Leadership for the Future

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THE future
OF LEADERSHIP

Knightsbridge human capital solutions
The Future of Leadership

I’d like to introduce you to two different kinds of leaders. Let’s call them Tim and Hannah. They lead two different plants for the same hydropower company. Both deliver the same strong bottom-line results, but only one is the kind of leader the company really needs for the future. Let’s look at a day in the life of each of these plant managers.

A Day in the Life of Technical Tim

Tim manages about 300 employees, including a team of six production managers. He has a solid background in engineering and operations. He rose through the ranks because of his strong technical skills.

Tim is devoted to his plant. He’s the first one in the door every morning, and he’s one of the last to leave in the evening. He’s even happy to come in during the night shift if there’s a problem.

He runs a tight ship. His plant consistently hits production quotas and has one of the best safety records in the company. He is very data-oriented in his approach to running the plant, and he credits his success to the fact that he “knows his stuff.”

Tim starts his day with an update meeting on the plant’s operations. He gets the information he needs from his directors of operations and
maintenance, as well as from his production managers. The meetings are usually a series of one-way discussions – Tim is the hub, everyone else, the spokes. He also reads reports from the previous night’s shift. They give him key stats on the plant’s operation. His desk is usually piled high with papers. He’s often heard saying, “I get everything I need to run this plant from these reports.”

Tim is known for taking a hard line when it comes to dealing with employee issues and performance. As a result, Tim’s plant has a lot of employee grievances compared to other plants, but Tim credits this to his firm negotiating skills, knowledge of the collective bargaining agreements, and conviction that right is right when it comes to dealing with employees. Tim’s view is that employees are here for an honest day’s pay if they put in an honest day’s work and employee issues are just distractions that get in the way of productivity.

In his weekly team meetings with his production managers, he does most of the talking. Most of the meeting is spent poring over data and flagging areas for improvement. When problems arise, Tim wants to solve them as quickly as possible, and he typically dictates the solution based on his vast experience. This usually comes across as arrogance on his part, because Tim doesn’t always listen to ideas from his direct reports, let alone actively solicit them.

While Tim is the face of his company in his local community, he tends to avoid external events or functions. He believes he is serving his community by generating the power it needs.

Despite his many strengths Tim’s devotion to his plant comes at the expense of his tolerance for what he refers to as “external distractions from Corporate.” He essentially doesn’t pay attention to corporate
initiatives. Whether it is the latest “harebrained” policy from finance, or a “fluffy HR program,” Tim largely ignores communications from above. He wants his team focused on operations, not distracted by the “corporate noise.”

Throughout the company, Tim’s plant is viewed as “Tim’s world.” And he’s left alone to march on, diligently doing his job, day after day. As a result, he’s also isolated his plant and himself as a leader.

**A Day in the Life of Holistic Hannah**

Hannah’s plant has a similar number of production managers and employees, and she has a background similar to Tim’s, with the same engineering pedigree. Hannah also runs a highly productive plant, with a very strong safety record.

Like Tim, Hannah is data-oriented, but she says, “By the time I see bad numbers, it’s too late for me to do something – numbers don’t tell the whole story.” So Hannah frequently walks around the plant, taking time to chat with production managers and front line employees.

Hannah also believes she is the face of the company in the community and spends time managing relationships with local groups and other stakeholders. She sets aside time in her schedule to meet with them, either visiting them or having them come into the plant for tours. During the tours she makes sure that employees have an opportunity to interact with these important visitors. She believes strongly that employees need to have a clear understanding of how their job affects the broader community.

Hannah also has an excellent working knowledge of the collective bargaining agreements between the company and the unions, but
she has very few grievances at her plant. Hannah makes it a point to engage employees and representatives of both unions to make sure she can deal with issues before they reach the point of grievance. The Chief Union Steward at Hannah’s plant will often drop in to discuss potential problems. The few grievances that have come up were dealt with respectfully.

Like Tim, Hannah is very devoted to her work. However, her devotion is to the company as a whole. She appreciates that her power plant does not exist in isolation – it is part of a larger company. So Hannah is always looking for ways to understand the company’s strategy and how different parts of the company can support one another. She has her production managers spend a small percentage of their time working on corporate initiatives. That’s not expected from a plant, but Hannah believes it’s good business. She explains, “It helps my production managers see how their work contributes to the grand scheme of things. It also helps the plant, because the production managers make sure the programs coming from corporate make sense in the real world.”

Her management team meetings tend to focus on operational issues, but Hannah also spends some time on strategic discussions. She doesn’t dominate the conversation – she encourages her production managers to speak up, raise issues and provide potential solutions. She believes it’s important for her to run good, productive, engaging meetings, to set an example that her production managers can follow with their teams.

