

The Success Formula

How smart Leaders deliver sustainable value

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Strategic Alignment

Visioning – Top Team

- 20% NHS Top Team
- 21% NHS Board
- 20% Sweden
- 23% Japan
- 25% Finland
- 30% U.K.
- 31% Austria
- 32% Germany
- 33% China
- 39% France
- 39% USA
- 40% Spain
- 42% Hong Kong
- 48% Ireland
- 56% Australian Public Service

Recognise fundamental divisions exist within their top team concerning the future

Strategic Alignment

Dialogue – Top Team

- 36% France
- 47% UK
- 49% Finland
- 50% Sweden
- 58% Hong Kong
- 61% Germany
- 62% USA
- 63% Spain
- 66% Australian Public Service
- 67% Austria
- 68% Ireland
- 66% NHS Board
- 70% NHS Top Team
- 77% Japan
- 80% China

Believe there are issues which should be discussed but are too sensitive to be discussed in the top team and are NOT

Communication

- **60% Chairmen / CEO's (Britain) consider themselves understanding / supportive**
only 30% GM's agree
- **75% Chairmen / Presidents (Germany) consider top teams trust each other**
only 33% GM's agree
- **33% SES's (APS) consider themselves understanding / supportive**
only 24% SO's agree
- **36% SES's (APS) consider top team managers trust each other**
only 26% SO's agree

Communication

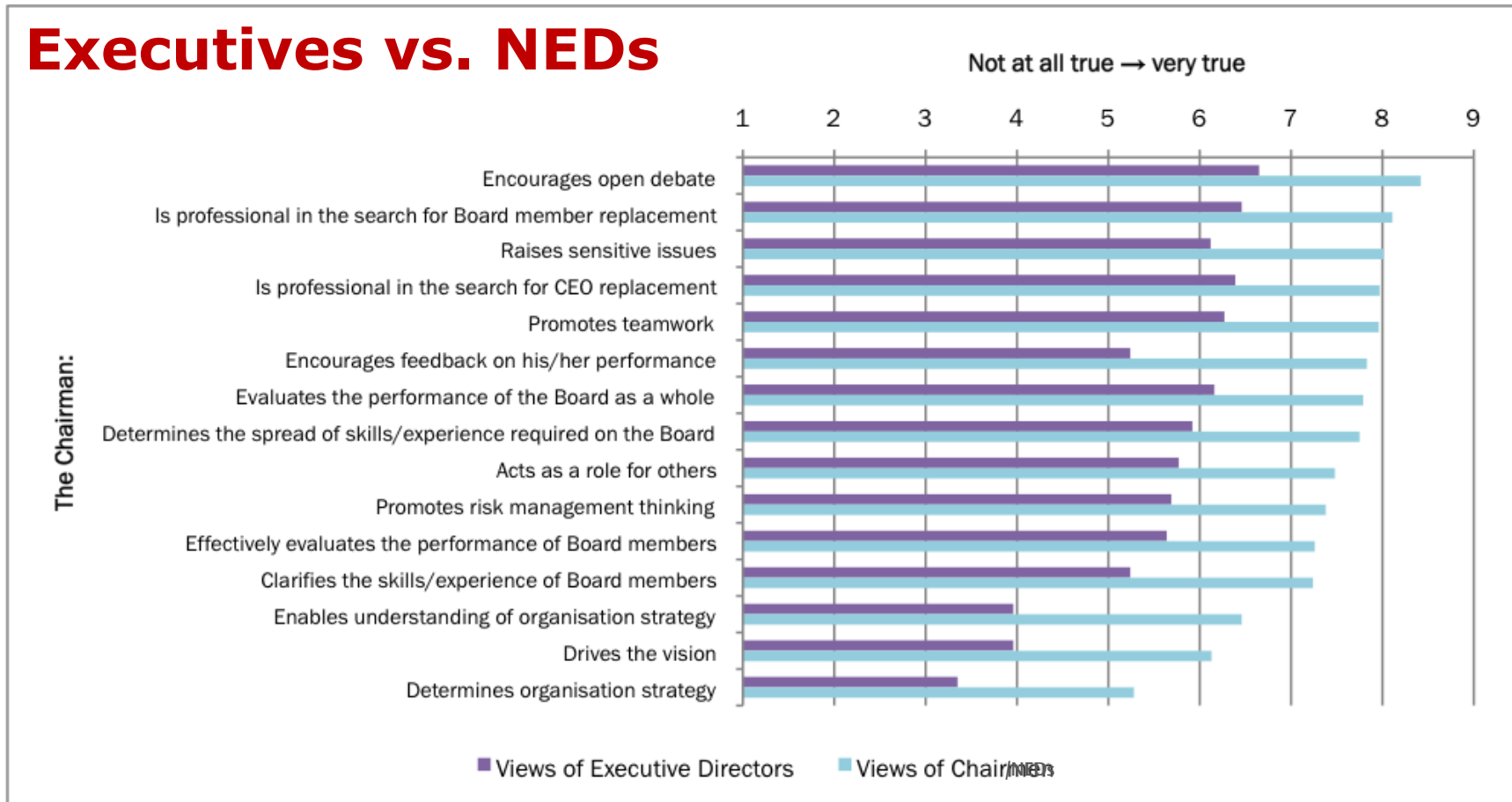
	Japan	U.K.	France	Ireland	Germany	Sweden	Spain	Austria	Hong Kong	US
	TOP GM	TOP GM	TOP GM	TOP GM	TOP GM	TOP GM	TOP GM	TOP GM	TOP GM	TOP GM
Easy to talk to	82 62	73 65	80 76	87 78	84 83	75 77	80 64	80 65		
Not easy to talk to				41 54					56	
Discuss sensitive issues	69	66	71	52 68	63	66	44	60	67	62
Address safe issues	47	44	47	60		42	61	51	40	58
Understanding	78 61	68	61	52 41		63	53	58	53	60
Not understanding		70	48	67	68	48	61	51	66	48

