

Lesson One: Overmanaged, Underled: What Leaders Really Do

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This course has been designed and is taught by Brian Cooke, senior leader of Iris Learning. Iris Learning is an Albuquerque-based business performance consulting group that focuses on executive coaching, strategic direction, leadership development, and customized learning that accelerates progress toward specific business targets. For more information about Iris Learning, please visit our web site at <http://www.irislearning.com>.

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A. Key Learning Points

1. We need better leadership and management.
2. Leadership is different from management.
3. Leading and managing are complementary activities.
4. We tend to focus most on management activities.
5. We need to focus more on leadership activities.
6. Leaders drive positive change.
7. Leaders leave organizations significantly better than they found them.

B. Real World Examples and Considerations for Practitioners

1. We need better leadership and management.

Our world is changing rapidly. Our markets are becoming more competitive. Technology is both increasing the pace at which we work and expanding opportunities for entrepreneurship. In this context, continuing to manage as we've always managed – however successful we've been in the past - will get us less and less in the future.

Olympia once manufactured the best typewriters in the business.

Levi Strauss once dominated the jeans and slacks market.

Digital Equipment Corporation once was the benchmark for networked office computing.

McDonalds once was the undisputed leader in fast foods.

Motorola once was the dominant manufacturer of cellular phones.

Although all of the above businesses were very well managed, they lacked the leadership needed to preserve and sustain their established market advantages.

Here are a few factors that are causing demand for better leadership:

- Customers expect better quality, service and value every day
- Customers have more choice of vendors, products, and services
- Price pressure is increasing for many products and services (ie. oil, electronics) which erodes margins
- Employee loyalty to corporate employers is decreasing significantly as entrepreneurial opportunities expand
- Unemployment is very low which puts pressure on expanding businesses seeking skilled, affordable labor
- Many U.S. manufacturers are having increasingly difficulty competing with international manufacturers
- The economy is volatile and more unpredictable than in recent years
- We're uncertain to what extent we will experience adverse Y2K problems
- Population growth is creating immense pressure on our political, socioeconomic, and environmental infrastructure
- There is a widening gap between advantaged and disadvantaged nations and classes
- Traditional notions of community are being displaced by heightened individuality and self-interest
- There are ever-increasing levels of violence in our society
- We are increasingly defined by who and what we are against, rather than who are what we are for

- We are growing politically indifferent
- There is insufficient attention to the importance of peace, non-violence and cooperation
- Our schools are failing to keep pace with societal expectations

Our future quality of life will inevitably suffer if we do not improve our current leadership capacity and skill.

2. Leadership is different from management.

It's remarkable how many executives struggle to define the difference between leadership and management. Although senior executives are leaders by title and formal authority, they often spend a disproportionate amount of time on managerial/operational oversight.

Because of extraordinary market pressures to achieve immediate and short-term value for shareholders as measured by the company's daily share price, many senior leaders focus excessively on managing profitability of current operations. Such short-term managerial emphasis on immediate profitability, however, tends to conflict with longer term leadership responsibilities for new business development and product/service innovation.

Likewise, in the public sector, many department heads manage daily operations with considerable skill and attention to annual budgets but relatively limited awareness of growing interest in privatizing public services and increasing taxpayer disaffection with inconsistent service quality and inexorable tax/fee increases.

In the late 1970's and early 1980's, Steve Jobs and Steve Wozniak exercised extraordinary leadership when they imagined Apple Computers. Tom Watson at IBM, by contrast, was emphasizing excellent managerial stewardship of the market position his blue chip company had established.

In the 1970's, Honda Motor Company exercised extraordinary leadership when it designed a fuel efficient economy car, the Civic, that successfully filled an unanticipated void in the US market. US automakers, by contrast were emphasizing management of incremental design changes and cost-effective stewardship of historic market advantages they had established throughout the century.

In the 1970's, Fred Smith exercised extraordinary leadership at Federal Express when he created a demand for time-certain overnite courier/package delivery services. The United States Postal Service, by contrast, was content to manage its well-established monopoly for non-time-certain mail delivery.