Hannah is also a big believer in direct communication with staff. She frequently holds small town hall meetings before employees begin
their shifts to keep them abreast of corporate strategy, stakeholder expectations and the plant’s performance.

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Tim and Hannah both have important roles running their hydropower plants, which operate 24/7 churning out megawatts of electricity. Both Tim and Hannah have a key purpose – to make sure their plants meet production targets while operating safely and efficiently.

Like many leaders, they need to balance the technical demands of their roles with broader leadership demands. From a technical perspective, Tim and Hannah must manage power loads and production, establish a safety culture, and orchestrate daily, week, monthly, quarterly and annual maintenance.

However, as plant managers they also need to focus on the other aspects of leadership, such as leading plant staff, managing relationships with internal and external stakeholders, developing other leaders and supporting the execution of corporate priorities within the plant environment.

This is where Tim and Hannah begin to differ as leaders. Tim stays true to the technical demands of his role. He pays less attention and at times even ignores the broader leadership demands. Hannah takes a more holistic approach by embracing both the technical aspects of her role and the broader demands of leadership. In fact, she makes leadership her first job.

Now let’s imagine for a moment that you had a choice to work for Tim or Hannah – where would you go? I’ve asked this question hundreds of times in my presentations and seminars. The response is overwhelmingly in favor of Hannah. The reasons that people give are fairly obvious. As a member of Hannah’s team, you would get a richer experience of leadership.
It would be filled with more opportunities for personal growth, challenge and development. You would feel like you were part of a real team that was having a real impact. You would feel that your boss would have your back – always looking to support your success.

Leadership – It’s Not What It Was – and It Never Was

The traditional ways we’ve come to think about leadership aren’t good enough anymore. The truth is, they never were: it’s the old-fashioned leadership approaches that brought us at least in part to where we are today. We’re dissatisfied with our leaders today, and we know we want a newer, better approach.

Simply put, the expectations for leaders are increasing. I hear it every day from my clients when they say:

• “We need leaders who have a broader perspective on their roles”
• “We need leaders with an enterprise-wide point of view”
• “We need leaders who keep the big picture in mind as they lead day-to-day”
• “We need leaders fully committed to being the best leaders they can possibly be.”

Without knowing it, my clients are describing leadership in more holistic ways. It’s a more whole and complete way of thinking about it. The reason they are starting to think this way about leadership is that in a world that is becoming more complex and more uncertain, we will need leaders who can see things more holistically. It will be critical for their success.
In fact, I first coined the term “holistic leadership” way back in the mid-90s while I was completing my doctoral research. Even then, I started to see that a more holistic approach to leadership was going to be important. But back then things were very different than they are today. The economy was strong, businesses were growing rapidly, and redefining leadership for the future didn’t seem that urgent, nor important. I also found that business people didn’t use the word “holistic” much back then – it was seen as too “new-agey.”

But things have certainly changed. Now the word holistic has become part of common language. You see it in healthcare with the balance between traditional and holistic approaches to medicine. You see it in the field of education, economics, design, engineering and science. Professionals from all types of different industries are realizing that in our complex world, we need a more holistic approach to thinking about our problems and opportunities. I believe corporations know, even if they haven’t fully articulated it, that the game has changed and they need to change in response.

How the Game Has Changed – A Closer Look

Spanish philosopher José Ortega y Gasset once said, “Tell me what you pay attention to, and I’ll tell you who you are.” For me, this quote sums up what holistic leadership is all about and the difference between Tim and Hannah. As leaders, both Tim and Hannah are delivering the same bottom-line results today, but they lead their plants in very different ways – and the difference lies in what they pay attention to.
Tim is a strong technical manager. He drives strong results through his own hard work and keeps his team single-mindedly focused on hitting quotas. These are positive qualities, but his approach has limitations in today’s world. He’s the technical expert; he always has the answer. That’s how he defines himself as a leader, but it means he’s not paying attention to building the capabilities of those around him. He doesn’t appreciate the need to operate as part of a larger company. His approach artificially creates an “us versus them” relationship, which is counterproductive to the success of the whole company.

In the ever-changing business environment of today and tomorrow, the technical leadership of people like Tim limits growth at a personal and business level. How?

- **Tim will lead with blinders on:** Blinders work for horses because they keep them from being distracted or spooked. But a leader needs to see what’s coming from all sides. Technical Tim is too internally focused on his own plant. He will lead with his head in the sand. He may therefore underestimate the importance of thinking about his plant in relation to the entire company. Stuck in his narrow perspective, he’s closing himself off to creative possibilities – and in today’s world, organizations need leaders who can think creatively.