Communication

	Japan		U.K.		France		Ireland		Germany		Sweden		Spain		Austria		Hong Kong		US	
	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM	TOP	GM
Trust each other	73	61	65		66		61		75		71	66	58		63		71		63	
Not trust each other				68		48		67		69			51		57		72		51	
Implement decisions made in top team	89	76	72		74	64	91		83	64	79	73	70	69	65		78		78	60
Implement decisions that personally suit				44				50							41		50			
Address long and short term issues	75	62	54		58		61		68		56		61		62		64	67	73	60
Address short term issues				58		48		66		42		50		60		49				

Board Dynamics (UK)

Executives vs. NEDs



- **LOW TRUST of Chairman/NEDs**

Board Dynamics (USA)

Average Companies (Majority)

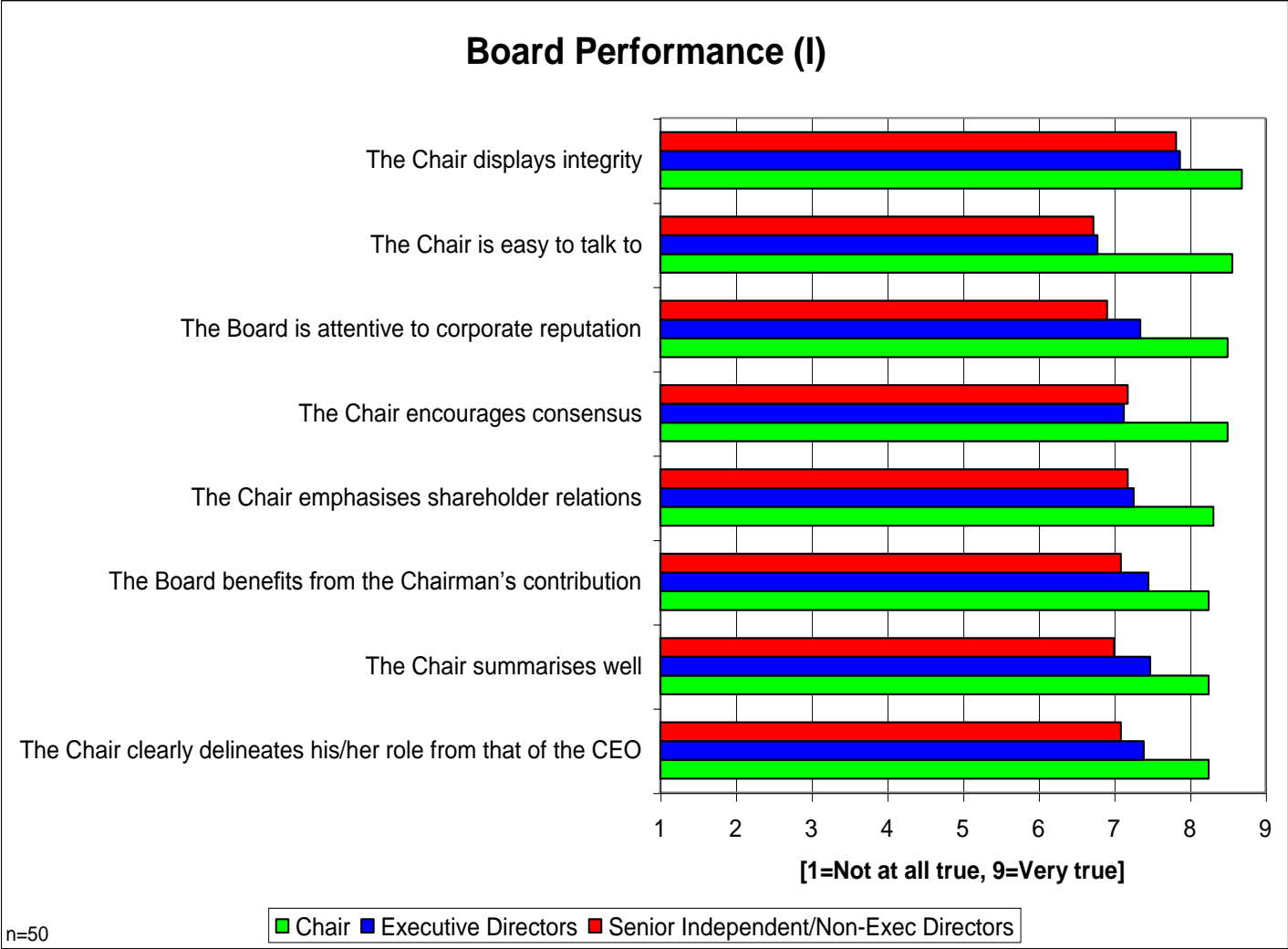
- High inhibition
- Defensiveness
- Limited use of NED/external director capabilities
- Appointed from network
- Discouraged from talking to
 - Staff/Management
- External Director portfolio extensive
- Strategy/board dynamics driven by CEO / President / Chairman
- Dismissive of CSR
- NOT DEVELOPMENT MINDED
- Legal culpability
- Sarbanes Oxley
 - Gone too far
 - May induce more 'corruption'

Board Dynamics (USA)

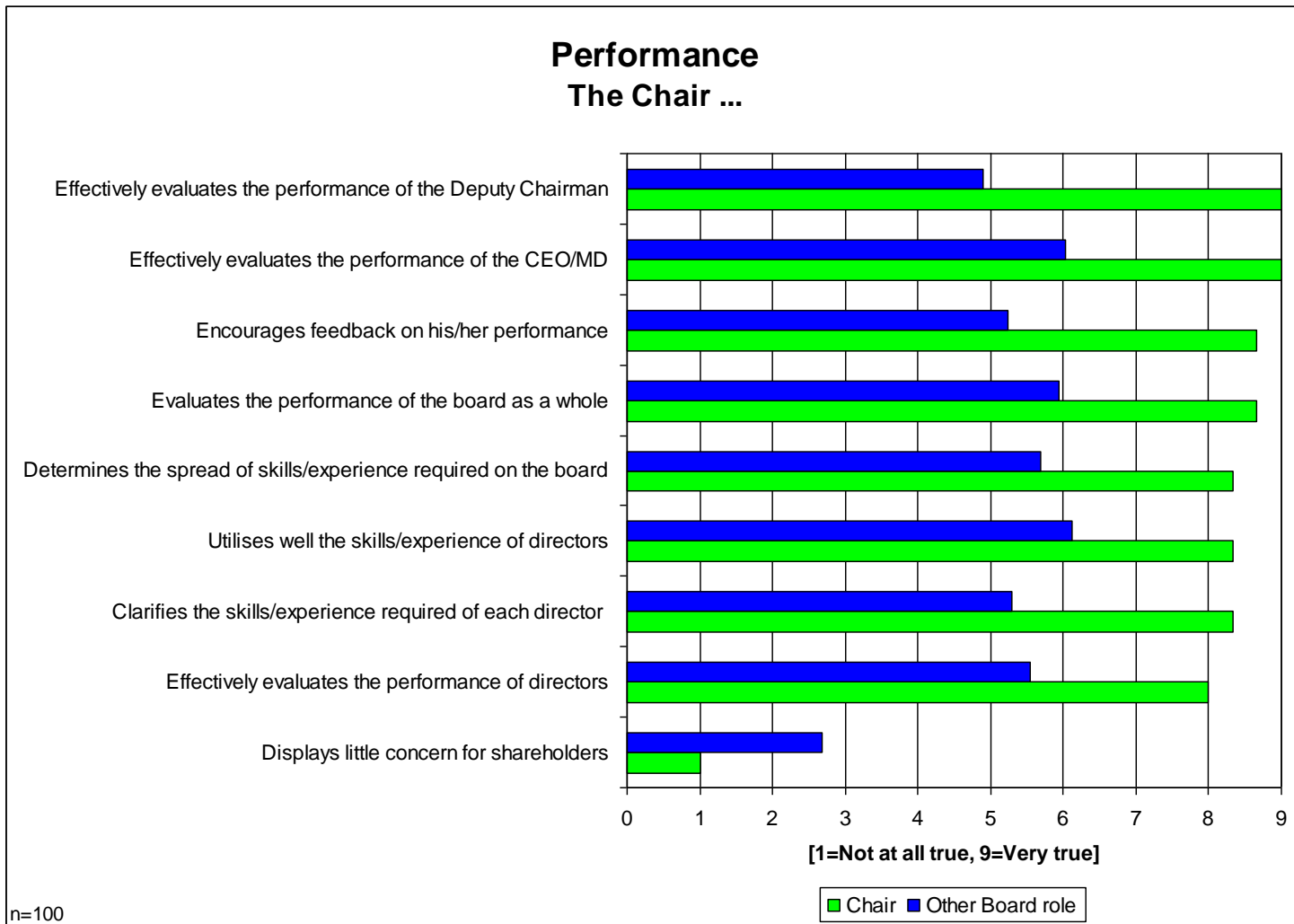
Well Led Companies (Minority)

