

## **Executive Insight >> Thought Leaders**

### **Learning to Lead in a Different Space**

Much has been written over the years about leadership, leadership vs. management, the necessary shift from command-and-control to an empowering leadership style etc., etc. This issue of Executive Insight will add nothing new to this debate.

What we plan to explore here are the implications of new context.

Our business environment is shifting rapidly to one that is globalized and digitized; comprised of networks of alliances, partnerships, and outsourcers; increasingly staffed by combinations of employees with free agent mindsets, other people's employees and free agents themselves.

Line-of-sight is replaced by more virtual realities, position-power by mutual-reciprocity and relationships, economic dependence by more risk and wealth sharing.

Learning to lead in this context requires different mindsets and skill sets, and the development and application of new business, accountability and interaction practices.

Clearly, not all businesses are here yet. In times of transition, new norms emerge at differing rates of change and intensity, but few companies today, and few executives, are unaffected by these trends.

We are experiencing an accelerating search for innovative ways to add value, leverage competency combinations, extend reach, reduce scale, shrink time and distance, cut cost, eliminate friction, simplify transaction, create new flexibilities and add new customer benefits.

The confluence of these dynamics is leading to the exploration of new organizational forms and combinations that in turn require new types of alignment, interaction, process management and leadership. Internally, companies become a combination of core employees, variables, in-sourced expertise and outsourced processes.

Beyond the perimeter, connections reach out via collaborative ventures, varying equity agreements, research and design partnerships, supply and sourcing configurations, distribution arrangements, licensing agreements, knowledge sharing etc. Designed to be “complementary blocks” or “pooling blocks” such arrangements add value through aggregation, connectivity or synergy.

Corporate leaders are increasingly looking at such arrangements as opportunities to form extended enterprise. Internal capabilities, whether physical or financial, no longer constrain the ability to satisfy customer requirements.

Collaboration enables the extended enterprise, linking key members of the network together seamlessly. Collaboration leverages the focus and specialized capabilities of the partners. But the success of such ventures doesn't come from happenstance. It comes from effective design, integration and leadership.

For while business agreements will tie such arrangements together, flawed or ill-conceived design, poor integration or process management and parochial leadership behaviors can sound the death-knell for the venture.

For the leader, it means the development and application of some very specific competencies to manage most effectively in this type of environment, and building organizations (competencies, practices, mindsets and behaviors) that will thrive and not falter at this new frontier.

These key leadership competencies include the following, which although by title are not new executive requirements, by definition are centered far more in the networked world than the

traditional corporate operating environment:

### **Strategic Thinking**

Strategic thinking in this context includes the art of seeing the possible and knowing how to combine for value-creation and competitive advantage.

### **Commercial Alignment**

Commercial alignment involves finding a platform of cooperation and collaboration of significance, and pooling the benefits together in ways that add value not just to the parties, but to the marketplace. Risk and reward models are defined and profitability for the entire network is considered collaboratively and cumulatively.

The skill is to craft arrangements that actually work, in application, not just in principal.

### **Alliance Management**

Alliance management entails relationship and process development that is capable of taking the combination to ever more valuable benefits and returns for all stakeholders through openness, mutuality, trust and perseverance.

Effective alliance managers stay focused on the goal, develop deep relationships throughout the venture, act win-win-win all the time, anticipate difficulties, nip problems in the bud, expeditiously remove impediments, and constantly grease the wheels of operation to assure success.

The social relationship between the principals reaches a level of importance to the success of the venture much akin to that which has characterized Asian businesses for generations.

### **Lateral Leadership**

Lateral leaders are able to achieve great results without position-power through the strength of reason, personality and character, through clarity of purpose, keen thinking and persuasive influence, through the cultivation of deep relationships, the demonstration of unquestioned integrity, ease of communication and the ability to energize others to pursue a common goal.

### **Community Development**

Community development involves the design of structures, interfaces and practices that will create an optimum operating model for the purpose. It also means developing (over time) a culture appropriate to the venture or circumstance, rather than the co-existence of a hybrid, which will breed dysfunctionality.

Culture develops through artifacts (what you see, hear or feel as you hang around), espoused values and the shared tacit assumptions of the group that develop over time. The skilled leader understands these factors and helps transition the group to a new place centered on the goals and the context.

The development of such competencies will increasingly be an essential part of the executive skill set required for the New Economy, and particularly when considering or entering into new ventures or establishing alliances, companies should base their selection of principals on such attributes.

Additionally, companies should:

- Build network management into your leadership development programs and practices, particularly emphasizing the relationship management and interpersonal aspects.

- Assign high-potentials to manage the interface with current alliances, giving real responsibility for the success of the venture. Shadowing existing principals is one thing, giving experiential accountability is so much more valuable.

- Only enter into networked relationships when you are certain that shared values, openness, trust and mutuality will characterize the relationship, particularly at the principal level. To move forward when you have doubts or evidence to the contrary is more than just high risk, it's likely to be doomed.

- Assure that new alliances or collaborations start-off with a structured alignment process that brings together the parties, focuses on common goals, mutual responsibilities, shared values and key deliverables. This should include the setting up of blame-free problem identification and resolution practices so that issues are addressed expeditiously rather than fester.

- Set in place regular review sessions where progress, performance and deliverables are assessed against the original vision and objectives.

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