Herb Kelleher led at Southwest Airlines, while senior leaders at Pan American and Eastern Airlines managed to destroy once successful businesses. Herb Kelleher continues to lead and grow Southwest while American Airlines, Northwest, United, and America West airlines struggle each day to break even.

3. Leading and managing are complementary activities.

Although we need more and better leadership, we can not underestimate or neglect the importance of effective management. We need both leadership and management to succeed today and in the future. And, each day, each of us is responsible for leadership tasks and for management tasks. We are all leaders. We are all managers.

Leadership fundamentally is a creative activity that focuses on future successes.
Management fundamentally is a conservative activity that focuses on the present successes.

Leaders create change. Managers interpret and execute change directives.

Leaders set direction.

Managers plan, budget, and cope with operational complexity.

Leaders communicate purpose and align people.
Managers hire, evaluate and develop people.

Leaders motivate. Managers supervise.

Leaders get resources. Managers control resources.

A company that is well-led will not succeed without effective management.
A company that is well-managed will not succeed with effective leadership.

4. We tend to focus most on management activities.

As much as we're interested in the future, we live in the present. And the present typically is filled with urgent, immediate priorities, requests, distractions and interruptions. On any given day, at any present moment, it is difficult, without discipline, to focus on and invest in the future. There will never be a lack of short term management problems to solve. We could fill our days, weeks, years, careers with management issues. And our futures would not necessarily be better because of it.

We once advised a small, successful, locally-owned retail business that was focused on improving management of service quality and on-time delivery. Although service quality and on-time delivery are undeniable, non-negotiable managerial priorities, the business was at great-risk from strategic changes in the industry associated with entry of big-box, national department store chains (ie. Walmart, Office Max, Price Club etc). When we told our client they needed to think about getting bigger (to compete with potential big-box competitors), as well as getting better (improving service quality and on-time delivery), they were surprised and resistant. They did not want to get bigger. They were content managing their current \$12 million business. When we told them they'd likely be sold or out of business in 3 years if they did not focus leadership attention and investment in strategic growth, they laughed. They could not imagine either possibility – sale or exit. Within 24 months, the owner (reluctantly) sold the business (at a pretty good price) to a national distributor. The owners of this business were excellent managers; they were less effective leaders.

We do a fair amount of consulting and pro-bono work for school improvement. While many school principals are effective administrators who can run a school smoothly day-to-day, they're less effective leading multi-year school improvement efforts. Better administration of schools will not solve our unacceptably high drop-out rates and comparatively poor levels of student achievement. We need more skillful school leadership to accomplish these objectives.

5. We need to focus more on leadership activities.

It's said that "the future is what happens to us while we're managing our daily responsibilities." Leaders understand that the future will be different when they make it different. Esteemed management guru, Peter Drucker, recommends "the best way to predict the future is to create it."

One question we ask our clients is, "how much time do you invest each month exploring, planning and preparing for your organization's success 2 to 5 years from now?" Most frequently, clients answer, "two hours, a half day, one day, four days." However, you answer this question, it's likely you're not investing enough time imagining and preparing for a specific future.

If you want to improve your future prospects, you need to invest in your future by scheduling specific time for activities that build your future capacity. Here are some leadership activities that will not deliver much immediate managerial return-on-investment but will create considerable future leverage:

- coaching, teaching, and mentoring a promising young employee
- teaching a company training module/session
- building relationships with colleges and schools that supply skilled workers
- participating actively in a civic or professional association
- executive education
- international travel
- strengthening understanding and skills using emerging technology
- visiting your best and worst customers businesses
- visiting world class businesses and industry leaders
- going through your Rolodex and calling every person you have not talked with in the past 12 months
- spending more time with your family and friends
- spending more time taking care of your mind, spirit, and body

We guarantee you are unlikely to invest in leadership activities, unless you schedule them – just like you schedule all those management tasks and meetings.

7. Leaders drive positive change and leave organizations significantly better than they found them.

A board of directors does not hire a President/CEO to maintain the status quo.
Citizens do not elect political representatives to maintain the status quo.
Children do not expect their lives will be (as good or) worse than their parents.

