Leadership Issues and Developing, Releasing and Harnessing Potential

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Many governing bodies formulate stretching goals. Electorates can have raised expectations. Customers are often more demanding. Investors seek high returns. Staff are concerned with their advancement and incomes. Governments expect taxes to be paid. Balanced scorecard reviews often highlight various areas that require improvement. Unless many individuals, teams and organizations can innovate, do things differently and release and utilize potential, such a combination of demands may far exceed available resources.

With some people and organizations and in certain situations, potential is more evident than in other cases. When it is latent its full extent may be difficult to determine and assess. What is discernible may be the tip of a big iceberg or there might be very little under the surface. Certain aspects of potential may be easier to harness and exploit than others. Uncovering, releasing, harnessing, powering and exploiting potential can be a key to success and a source of possible disappointment.

When they command tangible resources such as intellectual property that can be identified, captured and valued, many leaders still find it very difficult to effectively manage and exploit them (Perrin, 2000). So what should leaders do to increase the prospects of beneficial outcomes when working with potential that is uncertain and less tangible? What questions should boards ask in this area?

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highlight various areas that require improvement. Unless many individuals, teams and organizations can innovate, do things differently and release and utilize potential, such a combination of demands may far exceed available resources. What can leaders do to enable and support what is required?

Leadership Challenges

Business and political leaders face many challenges in reconciling performance and delivery with contending requirements and demanding expectations. Their performance is variable and competence cannot be assumed. Across Europe there is suspicion and a degree of hostility towards leading members of sections of the business community such as bankers while many citizens do not trust their Governments' handling of public finances (ICAEW and PwC, 2014).

Allegiance cannot be taken for granted. Groups that are not satisfied may take their custom, service, money, allegiance and votes elsewhere. Investors get restless when they see potential in a situation that CEOs and their executive teams seem unable to harness. Those who think they can do better may stage a takeover bid. Individuals sometimes move jobs in order to make better use of potential they feel they have, but which might not be properly recognized or used in the situation they are in.

Leadership can be demanding enough without the uncertainties involved when dealing with potential. What should leaders focus upon to bridge gaps between aspiration and achievement? How might they create new options and choices, or harness more of the potential they command? Are there more affordable ways of creating high performance organizations and practical ways of avoiding traditional trade-offs? Given it is sometimes lonely at the top, who should they listen to?

Should one prioritize the interests of different stakeholders or concentrate upon releasing potential and increasing the capability to simultaneously deliver multiple objectives? Creative, innovative, ethical, rapid and sustainable responses are required from many boards and leaders at various levels to confront threats or seize opportunities facing their organizations. Such responses should enhance rather than compromise longer-term prospects and the benefits that can be delivered to stakeholders. In uncertain times and challenging contexts, what are the requirements for successful leadership?

Some boards are focused upon the next quarter's results or surviving an imminent AGM while others have a longer-term perspective. On occasion, potential is just waiting to be released, rather like the molten rock about to be released from the magma chamber of a volcano. Or it can be elusive like the mineral deposit somewhere in a forest or mountains being sought by prospectors who may have to work very hard to release its true value even when it is found.

In reality one may need to both cope with today's issues if there is to be a tomorrow, and have a vision for the future in order to provide strategic direction. The establishment of a vision that is stretching and compelling yet achievable is an acid test of effective leadership. Setting the bar high can raise ambitions and spur achievement. So what should the vision be in relation to potential?

Could a vision embrace social innovation as well as step changes in other areas such as business, management and technology or the creation of a new product or market? Past business leaders have both built successful companies and laid the foundations of social revolutions. George Cadbury's provision for

workers at his Bournville chocolate factory in Birmingham anticipated aspects of the welfare state. Could those establishing operations in rural areas and developing countries learn from his provision of education and other forms of support and release more of the potential of people?

At what point does a business leader accept responsibility for certain of the wider challenges facing mankind, whether climate change or in some societies with very limited resources helping large numbers of poor people to achieve more of their potential? Some activities of certain companies limit potential. How should the CEO of a food and beverage company balance the competing demands of profiting from the sale of sugary drinks and the problem of obesity? Some leaders become innovators in relation to their own roles, for example William Lever, the founder of Unilever, in building Port Sunlight and introducing a form of co-partnership.

Can one be both competitive and caring? Is it possible to be flexible and at the same time resilient and sound, or both entrepreneurial and prudent, and radical but responsible? Can one transform what needs to be changed while preserving what is distinctive and valued and ensuring the continuity of vital relationships? Are there better ways of creating and exploiting know-how or stimulating ideas and successfully bringing new offerings to market? When people talk of tapping more of the potential of key accounts or employees at what point does this become exploitation?

