



The Realities of Leadership

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Leadership clearly influences how well an organization will prosper but two other major aspects can have deciding influences too – namely (a) outside sources, often beyond our control and (b) the cooperation of the team selected to carry out the mandate. For the most part, these can be broken into specific, realizable and controllable units, which can offer a clear predictor of potential success and how leadership affects it.

1. The Problem Dilemma

Any of us in business faced with a problem take steps as appropriate to us at the time to mitigate or eliminate the irritation. More often, we remove the immediate symptoms or hurts associated with the problem. We rarely get to the root causes because, not only do we feel we do not have time at the moment to go there, we usually have no idea how. So, as a result, we do what we can and bravely move onto the next issue. Although we try to put systems in place that will make our lives easier and our companies better, we usually have limited success. I say that, not out of arrogance but out of simple facts: (a) most companies do not show profits (a subject of a separate paper) and (b) the top 500 companies in the U.S., all names well-known to us, collectively showed a profit of only 6% according to the 2006 Fortune 500 Report of Fortune Magazine.

Another interesting related fact raises its head. CCCC, after assisting companies to resolve (to root causes) over 600 problems has found on average, the effects of a problem will cost \$50k each, per annum – directly from the bottom line. That is, as long as the problem is left unattended, it scoops up \$50k from your bottom line each year. No wonder profits are so elusive. So I think you can see why we feel that understanding how to solve problems down to root causes should make its way onto your radar screen as soon as possible – especially if you really want to show better profits. The beauty of the problem-solving approach to raising profit levels is that there is no investment in new equipment or complex philosophies or systems; you simply work with what you have.

2. Peeking behind the Curtain

The purpose of this paper is not to advocate that you get to, and understand problem resolution techniques. But this Newsletter's raison d'être is to offer you a peek into this mysterious world of problem resolution because it provides a clear picture about leadership. And if nothing else is of immediate interest to you, surely leadership must be.

If we dared to peek into this new world we would view some amazing perspectives:

- How to really get rid of problems
- How it engenders cooperation within the company
- How to fix not only a problem but the company itself
- How to drill down to fix your specific CEO issues
- Why a poor structure is a leading source of your company's problems
- What significance leadership really has on a firm.

In a Newsletter of a few pages, we can only deal with one of these issues. And, as you already know, we have chosen to focus on leadership. Even that exposure will be very limited to the space of three or four pages.

3. Dipping into the Details

Below is the Alignment Chart. It illustrates a problem alignment process or causality chain. A causes B, which causes C, which causes D. In operating our department, we happen to see D. To eradicate D we have to get to A, because without that, the eradication of D will be short lived as dear old A will just drum up some more D when we are not looking. Let us say that D is poor office morale. So we have a party to deal



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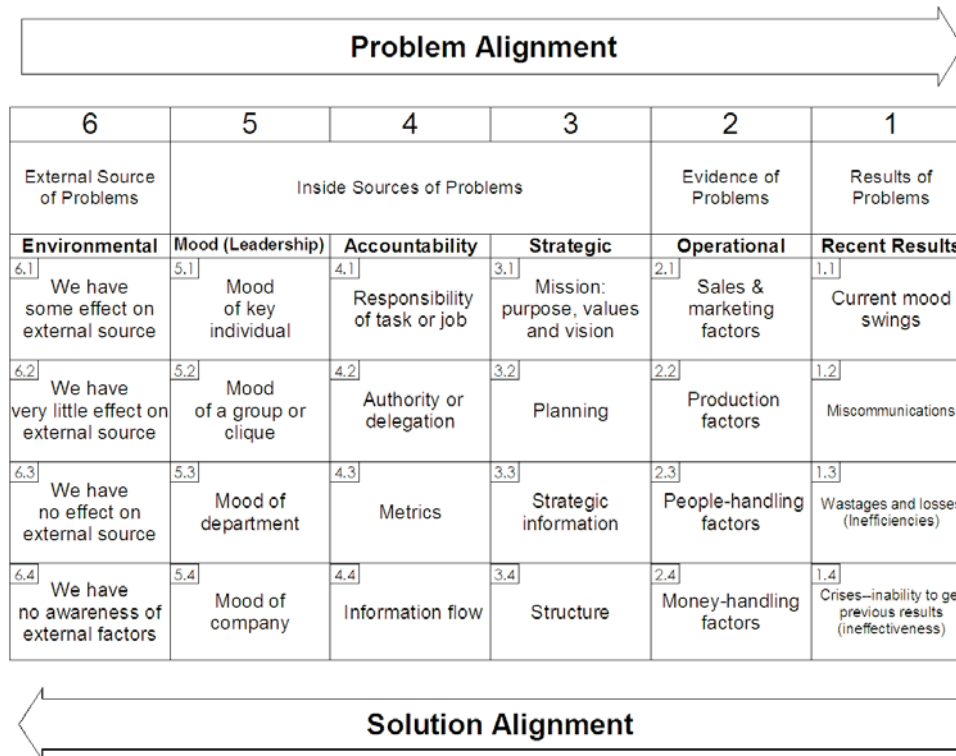
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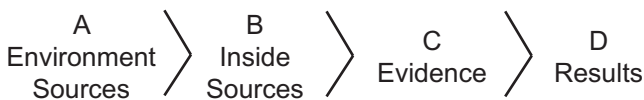
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The Alignment Chart



