

Leadership is not ready for today's complex business world!

Why most leaders are not ready for a volatile, uncertain, complex & ambiguous business world and what to do about it.

- Suzanne Mercier -



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Leadership is being challenged!

In an increasingly uncertain world, the demand is for a very different type of leadership; a style of leading that is flexible, collaborative, and agile.

Life has changed

Many years ago, we could count on the integrity of the Church, our Government, and the longevity of family. Corporations that provided for our every day needs had our best interests at heart, we thought. We then learned that some Church officers were not pure of mind, body and spirit, that Government didn't always tell us the truth or serve our best interests and that families as an institution were breaking down.

Enron and Arthur Anderson showed us that organisations considered their charter to create profits for their shareholders a priority above all others, enabling them to engage in illicit and illegal activities to produce the end results.

Some uncertainty can keep leaders and followers alike on our toes and that level differs for each of us, depending on how resilient we are. However, too much uncertainty creates such anxiety and fear that we can become paralysed, unable to move forward.

The business world as we know it has changed too

Never has this been more true than now.

Over the past 15-20 years, the world of work has shifted. Organisations have downsized, restructured, merged, gone lean and agile, all with a view to being more productive, performing at increasingly high levels.

The term VUCA - well known and widely adopted now - captures this change well. Volatility is part of our every day work environment. The only constant is change now. We just don't know what change, how widespread it will be and how it will impact us until it hits. Uncertainty is at an all time high with a majority of people feeling they are at the effect of what's going on

"No problem can be resolved from the same level of consciousness that created it!" Albert Einstein around them, doing their best to restore control in an external environment where they have none. Work is more complex than before. Many of the problems we face in our work environments are not easily resolvable, particularly with our existing level of thinking. Wicked problems - those even defying definition - are increasingly common. Ambiguity reflects that we aren't getting the meaning behind events that take place. The causes are unclear and hard to ascertain.

Leadership development organisations such as the Center for Creative Leadership, have been asking the question of whether leaders are equipped to handle this new type of business environment.

In short, the answer is that most are not.

New Skills and Capabilities are required

In order to thrive in this new business landscape, leaders need to be agile, to think on their feet, to make sound decisions, using all their intelligences and their brain power. It's no longer enough to go for a 3% improvement on last year. The past is no longer a guide to the future. As leaders, we need to expand our ability to think.

As leaders, we need to think lean and agile, to open up a space for innovation and to change expectations of behaviours.

Existing leadership development programmes fail to deliver on these new capabilities.

To be agile, we need to be open, trusting, trustworthy, flexible, collaborative, to have strong relationships, to be intensely curious about the way others perceive the world around them as a way of increasing our wisdom and our capability to make sound decisions in an environment where the old rules no longer apply.

We also need to change the way we think from traditional extrapolation based on history to identifying the nature of a problem (simple, complex, wicked) and applying appropriate thinking strategies to resolve the problem at the level at which it occurs.

Existing leadership development fails to deliver these new capabilities. Current programmes pay lipservice to the importance of understanding and addressing our deep mindsets as a key to recognising and shifting behaviour - if they even mention it at all.

In this new business world, there is no time for second-guessing ourselves, for being drive by perfection, for going it alone. This is no time for a limiting mindset.

Mindset makes the difference!

When I say "Mindset", what is conjured up in most people's minds is Attitudes, Behaviour and Outcomes. That's right ... as far as it goes. To truly expand a leader's mind in order to increase capability to thrive in a VUCA business world, we need to go further.

We need to go beneath Attitudes, Beliefs, Values and Expectations to the deep mindset - the unconscious tapes or conditioning we have around our identity - in this case as an existing or aspiring leader - and around the capabilities we believe we have ... or not.

Where a leader's deep mindset supports his or her performance and outcomes, he/she is well set up to take on board the skills around how to deal with complexity and wicked problems and how to handle the uncertainty and ambiguity that is simply part of the way we work today.



