff; empowering them by trusting them to take decisions; listening to others' ideas and being willing to accommodate them; finding time to discuss problems and issues despite being very busy; supporting others by coaching and mentoring; inspiring all staff to contribute fully to the work of the team; and actively promoting the achievements of the team to the outside world.

Beverly Alimo-Metcalfe BEd (Hons) (Leeds) MSc MBA PhD (Bradford) CPsychol FBPsS, is Professor of Leadership at Bradford University School of Management. To send contributions, discuss Professor Alimo-Metcalfe's research or invite a review of your teams and culture, please email comments@tlfirst.com.

THE BENEFITS OF STRATEGIC PERFORMANCE MEASUREMENT

Professor Paul Phillips

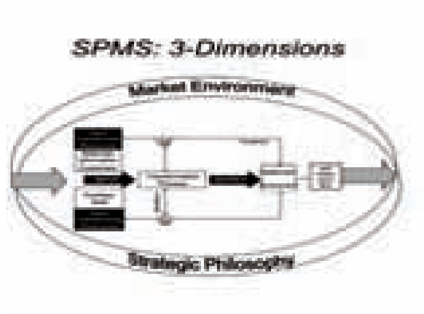
Given the current economic climate it remains timely to identify new ways for leaders not to fall into the short-term performance trap. Long-term success can only be achieved if leaders refrain from pursuing strategies that provide short-term success, but at the same time, create the conditions for long-term failure. More than five decades of academic and practitioner research has led to greater understanding of the dynamics that influence the long-term success of organisations. However, one of the greatest challenges a leader faces remains delivering short-term performance targets.

The global media frequently report how organisations respond to weathering the storm by realigning investment to maximise economies of scale, downsizing, filing for bankruptcy protection, enhancing shared services operations, and formulating winning strategies. However, the growth mantra demanded by financial markets in these challenging times, place additional pressure on leaders. Organisations should refrain from those actions that bring about temporary short-term success, at the expense of sustainable competitive advantage. The introduction of any new performance measurement system, whether enabling or coercive is usually part of a change management process. The management of change is a key task for organisational leaders, and because of this the literature suggests several ways to develop mechanisms to deal with employee stress and ambiguity. Given the importance of managing change, and the integral role of performance measurement systems, the merits of strategic performance measurement systems are outlined.

Strategic performance measurement system (SPMS); managing in 3-dimensions

Strategic performance measurement systems can broaden leaders' focus from a myopic view of quantitative short-term measures towards the inclusion of more qualitative long-term measures that can act as lead rather than lag indicators. Quantitative measures tend to focus on historical events (lag), and organisations need to be concerned on the future events (lead). In addition, strategic performance measurement systems can provide additional insights into the effectiveness of an organisation.

Despite the use of the Balanced Scorecard (Kaplan, R S and Norton, D P (1992)), limitations have been raised in both the academic and practitioner literatures. Problems highlighted include lack of guidance: on selecting measures; identifying cause and effect relationships; on how to improve strategic performance; in fact, Kaplan and Norton state that 50% of organisations who claim to be using Balanced Scorecards are doing it incorrectly. They cite problems relating to: no executive ownership, scorecards not linked to strategy; scorecards not linked to management processes.

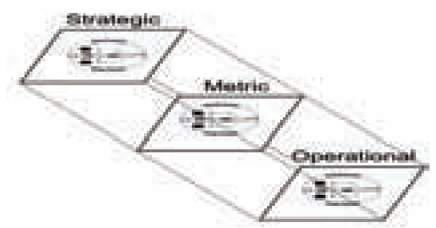


Over the past decade I have had discussions with leaders in a variety of public and private sector organisations who were frustrated with their performance measurement systems. These conversations have led me to develop a strategic performance measurement system, which helps leaders develop more effective performance measurement systems by guiding leaders in three dimensions – operational, metric and strategic. The SPMS: 3-D model (see Figure 1) has been used in various sectors such as: hospitality and tourism, financial services, transport, and in governments and government agencies. A key feature of SPMS: 3-D model is that it is used to address technological and business management issue, and acts as a conduit for organisational change.

