

THE DEVONSHIRE HOUSE DIRECTOR FORUM: EFFECTIVE LEADERSHIP

Professor Robin Stuart-Kotze led and managed this important Director Forum Event on 10 October 2018 at Mercer's UK Headquarters, Tower Place West, talking initially about his latest book 'The Seven Secrets of Highly Effective Leaders' - generating an enthusiastic and interactive debate around the key issues raised in the book.



Robin revealed that the motivation behind *The Seven Secrets of Highly Effective Leaders* was that the book contained only research facts to nail down what we as a society **know** about leadership, as opposed to what we **hear** about leadership. At the forum, Robin shared anecdotes and his experiences with various leaders around the world to complement the book and sparked discussion on how we can use his book to become more effective leaders.

It is not authority that defines a leader, it's influence.....

"Managers or leaders have the right to command. Those who are commanded have the right to decide the degree to which they will follow the command" – Dr. Peter Honey

- Perhaps the easiest and most powerful way to have influence as a leader is to involve people – ask them for their ideas and suggestions, listen to them and respond to them.
- Robin shared an anecdote from his time working as a consultant in Rank Xerox. He was sitting in on a presentation by Professor Geoffrey Bownas, emeritus professor of Japanese Studies at Sheffield. Prof Bownas, fluent in Japanese, spent half the year in Japan meeting and talking to the Who's Who of Japanese business. He then spent the other half of the year in the UK advising companies about what their Japanese competitors were doing. A slide in the presentation showed Toyota receiving half a million suggestions a year on how to improve things. The next slide showed that 90% of these suggestions were accepted and implemented. In 1983 we hadn't really heard of Toyota. It had about a 10% market share. Now it battles with VW as the biggest producer.
- Universally, the three biggest motivating factors are recognition, appreciation and autonomy. Asking people for their ideas presses all these buttons.
- People are engaged in their jobs when they feel they are contributing, being recognised, and are appreciated. An amusing, off-beat statistic about the effects of recognition and approval shows that, on average, Oscar winners outlive Oscar nominees by 4 years, multiple Oscar winners outlive Oscar nominees by 6 years, and Nobel Prize winners outlive Nobel nominees by 2 years.
- A leader can create an environment so people feel they can say what they want to say. This doesn't happen by accident. As leaders, we should find out what actually happens at the front line and treat people the way we want to be treated.

Leadership is about behaviour, not personality.

- Personality only predicts at most 15% of behaviour. Research is absolutely clear on this point.
- Personality is preference; it's how one would like to act, given no constraints. Unfortunately, organizational life – and life in general – has lots of constraints. ***Behaviour is determined by the situation, not by personality.*** Mountains of research confirm this. Personality is acquired

in the first five years of life, and bullet-proof research shows after that it is essentially fixed. Jobs change continually, so if your behaviour is determined by your personality, and that doesn't change, you're unlikely to succeed. Personality is fixed and unchangeable, but behaviour is situational and changeable.

- In a work context, the actions you take either (1) accelerate performance, or (2) sustain performance, or (3) hinder performance. Performance hindering actions fall into three basic types: defensive-aggressive actions, responsibility avoidance, and conflict avoidance (fight, flight, submission). They are reactions to pressure and stress. They're behaviour, and you can change them. If you can identify what's causing you to react negatively and can deal with the cause, you will get rid of the behaviour. Using a medical analogy, the reaction (behaviour) is a symptom of the cause. But sometimes you can't get rid of the cause, in which case you need to heed the advice of the psychologist and holocaust survivor, Viktor Frankl:

"If you can't affect the situation, you have to change your reaction to it."