- **Tim will create silos:** Tim doesn’t bother developing a sense of how the whole organization works. Tim sees his plant as an island unto itself. This may currently serve Tim’s interest, but it’s not in the company’s best interest. His attitude may lead to artificial divisions and could eventually create internal competition between groups.

- **Tim will not think about the whole enterprise:** When leaders are deeply entrenched in a technical perspective, they behave like heads
of their technical areas, instead of like true leaders representing the whole organization. What Tim doesn’t realize is that the employees at his plant see him as a representative of the entire company.

Hannah’s approach is very different. Her perspective is much broader than Tim’s. She balances the need to get results with the need to build the capability of her team. She wants to understand the company as a whole and where her plant fits in. She also knows that it isn’t enough for her to be the only one to operate in this way. She gives her employees the chance to get a broader perspective by meeting customers and taking part in company-wide projects. Hannah doesn’t define who she is by her technical expertise, but through her leadership role. That’s what drives her and that’s what sets her apart from Tim. When I think of the great holistic leaders I’ve had the chance to work with, I realize that they pay attention to very different things than other leaders. Hannah may not be any smarter than Tim or have more technical expertise, but Hannah is paying attention to very different things and that makes all the difference.

Now imagine the senior executives at this company are conducting a talent review process. Would they see the differences between these two managers as clearly? A lot of executives only see results, so they would probably have a hard time differentiating between Tim and Hannah’s performance. Only if they dug deeper into each one’s leadership approach would they discover their differences. Tim and Hannah may be contributing equally to the current success of the business, but Hannah is actually adding much more to the long-term value of the organization. Hannah’s results are likely to be sustained longer because Tim risks losing good employees as a result of his top-down management style. In contrast, Hannah is not only increasing the likelihood that her employees will stay, she’s building their skills so that
they will have more to contribute in the future. Great managers add value for today; great leaders add value for tomorrow. And while Tim is a good technical manager, Hannah’s holistic view of her role makes her a stronger leader for the future. So how did Hannah get to be this way?

Redefining How You Lead

I believe each of us as leaders are being called upon to redefine how we lead – to grow beyond our technical expertise and become more holistic leaders.

At the core, Hannah has defined who she is through her broader leadership role. Hannah understands that leadership is a decision. And she made the decision to go beyond her technical capabilities and become the leader her organization will need for the future.

And guess what, you can do the same by using the same process that Hannah used to redefine herself as a leader. She took the time to understand the context and the emerging operating environment in which she leads. Based on this understanding, she learned as much as she could about her company’s strategy and her part in it. Finally, she reflected on what both the emerging environment and company strategy meant for the kind of leader that she needed to be.

Hannah followed a simple model my team and I at Knightsbridge use with leaders and our client organizations all the time when they need to redefine leadership at a personal and organizational level. We call it our E-S-L model, which stands for Environment – Strategy – Leadership. Let’s explore it more closely.
Every leader leads in a context of an organization. That organization deals with an external environment which is continually changing and evolving. The first step you need to take as a leader is to understand how your current environment is evolving. You need a clear sense of your future environment.

When you do this you’ll find that you and your organization are dealing with a variety of factors such as intense competitive pressures, shifting industry trends, rapid technological change, changing social norms and values, ever-increasing customer expectations, political and regulatory dynamics, and a multitude of talent issues. Add to that the perpetual state of uncertainty in our global economy and you’ve got quite the operating environment to contend with.
When Hannah worked through the E-S-L model on her own leadership role, she found that her organization and the broader energy industry were extremely dynamic and ever-changing. Here were some of the key trends she identified:

- The industry is complex, politicized, and changing rapidly. She concluded that as a leader she would need to balance multiple competing and shifting business, environmental, regulatory, and consumer priorities.
- The industry’s infrastructure is aging, even as global demand for energy is rising. As a plant manager, she would need to invest in maintaining existing facilities, and yet keep open to developing new technologies.
- Technological advances were changing the relationships between producers, transmitters, and consumers, as well as the organizations developing new technology. Hannah knew that whatever made sense in the past, wouldn’t any longer. She needed to stay abreast of technological changes.
- Consumers have more and more influence and control – more choice – over the product they use. In many places they can choose the type or source of energy, and they can time-shift their consumption more than ever before. Hannah and her organization would need to stay close to consumer trends.
- The composition of the power supply will keep changing, as new energy production is expected to come primarily from renewable sources (hydro, wind, solar, etc), and coal-fired generation is being phased out or converted wherever possible. This would mean helping employees understand the evolution of the power supply in the future.
• The industry is more globally competitive, and demand is coming from new places.
• The industry’s workforce is getting older, and some skills are in short supply. For some organizations, just getting the work done is a significant challenge. Hannah was already seeing this in action and was needing to manage the generation diversity within her own plant.

