

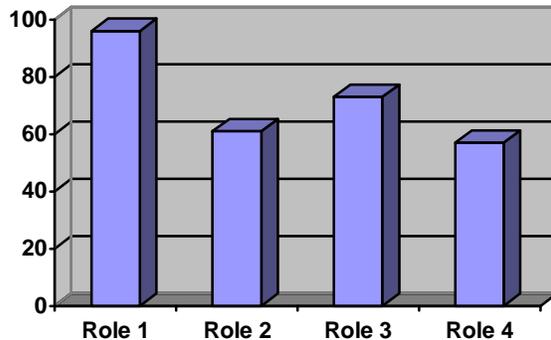
The ADEPT leader

Alignment – **D**ialogue – **E**ngagement – **P**erformance – **T**rust

The 21st century is characterised by turbulence and ambiguity. Developing business foresight and personal insight differentiates the Boards and directors which are most likely to thrive. An audience of 79 Directors joined Anna Bateson to explore this challenge at the IOD Effective Leadership Conference in London on 9 November 2007.

During the seminar, the audience reflected on the changing role which organisations play in society and the impact this has on the role which business leaders are required to play in their organisations. This article summarises the discussions and highlights their relationship to current thinking. The following responses are based on 51 completed and returned entries.

Firstly, the audience considered and discussed their response to the question 'What role should organisations play in society?' Shown in **Fig. 1**:



1. 96% agreed that organizations should be providers of employment.
2. 61% agreed that organisations should be contributors to the sustainability of natural resources
3. 73% agreed that organisations should be investors in local community infrastructure
4. 57% agreed that organisations should be exemplars of social conscience.

While there was broad agreement with statements relating to the traditional roles of organisations – that of providing employment and community infrastructure, there was a lower level of agreement with statements relating to the newer aspects of the corporate responsibility agenda and regulation relating to sustainability and social conscience.

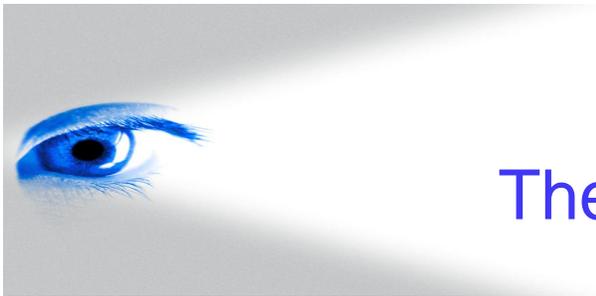


Anna Bateson is an independent business consultant, specialising in enabling Directors and Boards to lead strategic change. She combines over 30 years experience of business leadership and consultancy, working for multinationals, nationals, SMEs, business start-ups and Government bodies. Her clients have included leading edge businesses in most service and manufacturing sectors. An experienced facilitator of cross-functional teams, she regularly chairs global programmes.

As subject expert on Leadership and Strategic Change for the Institute of Directors, she leads the delivery of programmes for the Diploma in Company Direction and non-diploma audiences.

Author of 'The British Airways Leadership Story' and 'Leading the Advanced Organisation,' Anna writes for both the business and fiction markets

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The UK Companies Act 2006 is a mixture of reform and restatement of company law and requires a business review from all except 'small' companies (defined as conforming with 2 out of 3 of the following tests – not more than 50 employees or turnover of not more than £5.6m or a balance sheet total of not more than £2.8m) Under this legislation, directors will have to take account of a wider range of factors than previously, in order to exercise their 7 general duties:

Commencing October 2007:

- To act within their powers - conferred by the company's constitution
- To promote the success of the company
- To exercise independent judgement
- To exercise reasonable care, skill and diligence

Commencing October 2009:

- To avoid conflicts of interest
- Not to accept benefits from third parties
- To declare interests in proposed transactions

The Act introduces the concept of 'Enlightened Shareholder Value.' The second general duty requires a director of a company to act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and, in doing so, have regard (amongst other matters) to the impact of the company's operations on the community and the environment. The duty requires that the interests of, and impact on, a wide range of stakeholders, are taken into account when making decisions.