The Role of the Board

What role should a board or other governing body play in relation to leadership for releasing and harnessing potential and innovation? How might a board add more value in areas ranging from providing strategic direction to reporting achievements and activities such as planning or supporting a CEO and management team? Some boards are overly cautious and the release of potential and its harnessing may be viewed as risky and uncertain.

What needs to change for a board to become less cosy and complacent and more proactive? Is it perceived as negative, a brake on progress, interfering and preoccupied with compliance or as a positive force in the growth and development of a successful, sustainable and responsible business? Is it so concerned and preoccupied with what is that it is blind to what could be?

Are business excellence and other general models and traditional approaches to planning still relevant? If significant change and radical transformation is to occur—and where relevant and if required—how should stakeholders be informed, engaged and involved? How might one handle tough choices or avoid certain trade-offs? Can one reconcile pressure for innovation and change with a cautious risk appetite? Are there affordable ways of transforming performance with an existing team, culture and corporate structure? How are other directors addressing these issues?

Effective direction requires thought, an awareness of the market environment and business and corporate situation and sound judgement. Leadership requirements and style should reflect the context. For example, the leadership required by a virtual team in a network or cellular organization may be very different from that needed by a bureaucratic and hierarchical one. The areas that directors and boards chose to concentrate upon and question will depend upon factors such as their confidence in past decisions, the capability of a CEO and management team and the extent to which change occurring in the internal and external environment.

Some people may be so focused upon themselves and their own issues that they see little merit in putting much effort into releasing the potential of others. When people are struggling with seemingly intractable problems working harder can become self-defeating. The more people thrash about the quicker they sink into the mire. Effective leaders can help people to tackle problems by encouraging them to first think about solutions (Niven, 2015).

Changing Leadership Requirements

A change of context or circumstances can give rise to a requirement for a different leader. Some of those at the top of organizations could learn from Lucius Quinctius Cincinnatus who on two occasions quickly vacated a position of absolute power as director of Rome once he had dealt with the situation that had given rise to his appointment. Many CEOs lack self-awareness, humility and a sense of when it is the right time to change leadership arrangements and/or hand over to a successor. Maybe another person would be better able to release the potential in a brand, team or situation.

In rapidly evolving and uncertain contexts, identifying leadership potential is difficult and risky. Where once leaders might be picked for behavioral reasons, for example, their ability to organize people or form relationships, today in some arenas situational criteria have come to the fore. In regard to contemporary relationships, those between leaders and followers can be especially important. Each may be able to release potential in the other.

Increasingly, leadership may need to be two-way or multi-directional and involve consent and shared values. In a digital and multi-generational world with multiple social networks, leadership can be shared. Thought leaders and others may be in a position to influence or make things happen.

New arrangements, greater diversity and flexibility, and more creative working and learning environments can all release potential.

Leaders have to be proactive in pursuit of a vision while sensitive to developments and alert to opportunities and reacting to them appropriately. They also need to retain a balance between aspirations and capabilities. Excellence and innovation are important because corporate capabilities and building a pool of potential can be costly. They need to be effectively used. There is little point having resources and potential that cannot be accessed and used as and when required to address an issue, seize an opportunity or progress a goal.

Asking the right questions is critically important. Take potential itself—something today that may have relevance and utility at some point in the future. Like capability potential can be expensive. For example, many organizations engage in talent wars to recruit and retain people judged to be highfliers. Large sums may be devoted to preparing them for future roles when in dynamic and competitive markets the future form of one's organization and its management requirements may be uncertain. Will prized potential be required if there is a change of situation, direction or priorities?

Even where affordable and still relevant, potential like capability needs to be harnessed and deployed when required. Leadership is more than articulating visions, listing desired values, making motivational speeches and cajoling other people to succeed. The bull who charges ahead regardless can be a dangerous animal. Leadership is also about empathy and enabling and being a facilitator, catalyst and coordinator. It involves listening, helping and supporting, making sure that people are equipped to do what is expected of them. As activities are undertaken by networks of self-managing groups more people may assume

responsibility and lead themselves (Ingram and Emery, 2015).

The Role of the Chief Executive Officer

In some organizations the ability to influence, support and make things happen is widely dispersed. In others it is more concentrated and Chief Executive Officers (CEOs) can feel particularly exposed. While having position power they are also targets. In the first instance, many communications—from customer complaints to media requests for interviews—are directed at CEOs. They often top the list of those whom external parties seek to build relationships with and companies seek to influence.

