

LEADING FROM WITHIN

Why leaders need to get out more

Introduction

There were four questions emerging from <u>LEADING FROM THE SIDE</u> that leaders wanted us to explore further:

- 1. Where do leaders get their energy from? Why are the toughest, most frightening times so thrilling and confidence-building? Is fun important?
- 2. What should be the balance between an inward focus on what is happening in the organisation and an outward one looking at the world? How far should leaders go 'inward' with people?
- 3. Had we put on rose-tinted spectacles in writing the report? Given the focus is on good leadership, what does bad leadership look like, and what can we learn from it?

Most importantly:

4. We were challenged to explore in depth male versus female leadership. Do gender-based differences underly best practice, and if so, is there a 'best of both' model that everyone can learn from? Or are women and men different — end of story?

We changed our panel to equal numbers of male and female CEOs (25 of each). 45 of the 50 were not interviewed for Leading From The Side, so they were new to us and to this project. We asked our interviewees about their experience of women and leadership, what the future of leadership should be in terms of gender, why that future is desirable, and how that future could be made real.

We remain convinced that Leading From The Side is the big trend in modern leadership. This investigation builds on our findings to demonstrate how leaders depend on and strengthen their inner resources.

This is Leading From Within.

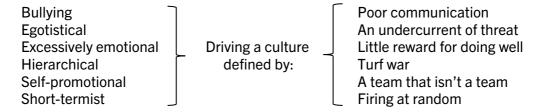
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Tremble Moments

There are monsters out there. Rather, there were. In our interviews truly appalling behaviour is remembered and described, but good organisations won't stand for it now. More insidiously, the *drivers* of these unacceptable actions *do* still exist. We heard many anecdotes about bad leadership behaviour. This is typical: 'I was operations director for a creative, highly intelligent and arrogant CEO whose behavior was often completely at odds with his occasional brilliance. I was running a conference themed 'Taking control to make things better'. He burst into the room, probably after a bollocking from his boss, and told us we were crap, the business was crap, and if we wanted to buy our crappy depots he'd sell them to us. Utterly crass behaviour — de-motivating and bullying. It's still talked about today.' (CEO, Food)

All the anecdotes describe a near-extinct alpha male who is:



Several CEOs pointed out that bad, 'alpha female' women leaders share these characteristics.

For good leaders, there is a use of fear that is the opposite of using it to bully. Instead, fear is a vital, energizing wellspring of leadership thinking and creativity. One CEO, who is in the unusual position of having worked at the same food company for forty years, calls this type of fear 'tremble moments'. A tremble moment, he says, is 'Sitting in my car, not knowing what awaits me at the office, not knowing what's coming next — I like that very much. I know I'll be able to figure out how to find an answer with the team. I won't to be the one making final decisions.'

He looks for tremble moments when he hires people. He reads CVs then puts them aside to focus on the moment they walk through the door. He says, 'I ask myself, Do I get an instant perception of quality? Then, I ask myself the same question ten minutes later. If it's a Yes, I'll ask, 'What was the last book you read? Why did you like it?' I look for that special something, animation, passion, light in their eyes. I especially look for ethics.' He prioritises such tremble-causing qualities above skills and qualifications.

Another CEO describes days when 'Sometimes it's a puddle, sometimes it's a bottomless ocean.' He sees his job as having to bounce back, whatever happens, and be positive. He tells a story about going to China on a trade delegation led by David Cameron. On the plane were press, politicians and business leaders. 'He got on the plane absolutely knackered. Within thirty minutes he had showered and presented impeccably to an audience of hundreds. He went round the whole plane asking, was there anything he could do? That's resilience.'

The Chairman of a large financial institution describes his whole career as a series of what he calls 'jumping off the cliff' moments that make up his 'emotional CV.' At each major turning-point of his career his approach was to take his team with him into uncertainty and ambiguity, say hang the consequences, and learn a huge amount. He describes this as 'emotional leadership.' He laughs as he recounts jumping off the cliffs.

Bad leadership makes other people tremble. Good leadership makes use of the leader's own trembles.

The Fun of It

It sounds common sense to say, when people are enjoying themselves they are more likely to do good work. CEOs know this and take fun very seriously. This doesn't mean going around like cack-handed facilitators announcing fun moments (which never are) or partying continually. For leaders, fun is strategically important. For example, the CEO of a high street retailer says, 'customers are more likely to buy from people with smiles on their faces.' He moved from one major retailer to another after sixteen years because he had stopped having fun. 'Having fun,' he says, 'is when you experiment and learn.'

