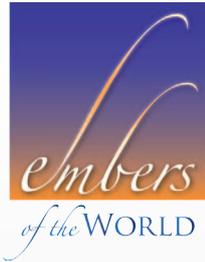


WHITE PAPER

**Old Leadership Models with
Unyielding Tentacles –
The Greatest Threat to the Future
of Corporate Leadership**



Learning from the Past

Historically, leadership styles tend to surface through necessity and adversity. Neanderthals led by brute strength as it was survival of the fittest, conquerors led by dictatorship, feudal kings led by control, leaders of the renaissance led by intellect, elected officials led by the will of the people and the leaders of the future will lead by reflection, connection and collaboration.

Today, the conversation around leadership challenges is typically focused on external forces and that which others endorse versus what feels right for the organisation. These external forces are often beyond the control of the most skilled leader... the global economic crisis, political turmoil in the Middle East and natural disasters, such as the tsunami in Japan and floods in Thailand that disrupted distribution chains. These situations force reactive leadership and take attention away from the greatest threat of all – old leadership models that refuse to let go.

Corporate leaders of today are so busy putting out fires, and some even focussing on ensuring their own security, that little time is taken to turn the attention inward in an effort to change the core of self-leadership and ultimately the core of organisations.

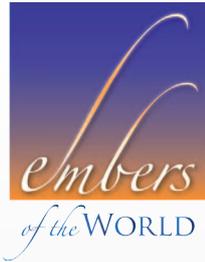
Leadership Research

There is a dizzying array of studies that have been done throughout the ages on the effectiveness or ineffectiveness of various leadership styles. A 1981 study by D.D. Warrick at the University of Colorado entitled *Leadership Styles and their Consequences*, reviewed research from the 40s through to the 80s. The early studies showed the correlation between a boss's behaviour and employee productivity. In those days, bosses were thought to fall into one of two categories: employee-centred or production-centred. The combination of both styles was found to bring about the best outcomes. Further studies referenced by Blake and Mouton resulted in the identification of four leadership styles: human relations leader, democratic leader, laissez faire leader and the autocratic leader.

The 80s research presented a theory that “A style that gains the trust and respect of those affected by the style, tends to give a leader considerable flexibility in changing skills with changing situations while the same changes would be viewed with suspicion and resistance if a leader's style is disliked or distrusted.”

It appears that trust was a leadership linchpin decades ago. Ignoring that fact has created an era of such intense mistrust of corporations that has led to radical industry realignment being unavoidable.

The 80s research results did state that regardless of leadership style, if there was trust, then a leader would be successful in initiating corporate change. However, the autocratic leaders tended to be untrustworthy, the laissez faire leader had no credibility and a human relations boss wasn't respected. The democratic leader was best able to facilitate change.



The Future of Corporate Leadership

Many studies that have been conducted in the last decade focus on what current corporate leaders feel are their biggest challenges and how they plan on facing them. The challenges identified are most often those mentioned earlier – the visible, internationally-driven crises.

The 15th Annual Global CEO Survey 2012 from PricewaterhouseCoopers (PWC), *Delivering Results, Growth and Value in a Volatile World*, which polled 1,258 CEOs in 60 different countries stated that it is the, “emerging middle class in China, India and elsewhere that is prompting business leaders to fundamentally rethink business strategies that have been successful elsewhere. Value propositions designed for countries at the upper end of the global income distribution seldom work for the needs of this ‘emerging middle’. It’s not only products that must be adapted or built anew, but also production, distribution, and marketing capabilities – in other words, entire business models.”

The main objectives identified in this study included: R&D and innovation, manufacturing capacity, access to raw materials and capital, building service delivery capacity, accessing local talent and growing the customer base.

