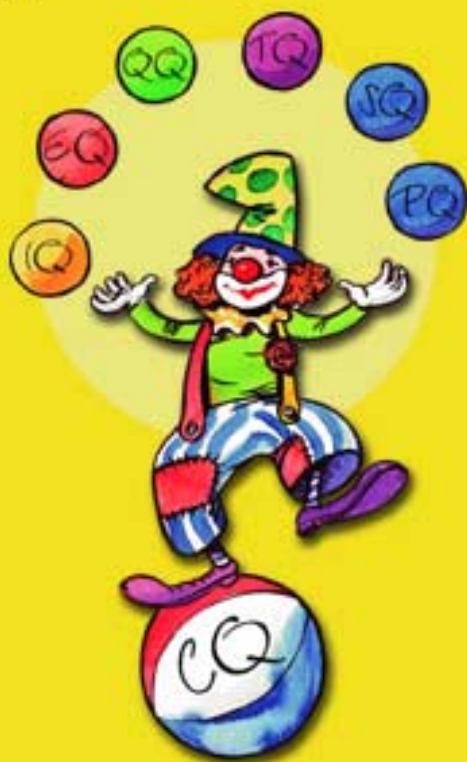




Managing for change

Things to watch for



A CLSA U handbook by

Richard Pyvis

Robert Webber



About CLSA U

CLSA U is an ongoing executive education programme exclusively available to CLSA's top clients around the world. The curriculum offers unique access to unfiltered, unbiased primary research sources. Courses are taught by independent experts who offer firsthand knowledge of trends affecting the investment landscape.

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Robert Webber

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Foreword

We published *The Management Equation* in 2003 to illustrate that management, whilst often performed adequately, is not that often performed well, and to show how, by following the discipline of the Management Equation, the task of managing well can be greatly simplified.

The Equation is defined as a function of six constituent elements, each of which is dynamic in itself: Intelligence, Emotion, Quality, Tenacity, Stress and Philosophy. When appropriately aligned, the six deliver a Quotient of Comfort, in which the value propositions of all constituents in the management sphere are optimised.

We express the Equation as:

$$CQ = f\{IQ, EQ, QQ, TQ, SQ, PQ\}$$

Our many readers requested we provide a short guide, specifically focused on each of the Quotients, to point the manager towards the goal of an optimised Comfort Quotient.

This handbook is designed to allow you, the manager, to diagnose your own competencies in each of the Quotients, and to identify and repair any gaps you may have.

A number of Tools are provided, based on the authors' collective experience as managers and consultants, and provide a roadmap for you to develop yourself into one of those rare good managers.

The challenge is not difficult, but it does require discipline. We have found that the really good manager, who is not afraid of putting in place the right building blocks, can use these tools to develop his or her own 'management style' from a solid foundation.

When I read a book

I like it to kindle the true flame of feeling,

So that, amidst our busy lives,

It will burn and burn, a constant flare

To ignite the impulses, the forces of men's heart ...

So that we can fight against darkness till our death,

So that our lives do not pass in vain.

Pantelei Makhinia, a friend of Nikita Krushchev



Introduction: Management is ...

More than a decade ago we came across W. Edwards Deming's oft-quoted line that you don't have to change or learn, as survival is not compulsory.

As this has now become a truism, why has little perceivable effort gone into learning how to successfully manage change? Most of the organisational change initiatives we see are done so pitifully, and with little regard for the people of the organisation, the customers, the community, or even the bottom line, that they are attended by the equivalent of snake oil recipes for change management.

Time and time again we read reports about the failure of mergers and acquisitions to achieve their intended benefits, and after 25 years of observing large scale organisational change efforts, we have yet to need even the fingers of one hand to count the ones we would regard as sufficiently successful to be a role model for others to follow.

Our premise is:

- ❑ Yes, Deming is right, change is not an option and the world is going to demand more of us than we are probably happy to give
- ❑ He was also correct when he said, 'nothing changes without personal transformation', which we understand to mean that organisational change has to start at the level of the people in the organisation
- ❑ We need new ways of thinking, or to develop new intelligence, as our past experiences and knowledge have not prepared us for what is to come because:-
- ❑ While the future has always been uncertain, we have to face an unprecedented number of looming and possibly unwelcome events. These require that:
- ❑ We need to be able to draw on new tools. As a friend said, 'when you only have a hammer in your toolkit, every problem is a nail.'
- ❑ Our current models of dealing with change are outdated because change is not a linear activity and there are not seven, eight, nine or ten steps to being successful. What works well one time may not work well the next time, but:

- ❑ Patterns can be perceived in all change, and most importantly, the only successful change occurs when there is an improved response to the external world. On a personal and organisational level, this means improved relationships whether that be with family, friends, clients or community.
- ❑ You don't have to be a hero to manage change. Becoming a disciple of an organisational hero or guru, such as a legendary CEO, is not necessary, but:-
- ❑ Good managers are good learners, although being a good manager doesn't mean you will become famous
- ❑ The average human being can be a good manager – if he or she has the appropriate attitude, and is prepared to learn new skills and add easily acquired tools to their kit



About change

- ❑ 'Change' means to make different, to go from one thing to be another. Sometimes in organisations the term 'transformation' is used to signify large change initiatives. The origin of transformation is the Latin *transformare*, which means 'to change shape'.
- ❑ Our experience has been that many managers started using transformation when they realised people didn't like hearing about change. This is a part of the snake oil approach to change.
- ❑ As the personal experience is identical whichever word is used to describe it, we shall stick with change. However, the only change that is successful is that which helps the organisation, or the individual for that matter, to more successfully respond to the world.
- ❑ Change for the sake of it is nonsense. Yet we still hear some managers argue that their business should be restructured because there hasn't been one for a while. Change is only worthy if it helps achieve a preferred future, or at the very least survive a challenge. The best way of understanding the nature of worthwhile change is to relate it to the notion of adaptation.
- ❑ *Adapt* means to make fit, to respond to a changing environment. Any change that helps a business adapt to its environment is a worthwhile change. The story of living things is the story of adapting to the environment. Successful adaptation means survival. Unsuccessful adaptation and you disappear forever.

- ❑ We, our organisations and our nations, developed the tools to adapt to a world that is long gone. Change has happened so quickly that we have not had time to develop new ways of thinking, or to gain the skills and tools we need to adapt.
- ❑ Too many managers and so-called 'change-agents' operate with the finesse of a drive-by-shooting, and leave victims in their wake.
- ❑ Morris Massey has said that people will change for one of three reasons – pain, pleasure or because their perception changes.

We have known, and experienced at first hand, pain driven change programs. An Australian national bank restructured and told its senior managers it would test how far they were prepared to jump for the company. It forced each of them to take a compulsory transfer, often thousands of kilometres away, irrespective of their personal circumstances. It then failed to track either the specific benefits of this disruption, or benchmark the benefits against the status quo of no moves at all.

Another less than worthy manager in a public sector organisation told a group of managers he had just retrenched that one day, they would thank him for the opportunity he was giving them. But for callousness no one can match the CEO of a public organisation undergoing privatisation who calculated the number of suicides that he was prepared to tolerate when the sackings started. Of course he called it 'downsizing' and 'realigning.' (This man is known to us – he is not an urban myth.)

Unhappily, whilst we can find many examples of change being driven by pain, instances of it being driven by the experience or promise of pleasure are few and far between.

And rarely do we see organisations that allow change to manifest itself from within. The persistence of senior management (in particular) in believing change should be initiated from the top, frustrates initiative for change from within.



What's wrong with current change models?

Any change that does not help the organisation to adapt is a waste of time – end of story. And research study after research study finds that the majority of major change initiatives fail to deliver on their intended results.

We have been in the grip of a scientific approach to management since the early 1900s. While many of the more objectionable aspects of this approach (having the job take precedence over the people by breaking jobs down in to very discrete task and skill sets) have dominated this approach, there has been a continuing quest for a recipe or formula to managing. While it is entirely appropriate to suggest that there are certain things to consider when selling, giving feedback, managing or motivating employees, there is not *one* right way to do it.

This is also true of managing change. Many of us have lived through the 'unfreeze-change-refreeze' approach where the organisation tries to substitute and lock in (refreeze) new behaviours for old ones. Sorry it just doesn't work that way.

The new form of a scientific approach to change is to put people through assessment centres so that only those whose behaviours are deemed appropriate are appointed. Typically, the assessment centre is designed by someone who has never done the job; the evaluation of candidates is also assessed by someone equally ignorant of the job in the work environment (the real world). Neither the designer nor the evaluator has a clue what the organisation will be dealing with in 5-10 years time, and no prescription is applied to help identify those skills.

Assessment centres can give a CEO a malleable team; they also encourage 'group think' and conformity of behaviour. But after recent corporate collapses, we need to challenge this pseudo-scientific approach to management and change, and foster a return to the elegant and simple art of paying attention to the business, its people and its customers.



Management = Paying attention

Management is not difficult and it is generally performed adequately, but rarely well. It is a task that the average human being can do, as successful management is not a science. It is a role attended to with a complex combination of attitudes, including willingness to work with people, and a set of skills and behaviours with some science attached. The only 'science' is that of seeing and understanding patterns and relationships.

At the end of the day, management is all about creating an environment of confidence – in which you and your associates work together. It is important to recognise the matters that a manager needs to bear in mind.

In *The Management Equation*, we explored and expanded the critical elements or Quotients that go with successful management, and the achievement of an optimal Comfort Quotient.

The Comfort Quotient is a zone in which people are satisfied in what they do or produce, and can be relied upon to deliver desirable outputs. It is a state in which all constituents' needs are being met, from customers to regulators, from staff to the community at large.

The six components of the Equation are:

- ❑ Being able to quickly and accurately process lots of information (**Intelligence Quotient**).
- ❑ Applying empathy and compassion (**Emotional Quotient**), and the capacity to bounce back from emotional upsets.
- ❑ Ensuring a rewarding quality of life for both you and your people (**Quality Quotient**).
- ❑ Being tenacious (**Tenacity Quotient**) in the context of drive and vigour, in addition to determination and resolve, to capture that something special that good managers exhibit in the form of energy that they apply to the management function.
- ❑ Managing stress (**Stress Quotient**). Without stress our hearts won't beat, we won't get out of bed in the morning, but with too much stress we are confined to bed! The good manager has to deal sensitively within him or her self, and in those being managed. Get the stress balance right and it is an

excellent tool – get it wrong and the reward is potentially a wooden box buried two meters under the ground!

- Being philosophical (**Philosophy Quotient**) - the ability to stand back from an issue, to become philosophical about circumstances, and deliver in a more meditative sense than is manifest in task-oriented managers.