High performance Boards develop good internal processes which track their strategic decision making processes and actions. They instigate regular Board evaluation, designed to evidence conformance with their director duties and develop effectiveness for both the group and the individuals.

Research into the development of 'Situational Intelligence' is currently being undertaken by the author, in association with Dr Laurence Lyons. Informed by their experience providing business coaching for boards and directors, they advocate the development of business foresight as well as personal insight.

Dr Lyons suggests that

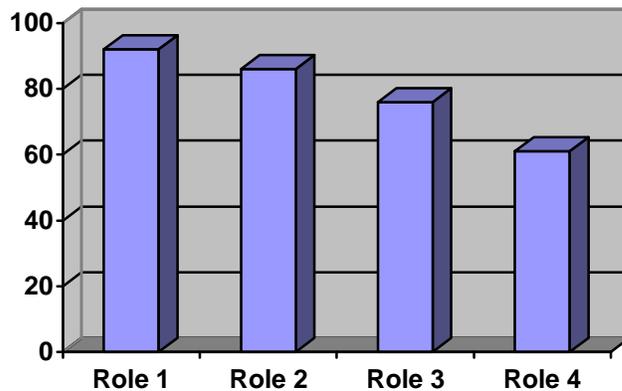
"Quite frankly, most psychologists don't understand business, so totally miss the point of leadership. Technical understanding and emotional intelligence might be enough to get an amateur onto the green. But in order to excel, the ADEPT business leader needs to hit the sweet spot of situational intelligence which is to be found only in the spirit of purposeful enquiry."

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Fig. 2 shows responses to the question ‘What role should business leaders play in their organisations?’



1. 92% agreed that business leaders should establish their organisation’s purpose and direction.
2. 86% agreed that business leaders should set the heart beat – values of their organisation.
3. 76% agreed that business leaders should anticipate strategic change needs by scanning the horizon and delving into the organisation.
4. 61% agreed that business leaders should align their organisation’s effort to achieve the purpose in the way the values promote.

There is almost universal agreement with the rational agenda of providing direction. Most Boards produce their organisation vision (view of a desired future state for the company which the company will ideally attain) and mission (statement of what needs to be done in order to achieve the envisioned state, preferably quantified) as ways of expressing direction.

A high proportion of respondents also recognise that business leaders are largely responsible for creating the culture or climate of their organisations, by their decisions and actions. In 2006, Todd Sitzer, CEO of Cadbury Schweppes defined his organisation as ‘Performance driven but values led’. He highlighted the need for leaders to inspire their followers by defining the organisation values, articulating them clearly to their audiences and living them in their daily behaviour. This belief is shared by Jack Welch, who indicates that the most important message you can send to an organisation is to remove a performer who is not behaving in a way which is consistent with the organisation values.

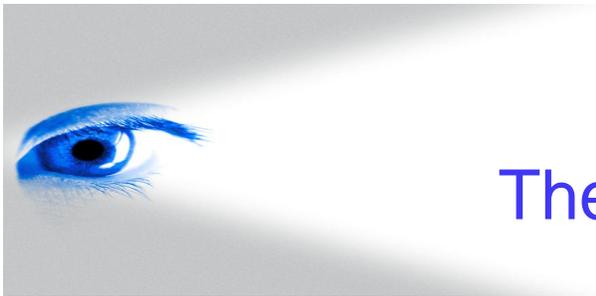
Discussing the greatest issues facing global business over the next ten years, thought leader Jack Welch replied:

“The convergence of Biotechnology, Nanotechnology and Information Science will clearly be the revolution of the next twenty years.”

The Cadbury Schweppes philosophy:

‘Around us the World changes. The obligations of business to society have broadened. Yet at the same time we want to ensure the continuation of our own heritage. Our statement of purpose and values provides a clear framework for our strategic intent and how we will conduct our business. We take our ethical business practices very seriously and have defined our commitment to these in Our Business Principles. They describe the high standards of conduct we set for ourselves and act as a guide for turning our values into action.’

