CULTURES OF LEADERSHIP
Environments for Success

One of the privileges of our role in talent management is that every day we work with some of the world's leading companies. As we engage with their leadership, we are constantly reminded of those unique qualities that create and separate thriving and dynamic business cultures from purely functioning ones.

One factor that remains consistent is that leaders are the product of their environment. Talented individuals require stimulation: to experience multiple interactions and diverse challenges to produce and develop their leadership qualities.

In this article we will share some of our thoughts on how successful environments are created and how leaders become the primary influence in shaping their corporate culture; the environment for the next generation.

Culture and Identity

Henry Ford once famously hung up a banner at Ford's Headquarters that read, "Culture eats strategy for breakfast." Any organisation that seeks to change its strategy without first considering culture is more likely to encounter resistance and failure. Fundamentally, people need to feel that they belong, that they are accepted within the surroundings they engage, and feel part of the journey the leadership is taking them on.

Attrition – The Burning Platform

The world of automotive manufacturing provides us an excellent example of how culture and identity is intrinsic to the success of an entire industry, and is subsequently reflected in the character of its leadership. With over a hundred years of expansion, continual and increasing challenges for change and improvement (as companies adapt to the demands of a complex global economy), the automotive industry has learned, often painfully the importance of creating 'environments that deliver success'.

Through the 20th Century automotive practices were dominated by the example of Henry Ford and the 'Fordist' manufacturing principles, focusing on standardisation and universal products and processes. These created a fundamentally results-driven automotive culture. The demands of the production line shaped not only the experience of the production line worker, but created an environment across the expanding company that became synonymous with Ford culture, and all mass production car

makers around the world. The global car manufacturing industry was further shaped in the 1980's by Japanese manufacturing systems and the implementation of Total Quality Management. The 'Toyota Way' and the wider emergence of 'lean manufacturing' based on Japanese principles placed a new set of influences on workers and management, throughout the automotive supply chain.

Borne out of increasingly hostile market conditions, the pressures to achieve profitability created what became known as the 'burning platform' with an increasing and urgent demand for continuous improvement. It was during this period that those automotive companies that could not embrace the changing landscape became engrained in their legacy cultures that simply were not fit for globalisation. Sooner or later they would die, or have to change. The global car industry had to simplify and collaborate with its supply chains, with frequent takeovers and joint ventures. By the millennium an intense focus on the collective values of engineering excellence, product quality, production performance, customer satisfaction and financial results were unmatched in any other industry. The result was a 'hothouse' environment for managers and leaders to learn and develop their skills, fit for the intensity of their industry.

Reward – Effort not Achievement

Another factor on the development of leadership is the relationship between effort and reward. Although salaries in the automotive sector are competitive across the management tiers, the multi-interactive culture of the industry rarely focuses on financial reward as a motivator for its employees. The most obvious focus is on the optimisation of performance, both as a company and individually, where disciplines and rigour are more intrinsic to delivering quality and profitability, in line with the ever decreasing margins of the sector.

The important lesson of the 'burning platform' environment is not that the automotive industry is populated by people any more special than in other sectors, but that the nature and demands on the workforce and management ensure a greater emphasis on disciplines and routines in behaviour.

Matthew Syed, author of Bounce: The Myth of Talent and the Power of Practice, interestingly writes that effective motivation should be centred on encouragement of effort, not achievement. He writes; "Intelligence-based praise orients the receiver towards the fixed mind-set - it suggests to them that intelligence is of primary importance rather than the effort through which intelligence can be transformed."

This principle is taken from a study by Carol Dweck, a leading psychologist, who took 400 students and gave them the same puzzle. Afterwards, each of the students' was given six words of praise. Half were praised for intelligence: "Wow, you must be really smart!" The other half were praised for effort: "Wow, you must be hard working!"

The test was to see if these simple words, with their subtle differences, could alter a student's mind-set. For Dweck, the results were remarkable: "After the first test, the students were given a choice of whether to take a 'hard' or an 'easy' test. A full two-thirds of the students praised for intelligence chose the easy task - they did not want to risk losing their "smart" label. But 90% of the effort-praised group chose the tough test - they wanted to prove just how hard working they were."

The experiment came full circle, giving the students a chance to take a test of equal difficulty to the first test. The group praised for intelligence showed a 20% decline in performance compared with the first test, even though it was no harder. But the effort-praised group increased their score by 30%.

The central message is that praising performance alone will harm motivation and ultimately decrease performance, as it points the receiver towards a fixed mind-set. However encouraging effort creates a growth mind-set, as the receiver is not pressured by any undertones of fear of failure, but is rather motivated to keep replicating their effort, and subsequently is more likely to lead to improved performance.