And the challenge of all who intend to be good managers is to work on optimising all (dynamic) elements of the Management Equation. To deliver an optimal **Comfort Quotient** is the state of balance, the eye of the hurricane, between all the competing forces of being a good manager.

This is not a process of “hit and miss”, but one that should be constantly worked on with the use of proven tools.

Management can thus be expressed as an equation that describes the achievement of the desired state of Comfort as a function of the other management quotients:

$$CQ = f\{IQ, EQ, QQ, TQ, SQ, PQ\}$$

This book provides tools that have helped managers to understand and successfully implement change in their lives and within their organisations. All of the tools are dynamic in that they won't just take you and the organisation from one place to another. Used appropriately they will promote a process of continual adaptation.

They are simple and commonsense tools that make sense at first sight. Peter Senge has said that ‘the trouble with most change models is that they are not very practical’. This book is about how we may approach the world we live in with practical ideas and models to develop the way we think and see, so we can understand what to do. It is based on 25 years’ of finding things that work to help people and organisations successfully adapt.

Unfortunately, organisations do not offer much in the way of pleasurable reward for people to change. The few who do are “learning organisations” that provide their people with opportunities for development and self-directed learning; and foster and reward better managerial performances at all levels.

The greatest potential for change or adaptation comes from helping people to change their perception of change. Much of this

is to do with satisfying their needs in the change process: helping them to succeed in an uncertain world. It was Theodore Zeldin who remarked that as the world became increasingly complex, it also offered more crevices through which we could crawl. When we learn to see the world we live in with fresh eyes, we can see the opportunities and possibilities that we were previously blind to. This is the heart of managing for change by developing a new perspective.

David Clancy, a friend, once shared with us the following proverb of an African tribe

When the sun comes up on the plains, the lion starts running, because if it doesn't it dies. When the sun comes up on the plains, the gazelles start running, because if they don't, they die.

We need to run these days just to catch up – we may never be able to run fast enough to stay ahead anymore, but staying still is not an option. As Gary Hamel and C.K. Prahalad wrote, in the 'race to the future there are drivers, passengers, and road kill.'

This book is for people dealing with the need to adapt to their world. This can be the best of times or the worst of times – it really depends on how we think!

'Perspective is worth 50 IQ points ... it is impossible to make people smarter, but you can help them see with new eyes'

Gary Hamel

'Thus the task is not so much to see what everyone else has yet seen, but to think what no one yet has thought about which every body sees.'

Schopenhauer

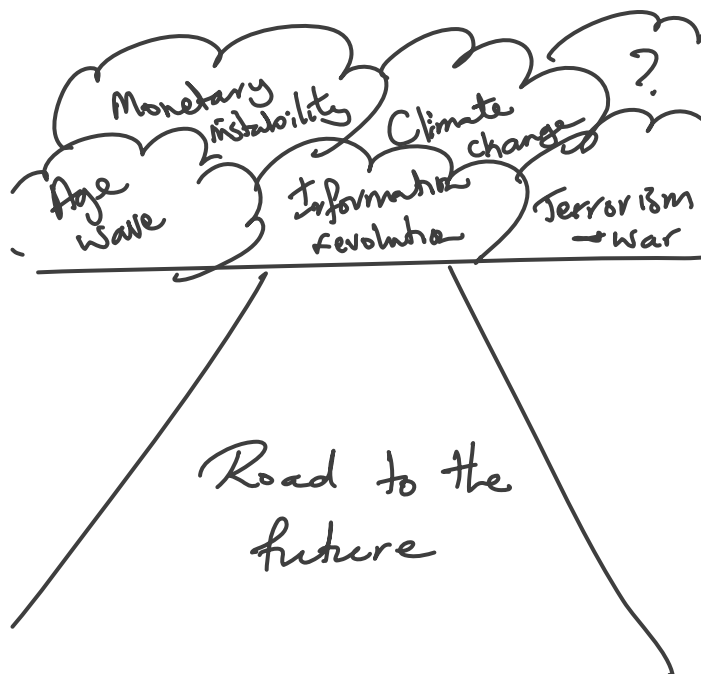


Section 1: The world we need to watch

This is a time of tumultuous change that requires us to make more decisions in one month than our grandparents made in an entire lifetime.

Sometimes stating the obvious helps you to see it. We remember when our grandparents, living on the farm, had the grocery order delivered every week. It was always the same order. Looking back into the past has a sense of stillness and certainty that seems to be missing now.

Of course, it wasn't as idyllic as we remember it to be. We are living at a time that is very complex, and a time that requires us to make many decisions that no one has been called upon to make before, and for which we are not adequately prepared.



Source: Bernard Lietaer *The Future of Money*

At a personal level, we are a part of the first 'sandwich generation' - likely to have dependent children and parents at the same time. Our generation will also live longer and we will need to make great preparations for our aging years. Bismark set the

retirement age at 65 in the mid-19th century - when the average life expectancy of a German male was 48 years.

At a social level, we are facing unplanned challenges. These include the information revolution, the aging population, environmental change, terrorism, the threat of global epidemics, financial instability and other unwelcome events.

At a corporate level, the speed, magnitude and complexity of life demand we be better equipped than ever, as the costs of managerial inefficiency come home to roost very quickly in today's unforgiving climate.



***Information revolution:
Will there be enough work for our children?***

Whole industries have purged people from their jobs in a hell bent effort to make more money with less staff. Technology has been the mechanism that has enabled them to structure work without people.

Over the past 20 years, the world's 500 largest corporations have managed to increase their production and sales by 700%, while at the same time reducing their total workforce.

While many of them have succeeded, the indications are that they have left many victims in their wake.

A recent survey of middle class Australians concluded that they are angry and exhausted by 15 years of economic reforms that created more losers than winners. More than 80 per cent agreed there was "more insecurity now than 20 years ago"; 70 per cent said wage and salary earners had been "losers from economic change over [the] past 15 years"; and 86 per cent said the income gap between high and low earners was too big. Summing up the mood, a truck driver said: "I have to work three bloody jobs to make the same money. Dunno whether any of them is going to be there tomorrow."

As Bernard Lietaer notes:

The harsh reality is that the post-industrial global economy does not need – and therefore cannot and will not provide – jobs for the six billion people on the planet today, not to speak of the eight billion forecast for 2019.

Twenty years ago in the vocational education sector the belief was that technology would enable people to have more leisure time and more control over that time. The push was on to create programs to help people enjoy their leisure time. Then suddenly the retrenchments and wholesale restructuring commenced and everything changed. We can no longer promise our children that there will be work for them.

The same issue exists in the emerging markets as well. The privatisation we observed of one of China's many State Owned Enterprises (SOEs), in Sichuan province, had 700 employees. It only needed 450 to produce the same output under efficient management. Plus it had 900 former employees still on its books receiving a 'retirement salary'. All of this disappeared with privatisation, and the former and retrenched employees have been cast adrift with the flourish of a pen.

These are the sort of issues change management needs to address, and which sour stories of CEOs not teaching their staff – whether it is to learn how to use computers, or hedge their kids' future...

As information doubles, knowledge halves and wisdom quarters.

Robert Theobald



***The Age Wave:
Can we look after our elders, or each other?***

We have started to see workers demanding guarantees on the payment of their retirement benefits. Unfunded pension liabilities are a serious problem. As Lietaer points out, they have accumulated to US\$35 trillion in the OECD countries alone (more than four years' entire Gross National Product of the US economy).

Governments have encouraged us not to rely on the public purse and to provide for our own retirements through superannuation funds but what happens when the money is not there, and for many of us it won't be. We have been encouraged to become investors and this has exposed more and more people to the devastating impact of corporate collapses.

All is this is happening to the world's first 'sandwich generation' that has both dependent children and parents to look after.

In the developed world, about one person in seven is now over 65 years of age. In 1960 the ratio was one in eleven. By 2020 the figure will be one out of every five people.

Whether we like it or not, the iron rice bowl is broken!

“British Airways Plc said it would pay an extra £225 million a year into its main pension plans after an actuarial valuation and was talking to unions about funding the increase.

BA, sometimes referred to as ‘a pension fund with wings’ because its funds’ assets dwarf its market capitalisation, warned last week when reporting a halving of second-quarter profit that costs were set to rise.”

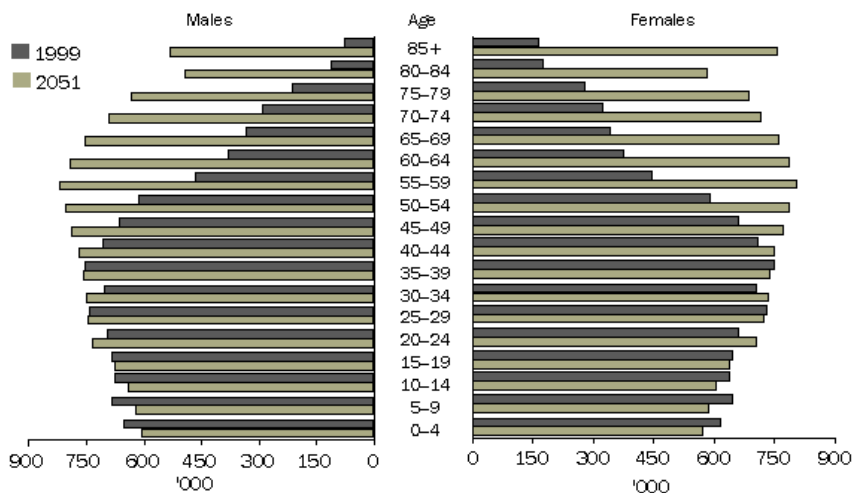
Reuters, November 2003.

In Australia...

By 2031, the population aged 65 years and over is projected to reach 5.4 million (more than double the number in 1999) and represent 22% of the total population (compared with 12% in 1999). As the youngest baby boomers reach 85 years of age in 2051, the population aged 85 years and over is projected to reach 1.3 million (more than five times the number in 1999) and represent 5% of the total population.

The median age of the population is projected to rise rapidly from 35 years in 1999 to between 44 and 47 years in 2051.

AGE STRUCTURE OF THE PROJECTED POPULATION, AUSTRALIA-SERIES II



Source: Population Projections, Australia, 1999 to 2101. <http://www.abs.gov.au/Ausstats>

WHEN 20% OF THE POPULATION WILL BE 65 OR OLDER

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> Italy 2003 | <input type="checkbox"/> France 2016 |
| <input type="checkbox"/> Japan 2005 | <input type="checkbox"/> Canada 2021 |
| <input type="checkbox"/> Germany 2006 | <input type="checkbox"/> USA 2023 |
| <input type="checkbox"/> UK 2016 | <input type="checkbox"/> Australia 2031 |



***Climate change and biodiversity extinction:
Will we choose sustainable development?***

Forget, if you wish, the soft, warm, fuzzy approach to the environment. 1998 was declared by the UN insurance initiative as the worst year ever for natural disasters. The frequency of natural disasters is now thrice what it was in the 1960s.

