

PUTTING YOUR COMPANY UNDER A MICROSCOPE

- A Continuing Series of Management Insights from The Jennings Group -

LEADERSHIP AS A STRATEGIC ISSUE

By Olin R. Jennings

Presidents and CEOs of engineering, environmental, and construction companies continue to face significant business challenges both internally and externally. These challenges cover the horizon, and all of them require executives and managers who are good leaders. Leadership in dealing with these issues is essential to maintaining your company's market position, reputation, and long term financial performance.

Leadership Challenge In our most recent survey, we talked with over 50 presidents, CEOs, and others about leadership issues and leadership development programs. Business challenges translate directly into leadership challenges. One president indicated that he had just put together a list of 22 strategic priorities that must be addressed, and he was asking himself where he would find the people in his company to tackle them. The *leadership challenge* is finding effective ways to develop leaders throughout your company, people who lead the charge to deal with critical business issues facing companies. These issues include:

- Achieving growth in mature markets;
- Evolving the business to more proprietary, higher margin services;
- Harnessing the impact of technology;
- Anticipating and meeting changing customer expectations and requirements;
- Managing risk with changing project risk profiles;
- Expanding geographic market coverage and adding branches;
- Integrating acquisitions;
- Many, many other issues.

Defining The Problem Presidents and CEOs in our survey described the leadership challenge in many ways:

- “You can never have enough leaders. It’s a

constant challenge to feed the leadership needs of a growing firm. If you stop feeding, you stop growing.”



- “When I look at our ability to grow, I find that it’s not financial, it’s not the desire, it’s not the marketing. It is the ability to lead.”
- “I think we’ve got the people, but they could be better leaders if they understood better what leadership is and how to be more successful at it.”
- “The biggest hurdle is transforming managers into leaders. We are a technical project management company and focus on management more than leadership.”
- “Where we are struggling is translating leadership development concepts from other industries into our industry and applying them to the highly trained analytical mind sets in our organization.”
- “A key question is how do you make leadership development a more visible strategic initiative? How do you overlay this intangible about leadership talent on other priorities and keep it highly visible and part of the culture?”

Strategic vs Tactical Approach The true leadership challenge is changing mind sets and priorities within your company. Meeting this challenge means the senior executive team and board must make leadership a strategic issue.

However, the typical question people ask is more tactical, “Should we have a formal leadership development program?” This kind of question can lead to “a program” type solution or quick fix. It represents inside the box thinking. The real strategic issue is, “Should leadership be an overarching strategic priority?” If the answer is yes, then the next question should be, “How do we incorporate leadership into all of our thinking and strategic and improvement initiatives?” This kind of approach is out of the box thinking because it

recognizes that leadership development truly is an integral part of addressing every operating and strategic issue. It requires the integration of a leadership culture into your company's current value system. It is true recognition that people become better managers by becoming better leaders.

A Leadership Paradigm Leadership can be described as doing the right thing while management is doing things right, but not necessarily doing the right things.

We have identified four essential characteristics for leaders:

- A personal vision of what can be or should be;
- The ability to communicate that vision;
- Knowing yourself as a first step to leading others;
- Knowing others – to motivate and bring them together in a common vision.

These four essential elements of leadership can be taught, coached, or mentored. Therefore, leadership *skills* can be developed and inspired in technical managers, and everyone can have better leadership skills.

Strategic Impact Of Leadership Culture

Our vision is a leadership culture in which (1) *every employee is a leader in something*, (2) there is recognition that leadership does not require a senior management position, and (3) the net result is the creation of leaders in every area and leadership in depth throughout your company.

One of the resulting challenges for presidents and CEOs is the need to focus all of these new leaders, new ideas, and new energy bubbling up from within the company in the same direction. This is a happy problem compared to complaints from

many presidents on how hard it is to drive change through a highly resistive organization.

A strategic commitment to leadership development will produce a progression of change that creates a more dynamic leadership driven organization in which the strategic business evolution is internally driven with greater career and financial rewards. Over time, a leadership culture will give you a more profitable, less commodity oriented business and will make your company a desired place to work, improving your recruiting and retention of technical professionals and managers.

Creating A Leadership Culture Creating an effective leadership development program requires both a strategic commitment and an approach that changes individual mind sets and then encourages and reinforces behavior change. Four key elements for a successful program are (1) a mind set change at the senior executive and board level; (2) a formal leadership development course; (3) sustained longer term on-the-job mentoring, follow-up, and reinforcement program; and (4) creation of an environment that motivates and rewards leadership.

Companies which have made the commitment to leadership development as a strategic initiative are enthusiastically reporting changes in profitability, better communications, excitement and reduced turnover among mid-level managers, and other changes. Companies considering a leadership development program as more of a program than a strategic initiative (i.e., a tactical approach) are less enthusiastic in reporting their results, and some programs are weak or have fallen into disuse.

Leadership development is like any other initiative. Anyone can have a good idea. The real strategic benefit comes from careful planning, using the right resources in the formal course, and most of all, good implementation and follow-up.

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