with the issue. Everyone is happy for a week, but soon poor morale is back again. Perhaps at the root of this lies indefinite policies regarding employee treatment or decline of sales which has everyone in a funk. Unless we get to these roots (A or B), we will continually have low morale (D). The Alignment Chart shows how these cause-and-effect issues are linked.

Now this paper doesn't have enough space to identify precisely what each box of the Alignment Chart means, but you should see the drift from what has been said above. What we can do is talk about the general trends, looking across the chart from left to right.



At the extreme right are the consequences of problems – actual results or manifestations of problems. Your buddy, Harry, a heart-attack victim, sits in the hospital, the heart attack being the **result** (D) of some problem. The **evidence** (C) was there or the symptoms showed because Harry was 150 pounds overweight, had trouble breathing and climbing up stairs. At the root cause was the fact that Harry seemed unable to stick to his diet or exercise regimes, an obvious **inside** issue (B). But he was born with a terrible metabolism, a victim of an external **environmental** issue (A) over which Harry had no control or say.

We can use exactly the same sort of reasoning for a business issue: Your great electronics module sits in a heap at the client's site, the client having moved it back to the shipping section for

its return to you. The machine was unable to function the way you designed it, the malfunctioning being the **result** (D) of some problem. The **evidence** (C) was there or the symptoms showed because quality control checks at your own plant that pointed to trouble were dismissed in the rush to deliver the product to the client on time. At the root cause was the fact that the assembly schedule was unrealistic (a production factor 2.2), because of a lack of planning (a strategic factor 3.2) and that in turn because the responsibility for that was not well defined (an accountability factor 4.1), all obvious **inside** issues (B). But headquarters had arranged the delivery date for the products and, as a branch plant you had to live with their decision, even though you protested that it was unreasonable. You were a victim of an external **environmental** issue (A) over which you had no control or say.

The examples correspond to the flow of the Alignment Chart.

4. Cooperation

At the base of the columns numbered 4 and 3 is cooperation. That is because if jobs are properly defined, if authority is appropriately allocated and delineated, and performance measures are in place with the flow of the right amount of information to the right people at the right time, we are close to gaining expected cooperation from all staff. Clearly we will move closer to that cooperation ideal if, also, everyone is involved in mission definition, regular planning, strategy development and business structure formation. That is, the company is affected by the amount of cooperation it motivates among its staff, based on steps that help get the house in order (of columns 4 and 3).

5. The Effect of Environmental Factors

Now let us focus on the first two left-hand columns to make the point of this paper. The easier issue to deal with is column 6, Environmental effects. You as a leader no matter how wise, or no matter how much cooperation you have of your staff, no matter how refined and well-executed your processes, remain helpless to external sources. Or, to be charitable, if you can affect those external sources, a 10% effect by you would be the best you would dare hope for. If the headquarters of your company, as in the example above, dictates certain behaviors for your branch, you have little control over the situation. If the economy suddenly and unexpectedly bombs for electronics modules, despite the fact that you stay on top of all leading economic indicators, how much affect can you as a leader have in



driving this issue? The source of your problems lies outside of your control. Sometimes we are lucky or sometimes we are unlucky. That, I believe you can see, is why this sits at the extreme left, for it overrides all considerations, even your leadership.