Inputs consist of transformed and transforming resources, and the leaders' role in the transformation process is vital. The input and output arrows are placed at the two enveloping `environmental hemispheres' which include the market environment and strategic philosophy being the different approaches to strategic alignment with internal and external stakeholders. These provide the context for the choice of strategy for the leader.

I have found that defining appropriate values for private sector organisations was easier than for public sector organisations. Interviewees have informed me that ambiguity is reduced and that success is easy to depict for a private sector organisation. Increases in share price may lead to more satisfied stakeholders, but the public sector tends not to have the same customer value proposition as commercial businesses. Public sector values are shaped by a variety of conflicting processes. A key aspect is to know what 'value' means for each constituent. For example, for a local community, it might mean a higher visibility of police cars in their area. For another stakeholder it might mean the policies and procedures for hiring, equality and public relations. Police organisations must display empathy in terms of their behaviour and design, and that they care about constituents' concerns.

To address the usual concerns over the implementation of performance initiatives, such as the ease of information gathering, and ease of interactivity, the SPMS: 3-D model operates at three levels (see Figure 2). These being strategic, metric and operational, which allow for the integration of the multiple perspectives of staff throughout the organisation. This provides guidance on the selection of measures, considers cause and effect, and leads to action plans that can improve strategic performance.



The SPMS: 3-D model can make the decision-making process more reliable and, potentially, more effective. In addition, the model requires leaders to think more laterally and look at performance in a novel way, within existing lead-times. The model makes full use of visual representations to emphasise patterns and situations at the strategic level. At the operational level, visual representations help front-line staff to interpret and evaluate operational situations; providing useful inputs, without the barriers of articulation that can block easy integration with strategic models and financial information.

The heart of the proposed model is the metric level. The metric level unites information with quantitative and qualitative insights from both the strategic and operational levels. These feed into the metric representations required by the organisation's management information system (MIS) - which can, then, be used to re-evaluate visual representations at the strategic and operational levels.

Implications

The metric level of the SPMS provides a useful link between corporate strategy, strategy execution and enhanced strategic performance. Despite the importance of alignment, this is one area that many organisations fail to cope with. Effective performance measurement can lead to increased communication between staff at all levels, which can lead to higher levels of organisational performance. However, it must be borne in mind that leaders not the performance measurement system should direct staff.

Paul Phillips is Director and Professor of Strategic Management at the Kent Business School. You can join Professor Phillips along with H.E. Dr Christopher Kolade CON, Pro Chancellor of Lagos Business School, at TL First's Leadership Rountables in June and July 2009, at Protea Hotel Ikeja; or in September 2009 at the TL First Leadership in Transformation ® International Conference 2009 at Transcorp Hilton Hotel, Abuja. Please send comments and responses to comments@tlfirst.com.

TRANSFORMATION BEYOND THE RHETORICS

The Lagos State Experience …

Rhetoric; the art of using language as a means to persuade. Derived from the Greek rh torikós, "oratorical", "public speaker", "that which is said or spoken, word, saying", and ultimately derived from the verb "to speak, say". In its broadest sense, rhetoric concerns human discourse.

Transformation; an act, process, or instance of change in structure, appearance, or character. A conversion, revolution, makeover, alteration, or renovation

Leadership; the art of motivating and directing people, processes and activities towards achieving a goal.

Lagos State; in transition for transformation
Is there a science to the relationship between the five? In most of our articles on this edition of leadership in transformation™, we have argued for a strong relationship between leadership and outcomes. In a few months Abuja will host some of the greatest leaders of transformation along with some of the greatest authorities in leadership to analyse the components of this relationship.

Lagos State is indeed in transition for what is arguably the greatest transformation that the Nigeria has ever experience in modern time. Some would go further, given what is already achieved, by saying that the State has already experienced that transformation; albeit still on her way to greater transformation.