We've known for a while there's a different way to lead

In 2007, Sisodia, Sheth & Wolf released *Firms of Endearment*, in which they presented results of investor analysis of some 'widely loved' companies such as Amazon, BMW, Harley Davidson, IKEA, New Balance and Timberland. When examining the commonalities, the authors identified that these companies recognised the power of a broader purpose one where the organisation gave back to the broader community - and their senior leadership were emotionally intelligent, committed to exemplary citizenship and

dedicated to servant leadership. Over a 10 year period, the companies that qualified as *Firms of Endearment* outperformed the *Good to Great* (G2G) companies by 1,026% compared to the 331% above market performance of the G2G companies. They claimed that the 'FoE's are bathed in the glow of timeless wisdom. Their 'softness' in a hard world comes not because they are weak or lack courage, but from their leaders' knowledge of the self, psychological maturity and magnanimity of the soul. These companies are forceful and resolute in standing up for their 'principles'.

One of the differences that made the difference in these companies was that these leaders had a solid personal foundation – a sense of authenticity and an internal compass of values and supportive beliefs – upon which to base their leadership, and that solid foundation provided them with internal certainty; the courage to make decisions and stand by their principles. Typically, leaders of businesses that aren't performing to their potential do not have that strong inner core and their certainty comes from controlling their environment. This is one of the characteristics that leads to ineffective, dysfunctional or even toxic leadership.

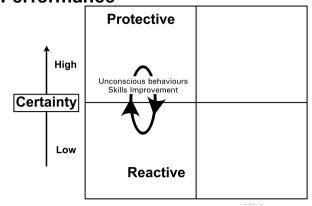
Most leaders have not been shown the path to personal leadership

Where a leader has little or no personal awareness and personal integration, he or she is operating with only one lever to support them in an uncertain environment: personal certainty.

Personal certainty is one of the basic human needs. When something happens in our external environment that throws us for a loop, we experience personal uncertainty and that commonly leads us to question our capabilities and value to others.

When we unconsciously seek to restore certainty as a way of dealing with an uncertain world, we may choose to stay within the familiarity of our comfort zone; to take no risks. We may develop behaviours that keep the world at a safe distance, protecting us from the vulnerability that can accompany uncertainty. We may read one more book or take one more course of study to give us the comfort that we know our subject and are capable of doing our job.

Unpacking Leadership Performance



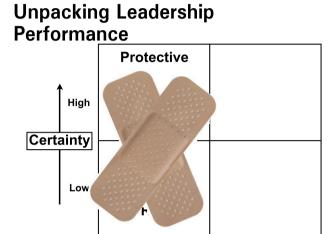
This approach to creating certainty comes from controlling the external environment, most of which beyond our control.

We may be tracking along just fine, feeling confident and competent, and handling situations as they arise. Suddenly we are exposed to a situation that throws us. It might be someone else receiving the promotion we thought was ours; or a new team member who is more qualified than we are; it could be the experience of being criticised in front of everyone in the team; it could be that we are excluded from an important meeting and draw conclusions about our own capability from that exclusion. It could be that we voice our opinion at the table and we aren't heard, or worse, we feel ignored when we hear someone else say something very similar and receive accolades for being so brilliant! In those moments, our sense of personal certainty - which, on its own, is a veneer anyway - drops away and we are left with that familiar feeling of not being good enough.

Personal certainty
on its own is not a
path to inspirational
leadership. It is a
bandaid only!

This view can cause us immense pain. We can feel separate, isolated, vulnerable and ashamed. We are unconsciously driven to reduce the pain and discomfort by using one or more of the following strategies:

- We can feel separate.
- We may cover up adding more skills to address the symptom without addressing the problem. The veneer of skills provides us with temporary confidence.
- Perhaps we deflect through coping behaviours designed to protect us from discovery by others as not being good enough
- In extreme circumstances, we may even opt out using alcohol, drugs or other addictions such as food or unhealthy relationships.



By itself, building personal certainty using bandaids creates a cycle where we move from functioning reasonably well, down to being reactive when triggered, and back up to functioning yet protecting ourselves as we restore our equilibrium ... until the next time. This cycle, the domain of leadership derailment and leadership incompetence, leads to:

- ▶ little or no self-awareness or self-management
- little if any personal responsibility for outcomes
- very little behavioural flexibility
- **▶** little or no effective communication
- low level of concern and respect for others

Operating only with personal certainty/uncertainty, the individual is often in survival-mode, and in the reactive phase hasn't got the emotional bandwidth to even consider others.

