

Courage in finance: how far can your leadership go?

David Parmenter outlines the personal skills that aspiring FDs should acquire to become leaders in finance or administration – or even to step up to a CEO role.

As accountants climb the management tree they need to ask themselves: how far can my leadership go? Could I become a financial controller, CFO, COO or even a CEO? To help answer this question, you need to see how much leadership is in your DNA and how much you are prepared to commit to rectify shortfalls.

My interest in leadership stems from a chance encounter with the book *Shackleton's Way* by Margot Morrell and Stephanie Capparell, and an unplanned stopover in Kuala Lumpur. In the wet monsoon season, I was incarcerated in my hotel room creating a model that described Sir Ernest Shackleton's successful leadership. Subsequently, I studied other leaders of the past and noted that their success or failure were predicted by the model.

This model was then amended as a result of a leadership think tank. It emerged that one needs to separate those leadership traits that need to be in your DNA from those skills that can be learnt. We came up with eight traits that need to be in your DNA and 15 skills that can be learnt. The eight traits are:

PEOPLE-FOCUSED

1. Integrity and honesty.
2. 'Love thy neighbour as thyself'.
3. Self-awareness and self-regulation.

DOING THE RIGHT THINGS

4. Abundance of positive energy.
5. Decision-making and risk-taking.
6. Seeing future opportunities.

HANDLING CHANGE

7. Ability to excel in a crisis.
8. Learning agility.

It is my belief that many leaders fail, when managing large enterprises, because some of the eight traits that needed to be in their DNA were absent. They may have been successful managing smaller teams because their flaws were not fully exposed. Some very famous leaders, such as Sir Winston Churchill, were flawed because some of these traits were absent or compromised. In Churchill's case, he was flawed in 'love thy neighbour as thyself' and in self-awareness, while the other six traits were clearly in his DNA.

This view is consistent with the early days of the theories into evolution. It was argued by the evolutionist, Jean-Baptiste Lamarck, in 1809, that skills, knowledge and traits are passed down generation by generation through the DNA that we share (nature). We are then influenced in our formative years by our family, peers and teachers (nurture), arriving at a place where our collection of traits make us leadership material or not.

To excel as a leader of a large team or organisation, you need these eight traits in place. In the terminology of Jack Welch, former chairman and CEO of General Electric, these traits are 'tickets to the game', a given, a must have. Leaders need to make sure you do not compromise these traits, for your leadership will suffer.

For leaders of small teams, missing one or two of these eight traits is not critical and they can still be a successful leader. The key is to limit the extent of the team they manage.

TRAIT 1: INTEGRITY AND HONESTY

Integrity and honesty are not traits you can grow easily or quickly. Many famous corporate collapses have unearthed a major shortfall in integrity and honesty. In organisations where 'money is worshipped',




DAVID PARMENTER
is an international presenter and writer.

you will constantly see a lack of values, and behaviour among executives and staff that is fit only for the wilds of the Serengeti.

Jack Welch was one of the first CEOs to talk about 'candour', meaning being honest and up-front in your conversations. Jack Welch pointed out that candour has many benefits, as it allows more people to participate in the conversation; it generates speed; cuts costs and encourages underperformers to reflect on their achievements, and moves them forward to greener pastures where they are able to blossom.

TRAIT 2: 'LOVE THY NEIGHBOUR AS THYSELF'

This trait requires us to have some greater driving force than simply looking after ourselves. Many great leaders exhibit some spiritual element that has assisted them on their journey. Jan Gunnarsson, hospitality industry veteran, says that hostmanship is the way we make people feel welcome. It is interesting to note that one's ability to be a host is influenced by one's past, both in experiences at home and with one's role models. It is no wonder so many of us have issues here.



***To be a leader today
you do not have to
have handled all your
personal baggage: the
key is the awareness
of your weaknesses***

Humility does not mean that you do not use public relations, nor does it mean you do not lay claim to what are rightly your achievements: it simply means that when dealing with individuals you treat them as equals.

One of the most interesting findings in the work of business writers James Collins and Jerry Porras was that most of the 'built to last' organisations researched had CEOs who got on with their job without too much fanfare. In other words, being charismatic may be useful but it is not a requirement for a good leader.

TRAIT 3: SELF-AWARENESS AND SELF-REGULATION

From the time we enter this world, we acquire traits and habits that will be limiting factors in our management and leadership of people; it's our personal baggage. We will always be running with a few cylinders misfiring, unless we fully understand our behaviour patterns and how it affects those people around us.

