

Chris Roebuck, a CMI Companion and visiting professor at Cass Business School, on how to transform performance with entrepreneurial leadership



If you want to be the best in your field, just maximising effort isn't enough

CHARTERED MANAGEMENT INSTITUTE

It is actually simple to improve organisational performance significantly in a relatively short time at little or no cost – both in the public and private sectors. Despite guidance on how to do it being easily accessible, and despite the tough competitive and economic environment, few organisations seem bothered to act. They seem to feel that being ‘just good enough’ is acceptable rather than constantly seeking to be the best. Why do so few do it?

Data from the Corporate Leadership Council, which surveys up to 50,000 employees, and other sources suggests that less than 20% of staff in most organisations are giving maximum effort. Roughly 70% ‘just do the job’, giving only the effort they have to, while 10% affect colleagues negatively. Those who ‘just do the job’ could potentially give their organisation 30% more ‘discretionary’ effort if they wanted to. Even if they performed not 30% but 15% better, it would totally transform organisational performance, and quickly.

The key question is why aren't they? Because the leadership they get isn't good enough. Report after report over many years shows organisations are not developing competent leadership at all levels as a strategic imperative. An individual's decision to give high performance is 57% rational and 43% emotional. So presenting a logical case for high performance or change alone without emotional inspiration wastes half of the chance for success. The line manager accounts for 80% of the emotional part and over 50% of the rational, which means that for high performance all line managers, not just those at the top, have to be able to lead competently.

And what is this ‘competent leadership’? Eighty per cent comprises the very simple day-to-day things we all want from our leaders, such as building trust and a sense of partnership, and genuinely engaging those whom they lead. This is what gets the extra commitment. For example, fair and accurate feedback can increase effort by up to 39% and line managers showing they care about people can increase how hard they work by 26%. This costs nothing and can be started tomorrow.

At the strategic level, these simple actions could increase the chance of outperforming competitors by nearly 70%, increase revenues by up to 40%, halve days lost through sickness, increase earnings per share by up to 2.6 times, reduce the risk of loss of talent by 87% – and help in managing reputational risk. This last is of no small benefit, as has been made clear by recent scandals.

How can you make this happen? Within an organisation, it needs to be driven from the very top as a strategic initiative, facilitated by HR and made to happen in every team, by every leader. At a team level, line managers can do it themselves – it's that simple. In six months a positive change could be seen. In years it will transform performance.

But if you want a real competitive advantage, or to be world class or the best in your field, just maximising effort isn't enough. For those trying to get to the top, the secret is to focus this effort on what really matters, and to be entrepreneurial. It is possible to maximise effort but not strategically apply that effort to things which are critical for success. That's why the next stage is so vital.

Senior leaders need to make sure that two or three critical objectives for the organisation are communicated to everyone so everybody's efforts can be focused on delivery. Everything has to be done in an entrepreneurial way, initially by developing entrepreneurial leaders and then employees. That means a total focus on efficiently maximising customer service by encouraging creativity and innovation, taking responsibility as a leader, constantly making improvements, understanding the whole organisation and being an ambassador for your organisation.

That's not just for those in customer-facing roles, it includes areas such as HR, IT, finance, risk and other support functions. There is no point in the ‘front’ of an organisation being entrepreneurial when it's being held back by bureaucratic support functions.

At UBS, between 2002 and 2006, we developed the top 500 leaders to be entrepreneurial and we saw evidence of improvement in a few months and significant bottom-line benefits in a couple of years. This success led to the project becoming a Harvard Case Study and to winning several international awards, such as Best Company for Leaders. So these simple steps really do work.

From my subsequent experience elsewhere, I know that entrepreneurial leadership adds value in all organisations from the Red Cross to top law firms, and global banks to the public sector. In Asian countries, the potential value is recognised and great improvements are being made, so if UK and European organisations don't embrace entrepreneurial leadership quickly, they may well get left behind.

The time to act is now – it's simple, it's quick, it doesn't cost much and it works.

CV Chris Roebuck is a Companion of the Institute and is a visiting professor of transformational leadership at Cass Business School. He was formerly global head of leadership at UBS and works with a wide range of organisations on developing entrepreneurial leadership. He runs masterclasses on this subject globally. Later this year he is due to help the Myanmar Red Cross develop entrepreneurial leadership in the most challenging of environments.