At a more personal level, our sister company, Career Coaching International, assists people with PhDs, MDs, MBAs, etc. find jobs. Despite the training and obvious capabilities of these individuals, Environmental factors (no longer an abundance of jobs) has left them as victims of a situation over which they had little control (no apparent need for their skills). Unfortunately they thought that their leadership abilities should never have allowed such a situation to develop; they blame themselves and come to CCI with very low self-esteem. But the dominant factor is at column 6, Environmental, (not column 5, Mood or leadership). Last year, to their credit, over a hundred such people adjusted to that 'environmental' factor reaching out to CCI's sophisticated job-search techniques.

6. The Effect of Leadership

Now let's drill into column 5 of the Alignment Chart called "Mood". This heading could be reworded to say 'attitude' or 'leadership'. Notice the four vertical levels.

At the first level, we deal with the **mood of a key individual**. If we have an arrogant person in some position of power, that mood will affect everything that follows. For example, Samantha the leading salesperson in the company, while brilliant, is quite averse to sharing. Because she is the lead sales person, people feel they have to defer to her, even the CEO who fears disrupting his most productive salesperson. The expression that 'the family revolves around the most dysfunctional member' might be apt in this situation. Everyone walks on eggs. So accountability (column 4) goes out the window, as whatever Samantha wants Samantha gets if she screams loud enough – the new territory that was supposed to be allocated to Robin. Planning although put in place (column 3), is now bypassed in favor of Sam's latest tantrum. The evidence (column 2) is an unmotivated sales force and Samantha's continued domination of the sales accounts and the lack of sales growth of the other team members. The results (column 1) might be sales stagnation and hence, the crisis that accompanies a loss of market-share.

At the second level, there might be an informal group within the company, all the guys that attended Harvard for example, form a **clique with a mood** that favors one another to the detriment of other staff members. The mood of all people in the company is based on a sense of two cultures, with most of the staff belonging to the wrong one. This mood moves across the entire company since the clique is not a department. Now dysfunctionality must show at columns 4 and 3 in the form of lack of cooperation with the results making themselves known in

columns 1 and 2, symptoms of problems and the consequences of them manifested by inability to get the results formerly achieved by the company.

The head of the engineering department, Bob, might be controlling, distrustful of others, and thus the **department's mood** or attitude is poor in delegating - the lack of delegating things down to the individual. As a result the entire column 4, Accountability, falls apart as no one under Bob's control is 'allowed' to be truly accountable. Bob will reverse their decisions every time. By the chain effect, events in column 3 will not happen as they should, the evidence of poor engineering management, for example, will show as a symptom (column 2), perhaps creating the consequence (column 1) of that malfunctioning electronic module described in the story above (para 3).

Now you can imagine the effect of any of the negative characters above if embodied in the CEO: the **company mood** would show dysfunctionality all across. On the other hand, a leader who respects staff members, clients, suppliers, etc. and is willing to share, to trust, to listen and to delegate, will create quite a different and positive picture. The essence of this message is that the CEO's leadership (column 5) affects Accountability issues (column 4), then Strategic issues (column 3) and Operations (column 2) which manifests itself in the final results or profits (column 1).

Notice the '**Current mood swings**' grouping in column 1 (1.1). Any leader can have a bad moment when confronting a huge problem. It is viewed as temporary. However if the poor mood of the manager persists, it keeps moving to the right, as if the Chart were a cylinder, i.e. past column 6 into column 5 where it becomes a permanent mood factor, creating all the havoc (or well-being) above.

7. Conclusion

Leadership (or mood) is hugely responsible for problems in a company. But the corollary is that that the environment has an even greater effect. As long as the environment does not change, the leader has the greatest sway in all the factors that affect the success of a company.

Bill Caswell