The cost of weather-related disasters in 1998 alone exceeded the cost of all such disasters in the whole of the 1980s. Tens of thousands of mostly poor people have died. Tens of millions have been temporarily or permanently displaced.

Extreme climatic events may also be caused in part by global warming, which is, in turn, caused by increased deforestation and carbon emissions from burning fossil fuels. Can it really be a coincidence that 1998 was the warmest year recorded since worldwide measurements were first taken some 150 years ago?

... It is becoming increasingly clear that the term "natural" for such events is a misnomer.

Kofi Annan (1999) Secretary-General United Nations.

2003 – “third hottest year on record”

This summer, much of Europe was struck by a heat wave which saw temperatures exceed 40 degrees Celsius.

The World Meteorological Organisation said it expects the average surface temperature for the full year to stand 0.45 degrees Celsius higher than normal. The hottest year on record was 1998, when the average temperature was 0.55 degrees Celsius higher.

The agency, which collects data from government forecasters worldwide, bases its figures on an average temperature of 14 degrees Celsius. It said the three hottest years since accurate records began to be kept in 1861 have all been in the past six years.

"The rhythm of temperature increases is accelerating," said WMO deputy secretary-general Michel Jarraud.

From correspondents in Geneva, 17 Dec 2003

A United Nations Environmental Programme (UNEP) global panel believes that average temperatures across the world could climb by between 1.4 and 5.8 degrees centigrade over the coming century.



Will we see more wildfires of greater intensity, floods or cyclones, with consequences worse than ever seen before? Is the film The Day After Tomorrow all that futuristic?

... the most striking fact emerges when we look at the entire century and a half between 1900 and 2050. In this period, barely two lifetimes long, our annual impact on the planet's environment will have increased more than fortyfold, and almost two-thirds of this increase will have occurred in the first five decades of the twenty-first century – that is, in the next fifty years. This analysis tells us that we have experienced, so far, only the earliest stages, just the leading edge, of the planet's environmental crisis. Far, far greater environmental challenges are still to come.

Thomas Homer-Dixon 'The Ingenuity Gap'.



**Monetary instability:
Will our economies survive?**

Managing savings has traditionally been about balancing three classical asset classes – real estate, bonds, and stocks. Over the past decade another major asset class has emerged – currencies.

In this new market ... billions can flow in and out of an economy, in seconds. So powerful has this force of money become that some observers now see the 'hot-money' (funds that move around quickly from one country to another) becoming a sort of shadow world government – one that is irretrievably eroding the concept of the sovereign powers of a nation state.

Business Week March 20 1995, see Lietaer op cit p326

IN RECENT YEARS WE HAVE SEEN THE FOLLOWING CRASHES:

- | | |
|---------------------------------------|---|
| <input type="checkbox"/> Mexico 1994 | <input type="checkbox"/> Brazil 1999 |
| <input type="checkbox"/> SE Asia 1997 | <input type="checkbox"/> Argentina 2001 |
| <input type="checkbox"/> Russia 1998 | <input type="checkbox"/>Where next? |

The economy of a nation can be destroyed by currency speculators who may decide to transfer funds on no better basis than a perceived better deal.

The last century saw the emergence of global corporate capital - to the point that now only 23 of the world's 100 largest economic

entities are nations. Not only is the US the world's dominant economic entity (in 2003 having a stock market capitalisation value over five times greater than Japan, in second position) but also five US companies - Microsoft, General Electric, Exxon, Mobil and Wal-Mart - out-rate all but ten other nations.

An awesome amount of power, the power to change the destiny of markets, nations and people, is vested in non-democratic, non-representative, non-accountable boardrooms and offices.

Even now, currency fluctuations make planning the purchase of foreign equipment and supply a gamble. This is only a minor inconvenience to what *is or could be* in store for us.



How does your organisation plan or budget for these changes? How do we deal with the unmanageable – the perceptions of speculators and the power that exists beyond our control?



Conclusion

Whether or not you agree with our views on these uncertainties, there is no denying there are uncertainties ahead – some of which may derail progress very materially, and unveil a very different future from the one we expect.

To cope with that uncertain future requires specific managerial competencies. But as the Management Equation describes, these constituents are in a dynamic state, each with its own constantly changing value proposition.

Your job, as a manager, is to manipulate the six Quotients of the Equation, in a constant drive for the optimal Comfort Quotient.

The next chapter describes how to equip yourself better for the demands of the future, and best application of the Management Equation, such that you will be better able to cope with the future's uncertainties.

Section 2: Building the Toolkit

A 2003 survey reported that more than three-quarters of the Australian workforce were dissatisfied with the leadership of those running their companies. This finding is depressingly close to those of a Hay Group survey in the US over a decade ago.



These results do not necessarily mean that three quarters of all companies are broken. There is no doubt in our minds that most managers believe they are doing a good job. However, there is a major disconnect between how most managers see themselves, and how they are seen by their people. We concur with Robert Heller, management consultant and author, who wrote that 80% of managers have a false perspective of their performance.

...the basic myth of management (is) that success equals skill ...

Don't deceive anyone, especially yourself. For a start listen to what your customers, competitors and suppliers say about you, your company, and your products: eight times out of ten it is just as accurate, and, if used properly, just as constructive as the findings of a paid researcher (and much cheaper). What you believe about your own products and performance, eight times out of ten, is untrue."

Robert Heller, The Naked Manager for the Nineties, 1995.

What is certain is that, if you are a manager, people are making judgements about you. Take to heart that it is probable that $\frac{3}{4}$ of the people in your business think that you and the other managers could do a better job. So, to perform effectively, it is important that you first know what the judgments are (and understand them!), and secondly that you address any incongruence between their perceptions and your own.

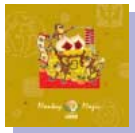
It is also important to remember that we all at some stage rise above our level of ability (the 'Peter principle', see below). The only problem occurs when a manager fails to recognise that he or she has more to learn. You have to consider what aspects of performance you could improve, and what tools you need.

In selecting the appropriate tools, let's reconsider the management equation, as good management is about paying attention to the six Quotients:

IQ - Intelligence	EQ - Emotion	QQ - Quality
TQ - Tenacity	SQ - Stress	PQ - Philosophy

There is little evidence to show that leadership and management training programs work. The one-size-fits-all, sheep-dip approach to management development, whether it is an MBA or a short program, does not pay dividends. Training can work for technical or analytical skills but the development of management skills can only be developed through:

- ❑ Motivation – you must want to be a better manager.
- ❑ Extended practice – you get better the more times you do it.
- ❑ Regular feedback from people you respect – all your constituents are key.



The Peter Principle

NOUN: The theory that employees within an organisation will advance to their highest level of competence and then be promoted to and remain at a level at which they are incompetent.

ETYMOLOGY: After Laurence Johnston *Peter* (1919–1990).

You have to listen to those around you – we continue to be astounded at the inability of so many to enquire, to listen, to consider and to relate to those with whom they intend to achieve so much. Think about it – you are a member of a group, large or small, that is working towards certain goals. How can you hope to manage that group if you don't communicate openly with your group members? Too many do not.

The tools we discuss below are not a panacea, a cure-all: they are an *aide* to listening and communicating - a set of things to look out for. Do not be afraid to use them – the best managers do, as they recognise they need tried-and-tested assistance wherever it is available.

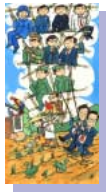
Think a little more about the Management Equation and the management 'Q's. The Quotients that managers have to balance are themselves an inherently unstable set.

$$CQ = \{IQ, EQ, QQ, TQ, SQ, PQ\}$$

Each Quotient is a function in itself, as is the combination of all of them, which demands that each be optimised for the entire equation (or Comfort Quotient). It is not good enough to excel in one, to the detriment of others, as the function or combination of Quotients cannot be optimised unless each of the individuals is itself optimised.

To be a good and effective manager, one has to constantly examine each of the Quotients, how well is it being developed, how relevant is it to today's needs, and how relevant is each Quotient to each of your constituents' needs? As our environment is constantly changing, so the competitive landscape is constantly changing, and to sustain one's management performance demands continual reference to the concept and demands of change.

Tools are needed to assist you in the management of each of the Quotients. In themselves they are not enough – they are tools. You are the manager, so use them. We detail each of the Quotients in Section 3. But first, let's take a closer look at you.



Toolkit – Understand your job

The job of the manager has always been to keep the organisation on track by ensuring that it performs. Life, today, is more urgent, more demanding and more complex than it has ever been, and change, which gives it its shape and direction, unfolds at an ever-faster pace. Corporate corridors, once bastions of conservatism with vested interests avoiding change, are now busy thoroughfares for new structuring, new codes, and new cultures. And management, in all its forms, has been yanked – often kicking and screaming – into the turbulent currents of this changing business environment.

The upshot of all this has been the demand that the managers of today are better, faster, and more universally grounded than those of a gentler age. From good managers we expect focus on stability, the bottom line, service, core values and the health of the firm. We expect them to balance forces within the firm, and keep competing interests in harmony. This is a big ask in such times!

Thus, more than ever it is essential that managers understand their role. Accurately perceiving their role is the ingredient that will ensure they can contribute to performance.

TOOL: The Manager's Role: The Performance Equation

Research has identified those organisations that looked after their people outperformed, by a huge margin, those that did not.

How we can help people to achieve this level of performance has been greatly enhanced by the work of Nicholas Imparto and Oren

Harari. They question in *Jumping the Curve* the 'so-called truths about the critical arena of individual performance.'

Performance has traditionally been defined as an outcome of two variables, ability and motivation. This could be expressed as a formula: $P = A \times M$.

Imparato and Harari add one more variable to the formula, **Accuracy of Role Perception (ARP)**. ARP occurs when there is agreement on the role between the manager, his or her boss, peers and the people he or she supervises.

The formula becomes: $P = A \times M \times ARP$

The need for this became clear to them when they were looking at managers who were successful agents of change. While other managers had ability and competence to their job, the outstanding managers were those who perceived their role to encompass attributes that included, amongst others, embracing change, attending to external realities, promoting a coaching style and expanding job responsibilities.