One of the challenges for leaders is those who endeavor to position themselves to gain preferment from them. If unchecked, the desire of people to ride on the coat tails of a leader can result in them being surrounded by crawlers, boot-lickers and toads. Flatterers, lickspittles and grovellers are unlikely to add much value to boardroom discussion, but groupthink and the desire of others to fit in or be team players can result in a lack of constructive challenge (Janis, 1971, 1972 and 1982).

CEOs should attract the sympathy of anyone who feels they have been miss-sold to. Some people will suggest they have more potential than is actually the case and belittle the potential of others, just as individuals exaggerate their importance, credentials or contribution. CEOs are priority targets of pedlars of advice from colleagues, some of whom are hoping, angling or plotting their downfall, external suppliers motivated by self-interest and consultants whose business models require them to extract income from companies as blood-sucking parasites feed upon dumb beasts.

Whistleblowing arrangements to encourage the reporting of those who are endeavoring to take advantage need to be in place along with steps to protect those who endeavor to act in the best interests of an organization. Many guidelines relating to whistleblowing have required improvement (Vandekerckhove and Lewis, 2012). Exploitation could include harnessing potential too soon or without a fair distribution of rewards.

Unions were established to protect people from organizations. In today's world when so many people are focused primarily upon themselves and building personal brands, networks and wealth, increasingly it is organizations and their intellectual property and other resources that need protection. In some cases more people may be taking out than putting in and an appropriate corporate learning strategy can be important for building corporate capability (Coulson-Thomas, 1999). A leader needs to be able to distinguish between those who are contributing and those who are freeloading or parasitic.

Some CEOs like to be the focal point and at the heart of things like a spider at the center of its web, influencing things directly and visibly exerting power (Handy, 1978). Others, while appearing more detached, seek to make things happen by delegating, encouraging others to think, challenge and take decisions, and actively building the competence and confidence of members of their team. Successful achievement for the latter would be an organization able to survive and thrive in their absence. This group may be more focused upon developing and releasing the potential of others.

The CEO and the Board

Whereas some CEOs might seek a compliant board, the more aware and confident ones should realize that a strong and effective board can help a company to remain current, vital and viable and sustain success. Similarly, effective directors

recognize that understanding the pressures CEOs are under can help a board to build relationships with them and support them.

Looking ahead, as more work-groups are self-motivated, receive appropriate performance support and share a vision and cause, will leadership as we know it continue to be a requirement? (Ingram and Emery, 2015). In the new forms of organization that are emerging will a leadership team as an intermediary between a board and the people who are creating and delivering value to customers, clients or citizens be any longer required? People may assume responsibility for their own potential.

Just as a board might consider which powers and decisions to reserve for itself and a scheme of delegation to a CEO, an executive team leader needs to decide what matters to handle personally, which issues can be handled by others, and who to consult when advice is needed. Where a board establishes a framework of policies and values within which the people of an organization should operate, intermediate leaders can set the tone and create the conditions within which others operate.

CEOs may have command over certain resources, but their ownership may lie elsewhere, for example many shareholders in the case of a quoted limited liability company. One sometimes forgets that most leaders are themselves accountable to others. The company CEO should be held to account by the chairman and board. The permanent secretary is accountable to the responsible Minister and both may be questioned by MPs who in turn are accountable to an electorate.

Effective leadership involves multiple sets of relationships, upwards, downwards and sideways or horizontally. The leader who appears at the top of one organizational pyramid may themselves report elsewhere from a different perspective, for example a national or international one or that of a holding company head office. A business entity can be but one link in a wider supply chain.

Harnessing the Potential of Groups and Teams

The roles, responsibilities and mandates of leaders can very. Most are held accountable to some degree for their decisions and those of others for whom they are responsible. Decision making and problem-solving can be the central activities in the creation of success (Adair, 2013). However, some people and groups find it much easier to take decisions than others. In practice, the potential of groups can be particularly difficult to harness (Coulson-Thomas, 1993).

One might expect a group of people with their collective knowledge to be better at taking decisions and providing answers than individuals. Groups and teams often devote a lot of time to becoming effective at participation and teamwork and can lose sight of their objectives and a quicker and more productive approach can be to give a question or decision to the person with the most relevant knowledge, expertise and experience (Coulson-Thomas, 1993).