Self-awareness is a trait all leaders can work to develop and improve these skills. It requires a commitment to attending specialised training courses, often held over a weekend.

MINIMISE YOUR PERSONAL BAGGAGE

To be a leader today, you do not have to have handled all your personal baggage: the key is the awareness of your weaknesses. You owe it to your colleagues, your staff, your suppliers, contractors, family, partner and offspring to do something about your own personal baggage. Here are four courses that will aid you immensely:

THE ENNEAGRAM

It describes nine personality types and you will find that one fits you. It will predict your behaviour and the likely pitfalls which you can avoid with some minor modifications. It is best learnt by attending a course, with your partner or a friend, and sharing your life experiences with others with the same trait. (see www.enneagraminstitute.com)

HERMANN'S THINKING PREFERENCES

This looks at the four different ways people think. It is important to understand the thinking preference of yourself, your boss, colleagues, and staff reporting to you so you can communicate effectively with them. A great in-house team building and awareness workshop (www.hbdi.com).

NEURO-LINGUISTIC PROGRAMMING (NLP)

By using your five senses, you create visions of achievement you have yet to attain. You smell, see, feel, hear and touch, all in your mind, the event you want to achieve. Your subconscious will now set about closing the gap between now and this future reality. Find a local course online.

INTENSIVE LIFE SKILLS COURSE

Life skills courses have various titles (eg, The Landmark Forum). Ask around and find a



course that has made a difference to others. The personal development courses of longer duration have the most chance of changing your behaviour. The experts in behavioural change say that it takes up to 12 weeks of weekly exercises to change a form of behaviour.

MINIMISE EMOTIONAL DAMAGE

Great leaders are able to manage their emotions and avoid emotional outbursts that could damage relationships with their staff. When you possess the capability of choosing not to get angry, you realise that anger does not help the situation in the long term. The emotional damage caused by the outburst cannot be healed quickly and, in some cases, the damage done can never be repaired. The apology cannot wipe away the memory.

SELF REGULATION

Daniel Goleman, of emotional intelligence fame, points out that many of the bad things that have happened in organisations are linked to impulsive behaviour. Employees with poor self-regulation at best, will be nightmares to work for and, at worst, are more likely to commit fraud, should an opportunity arise.

TRAIT 4: ABUNDANCE OF POSITIVE ENERGY

Jack Welch says that it is important that a leader has 'positive energy, the capacity to go-go-go with healthy vigour, and an upbeat attitude through good times and bad'. This means that you have the ability to also energise others, the ability to release the team members' positive energy 'to take any hill'. Jack Welch, Shackleton, Lord Nelson and Churchill were very passionate about what

they wanted to achieve. Their passion ignited the energy in the people reporting to them and attracted like-minded individuals to their inner core.

Peter Drucker, management expert, pointed out that many leaders are unable to appreciate success. He believed most people brush the evidence of success aside because they are 'problem focused'. Whereas Jack Welch says: 'Work is too much a part of life not to recognise moments of achievement. Grab as many celebrations as you can. Make a big deal out of them.' Welch was all about making business fun: he realised that it is not life or death, but a game you want to win.

TRAIT 5: DECISION-MAKING AND RISK-TAKING

Drucker illustrated that weak leaders make plenty of easy decisions, while strong leaders make fewer decisions - the big ones. The ability to make decisions and take calculated risks is a trait that is in one's DNA. Risk-taking is not to be confused with the serial entrepreneurs who dream up new ideas and then risk other people's money. We are talking about well-considered decisions that are executed with commitment.

Perennial procrastination has no place in leadership and is a trait that needs to be probed during the interview process of a candidate.

DECISION-MAKING ABILITY

Leaders need to be able to make the unpopular decisions and the hard calls where not all the information is at hand. Jack Welch says that leaders have to rely on their gut instinct when information is not available;

they must realise they have been appointed to the position because of their experience and their history of making more right decisions than wrong ones.

In the decision-making process, great leaders have the 'curiosity that borders on scepticism', making sure all the stones have been overturned, as Jack Welch would say.

OUTSTANDING PERFORMANCE IS INCONSISTENT WITH FEAR OF FAILURE OR TAKING A RISK

Being fearless, leading from the front, is another of the givens for a leader. One of the messages from Peter Drucker was that outstanding performance is inconsistent with fear of failure. Florence Nightingale repaired a burnt-out barrack hospital, knowing there was no money to pay for it; she trusted that the money would be found at some point. She followed the mantra 'proceed until apprehended'.

