

Focus on Strategy



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Highlights from Thought Leaders presentation on January 31, 2007

The Personal Dimension of Leadership

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Leaders foster the capacity of the organization's people to absorb change and produce innovative thinking, essential for a company to compete and grow. Yet innovation is also disruptive because it is associated with change.

This is what **James McSherry** refers to as *the leadership paradox*. In order to sustain competitive advantage, leaders must retain a discipline for new ideas to be converted into timely new initiatives. But at the same time leaders must be able to take the personal risk to "let go."

McSherry is an avid reader of leadership literature, which he used as a basis of his *Thought Leaders* presentation to the SLF on January 31, 2007. What gave his remarks particular currency is that he has been able to test and apply leadership principles as Executive Vice President and Managing Director of Commercial Banking at CIBC.

Successful leaders do get results

McSherry warned us not to confuse the act of leadership with the results achieved through it. Leadership is about who you are, not the things you do.

Quoting Ronald Heifetz, McSherry observed that leadership is a relationship that mobilizes people to confront the values, attitudes, and habits they have that prevent them from moving from the current level of performance to a desired higher level (*Leadership Without Easy Answers*).

For McSherry, thought leadership is about the *relationships* that mobilize people to confront values and attitudes



Our speaker James McSherry (L), with Jude Fairweather, a Principal with Fairweather & Associates and Co-chair of the Thought Leaders series, and Tom Carter (R), President of the Strategic Leadership Forum.

that get in the way of accomplishing results. Recalling personal experiences of great leadership, it is not the results that he remembers but the impact that the leader had on him.

In effect, McSherry is putting his finger on one of the great emerging leadership issues of our time: so much effort is expended on performance improvement, but there seems to be so little to show for it. McSherry's emphasis on mobilizing people to get results has to be part of the answer to this conundrum.

Leadership is never granted, it can only be earned

"Leadership," McSherry said, "should not be confused with the exercise of authority." Many people have the authority to oversee/direct action, but this does not make them leaders. Innovation cannot be *mandated*, it must be *nurtured*.

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Many of the best examples of leadership come from those who held no authority: for example, Mahatma Gandhi, Nelson Mandela, Lech Walesa, and Václav Havel. What they had in common as leaders was the certainty that they had to act. This is quite different from hoping that doing it would turn out well.

McSherry seeks a balance between leadership (what belongs to me) and authority (what belongs to the role I occupy).

This is a pressing issue for our major institutions, that generally appear to be created not to serve but to be served. A huge cultural change will be required to address this – that is, for serving and making conscious choices, rather than choosing by habit. The chart below illustrates how, as a leader, you must recognize that force never overcomes power. This applies in any organization, whatever the size.

Leadership And Authority – The "Leader"

	Leadership – A Broad-based Personal Attribute		Authority – A Narrow Role-based Attribute	
Source	Earned	Based on actions taken/observed in past	Granted	Exercised within a specific role
Influence	Power	The ability to mobilize, something we are drawn to	Force	The ability to compel action
Foundation	Mindset	Driven by who we want to be as a person – <u>motivations</u>	Behaviour	Observed through technique in exercising authority – <u>actions</u>

In the role of follower, a balance also needs to be found, as shown in the chart below. To illustrate from the chart, passion is a positive force that creates engaged employees, whereas fear is a survival mechanism that usually is an obstacle to a collaborative working environment. Similarly, process will only achieve the desired outcomes when the right culture is in place.

Leadership And Authority – The "Follower"

	Leadership – A Broad-based Personal Attribute		Authority – A Narrow Role-based Attribute	
Result	Commitment	Empowered by a desire to do the right thing	Compliance	Doing that which must be done
Orientation	Goal Focused	Committed to achieving desired outcomes/goals	Task Focused	Get the job done – competency based
Resulting Emotion	Passion	An emotion that allows us to thrive	Fear	An emotion that allows us to survive
Environmental Driver	Culture	An intrinsic desire to be aligned to organizational goals/purpose	Process	Know and follow the rules – routines

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Innovation is creativity directed toward creating value

McSherry offered this definition of innovation from John Kao's *Innovation Manifesto*. However, he views innovation as more than a creative process. It is purposeful creativity *guided* through the *disciplines* of process. Change and value are critical components, requiring leaders to define a sense of purpose and to sustain it. Leaders are ultimately responsible for the transformation that innovation promises, guiding the process and discipline of innovation. This means connecting the vision to people's aspirations so that it is not just your vision.

Drawing from *A Leader's Legacy* (by Kouzes and Posner), McSherry believes that there is really no shortage of ideas. Therefore, our task as leaders doesn't require our genius, it requires our listening to and following the ideas of others.

He agrees with Joe Redling, Chief Marketing Officer, America Online, that companies need to treat innovation like any other important part of their business: as a systemic, measured, managed, repeatable process – one that will generate, filter, select, fund, and launch ideas that drive incremental profit. Innovation must be part of the company's DNA, not just a division, a task force, or a one-time project.

Anti-innovation warning signs need attention. He gave terminology as an example. Terminology is critically important at CIBC, where "installation" foretells suboptimal benefits compared with "implementation." He views statements such as, "failure is not an option" as a clear signal that innovation should not even be attempted. Sometimes sacred cows *must* be sacrificed along the way.

What are the lessons learned?

Six years ago, CIBC Commercial Banking set the goal of transformation to a high-performance team. McSherry described the approach as one of small groups, complementary skills, common goals, and deep commitment. The levers used were *clear vision and challenge*, and *openness and teamwork*. These were accompanied by *discipline and control*, and *support and a sense of security*. This has been a learning process, necessitating changes along the way.

Looking back, McSherry would now suggest seeking the degree of change with fewer people changes. Success might have been tied too closely to increasing the value of the business and not enough to connecting to people's individual goals and successes. He sees now that he did not give people enough credit for adaptability. Perhaps also, the organization manufactured too great a sense of urgency compared to creating a compelling reason for change.

He learned that the top three competencies are: listening, communication skills, and the ability to see other people's perspectives. McSherry summed it up as striking the right balance between *being somewhere* compared to *getting somewhere* – celebrating the present rather than persistently focusing on the future.

Again drawing on the work of Ron Heifetz, he posed a simple, real-time leadership test: Are your *ambitions* (the goals you have for yourself) aligned with your *aspirations* (what you seek for those around you)? 🌀