The ability and motivation of managers is related to a perception of the organisation as they have known it, and not how it has to be to respond to the future:

... the tumultuous changes around us demand new behaviours and actions, a new way of defining our role as manager. Without the appropriate role perception, performance is depressed, ability and motivation notwithstanding, because managers do not take on the responsibility to act in ways that are in harmony with the demands of the emerging epoch. Without accuracy of role perception, all the advice and how-to's in the world have little impact. An inaccurate role perception explains why so many managers who attend seminars and listen to management tapes can't translate their knowledge into higher performance back on the job.

Robert Ornstein *The evolution of consciousness: the origins of the way we think* New York: Touchstone, 1991

ARP happens when the people who work together agree on what they need to do to be successful *beyond* the ability and motivation to undertake the tasks they have to do.

The minimal requirements for a manager today that must be reflected in their ARP are:

- ❑ encouraging innovation
- ❑ embracing change
- ❑ focusing on the bottom line including raising revenue and controlling costs
- ❑ maintaining quality while continuously improving systems
- ❑ customer service
- ❑ attracting and retaining good people
- ❑ maintaining life balance for self and others
- ❑ communicating effectively internally and externally

This concept is so important it is worth repeating: The ability and motivation of managers is related to a perception of the organisation as they have known it, and not how it has to be to respond to the future.

The challenge is to help them move and for them to help their people to move.

An example of the Performance Equation in action:

A group of bank managers attended a customer service workshop. The discussion started to focus on selling. Everyone agreed that it was about spotting and qualifying opportunities, questioning and listening to customers, but then we encountered a stumbling block – what did the bank senior executives expect?

The team rated itself on each of the variables – Ability, Motivation, Accuracy (or agreed) Role Perception. Performance can be expressed as a possible maximum score of 1000. (Maximum P = 10x10x10). The group was doing well until the question of the expectations of the executive came up. Their equation was: $P = 9 \times 8 \times 5$.

That is: $P = 360/1000$.

The basis for the group's scoring was as follows:

- ❑ *Ability* was 9, as average experience was over 20 years.
- ❑ *Motivation* was 8, a little lower than they would have liked, but there had been a continual round of restructures and some retrenchments.

- *Accuracy of role perception* was 5, as there had been frequent changes in leadership and confusing messages about selling to customers.

Their performance was little more than a third of what it could have been. One person retorted, 'But we're better than that.' As Imparato and Harari note:

The multiplication signs (in the formula $P = A \times M \times ARP$) indicate that the effects of the ability, motivation, and role perception are non-compensating: a high score in one dimension can't compensate for a low score in another. In the extreme, if both ability and motivation were a 10 and accuracy of role perception were a zero, performance would be wiped out.

With each of the variables impacting on each of the others, the workshop group could be no better than their score. This was not possible when the work, their role, had not been defined with them. And without such definition they were unable to translate into action the behaviours that would lead to high performance.

The group would not be the best they could be until the role perception was addressed. The workshop decided that training and other interventions would not have been appropriate at that time. This assists in establishing an approach to the other performance variables - Motivation and Ability.

The question is whether you and your colleagues have an agreed understanding of the manager's role? One of the typical problems we find is managers who fail to let go of their previous roles and fail to make the transition to their new management role. The result is micro-management and failing to let people do the job they were appointed to do.

The role changes the further you rise in an organisation. The constant challenge is to arrive at an accurate or agreed role perception.

ARP exercise

Following is an activity you could undertake to establish the level of agreement on role perception. It is what you *do* in your role that matters; this is how you demonstrate your understanding of the role. If your boss and colleagues agree with you, you have achieved ARP. Complete your section of the table and ask your



boss and colleagues, including people who report to you, to complete their sections.

TUNING UP YOUR ARP

Role	What you do to demonstrate this	What your boss thinks you should do	What your colleagues think you should do
Encouraging innovation			
Embracing change			
Focusing on the bottom line including raising revenue and controlling costs			
Maintaining quality while continuously improving systems			
Customer service			
Attracting and retaining good people			
Maintaining life balance for self and others			
Communicating effectively internally and externally			

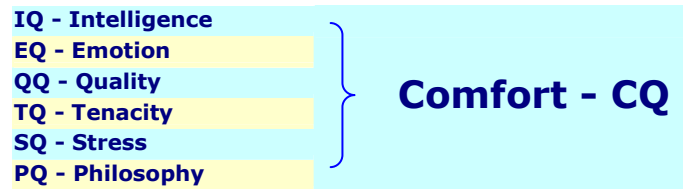
Do you have agreement? Compare the results, discuss them with colleagues and your boss (use a facilitator if you think the process will be easier and more accurate), and agree specifically what the differences are, where the gaps are, and what steps you will collectively and individually take to close those gaps. Remember, this is not a “one shot” operation, but a continuous process that should be regularly repeated.

So, as you work your way through the next section, as it details each of the six Quotients of our Management Equation, bear in mind the way low ARP levels can create distortions: ie don't kid yourself!



Section 3: Your Management Equation

$$CQ = f\{IQ, EQ, QQ, TQ, SQ, PQ\}$$







IQ: Intelligence

Your ability to quickly and accurately process lots of information

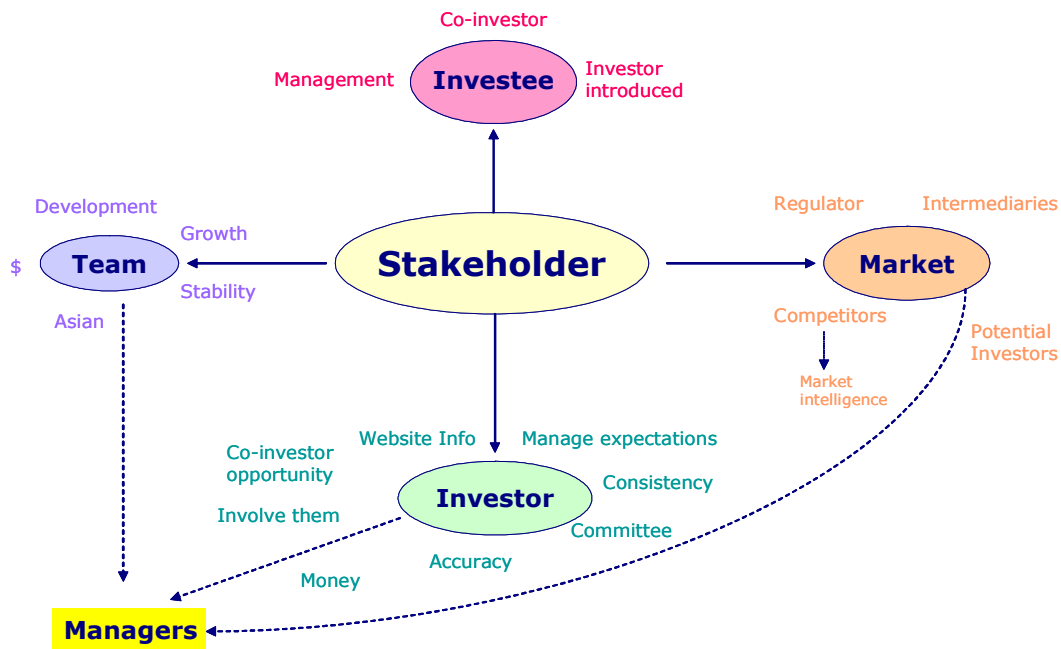
Under no circumstances use an IQ test to determine your ability as a manager. Organisations are littered with 'smart' people who make dumb decisions. A manager with high IQ is one who can process lots of information quickly to make decisions, but IQ alone is not management. From our consulting, teaching and direct experience we have observed that one of the biggest bugbears of staff is management's frequent inability to make effective decisions, in fact some times any decision at all!

Often people get tangled up trying to work out the order of things before they make a decision. Mind mapping is a powerful tool for seeing the big picture before you determine the order of things.

Tool: Mind maps

1. Imagine your brain cells are like a tree, storing related information on its branches.
2. Now try arranging the key points of any topic on a sheet of white paper in the same tree-like form.
3. Start with a central topic - preferably with a symbol - in the centre of the page, and then draw branches spreading out from it.
4. Generally record only one word and/or symbol for each point you want to recall- one main theme to each branch.
5. Put related points on the same main branches, each one shooting off like a new sub-branch.
6. Use different coloured pencils or markers for related topics.

See examples below





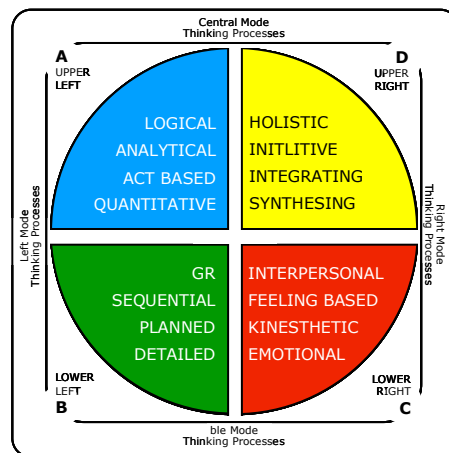
Tool: Whole Brain Thinking (WBT)

We have preferences in the way we look at the world in much the same way that we have preferences for the hand we write with. We build on our preferences and they provide the foundation for building our skills as well as influencing our life experience. It is as difficult to see the world through a non-preferred state of thinking as it to change the hand you write with.

We are most successful when we, as individuals or teams, apply whole-brain thinking and build on preferences by accessing less preferred thinking styles. Our thinking preferences can be expressed through a model of the brain that captures these preferred ways of looking at the world.

Some people prefer a left-brain approach. They collect information and make decisions based on analysis and facts. They favour a step-by-step approach. A right-brain approach will see people using insights, images, sounds and patterns to make decisions. Some people also prefer to make decisions by thinking (cerebral mode) – either using imagination or information. Others prefer to use feelings to make decisions (limbic mode).

Ned Herrmann combined all of these factors into a model of whole brain thinking.



Reproduced with permission, Herrmann International Asia



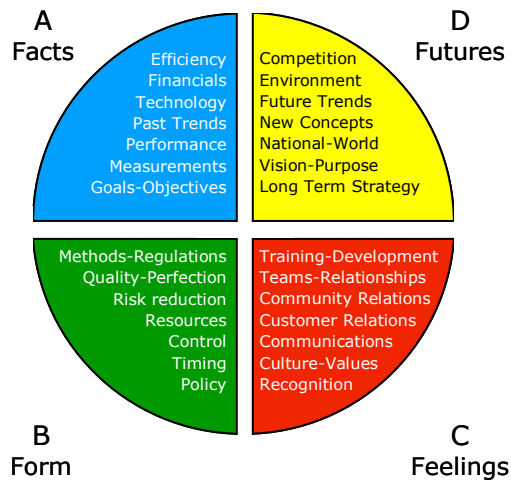
While we don't need to spend equal time in each mental quadrant of the model we have our best response to challenges and issues when we have *equal access* to all four quadrants.