Within the automotive industry it seems this principle is already at work, albeit vicariously, with the output being not only about improved business performance but better and more holistic decision making in leadership.

Company Culture - Environments of leadership

The third key factor we have observed with leading companies is the influence a single organisation will have on forming character in their employees, and subsequently to wider industry.

A number of companies around the world have created unique cultures of leadership that both define and shape the continuing performance of the company, with particular examples from Valeo and Schneider Electric in France, Siemens and Bosch in Germany, Honeywell and General Electric (GE) in the US. Debatably, it is the latter that has made the biggest impression on leadership values across multiple industries and geographies.

At the turn of the millennium GE, as a diversified group company, with global operations in several industries, had become the largest capitalised corporation and one of the most influential business cultures and leadership-shapers in the world. Although not the only factors, two core drivers that unified GE included their commitment to 'leadership development', through promoting what they called the 4 E's of GE (Energy, Energize, Edge and Execute), and a company-wide focus on Six Sigma. The latter was not merely a quality improvement methodology (originally championed by Motorola) but an essential component for measuring performance and success, and most significantly as a key vehicle for developing leadership.

By the early 2000's a number of companies had taken on the GE mantra, either through hiring ex-GE leaders or by proxy. They had understood the importance of providing its employees an environment that would promote leadership characteristics through a focus on process rigour and business accountability across the functions. Honeywell, albeit from the Allied Signal influence, made it a prerequisite for any future leader to complete Six Sigma training and to have actively delivered measurable business improvements, so much so that the company became synonymous with this activity. Over the last ten years many US and international companies followed suit. The outcome is a generation of business leaders that have been formed from an environment where business and process improvement is at the heart of their experience. It is apparent that this kind of environment is more likely to result in a performance and merit-based culture.

Role Models - Leadership Character

This brings us full circle to the most obvious factor for shaping the character of leadership, and in turn the culture and identity of the company: the leadership itself.

It is clear that all companies evolve and develop over a generation with perhaps the most obvious influence shaping culture change (performance and behaviours) is the personality and character (style of management) of the CEO. Personalities that present openness, personal energy, financial rigour and business focus will tend to instil and disseminate these qualities to their teams and respective businesses. They also promote and hire in their own image, although not necessarily by design. As the individuals who run businesses change, so the cultures evolve and change too. One only has to look at the high profile CEOs of companies like Virgin, Apple and most poignantly GE to see this at work, with the more introverted Jeff Immelt bringing a very different style to management culture than his predecessor, Jack Welsh.

With this in mind, companies with good succession planning and leadership development programs tend to create longer lasting and more resilient environments for success. Continuity is essential for the long haul.

Game Changers

We have observed that the identity of a company is influenced more by the values and character of its leaders than by other factors; moreover than its history, markets, products and technologies, or the processes that enable it to deliver. If this is the case, then the term 'game changer' can be attributed to individuals, not merely to incidences or events that shape the direction and result of a company's fortune.

At the core of both culture and identity is character. As Margaret Mead wrote, *"Never doubt that a small group of thoughtful, committed, citizens can change the world. Indeed, it is the only thing that ever has."*[1] Character is the catalyst for change.

Never is character within a team greater exemplified than in sport. Over recent years, there is one sportsman who has become a symbol of personal character, American Football Star Tom Brady. The New England Patriots Quarterback, in 2000, was written off. *"He lacks great physical stature and strength,"* said one NFL coach. *"He is a systems-type player who can get exposed if forced to ad lib,"* said another. He was 199th pick in the draft, a wild card experiment. However as his coach, Bill Belichick says, ""They missed the most important part: heart. They didn't understand what drives someone."[2]

Despite Tom Brady lacking the physical prowess and indeed some of the technical quality expected of a top NFL star, he has gone on to become one of the sports most decorated quarterbacks, carrying his team to win 3 Super Bowls and numerous MVP awards. He has overcome his limitations and dominated his sport. As Lloyd Carr, Brady's Michigan college coach says, *"This game is a struggle, Tom Brady embraces that struggle more than anyone I've ever known."*

Every team and every organisation will have struggles, limitations and setbacks, however it is the character of an organisation's people that will define and shape how they emerge from the challenges they face.

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[1] Margaret Mead, *Coming of Age in Samoa*, 1928
[2] Tom Brady, https://www.youtube.com/watch?v=TJBM-WMZ5_s

When the automotive industry found itself in a generation of attrition, many managers and companies did fall by the wayside. But when individuals have the will and fortitude to keep searching for solutions, and ways to improve, then over time an environment is established and a culture of leadership has formed.

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