



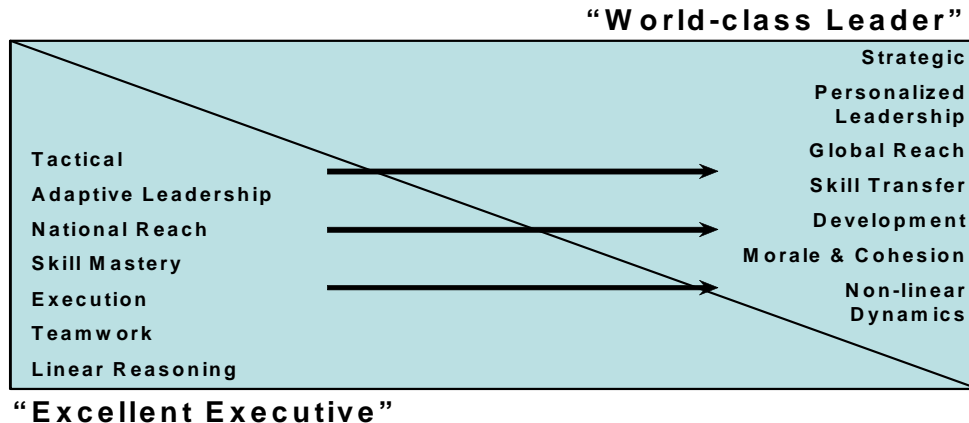
What Sets World-Class Leaders Apart?

by

Richard Martin

You've just been appointed president of North American operations for a multinational firm. You excel in your field and have come up through the ranks of three different companies. Until now, your focus has been national. Sure, you had to contend with cross-state operations and legal issues, but now you have to wade into the markets in Canada and Mexico in addition to the U.S. You are no doubt excellent at what you do. You have also managed fairly large teams and workforces, but the challenges you are facing are simply of a different order of magnitude than those you are used to. Everything seems more complex. There is less and less time and it seems you are working longer hours each day, and even weekends. You've always worked hard and have become an excellent executive. Actually, you've reached this level because of your hard work and dedication. But this is different. It's time to become a world-class leader.

What sets world-class leaders apart from other executives, even those that are already excellent executives? The following diagram summarizes what I consider to be the key differences between each level of achievement. Let's examine each of these differences.



From Tactical to Strategic

The term strategy derives from the Greek word for general, strategos. Strategy in its purest form is how to be a general. From this perspective, strategy is the theory and practice of winning at war. In generic terms, however, I define strategy as the art of competing to win or succeed.

Tactics, on the other hand, are the techniques and procedures that military commanders employ to defeat an enemy while in contact. Tactics has the same root as the words tact and tactile, both of which denote ideas of contact and touch. Beyond the field of military manoeuvre, tactics are simply those

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actions one takes to prevail or to achieve one's immediate ends when confronted with specific issues and obstacles. In summary, strategy is the art of deciding and acting in the abstract, whereas tactics are specific techniques to attain success and/or victory when in the "heat of battle". One is artful, the other mechanistic.

While an excellent executive is expected to have mastered tactics, his or her understanding and appreciation for strategy and strategic issues is usually only incipient. However, one must master strategy and its execution to become a truly world-class leader.

Strategy can be learned and mastered, as attested by many examples in history. In fact, strategy can be viewed as an extension of an executive's ability to plan and to execute at the tactical level. It's just that the scope of decisions and actions increasingly tends to affect the entire organization, and even the environment, rather than the immediate surroundings of the executive. The timeframe of strategic thinking is also longer term, although this is not necessarily always the case. For instance, events that require immediate decisions and actions can sometimes have a major strategic impact.

It should be evident from this discussion that the need to work at a global level, with a cross-cultural focus and high levels of market and situational complexity requires the ability to function both strategically and tactically. This is even more the case when executives and their teams are confronted by highly adaptable competitors in volatile markets. A strategic focus is required in all crises to keep the proper focus of decision-making, planning, and execution.

From Adaptive to Personalized Leadership Styles

I define adaptive leadership as the ability to modify and adapt one's leadership style to the requirements of the team and situation. This is also referred to as situational leadership. An adaptive leader has mastered many leadership styles and can adopt each in sequence, or even simultaneously, to meet the immediate needs of the group and the environment. For instance, if a team is composed of highly effective and experienced specialists, and the situation leaves plenty of time for a collaborative approach, then an adaptive leader will usually allow the team to formulate and implement plans collaboratively, with a minimum of direction. On the other hand, the same team, when confronted with an immediate timeline, may have to be guided and directed more firmly, simply to meet the deadline.

In practice, this type of leadership requires a lot of experience and keen insight into human nature. By extension, executives who are already excellent in their respective fields are able, though still having a preference, to navigate these waters with relative ease.

At the highest level of mastery, executives become world-class leaders by literally creating a leadership style of their own based on their preferences and talents. In other words, at this level, the organization they lead, peers, and competitors are forced to adapt to the world-class leader's style, rather than the other way around.