Professor Dennis Tourish developed a toolkit that allows leaders to focus on what matters. In an attempt to demonstrate the efficacy of the toolkit, we the ongoing transformation work of the Executive Governor of Lagos State, His Excellency Governor Babatunde Raji Fashola.

Transformation process in public governance demonstrated by visible value delivery has for long eluded the Nigerian electorate.

A compelling sense of accomplishment driven by performance management requirements practised in the private sector seldom exists in government business. Politicians are known for rhetorics, widow dressing and propaganda.

The recent development in Lagos State is a proven testimony that transformation process can be initiated in the public sector, given the right leadership. Babatunde Fashola-led government, in the last two years, has brought innovation and creativity to play in governance.

Quite noticeable is the adoption of the private sector orientation in government business as cabinet members in the state Executive Council have embraced the principle of working by deadlines and ensuring delivery of set targets.

This approach, in an unprecedented dimension, has engendered the actualization of people-oriented projects hitherto considered impossible to achieve in public governance.

His Excellency, Babatunde Fashola, the Executive Governor of Lagos State is transforming governance by pulling down the bling block of bureaucracy, red tapism and slackness. Professor Dennis Tourish developed a toolkit that allows leaders to focus on what matters. Current leadership in the Lagos State, apparently has availed itself of this toolkit as Governor Fashola has embraced a result-oriented approach in delivering and fulfilling his electoral promises to the people of Lagos State.

Babatunde Fashola adopts a block building approach. He recognises the enormous result potentials of public-private partnership in bringing about desired change and transformation, particularly in infrastructural development and the provision of quality social services. To this end, a public-private partnership office was set up in the Lagos State Ministry of Finance to open up investment opportunities that are quite attractive to the private sector investors.

It is worthy of note that the leadership of Lagos State under Babatunde Fashola has utilised the instrument of integrated planning to anticipate the future challenges before Lagos as a mega city, thereby designed a realistic strategy to cope with these challenges.

Governor Fashola administration has embraced a holistic approach through integrated urban development initiatives in transforming Lagos in order to optimise the inherent benefits of her mega city status.

Other initiatives include an innovative urban transport project covering institutional strengthening and capacity building, urban road network, efficiency improvement bus services enhancement, water and non motorised transport, promotion and the development of rapid rail mass transit. Furthermore, there were road constructions and rehabilitation, traffic management, improvement of the environment, waste management, water supply, educational development, improved public health and security.

The greatest milestone of the Governor Fashola administration is the reform aimed at expanding the state's internal capacity for revenue generation. The internally generated revenue now account for over 71% to the total revenues of the state.

The creative skills and the strategic mindset of the government have tremendously helped in addressing the funding gap, which was confronted in implementing the various transformational projects in the state. Loans, bond issue, contractor finance, enhanced relationship with Federal Government and international donor agencies notably World Bank / IFC, UNDP etc as well as public – private partnership have brought great relief to Governor Fashola led administration in coping with financial gap.

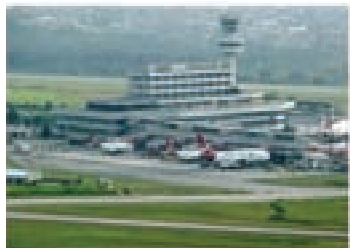
The current experience in Lagos State shows clearly that government can set clear cut goals, objectives and deliverables within the framework of an integrated strategy. It can also attract the right human capital from the private sector to drive and achieve the set goals and objectives.

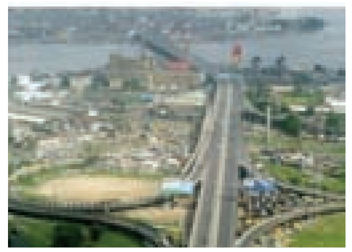
It is all about leadership, a leadership that is transformational in its thinking and approach. A leadership that is innovative and creative could make a difference in public governance. Governor Fashola administration provides a benchmark for other governments in Africa to measure their performance.

