

“Is there a fire in your belly?!”
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It's spring and 2010 seems to have had a very busy beginning. A new year. A new decade. A new well, a new what?

What has changed since 2009? In my consulting and coaching work in this first quarter of 2010, with clients in the United States and in Europe, I see a subtle, almost unperceivable shift. On the surface, little has changed; most markets are still cautious; tight scrutiny of expenditures still remains. Yet beneath the surface I sense restlessness – a professional impatience among the workforce, an impatience that manifests itself as new, urgent expectations of their leaders.

To understand these expectations, we need to revisit the crucial difference between successful management and successful leadership and to understand which of those will be needed to be successful in this first year of this new decade.

Consider this simple ratio:

Senior Executive Focus on Leadership : Senior Executive Focus on Management

Note the weighting of one side over another will determine whether a leader is more visionary than operational – this latest in the series of white papers will examine the impact of that weighting.

The 2 Big Es of 2010: Effective and Efficient

The year 2009 should go down in the history of most organizations as “The Year of Efficiency” when every effort was made to drive efficiency, to cut costs and to trim redundancies in infrastructures, processes and people.

Those employees not let go in “right-sizing initiatives” were expected to deliver more with less. And then less. And then with even less. And they did. They heard dire descriptions of looming disaster, and the varying forms of “burning platform” declared by management. People with financial responsibilities had their feet held to the fire to force frugality in any area that could be found. Major, hitherto unknown and unimaginable efficiencies were found as organizations cut away the “fat” that had built up over years of decadent, opulent corporate living.

Despite reduction in resources and staff or limits to travel, work continued, targets were still met and profits were still made. Rather embarrassingly for many leadership teams, unexpectedly good financial results for 2009 have been reported. Prophecies of fiscal doom, used to drive the cuts and to generate efficiency, have failed to come true. Some organizations are explaining this away as being created by a once-only draw on reserves. Others are restoring all or part of the canceled bonus payments to employees who, despite the constraints of tightened efficiencies in resources, have remained effective in delivering what they are asked to do – and more.

And in 2010 leaders will ask them to do it all again. But this year, the pundits are saying, will be even tighter and tougher. Organizations have been trimmed to the bone. Reserves have been consumed. All that is left is employee energy and enthusiasm. And there is precious little of that left after the exhausting demands of last year.

To get things to happen in 2010, leaders need to take a fresh look at how they motivate their employees.

Look again at the Leadership : Management ratio. Think of it in basic terms – Leadership expands and encourages the environment that enables employees to be effective, whereas Management executes the efficient use of existing capital, intellectual and human resources. In 2009, with the focus heavily on efficiency, the ratio was biased to one side like this:

Leadership towards effectiveness < Management of efficiency

When this condition continues too long and becomes “the new normal,” employees’ creativity and energy becomes exhausted, the absence of perceived success eats away at morale and apathy sets in. The mindset “whatever we do, it’ll never be enough” takes over. And apathy creeps into the workforce mentality.

In 2010 leaders need to reverse the ratio. The focus must shift away from the tight constraints of last year and move on to encouraging and enabling people to achieve their own small successes.

Leadership towards effectiveness > Management of efficiency

Employees want to return to having what they contribute – their effectiveness – recognized. They don’t necessarily need to be financially rewarded, but they do need to be appreciated and celebrated by leadership. They know, better than anyone, what they can continue to cut back on – their efficiency – they know that is expected and they want to be trusted to do that instinctively. Repeated and increasingly “draconian” cost-cutting exercises can become insulting to employees on several levels:

- They can see what they believe to be major financial mistakes made at the top of the organization go unpunished, while they suffer from what they perceive to be penny-pinching bureaucratic stupidities.
- Their performance reviews may have been muted, hesitant or non-existent as supervisors, with no bonus pool to draw from, avoid giving appropriate feedback and praise for fear of not being able to back it up financially.
- They may be referred to as “professionals” or “associates” in company literature, yet are treated as naughty children who squander the organization’s resources. As one particular German company’s “guidelines” suggest, while employees are on a business trip, they shouldn’t waste company money by having breakfast in the hotel but instead should be adhering to a \$6 limit by spending their time searching out a coffee and croissant deal somewhere in the neighborhood.