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The number of respondents agreeing with roles 3 and 4 reduces. Effective Boards see and understand the holistic picture of their own organisation, balancing this 'helicopter vision' with real understanding of how the organisation works.

Since Boards are responsible for creating systemic and procedural change in the context of the business strategy and ensuring all effort is aligned with the direction, combining both the strategic and operational perspective is essential. The challenge lies in developing operational understanding without undermining executive activity. Reputations can be damaged when organisations seek to operate in ways that contravene the values they promote and therefore it is important that directors seek insights into the way their strategic decisions have been implemented in order to verify alignment. These messages can seldom be established solely through the interrogation of management information systems, however well conceived. Highly visible leaders, engaging in conversations with their stakeholders, will surface tacit information and ensure that it informs their strategic decision making.

There is no blueprint for an effective business leader despite many attempts to produce a template of attributes. During 2004, the Department of Trade and Industry, partnering with the Chartered Management Institute, conducted one of the largest ever studies of workers in the UK, to ask what inspired them to follow leaders. The resultant profile enables leaders to be clearer about their natural leadership styles and strengths, so that they can shape their roles and those of their team accordingly. The emphasis is on raising awareness of individual's unique strengths profile. This provides part of the picture. Developing awareness and understanding of the leader's own context, completes the picture and enables the business leader to develop their judgement.

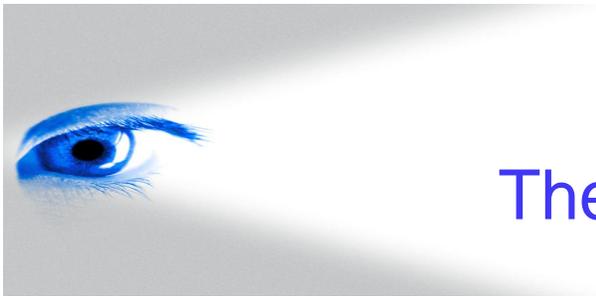
The seminar audience was asked to identify business leaders they admired and provide reasons. In keeping with most open surveys asking this question, Virgin's Richard Branson was the most selected leader, polling 26% of the responses. Reasons for this admiration varied, but the common theme is a perception that Branson is able to engage people on a journey towards an imaginative future and uses enthusiasm and a sense of fun to sustain energy.

"There are almost as many definitions of good leadership as there are business leaders. But when the DTI and think tank Demos asked 1,500 UK managers what they were looking for in their leaders, over half claimed they wanted to be inspired. Sadly only 11% were."

Director Magazine May 2006

"I always say to people who work at Virgin that you've got to look for the best in people, and praise, not criticize."

Richard Branson
Founder and Chairman of The Virgin Group – November '07

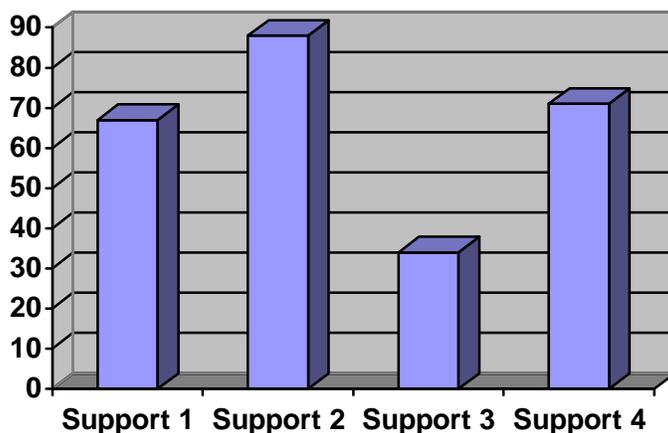


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The second most selected business leader, chosen by 12% of respondents, was the late Dame Anita Roddick, founder of Body Shop. Her contribution was encapsulated by one respondent as ‘combining social conscience with strong business sense and retaining humility.’ Her ability to engage effort in pursuit of her goals was attributed to her warmth and empathy. She has been positioned by the media as a strong advocate of ‘values based leadership.’