- **Less inhibition**
- **Link skills of External/Independent Director to strategy**
- **Use of search consultants**
- **Appointment from network**
- **Robust boards sack President/CEO**
- **Legal culpability**

Russian Directors



South African Directors



Diversity of Thinking

- **Are leaders clear as to issues facing them/their organisation?**
- **Shared view on competitive advantage?**
- **Shared view on DIFFERENTIATION?**
- **Shared view on VALUE?**
- **Philosophy for cohesion/corporate glue to company?**
- **Disruptive Diversity!**

Engagement

- **Damaging**
- ***Realising engagement is the critical challenge for sustainable performance***

The Success Formula: Evidence Based

$$S + (E \times A) = V$$

S – Strategy

E – Engagement

A – Alignment

V – Value Delivery

Repositioning Leadership

Leader/Value Focus (poor practice)



$$S \times (E + A) = V \text{ (Value Proposition)}$$

High Performing Leader/Value Focus



$$S + (E \times A) = V \text{ (Value Delivery)}$$

Sustained Success

- **Fundamental - Engagement with Diversity of Thinking**
- **Integrate contrasting inputs to realise competitive advantage locality by locality**
- **Greatest tension between**
 - **Corporate Centre vs. Business Unit**

7 Disciplines

1. Evidence – most critical discipline

- **Leader Philosophy**
 - **Replicate**
 - **Formulate**
 - **Evidence Led**
- **Driven by Evidence**
 - **Habit/Belief**
 - **Hard/Soft**
 - **Listening**
 - **Evidence Culture**

7 Disciplines

2. Mission

- **Deep Purpose**
- **Values Based**
- **Mission Command**
- **Stewardship**
- **Authenticity**
- **Contrast to Vision**
- **Vulnerable to Personalities**