How you react to pressure and stress has a major effect, not just on your performance, but on your health

- If you believe that the stress in your job affects your health, the probability of you having an early death is increased by 43%
- What you believe about stress determines its effects.
- Stress can make you stronger, smarter, and more successful. Stress can be good – if you deal with it properly.
- In an experiment one group of participants were shown a 3-minute video about stress being harmful. A second group were shown a stress-is-enhancing 3-minute video. Individuals were then asked to make a presentation during which the audience criticised and hassled them throughout. Individuals with a positive mind-set about stress showed significantly lower stress indicators than individuals from the comparative group.
- Pressure releases a neuro-steroid, DHEA, which counteracts the stress hormone, cortisol. The balance between DHEA and cortisol is called the Growth Index. The higher the index – i.e. the more DHEA relative to cortisol – the greater the positive effects such as better problem-solving skills, greater persistence and resilience, and better focus.
- We can affect our bodies by what we believe and what we do.
- To deflect a feeling of nervousness about a presentation or event, prior to the start, repeat aloud to yourself three or four times **"I AM EXCITED"**, and you will perform better. Saying "I am anxious" has the opposite effect. Saying "I am calm" has no effect, positive or negative.

Questions and discussion

The board doesn't necessarily understand middle management. How do we break through that barrier?

- One of the attendees has been working with SMEs, entrepreneurs and their managers for the last 10 years. He has learned that middle management are the most crucial as they set the tone. When an employee goes home at the end of the day, they don't talk about the leadership of the company; they talk about their managers.
- Middle and top management each have different agendas. Agendas should match to bring best results to the company. In recent years, it has been rare to see great leaders who can motivate middle management to improve.
- A counter-argument was that the Board of Directors has different challenges. They don't have completely different agendas; their agendas are in the middle grey area. We get different behaviours depending on what stakeholders or issues we're trying to address. Sometimes the Board is indeed detached from the situation, but others times it should be recognised that the Board has different pressures and drivers.
- Middle management understands, but may not be able to communicate it. The same goes for the Board.
- Individual ownership also comes into play. People can change what others do around them by their own behaviour. A participant has had conversations with middle managers, encouraging them that they can make a difference.

Which is more effective: authority or leadership? Does it make any difference?

- Leadership is about trust. The brain makes judgements on other people very quickly. The two things the brain looks for are warmth and competence. If we see that in a person, we begin to trust them. Along the way, if you discover that the warmth or competence is not what you thought it was, trust is broken.

Differences in global cultures relating to behaviours and personalities

- Latin American cultures have a high power index – people do what the boss/structure demands. Robin worked with some Latin Americans to translate his recent into Spanish. In this process, the translator asked if they could present his points slightly differently. They were trying to accommodate to the Latin American audience.
- Amanda Flint from Executive Compensation at Mercer put a spotlight on culture in organisations as well as by geography. She shared her experiences having worked a lot with Japanese companies. She found that it wasn't necessarily about authority, despite her initial impressions of the Japanese culture. The culture in this specific organisation was that with great power comes great responsibility. So, they may not be as far away from Western norms as one might think.
- When Robin was teaching an MBA course on organizational behaviour course some years ago in Montreal, one of the students was a manager, sent to Canada by the People's Republic of China. In a private conversation with Robin about the course, the manager said he found it most interesting but "***we just do things differently***".

Should 'articulating a vision' be another "secret" to effective leadership?

- Robin believes this is particularly important. Leading is difficult if you don't have a vision. You need to know where you're planning to go. And as a leader you need to communicate that vision clearly.
- Values will determine culture within an organisation.
- At what used to be GEC, Robin was asked to do some work around company values. He declined because the directors had decided on the values and tried, authoritatively, to enforce them. But, they weren't the values of the organisation, and it no longer exists.
- A motto Robin recommends:
"As I grow older, I pay less attention to what people say; I look at what they do." – Andrew Carnegie

Does effective leadership mean people do things without being told?

- Companies that stick to their values outperform those that don't by 5 times.
- If everyone in an organisation has the same values, they know how each other is going to act.
- Johnson & Johnson has a document called The Credo. It was written by Robert Wood Johnson in 1943. It lays out the company's values clearly. Every office in J&J has a copy on the wall and all decisions are subject to its principles. J&J has been a consistently pharmaceuticals top performer. Hence, **values are critical**.

How much do people want to feel led vs feeling autonomous and inspired, not knowing where the power comes from?

- Structure is comfortable. If you remove structure, people become exceptionally uncomfortable
- Robin was recently discussing how to help people coming out of armed services to adjust to civilian life. The armed forces have clear structure and order, but civilian life is the complete opposite. It's a difficult adjustment to make.

Professor Stuart-Kotze's next book will be about job success and is geared towards millennials beginning their careers.