Personal Integration: the missing link for great leadership

The other parameter for performance starting with self-leadership is Personal Integration. When we engage in a path of self-awareness and personal acceptance, we are engaged in the journey to increasing authenticity.

Alfred Adler, an Austrian psychiatrist, was the founder of individual psychology. Along with Sigmund Freud and Carl Jung, Alfred Adler was considered one of the greatest founding influences on modern psychology.

Adler maintained there are three aspects of self: how I see myself, how I want others to see me and how they actually see me. The three aspects of self, represented by three circles, are entirely separate. In an individual with low self-awareness and a lack of personal power (a victim), how he/she sees themselves and how he/she wants others to see them are quite different. The impression of the individual that others pick up is often some blend of how the individual sees him or herself and how he/she wants others to see them. Because the message picked up is both conscious and unconscious, we may at times get a sense that the other person is not quite what he/she appears to be; not solid.

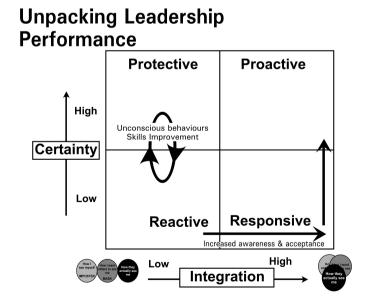


The more we identify and accept who we truly are - the positive qualities, the strengths, the successes as well as the wobbly bits such as the failures, the things we wished we'd never done, and our weaknesses - the more closely aligned the three aspects of self become, the more grounded we appear to others, and the more comfortable we are with ourselves.



We lose the fear and shame that someone will find out we're not good enough because we've accepted ourselves, warts and all. We know we are really good at certain tasks, projects and aspects of life and not good at others. We have talents and weaknesses ... and so does everyone else.

Personal integration is the way to move beyond the functional/dysfunctional cycle which can be described as a limiting or fixed mindset and is also known as the Imposter Syndrome.



When we have high personal certainty and high personal integration, we are functioning in the best way we can. From that space, we can operate in an expansive and inclusive manner. We can be proactive rather than reactive. We can engage with a purpose for the work we do - the contribution we can make. We are respectful, concerned for the growth and development of our team. We are flexible and open to new ideas. We are humble - ready, willing and able to accept we don't have all the answers. We can give others credit as we have nothing to prove; we know who we are and the value we bring to our role as leaders.

The instant feeling of not being good enough can still catch us out. What happens is that we recognise what's going on in the moment and can change our response! With even more practice, we don't react at all.

Because authenticity is a journey, and we get to know ourselves as we experience situations and work out solutions as we go, the uncertainty can still catch us out. We may be affected by a situation we've never experienced before and find ourselves dropping back into old behaviours. However, when we're reasonably comfortable with who we are and have developed emotional resilience, we don't stay there long.

I'll share an example with you. Even though I had been working in the space of the Imposter Syndrome for more than three years at the time, I had not been specifically focussed on women in leadership. I made my first presentation to a group of very senior women, many of whom had left the corporate arena to start their own successful businesses. The subject was how the Imposter Syndrome impacts the women in leadership. I was partway through my presentation when a woman raised her hand and asked me a question in an aggressive manner: 'I'm a psychologist and I want to know whether - in your view - the Imposter Syndrome' is a Western problem or broader than that?".

I was immediately triggered into a feeling of not being good enough. When that happened, the ability of my brain to function at an intellectual level disappeared. Instead of answers, my brain was filled with white noise. Later I realised that my inner voice was questioning my right to be talking on this subject. Surely, a psychologist had a much greater claim to this subject than me! At the time, though, It took me ages – probably

around 30 seconds - to catch what had happened. I'd been triggered into a feeling of not being good enough because I attributed the person asking the question with more knowledge and capability in this area than I had. I laughed and told them I'd just beautifully demonstrated what can happen when we're triggered. I then went on to answer the question with no problems.