Placing an issue or opportunity in the middle of the Herrmann Whole Brain Model means that we can then think about or figuratively walk around it and consider it from each mind state. Eg.

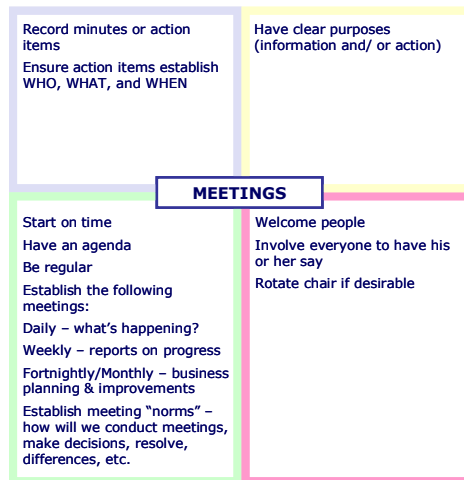
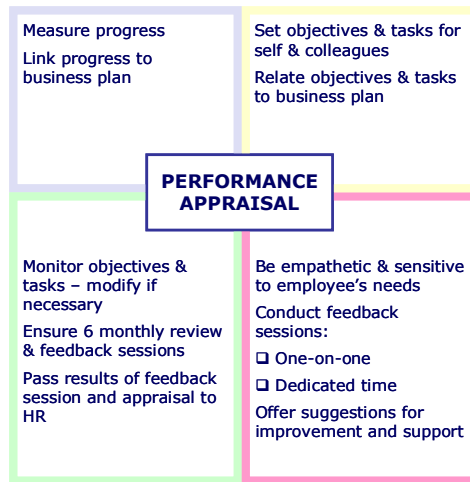
- ❑ What do we want to achieve? What are our goals? (D Quadrant)
- ❑ How will this impact upon the people? (C Quadrant)
- ❑ How will we organise ourselves? (B Quadrant)
- ❑ How will we measure success? (A quadrant)

Please note that the issue or opportunity will determine both the order and the questions that are used. Some examples of Whole Brain Thinking:

Business Thinking Tool
For Planning, Strategy, Dia



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The role of a manager can be summarised using whole brain thinking (WBT). The manager must be able to access four thinking states.



Analyse

- focus on bottom line
- cost control

Strategise

- encourage innovation
- have a vision
- Embracing change

Manager's role

- focus on quality
- improving systems
- modelling best practice

- maintain life balance
- providing feedback
- communication
- keeping good people
- looking after customers

Organise

Personalise

<p>A UPPER LEFT</p> <ul style="list-style-type: none"> ● Uses facts to illustrate points ● Very matter-of-fact ● Expresses emotions abstractly ● Appears to display little or no emotion regardless of the situation 	<p>UPPER RIGHT D</p> <ul style="list-style-type: none"> ● Asks questions that lead to other questions: <i>Why? How?</i> ● Speaks in phrases ● Stops in mid-sentence thinking others obviously know
<p>How the Brain Communicates</p>	
<ul style="list-style-type: none"> ● Asks questions that have answers: <i>Who? What? What?</i> ● Speaks in sentences and paragraphs ● Complete sentences and paragraphs 	<ul style="list-style-type: none"> ● Face in animated-eyes flash, etc. ● Uses expansive nonverbal gestures ● Uses stories to illustrate points ● Talks out loud or to self to learn
<p>B Lower LEFT</p>	<p>LOWER RIGHT C</p>

source: Ned Hermanns *The Whole Brain Business Book* p116

Tool: Defining Responsibilities and Boundaries

ARP: Responsibilities and boundaries

One of the managers with high IQ we worked with determined the most effective way to deal with a lack of decision making in his organisation was to



say to his people, 'Here are the boundaries. Cross that line and you're dead but inside those boundaries you are free to make whatever decisions you need to. You can make mistakes and not get into trouble for those mistakes.'

The staff needs were satisfied because they knew where the boundaries were and they were then free to make decisions.

In this instance our manager applied his particular IQ circumstance by standing back and assuming the role of coach and mentor, applied his capacity to rapidly process information to the tasks of observing and directing his managers as they became ever more competent in their specific management challenges.

This form of empowerment is very effective indeed.

Use the following questions to facilitate the processing of information and make decisions by determining where the boundaries are and who is responsible for what. This exercise will also confirm whether you have accuracy of role perception or not.

Step 1

1. Which major decisions is it your responsibility to make alone?

2. Which major decisions do you need to make with other people? Who are those people?



3. Which decisions do you expect others to make without you?

4. Which decisions do you expect others to make but to keep you involved or informed about?

Step 2

Ask your staff to complete the above exercise. Compare and discuss the results. Use the exercise to develop agreement about responsibilities and boundaries.

Tool: Ditherer or Decision Maker?

Of course a lot of decisions are made in business that should have never seen the light of day. However, more damage is done by managers avoiding making decisions at all. As we note earlier, managers demonstrate a high level of IQ when they quickly and accurately process lots of information.

It should go without saying, but decisions do need to be made with reference to the needs of key stakeholders. Being decisive in order to make a quick return at the expense of long term gain can be worse than being confused by too many alternatives.

Burt Nanus said that if you are not confused in this day and age, you are not thinking clearly. He recognised that we will rarely have all the information we need to guarantee that our decision will be perfect. But we can, as a boss



once said to me, 'Make the best decision you can, and then work to make it work!'

1. Where are you on this scale?

ditherer decisive

(Or can't you answer to this question?)

2. Where would your people place you on that scale? Ask them.

It is very, very important at the end of each of these exercises to carefully and clearly close out, with all constituents, any gaps that have emerged. This means agreement on what the gaps are, followed by action steps to close those gaps (or at worst, to recognise the gaps and agree that future interactions will be cognisant of the gaps, and will make allowance for them, until they can be closed).

"Leadership is all about decisiveness. Right or wrong, you decide; don't dither."

Mahathir Mohamad, 1977.

"His ability to get into details and ask systemic questions about any topic is rarely seen amongst heads of state."

Far Eastern Economic Review.



EQ: Emotion

Applying empathy and compassion and being able to bounce back from emotional upsets.

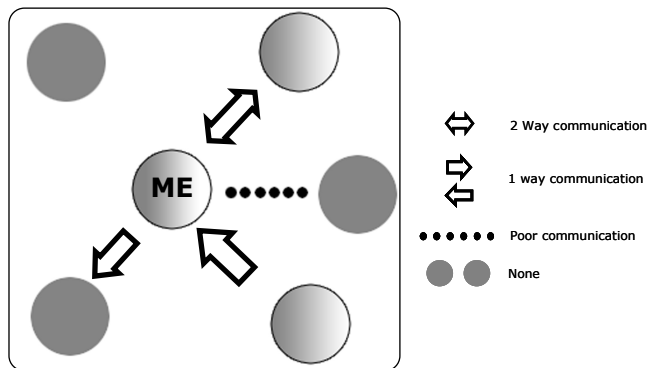
Rather than rely on raw IQ above, or processing capacity, the manager with high EQ is able make decisions that attract the followers' attention and commitment. EQ can only exist where there is trust and respect. With EQ a manager can ensure that difficult and even unwelcome decisions will not erode the commitments and relationships within a workplace.

There is the story about the departing CEO who was told by a consultant that there was good news and bad news. The bad news was that the staff were pleased he was going; the good news was that the customers didn't mind because they had no idea who he was.

Tool: Mapping Relationships

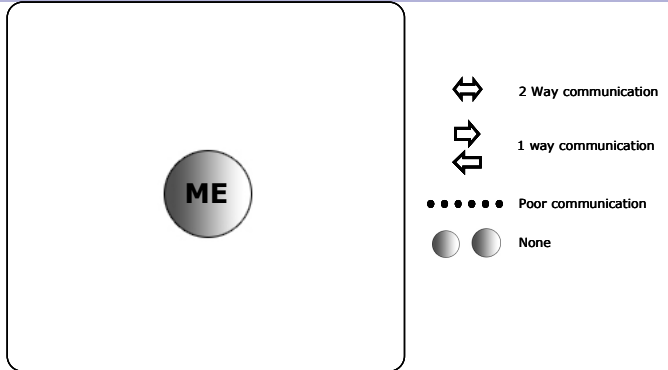
1. Map your work relationships (the people with whom you work most closely) using the model below, to describe the quality of communication.

Example





Use this template to map the relationships:



2. Meet each person with whom your relationship can be improved. Each of you is to use the following questions as a template for describing how you would each like things to be, and what each of you will do about it:

What I want from him/her.....

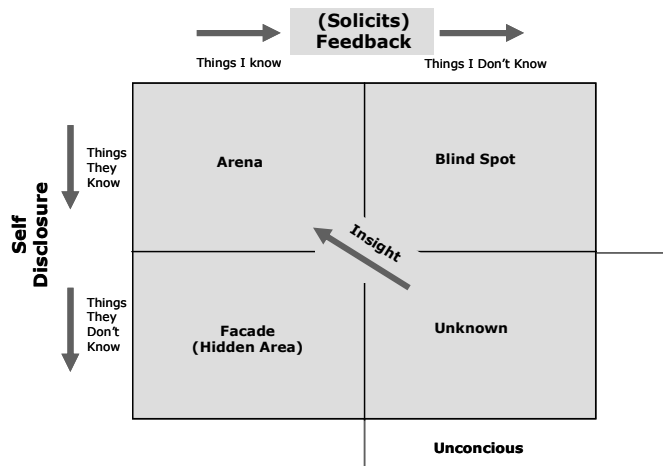
What he/she wants from me.....

How we will know that this is working.....



Tool: The Johari Window

The best workplaces are those where there is a lot of trust. The best way of building trust is for people to know and respect each other. The Johari window, named after the first names of its creators, Joseph Luft and Harry Ingham, is one of the most useful ways to explore the evidence of trust in the workplace and the ability of people to work together.



The **Open Area** represents the things that a person knows about themselves that are also known by others. This area is very small when people first meet each other. As time goes by and trust is built, this area becomes larger through what people choose to share about themselves and the degree to which they are prepared to receive feedback from others.

The **Blind Area** represents what other people know about another person that they may not know about themselves. Some people call this the 'bad breath' area. The degree to which a person is prepared to receive feedback about the things that matter will determine how small this area can be made.