Groups can amplify rather than correct any individual errors of judgement among their members, and group dynamics can lead to people deferring to others or following them, polarization or the expression of a general consensus and the smothering of minority but well informed views (Hastie and Sunstein, 2015). Sometimes adjusting incentives and rewards, assigning roles in accordance with people's strengths and restraining or removing a group leader or particularly vocal member of a group can encourage other viewpoints to emerge (Hastie and Sunstein, 2015).

Some groups have much more power and freedom to act than others. Marketplace realities

and competitive pressures mean that some CEOs and their teams have little room to maneuver. Many are responding to pressures rather than proactively initiating. On occasion, leaders at all levels, including a national leader, can approach their roles in ways that seem designed to frustrate the emergence of solutions to the problems they face. Vladimir Putin has been suggested as a contemporary example with consequences for the economy he is responsible for (Aslund, 2015).

Some leaders—like many groups and teams—are little more than followers of fashion. While there may not be a law that requires them to climb onto bandwagons or imitate others, many do so. Some are slaves to mistaken assumptions, outdated ideas, and misunderstood lessons from past experiences. Others are insecure, riven by feelings of inadequacy, or afraid of their own shadows.

Judging by the average tenure of office of CEOs, many of them will be on other people's hit lists for removal. Quite a few will be got rid of before their terms of office expire. Others may have health problems, or find people badmouthing them behind their backs, or face rivals seeking to fill their shoes. Some of the entities they head up may themselves be potential takeover targets. Leadership roles and positions cannot be taken for granted and hence should be used wisely.

Survival as a CEO is easier for those who focus upon what is most important, which might include developing, releasing and harnessing potential, choose their advisers with care and concentrate upon the best interests of their organizations and their stakeholders. Engaging in games to promote their own interests such as talking up achievements, concealing problems, seeking scapegoats and claiming credit for the achievements of others can be self-defeating in the longer term as chickens come home to roost.

New Leadership

Leadership is often equated with the management of people and the importance of people is an article of faith of many business school courses. Leadership is portrayed as about leading people rather than making things happen. In reality, many people bring a lot of baggage with them, including their cost. Many CEOs would benefit from worrying less about their lack of 'people skills' and devoting more time to the management and exploitation of know-how, mechanization or how customers could do more to help themselves online. As mentioned already, many well-known companies have been poor at managing most categories of intellectual property (Perrin, 2000).

In a more connected world in which vehicles are self-driving, services are provided by robots and deliveries undertaken by drones, CEOs may spend much less time on issues relating to the recruitment, remuneration and monitoring of people. Their mechanical and electronic replacements may be easier to track, update and replace. More attention may need to be devoted to ensuring the people that remain are properly supported and the right mix of people, mechanical and electronic capabilities are in place and appropriately used and the various elements work well together.

Leaders should look for ways of making the people for whom they are responsible more effective, productive and creative. What would they like more or less of? How might they harness more of their potential and also innovate, using the potential of greater connectivity and rapidly developing technologies? Servant leaders focus upon their organization or team rather than their own self-interests. They listen. They are sensitive. They put others first. They engender trust and encourage allegiance to a cause that might long survive their own temporary incumbency of a leadership role.

Effective directors and CEOs focus upon the best interests of their companies and internal and external stakeholders. New leadership shifts the emphasis from directing and motivating to providing the assistance that people require to adopt superior ways of handling particular tasks and build their confidence and capability to deal with problems, address issues and handle opportunities (Coulson-Thomas, 2012a, 2012b and 2013). The support provided can help people develop, release and harness their own potential and also share and benefit from the potential of others.

Success in business is often the result of helping other people, and in particular customers, to release and harness their potential, obtain their visions and fulfill their dreams. The help required can be provided at various points from the refinement of a requirement or aspiration to its achievement or implementation. It can include the supply of advice, required capabilities, coaching and mentoring, and it can be provided in many forms from a paper check-list to an application on a mobile device (Coulson-Thomas, 2007, 2012a, 2012b and 2013). It can also be personalized and made available 24/7 as and when required, and it can help people to stay current and relevant.

Whereas in the past the focus may have been upon top-down direction and encouragement, new leadership puts much more emphasis upon helping others to achieve. In particular, providing key work-groups, and especially those in front-line and customer-facing roles, with the performance support that enables them to excel at demanding jobs and emulate the approaches of higher performing peers, can deliver multiple benefits for both people and organizations (Coulson-Thomas, 2007, 2012a, 2012b and 2013). Helping people to help themselves and to take more responsible and sustainable purchasing and consumption decisions can also benefit the environment. ⇏

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