Two podium speakers at the event were selected by respondents. Sharing his own life story and insights into effective leadership, John Timpson, the Chairman of Timpsons, described the close knit family business which was started by his great grandfather in 1865. He was admired for ‘evidencing the connection between truly valuing people and enhanced business performance.’ Aidan Halligan also told stories based on his experience as the first Director of Clinical Governance for the NHS and his current role as Chairman of Elision Health, an enterprise he formed in July 2006 to accelerate reform and leadership in healthcare organisations. Aidan was selected because he was seen to combine passion and personal humility, a combination attributed to ‘Level 5’ leaders by American thought leader, Jim Collins.

The audience were asked to identify the support which business leaders should receive in order to become ADEPT.

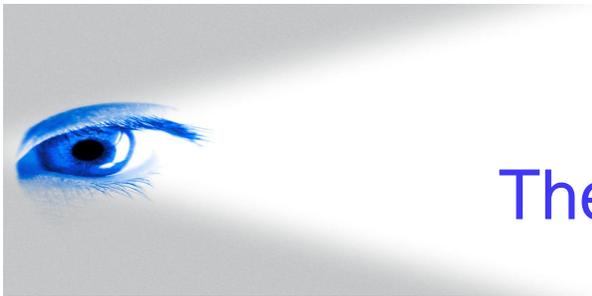


“Body Shop is an extension of me. Values are core.”

Dame Anita Roddick.

“She was the heart and passion of the company. It is no exaggeration to say that she changed the world of business with her campaigns for social and environmental responsibility.”

Body Shop Interview for the Financial Times on 10 September 2007.



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1. 67% agreed that business leaders should be supported by an enabling chairman, concerned with the continuous development of director capability.
2. 88% agreed that business leaders should have access to peer forums where shared issues can be discussed
3. 34% agreed that business leaders should have access to virtual support when mobile.
4. 71% agreed that business leaders should receive individual coaching/mentoring support to address specific issues.

The role of chairman as coach and enabler is one of the key characteristics of high performing boards. Thought leader, Bob Garratt highlights the Chairman's role in building the 'Learning Board' in his book 'Thin On Top.' Clearly for a proportion of directors, this is not their experience.

The favoured mechanism for supporting personal development was discussion of shared issues at peer forums Respondents highlighted the importance of interaction with other business leaders. The learning environment which many SME leaders prefer is action learning based, working on live business issues.

There was low agreement with the need for access to virtual support while mobile. This contrasts with the results of surveys conducted by Professor Jim Norton, senior policy advisor to the IOD and author of the IOD business and technology report 2007. SME leaders have identified Total Mobility Tools and Virtual Offices as contributing to both cost savings and efficiency. They highlight the need to invest in new ICT in order to increase productivity.

The provision of Individual support to address specific business issues, was also a popular choice. Business Coaching is widely accepted as an effective intervention to develop leadership capability, since it can be highly tailored to the needs of the individual and provides a timely, discreet means for each leader to address their organisational or individual challenges.

The ADEPT leader seminar focused on four questions designed to challenge thinking and encourage reflection on the reality of leading businesses in the 21st century. Establishing your organisation's direction and values and ensuring these are aligned with your personal aspirations and values, provides a foundation on which you can identify your preferred approach to continuous professional development.

Effective leaders usually have the strength to analyse and consider advice. They deliver high performance because they are willing to learn from others' experience and not just their own. They build personal and organisational wisdom as a result of their experiences and learning.

Historically, many successful leaders have used coaches. They have identified individuals they trust and have used them as sounding boards to stimulate their thinking, challenge and guide or advise. The coaches have offering focus, encouragement and feedback. Non-Executive Directors have provided this service, as well as external consultants and peers in the business world.

Coaches typically fall into two categories:

Coaches with leadership and business experience, familiar with the challenges the leader faces

Coaches with psychological backgrounds, familiar with behavioural analysis

Understanding why you wish to engage a coach and what you would like to achieve, is essential before determining which type of coach you seek.

Bateson/Lyons 2006