Current Strategy – Future Strategy

Look out to your operating environment and you’ll see opportunities to exploit and risks to manage. This is why strategy is the second part of the E-S-L model. As a leader, you need to understand your company’s business strategy. For some companies it will be about expanding in emerging markets. For others it will be about driving inorganic growth through acquisitions or strategic partnerships. Some will invest in innovation to create new or improved products or services. Other will consolidate business operations or outsource non-core operations. Each approach to strategy will have different implications to the leaders of the organization.

When Hannah looked at her own company’s strategy and that of other energy sector companies she found key initiatives focused on:

• Modernizing technology, developing new distribution models, refurbishing existing facilities, building new ones, and/or converting old facilities to new uses. As a leader, Hannah would need to do a good job of ensuring her team could keep on top of all this infrastructure work that needed to be done.
• Pursuing new business opportunities, taking on a more commercial mindset, and focusing on generating revenue in a way that balances environmental concerns and economic viability. Hannah realized she and other leaders would need to be externally focused, looking for opportunities to drive growth.

• Operating with more transparency, with a focus on developing a collaborative relationship with consumers and shifting to more of a customer service culture. Hannah knew she needed to excel at communications because that’s what drives clarity and transparency with staff and key stakeholders.

• Focusing on human capital management through workforce planning, succession management, and employee development to attract and retain new talent while transferring the knowledge of more experienced workers. Hannah would need to continue to invest in the growth and development of her people.

Current Leadership – Future Leadership

With a clear appreciation of the future external environment and future strategy, the next question to think about is: how must leadership be redefined at a personal and organizational level? Based on my client work and research I am seeing some common themes to this question. Overall, each of us will need to become broader and more holistic in our approach to leadership. More specifically, to effectively respond to the emerging future environment and strategy, you will need to:
1. **Align yourself.** You will need to understand your company’s strategy and your role in executing it. You must then work to align your employees so they are clear on what needs to happen for your company to succeed. You must look to create enduring value for customers, shareholders and for society and the communities in which you do business.

2. **Bring a one-company mindset.** You must define your role and success at the company-wide level. This will mean working across departments to drive high performance. It will mean doing what’s best for the broader company, rather than simply what’s best for your department. You will need to be good at collaborating and driving innovation.

3. **Invest in relationships.** In our interconnected and interdependent world, relationships matter more than ever. You will need to spend time getting to know internal and external stakeholders and build these relationships on a foundation of trust and transparency.

4. **Master ambiguity.** You will need to help employees deal with the complexity and uncertainty in today’s world, so that they remain focused on the success of your organization. You will need to stay externally focused as you lead so you can effectively anticipate and shape what’s happening in your environment.

5. **Develop other leaders.** You must leave a legacy of strong leadership that goes beyond yourself. It’s about making every other leader stronger, so they can make your organization stronger.

6. **Model the values.** You need to set the bar high for yourself as a leader. You cannot be focused exclusively on your own personal agenda. The organization’s vision, values and goals trump ego and self-interest. You will need to balance strong self-confidence with humility.
How do you personally stack up against this list of emerging leadership expectations?

Your organization is going to need you to make the leadership decision. This decision means committing to seeing your role through the lens of a leader, not through the lens of your technical expertise. You will need to become more well-rounded. Your organization needs you become a holistic leader.

Ultimately, that’s the difference between Tim and Hannah. She understood the new expectations of leadership. She didn’t wait for the organization to tell her how she needed to lead, she figured it out on her own. She learned about her emerging future environment and her company’s strategy. She then realized she needed to change her leadership game. And she did. She made the leadership decision to be a more holistic leader. And as a result, delivered more value to her organization and in turn made herself more valuable as well.

Like Hannah, I believe this is the fundamental task that all leaders must undertake. We need to make the leadership decision to become holistic leaders. This is how we will help our organizations and our society redefine leadership for the future.

I want thank Dr. Tracy Cocivera and Dr. Mehrdad Derayeh of the Knightsbridge Leadership Solutions team for their contributions to the ideas in this eBook.
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Over his career, Vince has worked in several key sectors including energy, pharmaceutical, professional services, technology, financial services, and the public sector.

Vince is regularly called upon by the media for his innovative opinions on the future of leadership. An engaging speaker, he conducts keynote presentations for corporation and conferences. He is the author of two successful books: Leadership Solutions (co-authored, Jossey-Bass, 2007) and The Leadership Gap (co-authored, Wiley 2005).

Vince received his Doctorate from the University of Toronto and conducted pioneering research in holistic leadership. He also has degrees from Brock University and McMaster University.

To read Vince’s blog, arrange for him to speak at your event, or learn about Knightsbridge’s leadership effectiveness programs please visit thecommunityofleaders.com.

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