Welch made numerous brave calls when streamlining the GE juggernaut. He got rid of businesses that were held dear to the name GE. Welch, however, could see they were cash cows where the milk was drying up fast.



Perennial procrastination has no place in leadership

PROACTIVE MANAGEMENT OF RISK

Leaders need to be constantly aware of the risks and be discussing the likely consequences with their management team. Lord Nelson is an excellent example of a leader who would discuss possible outcomes with his naval comrades. He would discuss tactics endlessly over evening meals with his team. His aim was that, during the heat of the battle, all the captains would know which would be the best course of action for the fleet. They would act as one, a 'band of brothers'.

TRAIT 6: SEEING FUTURE OPPORTUNITIES

Peter Drucker said: 'The future is already here.' He was pointing out that signs of change are present now, signalling the

massive shifts to come. Great leaders spend time looking for these signals and then prepare the way forward for their organisation.

LOOK FOR BLUE OCEANS

Peter Drucker stated leaders need to organise themselves to see the opportunities and should not be complacent. He illustrated that it was inevitable that someone's revolutionary idea is around the next corner. Insightful leaders have to see the warning signs and make the painful decision to ditch businesses that were once successful, but are now in decline. This allows the opportunity to move into new business areas where they can, once again, be a market leader.

Blue Ocean Strategy, written by W. Chan Kim and Renée Mauborgne, is the quintessential book on the topic of exploring new opportunities. They discovered it is easier to find new areas of business (blue oceans) than fight tooth and nail for a dwindling market (red oceans). 'Cirque du Soleil' is an example of blue ocean thinking. Dance, opera and circus were merged together into a great new spectacle where there were few competitors.

Jack Welch saw change as an opportunity. He is quoted as saying: 'Control your destiny or someone else will'; 'Change before you have to'; and 'If you don't have a competitive advantage get out of the game'.

BIG HAIRY AUDACIOUS GOALS

Big Hairy Audacious Goals (BHAG) were first mentioned in Jim Collins' book, *Built to Last*. Collins said a BHAG should:

- be so clear and compelling that it requires little or no explanation. If it doesn't stir the blood and energise the staff, then it's just not a BHAG;
- fall well outside the comfort zone, yet the organisation's staff should have reason to believe they can pull it off with a heroic effort and a bit of luck;
- be so bold and exciting in its own right that it would continue to stimulate progress, even if the organisation's leaders disappear before it is completed; and
- be consistent with an organisation's strategy.

One of the greatest BHAGs was John. F. Kennedy's 'I believe that this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the moon and returning him safely to the earth'. This simple statement galvanised the whole American scientific community for a herculean effort.

OUTSIDE-IN

Peter Drucker made it clear that leaders need to look at their organisation from outside in. They need to define their business from the customer's perspective. They also should be aware of all the potential customers out there, asking how could we tap into their potential demand?

Drucker commented on how great organisations would ensure that the senior management team spent some time, each year, directly interfacing with the customer, eg, having a week where they serve customers as front-line workers. After the hands-on week, senior management are refreshed, look at the operations from an outside-in perspective, are more aware of the silly bureaucracy that is getting in the way and are a much closer, tighter-knit team.

HOW THE MIGHTY FALL

Leaders must also be aware of signs of corporate decay, signs that indicate that their organisation is on the slippery slope to oblivion. One great book on the topic is Jim Collins' *How the Mighty Fall*.

TRAIT 7: EXCEL IN A CRISIS

Martin Luther King summed leadership up perfectly: 'The ultimate measure of a man (leader) is not where he (the leader) stands in moments of comfort and convenience, but where he (the leader) stands in times of challenge and controversy.'

As Drucker said, great leaders anticipate the storm. They know that leadership is a 'foul weather job' and thus are prepared for the crisis when it arrives. Jack Welch handled each crisis on the following assumptions:

- the crisis will be worse than it first appears;
- the bad news will come out sometime so we may as well face the music now;
- the situation will be portrayed in the worst possible light by 'the press';
- there will be carnage; and
- the organisation will survive.

As management writer Tom Peters says about bad times: 'I can say with conviction and confidence that this is when it gets fun for talented and imaginative leaders.'

Great leaders anticipate the storm. They know that leadership is a 'foul weather job'



TRAIT 8: LEARNING AGILITY

Few organisations have invested as much as General Electric (GE) has done into creating a learning environment. Welch went as far as insisting that the senior management team (SMT), including himself, delivered workshops. Welch knew that the SMT would learn much from this 'downward mentoring'. It would help clarify concepts and energise the SMT.