Later, I was able to reframe the limiting belief that others who had more formal qualifications than I did had a greater knowledge and capability than I did. My new belief? I know the issue of limiting beliefs from personal experience and particularly the imposter syndrome as well as anyone else could. My understanding of how to move beyond the syndrome, coupled with my strong business and communication strategic skills, enable me to help leaders recognise and address their behaviour in just about any business situation.

Increasing bottom line is a personal journey for leaders

It is not my view alone that great leadership involves a personal journey that addresses mindsets. In their article "Why leadership-development programs fail", McKinsey authors Pierre Gurdjian, Thomas Halbeisen and Kevin Lane identified four reasons leadership programmes fail to deliver to expectations. One of those reasons was under-estimating the power of mindsets. Their contention is that in order to increase leadership effectiveness, a behaviour change is often required. This means adjusting the underlying mindsets. However, most organisations are reluctant to address the root causes of why leaders act the way they do because it's uncomfortable. According to the article, this aspect of leadership development is 'shirked'.

I applaud the findings and go further to say that until leaders can address their personal issues, move to integrate and expand their ability to access their existing intelligences and capabilities, they will not be able to step up as leaders.

Integration occurs when the leader is able to be real, authentic, without personal judgement or the concern for judgement from others. These expanded individuals are not driven by perfection or judgement. They're curious about themselves and others. These leaders learn from everything and everyone around them. They actively seek other people's input, recognising that wisdom lies in multiple perspectives. They appreciate diversity of all kinds, understanding the richness it adds to critical conversations. They are

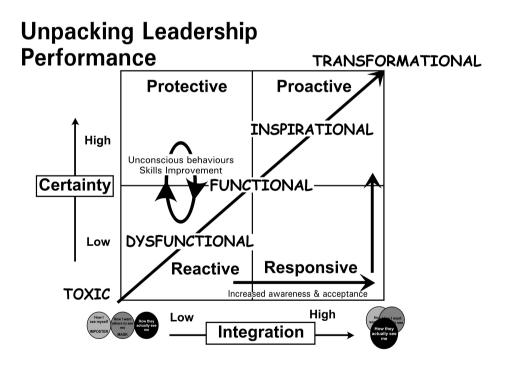
generous in recognising the talents and contributions of others, in providing them opportunities to grow and move up through the organisation.

They don't worry about second-guessing themselves; they tune into the collective intelligence of their team, and into their own intuition to come up with a solution to the problem, knowing and accepting it may not be perfect.

Contextualising Leadership Styles

Toxic Leadership

Defined as leaders who leave the organisation and its people in far worse condition than before they assumed the leadership position, toxic leadership exists in organisations today far more than it should, often tolerated because of the individual is a high performer in other areas.



Toxic leaders seek to control their 'followers' by bullying, inappropriate use of positional power, through punishment and humiliation, all the while undermining their capability and confidence. These leaders demonstrate the characteristics of a psychopath insofar as their

job responsibilities permit. They have the lowest personal certainty and the lowest personal integration, leading to abysmal personal and interpersonal capabilities. The challenge is that they don't care about their people. They are fearful and protecting themselves, using their positional power like a sledgehammer. They make themselves feel bigger by making others feel smaller.

They may have had poor role models and been mentored by toxic leaders themselves. They could be a throwback to the 'take no prisoners' style of leadership, equating that to strong leadership. Equally, they could have psychological issues such as the fear of failure, fear of the unknown, mistrust of people, fear of not being good enough with the lack of confidence that comes with that. They could even appear to be supremely over-confident, masking their feelings of inadequacy.

Toxic Leaders have little or no self-awareness. Generally, they are unable to recognise that their behaviour is not only inappropriate, but also subject to legal action. With the possible exception of a deep shock in their lives, it is unlikely that a toxic leader would even move up into the 'functional' space and be capable of operating in a way that supports their followers to perform ... even for a short time. The exception of a deep shock would shake the toxic leader to his or her foundations, causing a life evaluation. What can come out of that situation is a realisation that previous behaviours were not acceptable for them or their followers.