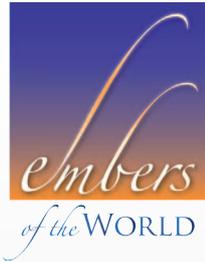
Where is the focus on evolving leadership? When does the discussion on changing from the core of an organisation or of a leadership team begin? It’s one more hole in the dam and, with the typical CEO’s attention being guided elsewhere, there are no more thumbs to plug it. It’s the flank that remains unprotected. Many visionary leadership experts are in agreement that models of the past must change in order for the corporations of the future to succeed.

There are glimmers of hope with research that has begun to focus on the threat that ineffective, prehistoric leadership styles will have on the future of the corporate world. The McKinsey Quarterly report 2010, *How Centred Leaders Achieve Extraordinary Results* by Joanna Barsh, Josephine Mogelof and Caroline Webb, stated that “Executives can thrive at work and in life by adopting a leadership model that evolves around finding their strengths and connecting with others.”

The key is to connect with self and others at all levels.

“The people with the best answers are not always the people with the most stripes,” said Dick Kovacevich, former CEO of Wells Fargo, in Stanford University’s *View from the Top, Leadership for the 21st Century* video series. He went on to say, “A good leader inspires a team to have confidence in him or her. A great leader inspires a team to have confidence in themselves.”

Evolved leaders among the 80 billion baby boomers exiting the workforce between now and 2020, and the 40 million GenXers, in mid and senior levels will lead the corporate future. Following closely behind are ‘the Millennials’, a whole new breed of free-thinking, technologically savvy, fast-moving, emerging leaders who have begun to enter the workforce and will make up 50 per cent of it by 2020. These emerging leaders will be a challenge for the unenlightened to manage.



“Millennials feel constrained by what they see as out dated traditional working practices. 65% said they felt rigid hierarchies and out dated management styles failed to get the most out of younger recruits,” according to a PWC 2011 report, *Millennials at Work – Reshaping the Workplace*.

However, research has also shown that the combined experience of senior level executives and the technological savvy and enthusiasm brought by newcomers to the corporate game, is a powerful combination when a connected leader successfully marries the two, according to ‘embers of the world’ creator, Debbie Nicol.

‘embers of the world’ a leadership change model and process, opens hearts and minds to a new approach revolving around five core principles, which Nicol believes are irrefutable traits to leading the corporate future:

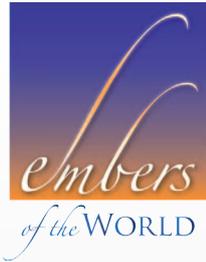
1. Authenticity
2. Trust
3. Vulnerability
4. Internal Validation
5. Intuition

The ‘embers’ corporate leadership model involves a process whereby leadership teams reflect, connect, collaborate, innovate and become what the corporations of the future will reward... a move away from an entitlement mind set towards a responsibility mind set to serve all equally.

The authors of the McKinsey 2010 report stated, “Sharing meaning to inspire colleagues requires leaders to become great story tellers, touching hearts as well as minds.”

Historically, story telling fell into the purview of the chief of the tribe or a skilled orator of some repute. However, ‘embers’ takes it one step further. Nicol’s philosophy brings leaders (sometimes literally but mostly figuratively) to a campfire setting, where the flames of stories told by any member of the team spark an ‘ember’ that flicks off the top leading to reflections on where the ember went and how it got there. The stories revolve around work situations, opportunities or challenges. The collaboration that the reflection initiates leads to open and honest discussions; lessons learned; decisions on seeking new outcomes; and setting goals that can benefit or serve the individual and organisation together.

Emotion has historically been kept out of the mix when talking about corporate strategising and boardroom discussions. New leadership models will encourage emotions such as passion (leading to commitment) and uncertainty (leading to tough and often the right questions). When leaders listen to their own and their employees’ fears and connect with the reasons behind the vulnerabilities (the internal validation), a mutual trust evolves that leads to open communication and better long-term outcomes.



Change is Inevitable – Leading Change from the Core is Crucial

During times of turmoil and out of tragedy great accomplishments can arise... like a pearl that is produced from the irritating grain of sand in the oyster's shell.