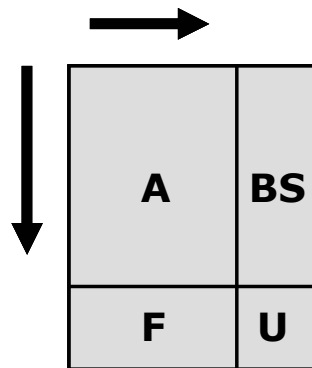
The **Hidden Area** contains the things a person knows about themselves that they have chosen not to share with others. As trust is developed



people become more prepared to disclosure more about themselves.

Each of us has an **Unknown Area** that is only accessed through a dream, a slip of the tongue or a sudden revelation.

The 'ideal' Johari window is one where the Area 1, the Public Arena is the largest as the boundaries can only be pushed back when there trust exists. Trust can be established though *sharing* feedback and *self*-disclosure. Giving feedback when it is neither sought nor expected can be very damaging. Equally damaging is disclosing more than you are comfortable to do.



1

Ideal Window

Warning: Feedback and disclosure is not without risk. The question is the extent to which workplace relations can be developed to deal openly with the issues and reactions which are there anyway. It is desirable to enlarge the Open Area but, before you do so, abide by these rules:

- 1: Establish agreed guidelines for what, when and how to share feedback – never give feedback uninvited unless the relationship can sustain that
- 2: Never ask anyone to disclose more than they are comfortable to



3: Trust is earned only over time...take time. Use the exercises below to start the process

4: Never, ever break these rules – once you do, trust is broken and it is very hard to reclaim it

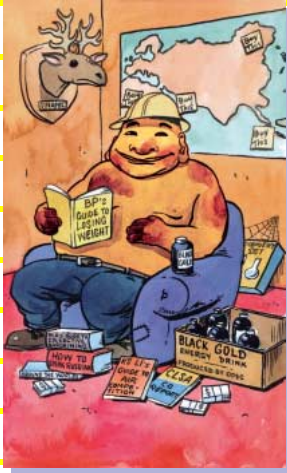
Tool: Self-Disclosure Exercise

Individuals working in teams need to know many things about one another for the team to be successful. This includes:

- Skills
- Interests
- Likes, dislikes
- Plans, visions, ideas
- Sensitive spots
- (Some) current issues in their lives
- Concerns
- Values
- Their ground rules for working together

With a colleague, speak for at least two minutes on a topic from the following list:

- What was the most interesting time of your life?
- What has been the most difficult period?
- How do you happen to be doing the work you're presently doing?
- What things do you do very well?
- What are some things you want to stop doing?
- What are some things you are learning right now?
- What are your favourite things to do?
- What are some experiences you are looking forward to?
- What is the best team experience you've ever had?
- Talk about a missed opportunity.
- What are some things you want to start doing at this point in your life?



QQ: Quality

Paying attention to quality for yourself and the workplace

Despite increasing wealth and materialism each of us experiences a yearning for a quality of life that seems to be just out of reach.

Lou Tice of the Pacific Institute, in a conference address, told the story of when his young daughter had to draw a picture of what her father did, she drew a man asleep on the sofa. Her experience of her father was of a man who came home from work to crash. Another friend was asked by his three year old daughter where do fathers live.

Just how well are you achieving optimal QQ for yourself, and your constituents, or are you too engrossed in effort for effort's sake, and not concerned enough about the quality of that effort?

Tool: Leaving a Legacy

What legacy do you wish to leave? Write your retirement speech outlining what is important to you about life and work. (Using bullet points is good enough).

Write what you want the people at your work to say about you. (Hint: less than 25% of Australians and Americans believe that they are well managed.)



jobs and list their bosses as the cause of most of their workplace grief. Don't join the club – get smart about the relationship you have with your colleagues – understand what is important in your and their lives, and use the tools and activities we provide to do something about delivering a better QC to all of you.

It's about empowerment, recognition, communication and honesty.

Seek chief executive, Paul Bassat.

Imagine what your QQ is like in the following circumstance:

A 2003 survey conducted over 300 businesses as part of International Customer Service Week found "one in four staff felt intimidated by difficult and confronting customers, 45% felt angry, while 20% said they did not care. Yet the survey found that staff were receiving on average only 3.28 days of customer service training a year." reported the West Australian.

Three out of five bosses admit that the customer-service-is-a-priority line in their mission statements is mere propaganda. More truthful statements would espouse such values as "meeting expense budgets", "getting good returns on investment" or simply "making profits", they say. - Nevan Wright, a lecturer in business at the Auckland University of Technology, surveyed 356 middle and senior managers from Australia, New Zealand, Britain, Scandinavia, Asia, Ghana and South Africa.

South China Morning Post 14/1/03

Once you lose your integrity, the rest is easy.

JR Ewing, Dallas

Tool: Values and Practices: WDIMTWH

Maintaining the quality of work life with the 'What does it mean to work here' inventory. (WDIMTWH)

The shared values of an organisation are the eye of the hurricane. While all else changes, these ought to remain stable. It is a pity that many

organisations have forgotten this or reduced values to dot points on mission statements.



We recall taking part in a values-development exercise, facilitated by some costly consultants, which arrived at a statement of core values that were ultimately worthless because they did not reflect how the organisation really behaved. In truth we came up with nothing more than a corporate propaganda statement. But the true values of an organisation are revealed in 'the way people work when they think nobody is looking' (Gideon Haigh)

Quite simply statements of shared values do not need to be hung on the wall. What is important is that everyone in the organisation embodies the spirit of service by acting with integrity to satisfy the needs of three or four sets of constituents:

- ❑ *Staff* – the people with whom we work and play;
- ❑ *Shareholders* – providers of the capital that enables us to work and play;
- ❑ *Customers* – the people who remunerate us in various forms for the value that we produce; and the
- ❑ *Community* – the environment in which we exist, which we have to respect, and from which we demand certain respect.

Integrity means having practices that deliver to each set of stakeholders. It is important to track how your people feel the organisation is performing on the things that matter.

The *WDIMTWH* inventory measures the difference between how the organisation *is* performing on important matters and how it *should* perform. It measures the practices, not the propaganda.

Modify the following inventory to capture the information that is important to you. Circulate the survey widely and collate the results. Share the results widely.



TQ: Tenacity

Drive and vigour, determination and resolve

TQ is about drive and vigour, determination and resolve. It is about bringing energy to the workplace. Some passive managers suck energy out of the workplace and drain the spirit and energy of their people. Others bring energy and tenacity. You have certainly experienced both, at home, at play or in the workplace, and know how they positively and negatively affect that particular environment.

But we caution you – TQ alone will not make you a better manager. You may experience short term gains, but without the other quotients and their attendant wisdom, this management style is destructive – acting on impulse and bringing an unnecessary sense of crisis and urgency to the organisation. For the high TQ manager, nothing can be done quickly enough, or well enough.

We attended a meeting recently. The agenda was fairly straight forward, and everyone expected a smooth and productive meeting with positive outcomes. Instead participants witnessed an awful display of TQ gone wrong.

The chairman applied lots of tenacity, but it was horribly misdirected. A failure to consider the needs and expectations of those at the meeting caused him to apply more and more energy to those around him in an attempt to overcome the apparent obstacles to his objectives, missing the point completely that there was no obstacle – just his inability to stop and consider a solution that would satisfy their objectives and also satisfy his.

The result was that the energy fell destructively on the ears of those at the meeting. Instead of inspiring it destroyed any hope of enthusiasm for his objectives.

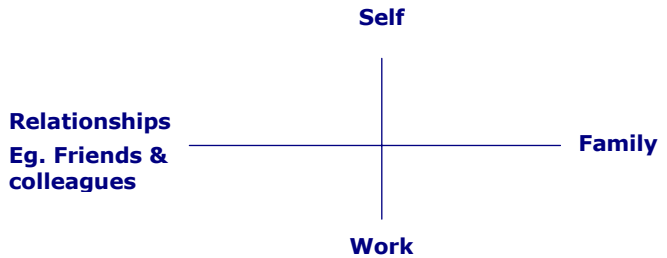


Such *avoidable* situations occur so often in business, and consequently destroy any hope of using the collective ideas and energy from meeting participants in formulating a sensible output. The chairman may as well have left a voicemail recorded by his dog for the impact he made.

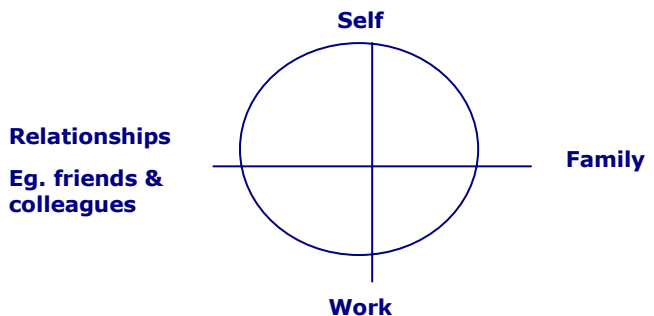
Achieving balance in your application of tenacity is a challenge.

Tool: Charting your Energy

1. Use the following diagram to chart where do you put your energy. Draw a 'circle':



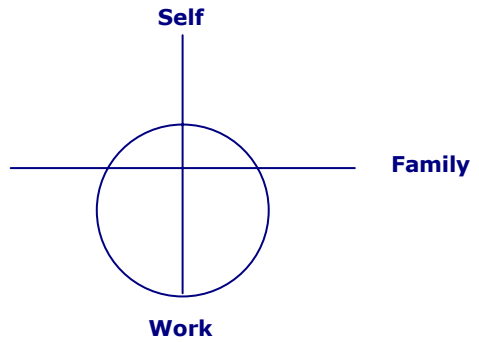
Do you draw a circle that represents you putting the right amount of energy into the key parts of your life? For example:





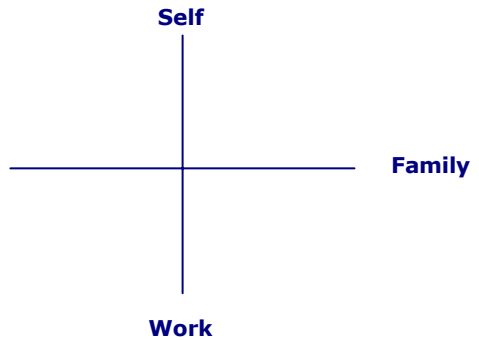
Or, is your circle 'flat' on one or more of the dimensions? For example:

Relationships
Eg. friends & colleagues



2. Ask your friends, colleagues and family to do this exercise for you. Are your pictures the same?

Relationships
Eg. friends & colleagues





Too much tenacity!

