

06/06/1998

## Managing thought leadership

Chan Teng Heng

THIS focuses on how CEOs and their second-in-commands think. How do ideas shape the way businesses are run? Many management researchers and writers have suggested how leadership has evolved: from the way people are brought up, schooled, influenced by their associates, superiors and subordinates; how organisations are structured; how management teams are formed and work segmented; how the empowerment of employees and flexibility in managing change takes place.

I list below a summary of some of the beliefs and ideas on leadership formed by prominent management experts:

John Adair - People can be trained for leadership, believed to be a transferable skill, rather than an inborn aptitude. Task, team and individual overlap to form leadership forces in working groups and organisations.

Igor Ansoff - Pioneered the theory and practice of strategic management.

Chris Argyris - Each individual has a potential that can be developed.

Chester Barnard - The role of the chief executive is to manage the values of the organisation and secure employee commitment.

Warren Bennis - Leaders do the right thing while managers do things right.

Edward De Bono - Invented the concept of lateral thinking as opposed to conventional thinking.

Alfred Chandler - Suggested structure follows strategy in organisations.

Edwards Demings - Quality management is by reducing production variation.

Peter Drucker - Introduced the concepts of management by objective; the privatisation of government; the customer first; stick to knitting; the decentralisation of organisation; long-range planning.

Henri Fayol - From experience, distilled his 14 principles of management: Division of work, authority with responsibility, agreed discipline between employer and employee, no conflict of commands, unity of direction, general interest above individual interest, fair remuneration and equity of employees, stable tenure of employees, centralisation/decentralisation depending on circumstances, hierarchy of management, balance and order of resources, initiative and team spirit;

Charles Handy - Related leadership to corporate culture; also suggested outsourcing amid a core group of employees for the future organisation, an idea that is catching on as "networked" organisation.

Frederick Herzberg - Identified motivation and hygiene factors and introduced "job enrichment" to management vocabulary.

Joseph Juran - Introduced company-wide quality control and the importance of human factors in this concept.

Rosabeth Moss Kanter - Empowerment, change management, strategic alliances between partners were the new concepts introduced.

Theodore Levitt - Presented the idea that firms should be customer-oriented and marketing is the key to business success.

Rensis Likert - Presented four management styles linked to business performance; these can be measured using the Likert scale, ranging from exploitative authoritarian to participative.

Douglas McGregor - Formulated "Theory X" (authoritarian management) and "Theory Y" (participative management).

Kenichi Ohmae - Long-term plans versus short-term profits are the

fundamental difference the Japanese make in their global strategy; commitment, competitiveness and creativity form his prescription for success.

David Schwartz - One's thinking (by thinking big) can influence the outcome of the person.

Richard Pascale - Organisation renewal is necessary for continued survival.

Norman Vincent Peale - Positive thinking can affect a person's life.

Peters & Waterman - Developed the 7-S model, comprising "hard" (strategy, structure and systems) and "soft" factors (style, shared values, skills and staff); "soft" factors contribute to more success. Found that "excellent companies" do not exist because nothing in today's chaotic world stays the same long enough. Constant improvement is necessary.

Edgar Schein - Proposed the concept of corporate culture and psychological contract between employer and employee; there is less emphasis on material reward compared to opportunities for potential growth; hence, the key to leadership is managing cultural change.

Richard Schonberger - The theory that world-class excellence is achieved by regarding each function in business as a customer in the customer chain.

Since the 19th century, management experts have tried to find how best to manage, to develop leadership in their fields and to achieve competitive advantage over business rivals. Although the theories and practices have evolved, nobody knows what the best way is, leading Tom Peters and Robert Waterman to individually conclude that nothing stays the same long enough for excellence to be sustained. However, it is good that companies continually search for improvement and stick to practices identified with excellent or world-class companies.

We need new ideas as the economic and business environment changes, disrupting business communities. In the last two years of the 21st century, this is more evident than ever. East Asia and Southeast Asia are grappling with a new destabilising factor, currency fluctuations, with factors last experienced in the 1980s recession. How do businesses cope?

Nobody knows. A fundamentally strong shift in thinking is required. This is called "thought leadership" - new ways to lead, and not a single way, but like a combination lock, require a fine balance of methods, human traits and experience. How this is done is delineated in ten chapters of the book.

What is thought leadership?

Thought leadership involves out-thinking, out-flanking competitors in boldness and innovation. Action and behaviour that provide direction and reinforce the perceptions of outstanding executive practices and values must support thought leadership. Leaders commonly refer to it as "walking the talk". This thinking distinguishes leaders from followers and makes them unique in the business world. When top managers and advisors say "impossible", thought leaders will say "look at it from a different angle". Thought leaders do not think conventionally. "Thinking out of box", an approach for creative thinking suggested by Edward De Bono, is quite common for thought leaders.