Obviously fun is inappropriate in certain categories and on different occasions — such as bereavement counselling or making someone redundant — but fun is vital to leadership because, as the CEO of a technology company puts it, 'Fun takes away the barriers to energy finding its channels.' This means working environments *need* to be fun, to promote continuous learning and creativity.

'Humour builds confidence,' says the leader of a national housing business, 'what we do is endless bloody hard work and emotionally very draining. While it's great to get to the point where your alleged prescience is acknowledged, you have to acknowledge it's all a bit hilarious.' The CEO of a charity for the homeless uses fun to attract donors and sponsors. 'I say yes to as many things as I can, making sure I know how to exit the crap ones as fast as possible. Every interesting thing we have ever done is the result of an initial 'yes' to the opportunistic and bizarre.'

One interviewee is about to retire as MD of a food manufacturer and run its specialist retail operation. 'People come to buy our food and drink in situ, but what they are really buying is happiness,' he says, 'so that's what I'm going to do: spread happiness. The numbers will follow.' Happiness, fun, laughter, enjoyment, pleasure, all are vital to being a good leader. In defining his personal leadership credo, a leading entrepreneur speaks for many when he says, 'Good leadership is consistency, fairness, direction, being approachable by everybody, and the sheer fun of it. I make sure there's lots of that here.'

The best leaders prize fun because it drives creativity and loyalty.

One-to-One

Living your own values isn't enough for most CEOs —personal values and organizational values must be identical. 'I don't see a difference between them' was a typical comment, 'I would never lead an organisation where my values and those of the business weren't in perfect harmony.' (CEO, Technology)

The implication for the CEO's personal relationships within the organisation are clear — they need to be deep, and one-to-one. For very large organisations this is impossible. The CEO cannot possibly get to know everyone personally. This is where having identical personal and organizational values has real power — employees will naturally feel a personal affinity with the CEO, because they will be sharing her or his values, and if the leader is known for and seen to form strong personal bonds with people at all levels. There is nothing more effective than frequent personal interventions with people. 'The bank where I led a division had 45,000 employees and 7,000 managers,' says the chairman of a large insurer, 'yet the CEO came to every single management induction programme. His clarity of direction and engagement with people was amazing. He was loved and respected, an energizing force.'

Taking proper time to develop leadership teams can have a destructive downside. When asked about the one thing they would have done differently as leaders, many CEOs say not changing people quickly enough. 'In the past I have trusted and promoted people when my radar was out and found myself with someone who shouldn't be there,' says the CEO of an international educational institution, 'I needed to be quicker to identify refuseniks and blockers who were hard-wired to the organisation and good at hiding.' This is a widespread problem with no simple answer, except to make sure you get to know and appraise your people deeply — and fast. 'I had concerns about a director,' says the CEO of a leading charity, 'but when we did his 360 I was really shocked by how badly he was regarded by his peers and staff. I had been over-reliant on my own antennae. Rigorous 360s are de rigeur now.' Or as several leaders noted: you should get promoted from below — and fired likewise.

Focusing on 'below' is essential for engagement. 'The biggest failure in leadership,' says a CEO in property, 'is the failure to communicate in language the frontline understands. Despite the fact we have 11,000 people I go to the frontline very frequently and strip down quite complex stuff so I can communicate it simply so gas-fitters (say) will go with you — persuasion should be unnecessary.' This leader objects to the word 'leadership' because the moment it is put in a box it loses something. Instead, he argues, 'I have an analysis I encourage them to share and improve, which we and they always do. We all care about the capital we have to grow. Then things run themselves brilliantly. If you want to call that leadership, fine. But I don't like anything that whiffs of Jedi mastery.'

The best CEOs make time for hundreds of one-to-one relationships with staff and the results can be extraordinary. 'I mentored our Chief Operating Officer from the time she joined us as an office cleaner,' says the managing director of a brewer, 'and was delighted when she joined the plc board last year.' A CEO in women's fashion has made sure her senior team of six are qualified one-to-one personal coaches, and she herself spends an hour with each of them every Monday, in addition to the weekly leadership team meeting. 'It's the single most important thing I do,' she says, 'there is no agenda beyond the trickiest issues each individual is facing. I know each person individually extremely well — as they do me. Nothing is off-limits. We work together on ways to find answers.'

It can be hard for leaders to develop personal relationships with staff at all levels. But it has never been more important.

Being Out There

CEOs need to understand more about how the world is changing. This means keeping up with how major trends are evolving and colliding, and understanding what these might mean for the business. 'Seventeen years ago we were a housing association,' says one, 'I couldn't tell you what we are now. Organisational boundaries have become fuzzy. A business is an entity that does what it does in response to what other people are doing and where they are headed. Stuff we did fifteen years back is seen as prescient. Nonsense. It was simply watching trends.'