Here's an interesting reflection on what CEOs do from J. Irwin Miller, 40 years CEO of Cummins Engine, a Rhodes scholar who studied philosophy:

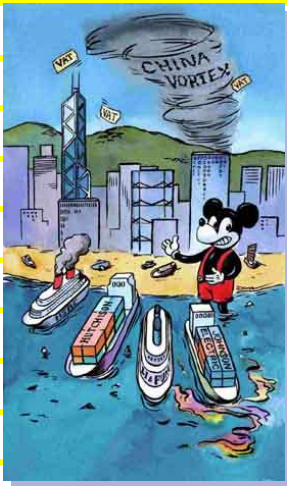
"After exploring that a (private enterprise) CEO/president is looking at what the competitors are doing, as well as negotiating a new labour agreement, developing new products, etc, Miller writes:

"At the same time he lives with the awareness that he cannot possibly accomplish a single one of these objectives. The actual work will have to be accomplished by numerous individuals, some actually unknown to him, most of them are many layers removed from his direct influence in the organisation. It is because of this the president becomes frantic...He becomes dogmatic. He issues orders. He says things are jolly well going to be done this way and no other, he says the company's negotiators are not going to give in on the union's demands for premium pay or the union shop. He says every salesman must make so many calls each day. He says you can't add a single person to this office, which has too many people in it. And he pounds the table every time he says these things, for he feels that this great, vast and ponderous organisation is his enemy and that inside its faceless exterior all his plans, his program, his timetables will be slowed down, and ultimately defeated, success seems to him to have come only in rare instances, and to have been of a temporary and ephemeral nature. He thinks of himself as being in a race that has no finish line. And his real antagonist is neither the customer, nor his bankers, or the union. His real antagonist is the organisation."

Perceptive? The above was written in 1959 - before the world started to change so rapidly.

"For someone to become a boss it takes more than just muscle or brute force. Otherwise, any old fool could make it. What's important is to have the kind of qualities that make the guys under you loyal to you - ready to die for you if necessary. It's easy enough to talk about it, but it's not half so simple in practise."

From Confessions of a Yakuza by Junichi Saga.



SQ: Stress

Creating an environment of give and take

All life thrives when there is a natural pattern of rhythm and movement. If a living creature, system or organisation, stops for too long, it dies. All life is generated by stress. Too much, or too little stress is dangerous. The right amount of stress brings opportunities for excitement, growth and happiness.

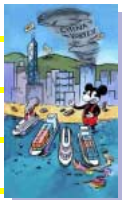
To be sure there are many benefits to the workplace that accrue from sensible policies, not just stress related ones, but sensible stress management is certainly a large one.

During a major restructuring at one Australian bank, the failure to appropriately consider and manage SQ became an issue. One example, and we hope never to see something like this again, saw a manager placed under such stress that he was physically unable to get out of bed one morning. So much had been expected from him (and he was clearly inadequately monitored during the period in question) that his condition persisted for some months, and his usefulness and capacity to perform had so deteriorated that he had to leave the workforce. This is a tough issue – in many places there is a kind of ethic that expects one to work through stress, and not complain. But it is a short sighted approach. Only by managers consciously considering SQ, and planning for a balanced SQ, will the workplace, and managerial performance, be enhanced.

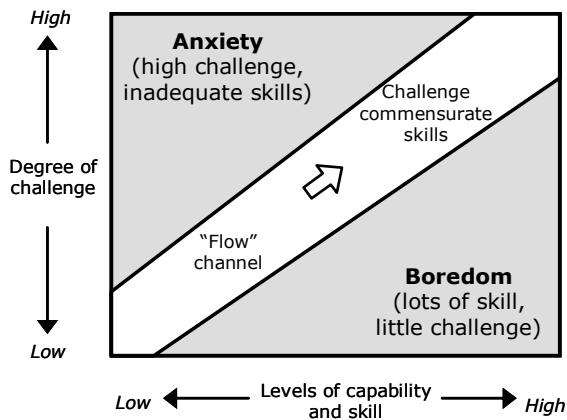
Tool: "Flow"

Mihaly Csikszentmihalyi describes the state where stress is optimal as "Flow". The conditions that create and maintain this state are the right mix of challenge and skill.

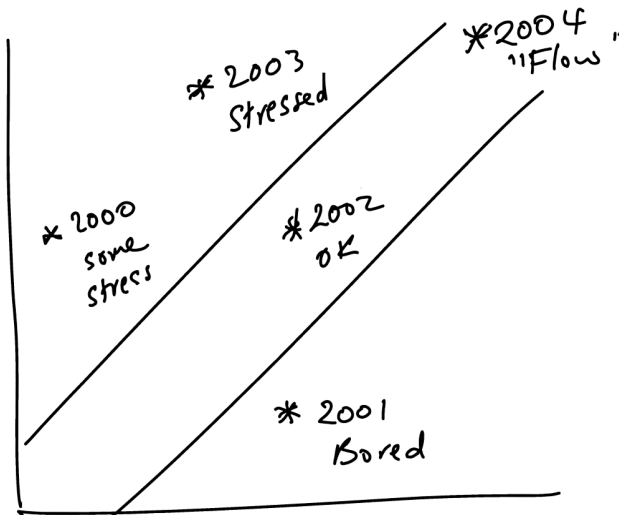
Too much challenge for the amount of skill you have will lead to anxiety (too much stress). Too little challenge and lots of skill leads to boredom.



As an effective manager you have to balance the SQ Quotient very carefully in delivering sustainable CQ.



Track your work life over the past few years like the model below.



Another way of looking at SQ is in the context of "fight or flight". You are able to push back at the issues confronting you for so long. As those pressures grow you will eventually become

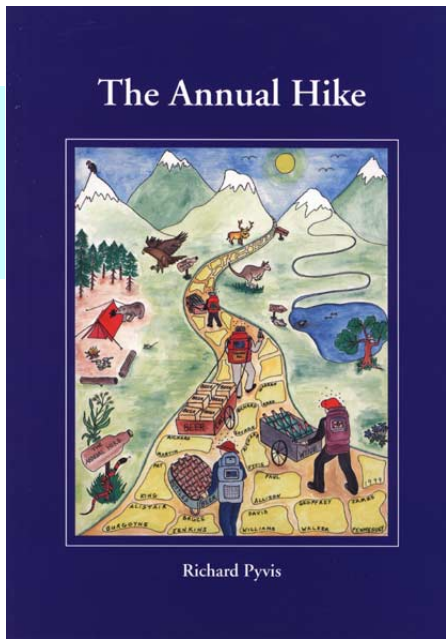


crushed by them, or fly away from them. Do not let your situation reach the state of "flight" for you or your constituents – this is simply bad management.

And the issues giving rise to such stress can be as simple as boredom. Some choose to relieve boredom through activities and interests outside their work role, others just quit. But in all cases it is an inadequate managerial performance that has allowed the situation to deteriorate to one of "flight".

The Annual Hike, an experience many of the authors' friends undertake in different parts of the world, is such an opportunity. Corporate leaders join this experience, where seniority and corporate responsibility are traded for a week of physical and social challenge, learning about one another and one's capabilities in an unstructured and challenging environment - to the immense satisfaction of all. This alternative form of stress adds positively to the lives of participants, and so better equips them for the corporate challenges awaiting their return.

Every hike has its lessons to teach. Facing physical and planning challenges as a group helps us to manage stress at work.





PQ: Philosophy

Taking the long view and applying your wisdom

PQ is the ability to stand back from an issue, to become philosophical about circumstances, and deliver in a more meditative sense than is usual from most task-oriented managers. It is here that wisdom is applied, the outcome of which is often deeply felt by those being managed. Work is not 'just a job.' There are causes we can win, and others we can't. There are people we can help, and others we will lose.

This ability or capacity to be philosophical about many things is truly important. How often do we see managers caught up in the 'busyness' of their management function, and be unable to stand back from the coal face and take a deep philosophical breath of the air around them.

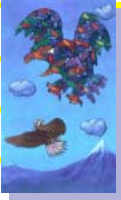
Often they are able to do so, perhaps as they approach retirement, and the anguish of those who finally realise they have applied so much energy to management tasks that they have missed entire competencies and segments of life, is sad. Stop and think about it. Are you being philosophical about your job, family, life?

Consider this: the following extract was lifted from *The Economist* in October, 2003:

What is now causing the most indignation, in Europe as well as in America, are "golden parachutes" and other payments which reward bosses even when they fail.

In 1980, the average pay for the CEOs of America's biggest companies was about 40 times that of the average production worker. In 1990, it was about 85 times. Now this ratio is thought to be about 400.

Now there's some food for thought. If you stop to think about the issues, from accountability, to



7. Does my work help me enjoy life?

8. How would my partner or children, describe my work?

9. Would I want my children, or my friend's children to follow me into this work?

10. When am I at my best at work? When am I at my worst? What can I do to ensure more of the former and less of the latter?

Make time. The most common complaint we hear from managers who are unable to develop their PQ is that they don't have enough time. You have to make time for development work - others will not do it for you. Examine what you are doing at work and stop doing some of it - either by delegation or by shrinking your role. If you are not able to be sufficiently philosophical you can be certain you are not managing optimally.



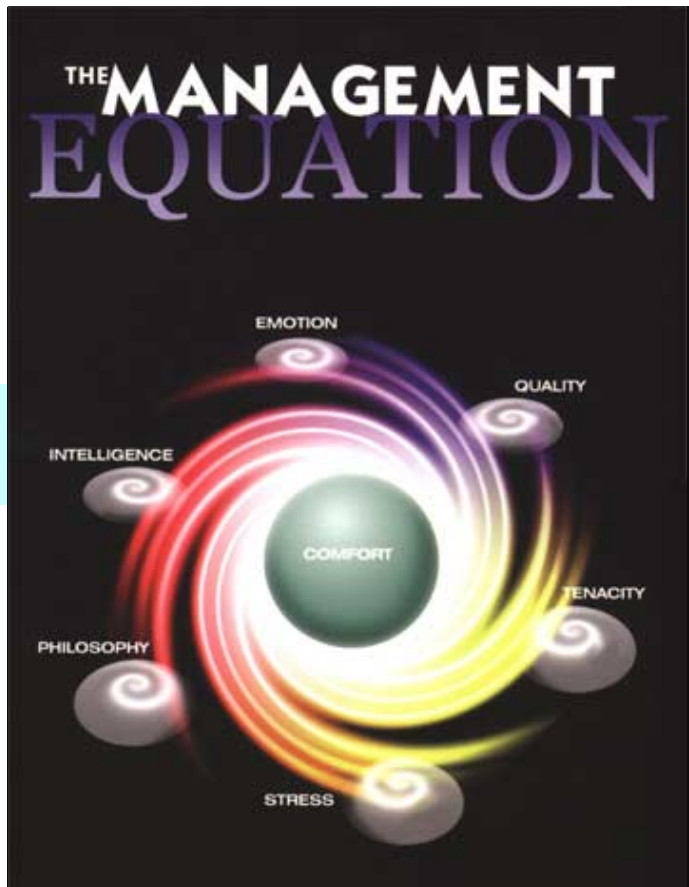
CQ: Comfort

The point of it all

Being an effective manager at this time is about maximizing the comfort level of all stakeholders. Beyond your colleagues, customers and investors this includes your self and your family.