At the last TL First top leadership roundtable event, Dr Christopher Kolade CON made a few references to the ongoing transformation work in Lagos State. Dr Kolade said that "leadership is tough, but good leadership can make a difference… and whenever I speak on teach on leadership, I will always refer to the good work of Governor Fashola".

Recognising that there is still much work to be done, we have described Lagos State as a city 'in transition for transformation'. In Professor Tourish's words, 'where leadership actions can be linked to successful outcomes'.

Meet Professor Tourish at TL First's UK based open programmes on leadership and strategic management. To discuss his research project, apply the framework in your organisation or send comments on the article, please email comments@tlfirst.com. H.E. Governor Fashola has been invited as keynote speaker at TL First's International Leadership Conference in September 2009.





ARE PUBLIC PRIVATE PARTNERSHIPS A GOOD OR A BAD THING?

Stephen Clarke examines the role of private financial initiatives in major public sector infrastructure.

Partnership! Partnership!! Partnership!!! It seems impossible to criticise the concept of two or more parties collaborating to achieve more than they otherwise could independently. However the concept of Public Private Partnerships (PPP's) has proved one of the most controversial financial innovations in recent history.

In the broadest sense, PPP's can cover all types of collaboration across the interface between the public and private sectors to deliver policies, services and infrastructure.

Simply put, PPP's allow a government of today to carry out large capital-intensive infrastructure projects by contracting the private sector and paying the bill over many years – sometimes several decades. On the one hand this allows major urgent projects to be completed more quickly than the fiscal budget would allow, but on the other hand this comes at a high - some say too high, price. Alongside this is the use of Private Financial Initiatives (PFI's).

'PFIs provide a way of funding major capital investments, without immediate recourse to the public purse. Private consortia, usually involving large construction firms, are contracted to design, build, and in some cases manage new projects. Contracts typically last for 30 years, during which time the building is leased by a public authority.' (UK Department of Health)

It has been incredible to watch the vast and impressive Queen Elizabeth Hospital emerging from its dominant position south of Birmingham where it will replace two other hospitals and be the first new acute hospital in Britain's second city for 70 years. The standards being adopted are much higher than any previously achieved, gone are the old draughty multi-bed patient wards with 44% of the new Birmingham hospital inpatient beds being single rooms. The other 65% are only four-bedded rooms and all are single sex. There are 30 operating theatres: 23 for inpatients and 7 for day cases. The partners in the £545 million project comprise Balfour Beatty, the Royal Bank of Scotland and HSBC and the project is currently on budget and on time. Neither of these last two is characteristic of major state-only implemented projects.

The New Queen Elizabeth Hosptial in Birmingham

However critics of such private public partnerships point to the fact that the next generation will still be paying the bill in 25 and even 30 years time. They point to the huge costs of financing such long term payments. One recent study by Dr Chris Edwards indicated that there are potential savings of billions of pounds if the government bought its way out of the existing PFI commitments and settled the bills – penalties not withstanding – right now.

It is the ongoing costs of financing the contractual repayments over the coming 20 or so years which make it so expensive. Dr Edwards believes that if the same is true of the other PFI projects currently in play a total of £2.4 billion could be saved. This however could be against the government's objective of balancing government revenues and expenditures over the economic cycle.

So… are Public Private Partnerships a good or a bad thing? Well as with so many things it depends on your point of view, but when I took my son for specialist treatment at the new Birmingham hospital, it was not the cost of paying the price for 30 years which was foremost in my mind, it was the fact that a state of the art facility, on time and on budget was there for us to use.

Stephen Clarke is senior consultant with TL First Integrated Management Group. For more information on how TLFirst Integrated Management can developed the right funding framework for your projects, please visit www.tlfirst.com. You can also meet Mr Clarke in September at the TL First Leadership in Transformation ® International Conference 2009 at Transcorp Hilton Hotel, Abuja, or at TL First's UK based open programmes on leadership and strategic management. Please send comments and responses to comments@tlfirst.com

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