7 Disciplines

3. Alignment

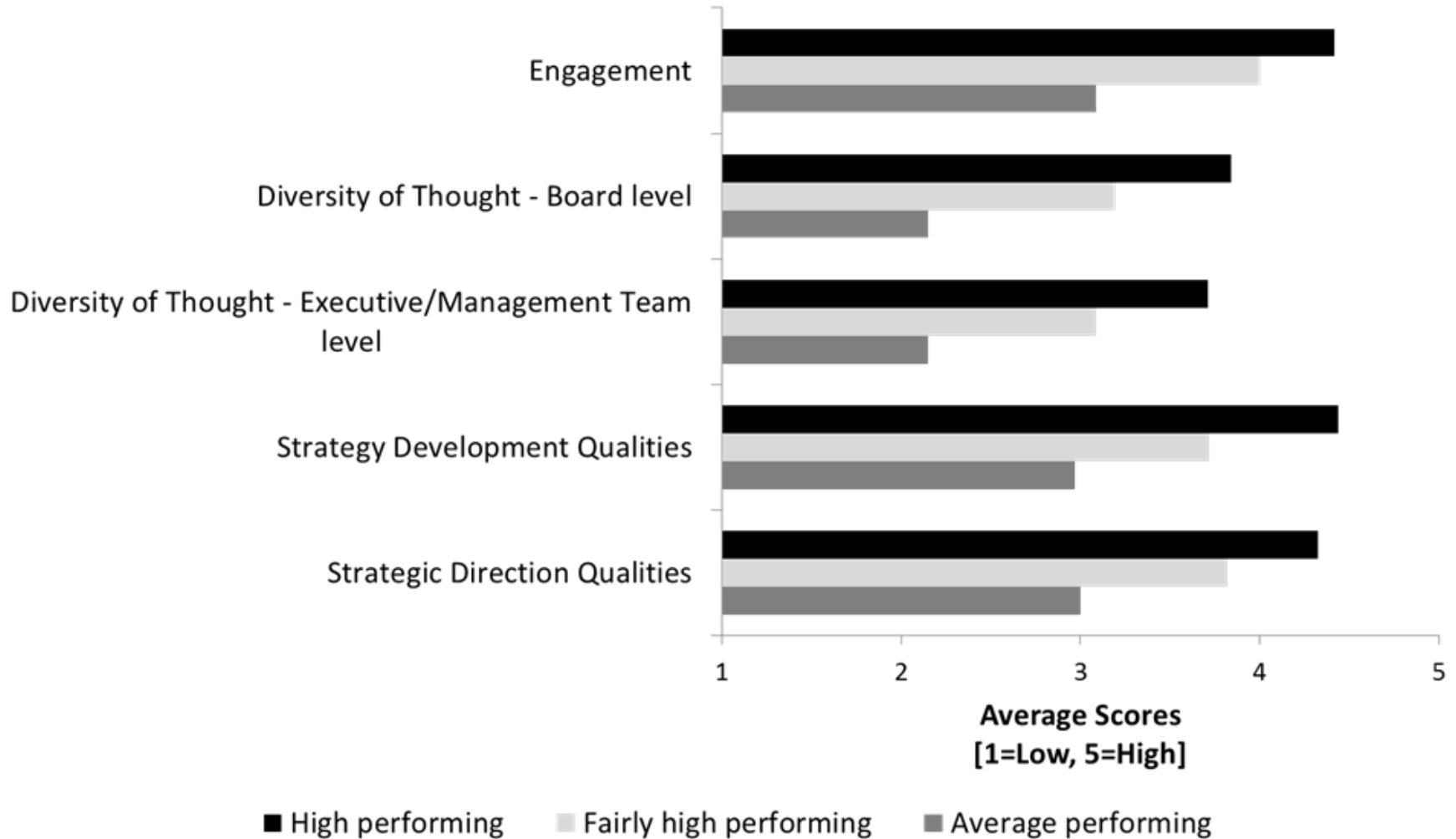
- **Alignment of Thinking**
 - **Structures**
 - **Systems/Protocols/Procedures**

4. Engagement

- **Evidence – deeply motivating not Charisma**
- **Contextualise**
- **Courage, surface unwelcome evidence**

4. Engagement

Organisational Performance Qualities



7 Disciplines

5. Leadership

- **High IQ**
 - **Model Complexity**
 - **Compelling Argument**
- **Moral Consciousness**
- **Persuasive Advocacy**
 - **Zooming-in/Zooming-out**

7 Disciplines

6. Governance

- **Balancing Monitoring vs. Mentoring**
 - *Harvard Business Review vs. Harvard Law Review*

- **Dynamic Governance**
 - **Deep Knowledge** (Enterprise/Markets)
 - **Mentoring with Monitoring**
 - **Strategic Alignment**
 - **Requires Diversity of Thinking**

7 Disciplines (Cont.)

6. Governance

- **Organisational fault-lines**
- **Management owns Strategy**
- **Board owns Culture**
 - **Board digs deep into enterprise?**
- **Stewardship**

7 Disciplines

7. Wisdom

- **Learning Mind-set**
- **Cognition**
 - **Fluid: up to 45**
 - **Crystallised: 65 plus**
- **Dilemmas**