Comfort Quotient is the still point, the eye of the hurricane that is work today. While management has often been depicted as a balancing act, this has rarely meant more than balancing jobs and competing demands. We would like to suggest to you that management is about balancing the multiple perspectives that make the job worth doing.

The book that started it all!





Set goals and achieve CQ in your life – take the seven-year journey

It was once the case that the more senior you were in an organisation, the more likely it was that your life would get out of balance. Now, anyone at any level of almost any organisation can experience the feeling of a life out of control. This can be a consequence of your perception. From an associate:

“For the first few years of self employment I convinced myself that I had to work night and day, every day, and I was never there for my children.”

A friend’s three-year old daughter asked him one day, “Where do fathers live?” He lived at home!

The harmony gained from a balanced life brings energy and the opportunity for that energy to be recharged or refreshed. You will be able to bring more concentration to work, and to relationships. Balance is about achieving and connecting and establishing harmony.

What is most important to you *at this time* either because you like it the way it is, or because it is important to you to change it? Complete the 7 year journey chart opposite:

- Step 1 is to identify what is important to you now. Consider where you may be feeling stress in your life
- Step 2 is to consider how different these life areas were five years ago
- Step 3 is to consider how you would like things to be in the near future, two years away.

When you note how much has changed in the last five years it is easy to envision that life could be very different in two year’s time. It is important that you take control to achieve what you would like it to be, rather than let the future happen to you. As a great man said, ‘control your destiny or someone else will.’



If we wish to use our brains well, we have to switch them on and give them frequent short breaks to recharge.

Nap

Studies show that nappers out produce non-nappers. Research cited by Pierce J. Howard notes that 'the ideal number for maximum quality, productivity, sense of well-being, and overall health and longevity' is two or three twenty-minute naps per day.

2. Use your third eye

It is important to be able to stand back from that moment of anger, happiness, frustration or irritation and reflect on the 'self' with which you respond. You will be able to identify the automatic response that your mind or the self delivers to the fore at a given time.

In a state of some detachment or increased mindfulness, you can ask the questions 'how' do I respond, and 'why' do I respond in such a way. Then it is possible to consciously decide to change the way you respond.

It may be helpful to keep a journal and look for the patterns of thinking that can be discovered in the way you respond. As Robert Ornstein notes:

...small changes can create huge effects in the mind. A sudden improvement in mood, for instance, swings a different mind into place.

3. Recognise that your brain is dumb

Your brain will believe whatever you tell it.

It is important to replace our dysfunctional mantras - 'I can't stand my boss.' 'Work sucks' 'I always have to bring work home' - with mantras that will change our minds. If we believe that we will have a bad day, the chances are that we shall. If we believe that we wake to a world where we are loved, and we love, that is what we shall find.



4. Take time, find peace, gain control

Kicking the dog after a bad day doesn't help. Instead of being on automatic and letting your mind take control, take time out, think, let go and consciously decide what should happen next. This is bringing the cerebral and limbic together.

5. Create a positive state of mind

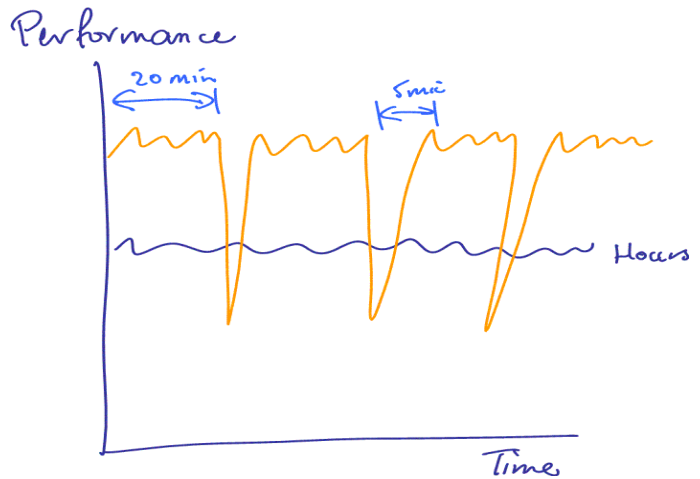
Visualise the things you really enjoy – whatever they are. Holiday places, listening to music, being with people you like...your mind will follow to the state of mind you have created.

6. Access non-preferred states of mind

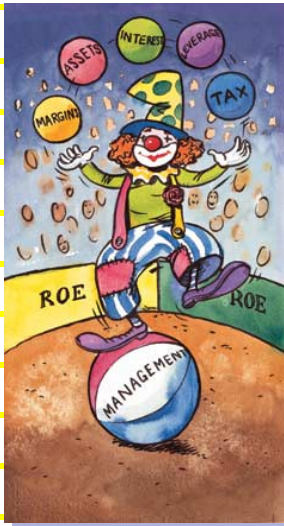
Ask, 'what would be the benefit of accessing that state of mind?' Look for value in the non-preferred state of mind.

7. Identify your thinking energy source.

No one ever had a good idea sitting in front of a computer for hours.

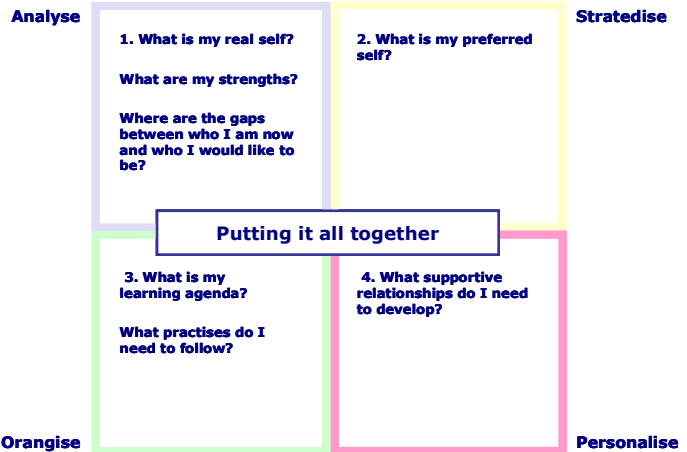


Complete the exercises in this book, commit to acting on what you have learnt from them and you will be well on your way to achieving an optimal level of CQ.



Section 4: Management Personal Best *Putting it all together*

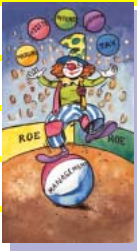
The crux of leadership development that works is self-directed learning: intentionally developing or strengthening an aspect of who you are or who you want to be, or both. This requires first getting a strong image of your ideal self, as well as an accurate picture of your real self – who you are now.’
Goleman, Boyatzis and McKee



A whole brain look at self-directed learning using the work of Goleman, Boyatzis & McKee

While training can work for technical or vocational skills, there is little evidence that training in leadership, management or interpersonal skills works beyond an initial honeymoon period. Indeed, training can produce negative results. In the late 1980s, a major Australian bank required all of its branch managers to attend a sales training program. The result was that sales, as measured by new account openings, initially fell and then went back to the former level – after they jettisoned what they had been taught!

One study found that the half-life of knowledge earned on a MBA course was about six weeks.



Read that again – you can study for many years only to retain the knowledge for a matter of weeks.

Sheep-dip style, one-size-fits-all management or interpersonal development does not work. In the case of the bank managers, the training consisted of requiring them to follow a set process to sell to customers. So the managers stopped what they had been doing in the past, tried the new behaviours, which annoyed customers who didn't like the new approaches, and then finally they went back to what worked for them.

However, self-directed, or action learning, achieves results compared to most training. The basic reason for this is also the obvious – people learn what they want to learn, and they learn in a way that is appropriate for them.

For learning to occur 'requires intentional effort, motivation, and emotional commitment from participants.' (Goleman p102)

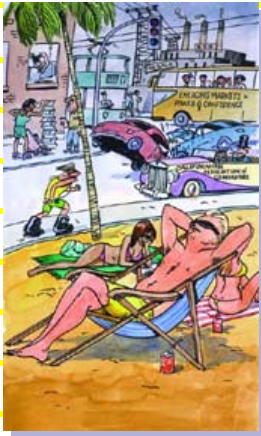
A former colleague working with a multinational 'solutions provider' firm attended a company-wide presentation by the CEO on the company's plans for the future. As the slides flashed up one in particular caught his attention. The CEO stated, "the following jobs/positions will shortly become redundant."

One of the boxes had our colleague's name on it!

Now is that the way to deal empathetically with your staff...?

Tool: The Path to Learning

Consultants and trainers often use the term 'action learning' very loosely to describe experimental programs. These as such have very little impact. Action learning for leadership development is truly self-directed and based on five discoveries:



Conclusion

Always remember – our world is dynamic. You can never afford to give up the constant re-evaluation of each aspect of how you manage for change.

Management performed well releases enormous value, performed poorly it is a crippling cost to all constituents. Use the tools we have provided in this book, and build your own distinctive management 'style' on the back of them. And never forget, as your world and constituents are inherently dynamic, so are the demands placed upon you as a manager.

You can not sit back and say, "The job is now done." The job is constantly changing, and you must keep yourself constantly refreshed on the job's changing demands. Use the tools as your reference check, the same way you look in the mirror, to check you present appropriately to others. This is how you will achieve that constantly changing and evolving Comfort Quality.

Nikita Krushchev was a manager, at the time of one of the world's largest and strongest economies. He only partially succeeded, and would have been greatly assisted by the management tools described in this book. We leave you with the following quotation to reflect on what could have been, had the management task been better executed. Asked at the very end of his life what he regretted, Krushchev mentioned lamented that

'I had no education and not enough culture. To govern a country like Russia, you have to have the equivalent of two academies of sciences in your head. But all I had was four classes in a church school and then, instead of high school, just a smattering of higher education. So I acted inconsistently; I kept running about this way and that. I offended many good people...I shouted and swore...at the intelligentsia, which actually supported my anti-Stalinist policies. They supported me, and look at how I treated them in return.'

William Taubman Krushchev, The Man and his Era, 2003.



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