

Management Today

[LEADERSHIP] THE NEED TO LEAD

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When the going gets tough, line managers and staff look to their leaders to lay down a course of action and provide much needed inspiration.

At 5am each Saturday, Rachel Argaman sits down at her computer and starts to write and email to all employees at her booming hotel chain. About three hours later, the CEO of Toga Hospitality hits the send button on a communicate that covers the gamut of the business's interests: group results, feedback on field trips, analyses of individual hotels and general words of congratulation and encouragement.

"It is my ritual," Argaman says. "Everyone knows about each other's performance and everyone is focused on that." It is part of a leadership philosophy that has seen Toga Hospitality, which manages the Medina, Adina, Travelodge and Vibe brands, grow from about 10 properties to 48 over the past decade.

With five more properties under construction and a chain boasting hotels in Australia, New Zealand and Europe, Argaman and her team are defying the global financial crisis. She has no doubt that outstanding corporate leadership is "the key differentiator now, and always" for companies, and believes clear communication with staff lays a platform for success. "Action always inspires hope and one of the hallmarks of great leadership is the clear articulation of strategy."

PULLING THE LEVERS

Leadership has featured in the top six of Management Today's readership survey of management priorities for the past three years.

Peter Fuda, Principal at The Alignment Partnership, is not surprised. Of all the levers at the disposal of CEOs, including strategy, structure, metrics, systems and skills, he says none is as important as good leadership. "In fact, I've come to the conclusion that the lever of leadership is more important than every other lever combined," he says.

Fuda believes employees are looking to their senior management team for cues. Rather than merely reporting the news that markets are in turmoil, he suggests CEOs "really need to be authors".

"They need to be plotting, scheming and planning the next chapter of the journey. And they need to see the current environment, no matter how dire, as just one input into their plans rather than something that totally predetermines the actions they might take."

THEORY OF IMPACT

The Alignment Partnership embraces a theory of impact, which maintains that CEO's success should be measured against how they enable others in the organisation rather than any personal goals. To this end, three leadership attributes are vital:

awareness: CEOs should know what they do not know

accountability: they should be answerable for their own behaviour while also holding staff accountable for their actions.

authenticity: they should be open about their imperfections because followers will welcome such honesty.

"Everybody knows the CEO doesn't have it all worked out," Fuda says. "When they stop pretending, the more likely they are to engage people in the journey ahead."

FINANCIAL CRISIS

Sue Forrester, Chief Executive of The CEO Institute's Queensland arm, has been on hand as senior executives thrash out the important issues in the wake of the financial crisis.

She encourages the notion of having a team of leaders who inspire, motivate and communicate with their staff. "A company is not all about one leader but a group of leaders," she says. Diversity within the senior leadership group is also important.

"If you have a charismatic leader as your CEO, you may well need different styles of leadership sitting beneath to ensure you get diversity around the table. Similarly, if you have a methodical leader you may well need some different leadership and thinking styles within the team to be motivating and communicating with

employees.”

Forrester advises corporate leaders to stand by their promises (say what you are going to do and deliver on the promise); model the way (set the example by aligning your actions with the corporate values); and avoid kneejerk decisions (removing coffee from the staff canteen and getting rid of pot plants can save some money but may damage morale more).

THE BLAME GAME

Quentin Jones, Director of organisational development consultancy Human Synergistics Australia, says too many leaders in times of trouble revert to passive-aggressive behaviour and avoid the difficult management calls. They blame others, redirect fault and engage in strategy he describes as CYA, or cover your arse.

“Everyone thinks that when things get tough you need more of that autocratic, kick-the-crap-out-of-people leadership. (But) you still need inspiring leadership that has a vision and that is prepared to pull people rather than push people.”

While the tendency during an economic downturn is to cut costs, Jones says a management maxim holds true in all markets: good value good people.

“(And) good companies outlast bad companies,” he says. “Part of being a good company is what you do with your people in these times.”

CORPORATE SUCCESS

For Rachel Argaman, corporate success comes down to a simple and constant equation: revenue minus expenses equals profit.

“I believe, in times like these, that leaders have to get back to basics, get in among their teams and model the way by focusing on those two simple things,” she says. “Revenue has to be driven by motivated teams delivering quality service or products to happy customers, and expenses have to be managed with forensic attention to detail.”

At the same time, Argaman will continue her weekly email ritual to stay in touch with staff. “I cannot emphasise enough how important communication is: communication across the whole organisation!”

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