Able leaders have a thirst for knowledge and are constantly looking at ways to move and increase their learning. Welch made it very clear that it is a leader's role to be up to date. His advice to leaders was 'Read, read, read'.

My paradigm shifters in reading about leadership include:

- Elizabeth Haas Edersheim, *The Definitive Drucker*, McGraw-Hill, 2006;
- Jack Welch with Suzy Welch, *Winning*, HarperBusiness, April 2005;
- Thomas J. Peters and Robert H. Waterman, *In Search of Excellence: Lessons from America's Best Run Companies*, Harper and Row, 1982;
- Jim Collins, *Good to Great: Why Some Companies Make the Leap and Others Don't*, HarperBusiness, 2001; and
- Gary Hamel, *The Future of Management*, Harvard Business School Press, 2007.

APPROACH PROBLEMS WITH YOUR IGNORANCE

This is a classic Peter Drucker insight. At first you will wonder about Drucker's sanity until you dig deeper. Drucker is saying that leaders, great leaders, do not regurgitate old methods for new processes. They are open to

right-brain thinking, they accept that ‘what everybody knows is frequently wrong’.

Drucker’s success as a consultant was that he always approached problems with his ignorance. He would ask the dumb questions that got to the point. On meeting a CEO, when the opportunity was right, he would ask: ‘If you were not in the business would you enter it now?’, followed by, ‘What are you going to do about it?’

USE THE FIVE WHYS RULE TO GET TO THE HEART OF THE PROBLEM

Six sigma and Toyota have adopted the five whys to get to the root cause of a problem. It is like peeling the layers off an onion. To each answer to a why question you then ask: ‘Why is that?’ The rule states that by the fifth why you will have located the real problem, and, if rectified, a permanent benefit will flow back into the organisation.

EVOLVING AS TIMES CHANGE

Skilled leaders are constantly reinventing themselves. Jack Welch’s ability to reinvent himself and General Electric was pivotal to his success. He pursued not just one major initiative while he headed the company, but a

whole host of initiatives, and he focused attention on each of them.

NEXT STEPS

The key to leadership is to take on as much as your DNA can cope with. We can learn many things, but as my mother said to me: ‘You can’t make a silk purse out of a sow’s ear.’ I believe a happy career is to find something where you can be world class, in an area that you are passionate about and is supported by an economic engine. Leadership of large teams for some of us, including myself, would not provide this fulfilment.

1. Read a chapter or two, every week, from Elizabeth Haas Edersheim’s *The Definitive Drucker* and Jack Welch’s *Winning*.
2. Email me for an overview of some of paradigm shifters’ leadership lessons.
3. Attend the following courses:
 - a leadership course as soon as possible (I still have contacts from the course I attended over 30 years ago);
 - an intensive life skills course; and
 - an enneagram course.

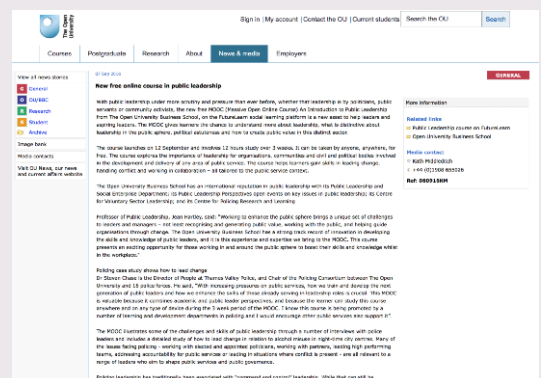
parmenter@waymark.co.nz

USEFUL WEBSITE THE OPEN UNIVERSITY - PUBLIC LEADERSHIP COURSE

www3.open.ac.uk/media/fullstory.aspx?id=30517

The free open online course, ‘An Introduction to Public Leadership’ from The Open University Business School, is aimed at helping leaders and aspiring leaders. The course gives learners the chance to understand more about leadership, what is distinctive about leadership in the public sphere, political astuteness and how to create public value in this distinct sector.

The course involves 12 hours study over three weeks. It can be taken by anyone, anywhere, for free. The course explores the importance of leadership for organisations, communities, and civil and political bodies, involved in the development and delivery of any area of public service. The course helps



learners gain skills in leading change, handling conflict and working in collaboration - all tailored to the public service context.