There may be intimations of this ability fairly early on in a person's career, but at this stage, the world-class leader simply becomes known for his or her style of leadership. Jack Welch led General Electric "from the gut", to use the title of one of his books. Margaret Thatcher was known as the "Iron Lady". Ronald Reagan was the "Great Communicator".

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Granted, these examples are extremes of achievement and leadership, but they serve to highlight this quality I call “personalized” leadership. There was simply no mistaking who the Iron Lady was during the 1980s. This level of leadership mastery is required to set oneself apart from others and to galvanize an organization into following the leader’s vision.

At this stage, leaders are more concerned with setting a vision and broad strategy. They aren’t afraid to get their hands dirty, but are more interested in getting others to achieve their vision. Their ability to leverage the native abilities and competencies of others is a function of their skill at influencing them. Quite simply, this is the type of leadership that is required in a global organization.

From National to Global Reach

As intimated in the opening paragraph, the threshold for world-class leadership arises when an executive is confronted with the realities of multinational and cross-cultural operations. Although national markets and environments can often be complex in and of themselves, they are nonetheless dominated by one culture and one political and legal system. This is particularly the case in homogeneous nations like the U.S.

All this changes once the executive must head up a multinational team in several countries, or even on several continents. Time and distance, as well cultural, legal and political differences make the entire picture exponentially more complex. A plan that is relatively simple in one jurisdiction really becomes several different plans to realize a single all-encompassing global or continental strategy.

The ability to lead entire organizations with highly diverse compositions and multiple national and regional cultures comes to the forefront. This is where the ability to inspire and motivate using the personalized leadership style of the world-class leader must come to the fore.

World-class leaders are keen students of human nature, as already mentioned, but this is not limited to the understanding of basic psychology and behaviour. They are masters at reconciling the deep structures of human nature and the surface structures proper to each different culture. Furthermore, they build upon differences across national, linguistic and other boundaries. By doing so, they are able to capitalize on the inherent qualities of diverse groups and cultures while balancing their vulnerabilities with others’ approaches.

From Skill Mastery to Skill Transfer

Excellent executives have generally mastered a large skill-set in order to achieve their current level of performance. Where they haven’t, they know enough to acquire these skills from others or through education, training and professional development. Up to this point, excellent executives have used all their energy to master a number of skills and to acquire theoretical and practical knowledge about a number of fields. Beyond this, there is a whole world of abilities that opens up for the leader who knows how to apply skills, knowledge and experience from one field to any other field or endeavour.

For instance, task- and field-specific problem-solving and management techniques can often be translated to other domains. This requires a lot of practice and an ability to reflect on experiences. The executive must also be a quick study and be able to compare a variety of experiences through time and across a number of domains. Another helpful quality is the ability to learn from others’ mistakes. In the final instance, the leader is able to relate abstract and concrete concepts without



breaking stride, and is comfortable in both theoretical and practical knowledge. In other words, at this stage, the world-class leader can see both the forest and the trees at the same time.

One extremely useful by-product of these traits is a new-found confidence and skill in coaching and mentoring team members, colleagues, peers, and even higher level executives. Such high-level mentoring and coaching skills further complement the world-class leader's practice in other areas such as strategy, personnel selection and cross-cultural management.

Anyone who can look at a number of different and often unrelated fields and see commonalities has acquired a powerful tool to influence others and to achieve just about anything they set their mind to. Seemingly unrelated fields become comparable. New tasks and skills are easily learned, as are new attitudes and concepts. It is ironic that such simplicity underlies a world of apparent complexity. It is this understanding of fundamental truths about how the world works which sets the world-class leader apart from erstwhile peers and competitors, and which propels him or her into the stratosphere of achievement.

From Execution to Development

At a certain point, the excellent executive is no longer focused exclusively on execution and related functions such as planning and assigning tasks, although these continue to be important. This focus has usually propelled the executive to this point in his or her career. To be a world-class leader, though, the executive must increasingly focus on creating capabilities within the organization.

Moreover, the responsibilities of running global organizations are simply too numerous and strategic to demand constant attention to detail and execution. This entails developing systems that will work with or without the executive's constant and direct involvement.

The responsibility to conduct succession planning and the attendant grooming of junior executives and managers takes on increased importance. At the highest levels of achievement, world-class leaders are barely involved in day-to-day management and execution. They leave these tasks to other senior executives that they have personally selected and developed or that have been groomed through a well designed succession and management development program.

Consequently, the focus is much more on strategy, markets, and the long-term viability of the organization or undertaking. Though they have no qualms about intervening personally to put the ship back on track, world-class leaders prefer to have others fulfill these responsibilities because it allows them to see the mettle of the key players in the senior management team.

From Teamwork to Morale and Cohesion

Excellent executives have mastered teamwork and team-building. Teamwork is focused on producing results in an effective and efficient manner with available resources. The accent is on problem-solving and getting the most out of the various backgrounds of everyone involved. Team-building is teamwork over time.