Boards fire Presidents/CEOs who fail to achieve business growth and sustained earnings.
Citizens do not reelect representatives who fail to improve constituents quality of life.
Children grow angry with parents who fail to invest in their development and future prospects.

Most of us expect that things should and will get better. We have confidence (sometimes excessive and unfounded) in progress. We consequently look to people with formal authority and responsibility to lead us toward that better future. We, likewise, need to take personal formal and informal leadership responsibility for our individual and collective future improvement.

When our leaders fail to drive positive change, we grow critical and, in some cases, cynical. When we fail to drive positive change, we grow bored, and in many cases, frustrated.

We have not discussed the possibility of leaders that drive changes that are not positive. Adolph Hitler, for example, was an extraordinary leader who accomplished extraordinarily unacceptable things.

In businesses recently there is growing leadership pressure to downsize the workforce arbitrarily and, in some instances, ruthlessly. Although such layoffs achieve significant immediate cost-savings, the immediate impact on employees is often devastating, and the long-term value for shareholders is not positive. (cf. “Chainsaw” Al Dunlap at Sunbeam)

Many of the leadership emphases, methods, and skills we introduce in this course may be applied for positive or negative results. We obviously are advocating leadership for positive purposes – ie. leadership that 1) does no harm while 2) maximizing positive sustainable outcomes for the greatest number of people (shareholders, customers, employees).

C. Recommended Reading Assignment & Highlights – All selections are from Stephen R. Covey, *The 7 Habits of Highly Successful People: Powerful Lessons in Personal Change*. (Fireside)

Part One: Inside Out, The Seven Habits: An Overview

We must look at the lens through which we see the world, as well as the world we see, and that lens itself shapes how we interpret the world.

We began to realize that if we wanted to change the situation, we first had to change ourselves. And to change ourselves effectively, we first had to change our perceptions.

The Character Ethic taught that there are basic principles of effective living, and that people can only experience true success and enduring happiness as they learn and integrate these principles into their basic character.

If I try to use human influence strategies and tactics of how to get other people to do what I want, to work better, to be more motivated, to like me and each other - while my character is fundamentally flawed, marked by duplicity and insincerity - then, in the long run, I can not be successful. My duplicity will breed distrust, and everything I do - even using so-called good human relations techniques - will be perceived as manipulative. It simply makes no difference how good the rhetoric is or even how good the intentions are; if there is little or no trust, there is no foundation for permanent success. Only basic goodness gives life to technique.

Each of us has many, many maps in our head, which can be divided into two main categories: maps of the way things are, or realities, and maps of the way things should be, or values. We interpret everything we experience through these mental maps. We seldom question their accuracy; we're usually even unaware that we have them. We simply assume that the way we see things is the way they really are or the way they should be And our attitudes and behaviors grow out of those assumptions. The way we see things is the source of the way we think and the way we act.

The more aware we are of our basic paradigms, maps, or assumptions, and the extent to which we have been influenced by our experience, the more we can take responsibility for those paradigms, examine them, test them against reality, listen to others and be open to their perceptions, thereby getting a larger picture and a far more objective view.

"Inside-out" means to start first with self; even more fundamentally, to start with the most inside part of self - with your paradigms, your character, and your motives.

For our purposes, we will define a habit as the intersection of knowledge, skill, and desire. Knowledge is the theoretical paradigm, the what to do and the why. Skill is the how to do. And desire is the motivation, the want to do. In order to make something a habit in our lives, we have to have all three.

The Seven Habits move us progressively ... from dependence to independence to interdependence.

D. Additional Resources and Links to Others Sources

Warren Bennis, *On Becoming A Leader*. (Addison-Wesley)

Deepak Chopra, *The Seven Spiritual Laws of Success*. (Amber Allen, New World)

E. Question(s) for Reflection and Discussion

1. Who are you? Why have you enrolled in this course? How will your professional or personal life be different and/or better because you have taken this course?
2. Who do you consider a hero? How did/does this person inspire and enable you to achieve things you would not otherwise have achieved on your own?