Good leaders get out and about and are hungry for ideas. 'Creativity,' says a leader of a global advertising agency, 'is the art of forgetting where you stole it from.' The best leaders are ideathieves, adopting thinking and practices from anywhere that might improve their businesses. It doesn't take long for the ways stuff gets done in an organisation to become deadening habits. The hunger for alternatives, new thinking, looking beyond the immediate and comfortable can be artificially sated by overwork and subjectivity. 'One of the challenges as you move up is trying not to work with what you already know,' says a CEO in financial services, 'it's so tempting to rely on your experience but ultimately that limits you; it stops you and the people under you from developing. You have to let them try out new things, make mistakes and learn their way. That's why we hire people, then let them loose with the minimum of rules.'

Very often it is the leader's job to recognise when best practice policies are being applied too rigidly and to loosen them. 'During breast cancer awareness week,' recounts the CEO of a health retailer, 'staff hung up bras as bunting across the office. An HR person told them to take them down because it was discriminatory and the issue came to me. I asked them, what would people outside think? The bras stayed put.' He is very watchful for situations where his business begins 'the gentle and insidious process of being paralysed by policy', when he is constantly encouraging people to make good decisions for themselves.

Most leaders are studious about not surrounding themselves with clones of themselves. As one says, 'you need the difference and awkwardness from outsiders to keep you straight.' Where to look for new ideas in the outside world? One leader reads biographies, especially autobiographies, not books on leadership, to understand better what eminent people did and why. 'When people suffer bereavement in their families, I give them a card and a packet of marshmallows. It's just a way of saying 'I care' he says, 'I got the idea from Nigel Slater's autobiography Toast.'

Many leaders are omnivorous readers. Others eschew business books completely and look to experience instead. 'I learnt most of my leadership skills from being a mother,' says one, 'you set parameters for your children, then let go. In my businesses, I have talented people, we shape a vision and plan, then I let go. It's the same.'

Whether it's watching trends closely, reading omnivorously or learning from personal experience good leaders engage in a constant dialogue between their organisations and the wider context. If leaders are doing too much internally, they are doing other people's jobs for them. Leaders need to spend most of their time thinking about the outside world.

Are Female and Male Leaders Different?

'I don't have a man-versus-woman perspective in my head,' says a serial entrepreneur, 'but when I meet female leaders I often think they are better than their male counterparts, because they have certain qualities that men don't. They tell the truth in ways that don't offend. They are better able to balance a whole variety of factors more quickly and more holistically (whereas men always go for 'the angle'). They are more adroit at looking across contexts. They are empathetic without projecting undue feeling. They can be brutally decisive and waste no time.' This entrepreneur simply wants the best people in his leadership team; whether they are male or female is immaterial.

Except that it's not. For him, being a leading entrepreneur is all about being different, and he has a hawk's eye for the complementary leadership qualities that will give his team an advantage. For him, the ideal leadership team will *always* be a balance of men and women because of the things that differentiate male and female leaders.

A group managing director in food values emotional intelligence above all, and also doesn't differentiate between men and women. She defines emotional intelligence as 'the combination of the right values, intuition and feeling to help you understand difference deeply and exploit it completely.' Emotional intelligence is unequally distributed across her female and male direct reports. 'One of the men,' she observes, 'is more emotionally intelligent than all the others. It is a problem for one of the women that she doesn't have more of it.' She adds that she finds women have a 'special drive around standards and pace,' and that they are more direct, open and honest than men.

Again, we have a statement about a key leadership quality that is shared by men and women followed by a list of qualities that women seem to have more of. But don't the best men have these qualities too? Of course. In fact, our male interviewees had some or all of the above traits. Remember that a time-honoured leadership trait of male leaders is the land-grab. Men know an opportunity to grow their leadership capability when they see it and having, or learning, the above 'female' qualities is one of them.

One interviewee is had been a personal coach to leading members of the Labour party. She coached Ed Milliband before he replaced Gordon Brown. 'He was a great leader of women,' she says, 'his way of working as a man was very feminine. But politics demanded he should be Alastair Campbell-like. It was the men around Ed who were his problem and politics remains the most unregenerate of macho categories.' She continues, 'women have their own kind of resilience through helping one another. There are so many women-only networks where women network, mentor, and value one another. Christine LaGarde uses that networking power to say things that matter to Mark Carney, who dislikes fixed male mindsets. Women are inspired by these kinds of people, and I truly appreciate men who can do that — I just haven't met many.'