Dysfunctional Leaders

On the continuum, the next level of leadership is Dysfunctional. When in this space, this leader does not behave in a manner designed to bring out the best in his or her followers. Dysfunctional Leaders are reactive. They do not have a strong internal core; an internal compass. These leaders are triggered by external circumstances into feeling vulnerable and fearful. Beneath their dysfunctional behaviours they are caught in the feeling of not being good enough, if they allowed themselves to experience it. They flip into self-protect mode to relieve themselves from the anxiety or distress they feel. When in the dysfunctional space, they can be careless with their followers and behave in an inconsistent manner.

When Dysfunctional and reactive, they do all they can to restore a feeling of personal control. They may take on more training or read one more book to give them the sense that they know what they need to know. They will engage in reactive behaviours - coping

behaviours - designed to distance them from others and keep them safe from discovery as the fakes and frauds they may believe they are. These behaviours are neither positive nor negative in their own right. It comes back to the intention behind the behaviour. if we engage in those behaviours as a reaction to feeling out of control and not good enough, they are behaviours designed to reduce that discomfort and keep us safe. In that space, the leader is in survival mode and not likely to be thinking about others, their growth, their individual needs.

When the bandaid of additional learning or coping behaviours is applied, the dysfunctional leader feels safe and more comfortable and moves up into the space of being reasonably functional albeit protective - at least until the next external event triggers the slide into dysfunctionality. For followers, though, this is still an emotionally unsafe space because they never know when the functionality is going to give way to dysfunctional behaviour.

Functional Leaders

These leaders have progressed in their personal journey. They are developing self-awareness and self-management. They accept a level of personal responsibility for the outcomes they achieve. They can see other points of view and are in the process of developing wisdom. They are collaborative in their approach, recognising that the more perspectives on a situation, the greater wisdom and the better the information upon which a decision will be made. Their behaviour can be flexible. They are learning there is no such thing as black and white, right and wrong, so they are in the process of developing curiosity in place of judgement.

They are recognising that one of their key responsibilities is to identify and develop the potential for their followers to the best of their capability. Their emotional reactions to situations are at an appropriate level and handled in a befitting manner, directed to the right person in the right environment at the right time. They recognise that everyone makes mistakes, and that each mistake or 'failure' provides them with an opportunity to learn something about what works or doesn't work in the context of achieving their desired outcomes for the organisation or team. They are willing to open up to new ideas and new ways of carrying out existing processes.

Their behaviour is consistent, allowing followers to reasonably predict responses and atmosphere.

Functional Leaders are good solid leaders who do their best for their team.

Inspirational Leaders

These leaders have progressed further on their journey to understand and accept themselves, to develop their Emotional Intelligence (EQ) and Emotional Resilience (ER) and to overcome limiting beliefs they may hold that stand in the way of them performing at their best. They are well on their way to developing an inner core and a compass to guide them in their own behaviour and their decision-making.

With a stronger grounding - that is, with a greater sense of integration of how they see themselves and how they want to be seen by others - they exhibit the positive qualities that Functional Leaders are starting to develop.

They have recognised the power of a Vision as a point of focus for the organisation, their business or for their team. More than that, though, they are inspired by that Vision. They are emotionally engaged in achieving the Vision, recognising its value to the organisation. They also know that line of sight from individual roles connects employees/followers to the Vision, recognising their own contribution as important to achieving the overall goal.

In the immortal words of Sir Winston Churchill, 'Before you can inspire with emotion, you must be swamped with it yourself. Before you can move their tears, your own must flow. To convince them, you must yourself believe.' In other words, they need to be inspired before they can expect others to be engaged at that level.

Transformational Leaders

These leaders are the Level 5 leaders Collins talks about in *Good to Great*. They are the leaders that inspire the *Firms of Endearment* companies. They see Society as the ultimate stakeholder in the organisation. They are driven by purpose - the why of business. Why do we exist? What is the difference we make and why? What would the gap be if our business didn't exist? Why would our stakeholders connect with us emotionally? Why would our organisation be a place talented people want to work in order to make their own contribution? Why?