Thought strategy is as important as the idea

How does one implement a good idea? Datuk Effendi Norwawi, now a major corporate group owner, who ran the Sarawak State Economic Development Corporation in the 1980s, could not increase the pay of his staff due to statutory constraints on payroll. Monetary motivation could not be used as much as it was in the private sector. However, he used empowerment to differentiate his from other SEDCs.

Using ideas he observed overseas, he used inhouse television as a tool; company events were filmed and broadcast by staff as a communication channel for them. Excellent service ideas were used in his group of companies. Under his leadership, the SEDC was one of the most profitable government subsidiaries in Malaysia. His quest for quality was relentless and he maintained standards for his followers and other SEDCs to adopt.

#### Thoughts on people

Having talented people in sufficient numbers to run your business would be ideal. However, as good staff are hard to come by, managing becomes a challenge. A successful thought leader can overcome such odds by getting the most out of his staff. The person believes in his people. A leader can inspire even the weakest person to excel. Thought leaders like Dale Carnegie have shown how people can be won over and friends made by mastering the art of people handling. Similarly, John Maxwell and Jim Dornan, both very successful leaders - the former in developing church leaders, the latter in developing business leaders in his global marketing organisation - believe influence comes from knowing how to be a leader.

The people factor is the most important factor in thought leadership, as "leaders manage people, not things" and there are more business wisdom quotes on people than on any other element of thought leadership.

#### Thought infrastructure

This refers to good basic physical and mental attitudes that enable a leader to think through tough issues and maintain poise in crisis. Self-esteem, humility, business sense, gut feel, confidence, morale, patience, sense of humour, a naturally innovative mind, imagination, entrepreneurship, survival instinct, right thoughts, positive thinking, and habits are some important qualities that affect good thought leadership.

#### Thought processes

These include the mental steps taken to mobilise sometimes limited human and material resources, to carry out the organisation's plans. A thought leader will not allow trivialities to obstruct him in promoting and delivering excellence in the organisation.

#### Thought leadership culture

The culture of thinking is an interplay of the above elements of thought leadership on a holistic basis and differentiates a leader from a non-leader. What is this culture? It is not an airy concept. It is how business leaders think and act, that makes other people think and act in like manner; how the thought processes are brought together to enable the delivery of business services and products, so people will say, "This is the way we do things around here". This includes extra steps by leaders to make their company better; the style of communication; the way people are viewed and rewarded by business leaders.

Rich De Vos, billionaire co-founder of Amway and author of the book *Compassionate Capitalism*, once complimented a dustman for the way he emptied the rubbish from his house and always replaced the bin cover (you should see the rubbish bins in my neighborhood after the rubbish contract workers have made their rounds - all over the place, sometimes in the middle of the road, as though a riot had taken place!). The dustman was flabbergasted; in over 25 years, nobody had complimented him in his lowly job.

De Vos answered, "Without you, this town would be a mess. Keep up the good work." Simple. Not much effort. Yet can you imagine the effect on the man? Would this dustman do his job better? You bet!

A company cannot dictate everything the individual does. If the thoughts of the leadership pervade the organisation, practised even in life, imagine what amazing result this will have on the way the whole

organisation works.

Datuk Seri Dr Mahathir Mohamad's success in publicising the Multimedia Super Corridor as the technological equivalent of Silicon Valley is a good example of how thought leadership helped secure business success for Malaysia in the IT industry. Singapore, Manila, Bangkok and Bangalore all have similar IT-focused areas in development or in place, but it was our Prime Minister who out-thought the other leaders in bringing to the attention of the world Malaysia's seriousness about IT.

How did he do it? He brought Bill Gates and other global IT leaders to Malaysia. That's why the MSC is now known throughout the world.

In brief, thought leadership differentiates one from others and guides the people in the organisation - or the country - to understand how organisational transformation and transactions should take place. Slogans and vision statements are meaningless if the leadership (this includes the CEO, senior managers, managers, section heads, supervisors) does not think the issue through and "walk the talk" through the organisation about how the business should be conducted. This thinking must take place from the top to the lowest-ranked person in the organisation.

In Part Two of this article, I will go through thought leadership strategy to illustrate how this model works in organisations.

\* Dr Chan Teng Heng was formerly chief operating officer and human resource director with two separate listed companies. He was a management consultant for nine years and taught at the Nanyang Technological University, Singapore. Currently, he runs his own firm, CEO Executive Search, and can be contacted at Tel: 012-2878377 or Fax: 7064859. Part Two of this article will appear on Wednesday.

(END)