We have. Several male CEOs were aware that their whole leadership styles would be stereotypically characterised as feminine. Most agreed that they had adopted or learned important leadership approaches that women were naturally, or more likely to be, better at. Nobody accepted *in toto* the usual framing of the gender debate, which tends to focus on helping women back onto the career ladder after having children and balancing equal numbers of men and women on the board. The brutal reality of the gender debate is this: the blocks to women making equal progress in organisations are much bigger, tougher and less visible than people think; and the breaking-down of those barriers is a — some argue, *the* — primary responsibility of the CEO.

So what exactly are the barriers to women achieving leadership positions? Every CEO we interviewed was frustrated by highly capable women not putting themselves forward for leadership roles. Often these women were better-qualified than their male peers, who notwithstanding ended up getting the job. Women self-limit without realising it, giving way to men who will, for example, speak over women in meetings in ways that women just won't. Men naturally behave as if the next rung on the career ladder were theirs by right; women reflect on whether or not they are the best candidate — and whether they want the job. The results are mediocre men progress much more easily than mediocre women, and the appalling male-biased ratio of men to women in senior positions.

This sense of entitlement can even be evident at the very top. A male CEO was about to retire, and had lined up two female successors. Both were successful directors of large divisons and the move from MD to CEO should have been a natural next step for both of them. Except that it wasn't. Both women turned the job down, for the same reason. They were already fully-fledged leaders of excellent businesses; and they didn't want 'the corporate bit that faces the City, which is dull and the people on the whole are full of shit.' This CEO agreed completely with his erstwhile successors' point-of-view — and now has a succession-problem. It is important to note that although he denies ever hiring or promoting a woman purely on the basis of being a woman, he aggressively seeks women leaders throughout his organization of 11,000 people. 'I have a problem with the starkness of the gender issue', he says, 'I promote women managers and leaders because if you take your male bullshit blinkers off you'll see they're as good as, or better than, the blokes.' *Your male bullshit blinkers*, aka unconscious bias, is what makes a male candidate preferred to a female despite all qualifying criteria being equal.

The CEO of a high street retailer is deeply shocked by how many women are sitting at home rejecting a workplace that they see as unsuited to their needs. It is, he says, 'a huge waste of talent.' He has spent his whole career working for women, and now leads a large organisation that was founded by a woman. He is determinedly creating an environment to enable mums to be the best that they can be, while working for his organization. He loathes the prevalent prejudice that for a woman to lead she must be single, divorced, child-free or with a stay-at-home partner.

A CEO in the leisure sector says the challenges she has around females in leadership roles are rooted in the difficulties they face earlier in their careers. She is very concerned about women in junior positions saying 'I can't do that', putting the list of reasons *not* to do something before reasons *to* do something because they don't want to let anybody down. 'The number of times I have to keep women focused and motivated,' she says, 'our duty as a company is to help them stay on the ladder — we have a responsibility to help them find a way — I spend a huge amount of my time helping women not to leave. I just won't let women give up on us.'

While we can conclude that the future of leadership should belong to women and men who think more like them, the more important point is this: we are going to have to change the whole way we approach gender beyond redefining 'male' and 'female'.

Leading From Within

As a society we must be more vigilant and vocal about bad leadership and its causes. We are all implicated in the failure to identify and punish it. Thankfully, most organisations will not tolerate bad leadership, and the best leaders make use of their own 'tremble-moments' to make sense of fear and ambiguity. Making the whole thing fun helps to drive creativity in difficult times.

Large organisations make it hard for leaders to develop personal relationships with staff at all levels. But it's never been more important to lead one-to-one, and the best leaders prioritise individual relationships, especially with those at the lowest level of their organisations. To do this well, leaders learn and steal ideas from anywhere in the world outside.

Women frequently opt out of career development because they have less sense of entitlement than men, despite being naturally endowed with leadership traits that should make them exemplary leaders. The best male leaders share, or have learned, these qualities too. Most leaders dislike talking about gender-based differences in desirable leadership qualities, but readily define what they are, and identify them with women, first and foremost.

Great teams exploit their points of difference. Women bring different ways of thinking. The best-performing teams will usually be a blend of men and women who are very different individuals. If we think of gender as rigid, then the future of leadership will belong to different women, and to different men who think more like them. It is more likely that we will move to a more fluid way of thinking about gender where 'male' and 'female' become more open-ended and symbiotic.

A female CEO in the leisure business concludes:

'If I think about the big transformational journey we have been on, I have had to recruit for resilience. Leadership isn't a defined quantity; I ask myself, 'How can I help people be the best they can be?' My role is to make sure the team has the right energy and motivation. We are running a marathon. Sometimes it's monstrous and intense. Often I'm asking, Are you OK? Eating and sleeping properly? How are you feeling? Nobody else can ask these questions about the shape of the journey. I am pushing myself and everybody else way outside our comfort zone into a different world, so I have a huge duty of care.'

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