The restlessness and impatience for a more positive work environment in 2010 is indicative of the dynamic within organizations forced by the need for frugal use of resources, financial constraint and other efficiencies. The indicators to employees of what is valued have evolved during 2009 so that this ratio dominates most organizations:

Efficiency > Effectiveness

This will not bring success in 2010. Successful business leaders in 2010 will be those who focus their attention on changing this ratio. The leadership focus in 2010 needs to be:

Effectiveness > Efficiency

To do this you will need to take some tough actions in three areas:

- Firstly, you will need to conduct an honest appraisal of the true impact of your leadership in 2009. How much of the de-motivating impact of “efficiency” outlined above happened because of your leadership? Yes, the circumstances of 2009 meant that there was little else that could be done, but are you able to acknowledge the damage to morale your decisions may have had?

To get to the heart of this question, you will need to take an honest look at your people. How many of your key people are totally frustrated and are just waiting to jump ship as soon as things in the economy get better? And don't do an employee satisfaction survey to find these things out. If you can't answer this tough without HR providing you with data, then your leadership skills are lacking! Get out there. Talk to your “professionals,” your “associates” your “team members.” Feel the mood of your organization first hand, and discuss it with them at depth. That you care to find out will be an important motivator in and of itself.

- Secondly, trust your people. They know how best to use the resources necessary to get work done. They can make good decisions about appropriate spending. Devolve “resource stewardship” – responsibility for disciplined, frugal and appropriate use of the organization's assets – to them. Be firm with transgressions, of course, and equally importantly, broadcast positive examples of sensible, efficient use as encouraging models.
- Thirdly, get back to telling people they are doing a good job. Make it feel good to do well. Bring the joy back. People get energy from satisfaction, they get their satisfaction from their self-esteem and they get their self-esteem from feeling valued, from feeling effective.
- Fourthly, stop talking about “burning platforms” and start talking about “setting the world on fire” again. Be motivational in all that you say and do. Think, act and speak positively. Build a spirit of success by moving on from parsimony to productivity. Focus not on “What have you saved today?” but on “What have you made today?” when you speak with your people.

Recognize effectiveness and applaud it. Focus on effectiveness and enable it. Make it clear what each person can deliver to enhance organizational success, whatever their role. Make sure that those deliverables are about adding value, not reducing costs.

By addressing these four areas, you will move your efforts from “management” to “leadership.” You will become the encouraging, enabling and effective leader that people are seeking in 2010. You will become the person who signals that the organization is now stable enough to be driven in a positive direction, with a cautious and creative expansion of its strengths. And the dynamic within the organization will shift to a powerful, motivational ratio:

Efficient use of financial, infrastructural and intellectual resources remains an important platform for success. However, a disproportionate senior-level concentration on these aspects takes an organization’s focus away from the more positive, motivational needs of those who will get the work done.

Recently, Toyota’s reputation for leadership and manufacturing efficiency has been undermined by accusations that they have been making cars that aren’t effective. Details are emerging of the constant and all-embracing focus on “savings” in production time, materials and effort that led to shortcomings in the ability of their product to function effectively. Massive damage to the company’s prestige, market share and profits is clearly evident. What is not so visible, and which may take even longer to restore, is the devastating impact this will have on Toyota’s once-proud, highly innovative elite workforce, who have been squeezed over the years away from their focus on a car that is effective for the consumer into these destructive efficiencies.

Similarly, organizations that attempt to *manage* their way out of difficulties through accentuating efficiency may be making things harder for themselves, rather than easier. Those who *lead* their people in a way that allows and encourages them to express their professional prowess effectively will move their organizations through 2010 to the success they seek. The call in 2010 is for leadership, and those who have organizational responsibility will do well by exercising their duties accordingly.

The restlessness, frustration and impatience among your employees can be an energy force. Mismanaged, it can become a negative energy that will drag your organization into a downward spiral. Negativity in the organization results in a lack of productivity that can cause falling profitability and necessitate further reduction of costs, which in turn will generate deeper negativity. And so it will continue to spiral downwards until the organization fails.

Strong leaders can turn restlessness, frustration and impatience among employees into a positive energy force by matching employee expectations to opportunities for them to be, and feel, effective. But you can’t ask them to set the world on fire unless you’re approaching the future with a fire in *your* belly.

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