"Change happens when things are hard... The economy and the situation we are in now will create phenomenal opportunities," said Eric Schmidt, CEO of Google in Stanford University's *View from the Top, Leadership for the 21st Century* video series. "Change comes in a recession not during a period of overwhelming abundance."

The McKinsey 2010 report also addressed the issue of change readiness of global corporations. "Risk aversion and fear run rampant during times of change. Leaders who are good at acknowledging and countering these emotions can help their people summon the courage to act and thus unleash tremendous potential."

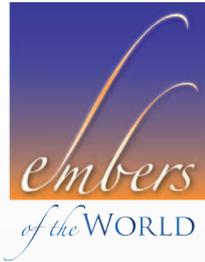
"Business models are being revamped and leadership models are slowly starting to follow suit," said Nicol. "The model I've created provides the safe environment that is crucial for the honesty and reflection necessary to encourage and/or provide awareness for a leader to change from the core."

Transparency, minimal self-interest and honesty are the best defence against bad decisions based on old leadership models. "We're better off when we know what everybody is doing," said Schmidt.

"It's time to turn the focus upward to the top of every organisation at the highest level of corporate leadership," said Nicol who is also the managing director of *'business en motion'*. "We're heading into a new century where the trickle-down effect of corruption on a company, its people and ultimately society, will no longer be tolerated." She went on to explain, "Those who will lead the corporate future will be evolved leaders who demonstrate outcomes that show a responsibility mind set that serves all equally versus the entitlement mind set of the past that has corrupted so many governments and organisations and created widespread suffering."

The successful corporations of the future will reward different behaviours. Some of today's more evolved leaders have already begun to recognise this. Martin Senn CEO, Zurich Financial Services Group was quoted in the PWC report as saying, "I look for globally-minded people with the capacity to anticipate change and the flexibility to accept it. I also put a lot of emphasis on character. Good character, honesty and consistent behaviour – that's what we're looking for."

The McKinsey Quarterly Report 2012, *Leading the 21st Century* by Dominic Barton, Andrew Grant and Michelle Horn said that, "Today's leaders face extraordinary new challenges and must learn to think differently about their role and how to fulfil it. Those who do may have an opportunity to change the world in ways their predecessors never imagined."



CEOs can't afford not to collaborate with both external partners as well as internally with employees at all levels. The 'embers' leadership model, provides a process whereby leaders bring key players from within the organisation together to reflect, connect, collaborate, innovate and become... stronger, better, more effective, and productive, each taking ownership of the success or failure of the company.

"The evolution of senior leadership teams is going to continue. I think people will have to be more global in their perspective. They will have to understand the inter-connectedness around the world. That's going to be a very important element," said F William McNabb III, chairman, president and CEO of The Vanguard Group in the PWC survey.

An IBM Institute for Business Value study, *Leadership in a Distributed World*, by Michael DeMarco, Eric Lesser and Tony O'Driscoll (2007) stated that, "In corporate environments where employees are becoming increasingly distributed and virtual, the ability to foster collaboration will become an even more critical leadership quality in the future."

A February 2012, 9 Forbes article, *The Empowered Employee is Coming; Is the World Ready?* spoke of the world waiting breathlessly in 1993 for the launch of the World Wide Web. Empowerment of the people was 'imminent' and in 2012 the voices are getting stronger with regular people on the street the world over triggering news with a simple tweet.

"An empowered work environment, leads to empowered employees who will only respond to evolved leadership," commented Nicol. "Yet, we will never venture there until we better understand the advantages of alternative approaches."

The Forbes article, written by John Hagel, Suketu Gandhi and Giovanni Rodriguez, a trio from Deloitte, went on to state that the new world, "will likely favour those who know what's required in the new age of performance, and it will side-line those who do not."

The state of the global economy has revealed the fact that leadership styles of the past have lead to widespread corruption and an endemic imbalance of power. Today, evolved leadership is a philosophy whose time has come but waiting for 20 years for it to really take hold is a luxury some experts say we don't have!