To become a world-class leader, an executive must have at least some appreciation and respect for the more ethereal aspects of leadership, such as morale, cohesion and esprit de corps. Even better is to have a profound understanding of these moral factors. They are not easily measured and can be quite fickle, even fragile.

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Morale is the willingness of an individual, a team, an organization to win and to succeed. There is a relationship to other personal and group factors such as mood and attitude, but it is a different beast. Morale is best described as a grim determination to soldier on despite hardships, obstacles and failures. When morale is high, the organization or individual will keep focusing on a positive outcome. There is a hope and even an expectation that final victory – or success – will be attained. Thus, morale can survive even in the presence of a temporary mood of discouragement. However, if an atmosphere of defeat persists, then morale can quickly deteriorate to the point where only an extraordinary act of leadership, or luck, can pull it up again. The clearest example is that of the North Vietnamese during the Vietnam War. They were, quite frankly, in a bad mood, but they had the grim determination to endure the worst of hardships in order to succeed in the final objective of expelling all foreign dominators from their country. That's morale.

Cohesion and *esprit de corps* are even more intangible. Where teamwork is built on the willingness of individual team members to subsume their own interests in favour of group interests, *esprit de corps* is built upon the willingness to sacrifice oneself, if needed, for the interests of the group. This is a level of commitment that few organizations in business achieve. The common factor in both teamwork and *esprit de corps* is cohesion. The difference is one of degree rather than type. Cohesion is simply the degree to which individuals subordinate their own interests to those of the group. In teamwork, the individuals are willing to work together to achieve a common goal. The level to which they are willing to sacrifice personal interests will determine the degree to which *esprit de corps* is a factor. Organizations such as well-led military units in combat are highly cohesive and are usually characterized as having strong *esprit de corps*. Poorly led units usually suffer poor cohesion and have low *esprit*. When this happens, units often disintegrate. A non-virtuous cycle of poor morale and even lower cohesion ensue. Consequently, military commanders zealously guard the morale and cohesion of their units, lest they fall apart under the strain of combat.

The example of military units is certainly the extreme of cohesion and morale, but the same factors must be assessed by any leader of a global organization. This is why world-class leaders make special efforts to maintain morale and cohesion within their organizations. Various crises, unfair competition, official corruption, entry into new markets, economic recession and depression, conflict, disease, and government intervention are just some of the factors which sap the morale and cohesion of multinationals and other global organizations. Moreover, mergers and hostile takeovers can easily lead to panic, despair and other forces which undermine morale and cohesion. Consequently, any would-be world-class leader will do well to heed the signs of deterioration in any of these factors.

From Linear Reasoning to Understanding Non-linear Dynamics

World-class leaders realize that statistics and trend-lines aren't reality. They are merely abstract representations of some aspect of the real world. Linear reasoning will allow you to deal with simple dynamics and various linear trends, whether arithmetic, geometric, or logarithmic. However, analytical logic will fail you when you are dealing with the complex realities of the real world at the global level.

One of the best examples of this phenomenon is commodity prices. No one can really predict commodity prices over any timeframe. Yet global resource extraction companies and manufacturers make major investment, divestment and takeover decisions every day on the basis of questionable predictions about future price levels. In fact, it is almost a truism that excessive price hikes will draw

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many companies into the market for a particular good and service and that the long-term price trend will turn usually at the point of maximum euphoria or mania for that item. This applies to commodities, financial markets, and real estate.

World-class leaders must deal with uncertainty and chaos through their understanding of non-linear dynamics. In fact, this may be the ultimate form of wisdom. Every up brings a down, every gain, a loss. No trend continues forever, especially not in linear fashion. Fashions come and go. One minute people love you, next they loathe you.

The only solution to this conundrum is to build these assumptions into models and projections. When everyone is euphoric about a new product or market or trend, it is time to be especially wary. Plans must cater to a spectrum of projections and possibilities. Moreover, they must be sufficiently robust that they won't crumble at the first sign of adversity or when initial assumptions are proven to be wrong.

World-class leaders will encourage contrarian points of view and methods. They will build redundancy and reserves of cash and other resources into their plans and organizations. They stay at the forefront of their organizations and executive teams so that when the inevitable crisis or change occurs, they can readily generate innovative options and issue guidance and direction to navigate through the troubled waters.

Conclusion

World-class leaders have characteristics and attributes which set them apart from others, even those whom we would consider to already be excellent executives. What I hope to have shown is that this level of achievement is the result of work, experience, and learning. Yes, there are natural-born leaders. In the final analysis, though, world-class leaders have acquired certain skills and knowledge. The good news is that any person with a basic ability to learn and a willingness to study and model the best can develop these competencies. It's not rocket science; it's practice and determination to succeed.

More important, although there is a quantum leap in capability between the excellent executive and the world-class leader, the reality is that their characteristics are applications of those required for all levels of effective leadership. This is depicted in the diagram at the beginning of this article. Consequently, the trick is to build on the existing base of knowledge and skills by continually learning and by taking the time for reflection and study.