The transformational leader is driven by a cause, by a purpose, by a belief and it is the passion engendered by this cause that attracts others. Followers need a pay cheque of course. However, if they are motivated by the cause, they will work with blood sweat and tears to deliver. In the words of Simon Sinek who has a popular video on TED, 'People don't buy what you do, they buy why you do it, and if you talk about what you believe, you will attract those who believe what you believe.'

The transformational leader changes behaviour. People who believe what the transformational leader believes internalise the cause and make it their own. They come up with ways to improve the way in which the organisation is living that purpose on a day-to-day basis. They are emotionally and actively involved. This is the land of emotional engagement! Transformational leaders change behaviour and when a leader operates from this level, change programmes happen easily.

Yes, it's personal. It also makes great business sense!

If a leader can't get his/her mind in the game, your organisation is paying a high price. The cost of holding a limiting mindset includes:

- Lower levels of employee engagement. In the space of a limiting mindset, the leader can't engage with the business themselves. When they're in the self-protective zone, they're not concerned about anyone else; they're not recognising and developing the talent in their direct reports, sponsoring their careers, communicating effectively, treating others with respect, acting with integrity.
- Inability to develop foundational relationships. In the space of a limiting mindset, leaders can find difference challenging: including diversity, handling multi-disciplinary teams, multi-generational teams, peers and direct reports with different thought processes and experience to name a few examples. Relationships require honesty and trust. Leaders with a limiting mindset, particularly when it's triggered, are unable to step into that space, limiting their ability to network through the organisation or to influence key stakeholders in areas where they have no authority.
- Reduced ability to participate in or guide genuine team development. Teams go through four stages of development as you know: forming, storming, norming and performing. The Storming Phase requires that people put their ideas forward on how the team could work together, what's important, who holds authority, their core philosophy. By not participating which is what happens when people have low personal certainty the team is not accessing all its resources.

- ▶ *Collaboration.* A key business capability, collaboration requires that people recognise that the outcome is superior when others are added to the equation. The process involves being open about our thoughts and ideas. As with the team development, if leaders are not able to do that, collaboration won't work.
- Innovation and Sustainable Competitive Advantage. Innovation is highly profitable, yet challenging to deliver. Only 14% of new business launches are considered innovative yet they delivered 38% of the revenues and 61% of the profits¹ One of the reasons most new product launches do not deliver true innovation is that organisations find it challenging to take their thinking to a whole new level. That requires personal, leader and organisational risk. When leaders are only operating from the space of increasing their personal certainty, innovation is risky business and risk doesn't sit well with a limiting mindset.
- ➤ Trust speeds up business. When we trust ourselves and/or others, we don't have to double check, to second-guess, to go over and over the same area of work, making sure it's perfect. It won't be and someone else will always be able to improve on it. Trust, though, provides a foundation for crucial conversations, for feedback, for taking chances together. When operating from low personal certainty, leaders don't trust themselves and certainly don't trust others.
- Problem Solving & Decision-making. Finally, a key area in the tumultuous landscape of business today is for leaders to be agile, to think on their feet, to take well thought out risks, to make decisions based on as much of the information as they have in front of them, to be flexible and collaborative, to unpack complex and wicked problems, to use their whole brain. Without the strong foundation of confidence, a leader's performance in this area will be patchy, depending on whether he/she is experiencing low or high personal certainty.

Conclusion

Existing competencies are not a sound way to identify future leaders. Competency is expected, yet it is only a fraction of the necessary skill set for a leader in today's volatile and complex business world. Personal and Interpersonal capabilities are critical to leadership in the truest meaning of the word - being someone others want to follow, choose to follow, and will put their personal agenda aside for. Direct Reports won't follow someone who is technically excellent yet fails as a human being to respect them, to

Kim & Mauborgne "Blue Ocean Strategy"

communicate with them and care about them as individuals, recognising their potential, helping them develop it and to navigate their way through the organisation.

If you want great leaders - or want to be a great leader - their journey starts with an examining and integrating how you see yourself and how others see you, accepting and valuing strengths, recognising and accepting weaknesses, being curious rather than judgemental about others, recognising and guiding their development, respecting them as equally valuable human beings. It's about addressing your deep mindset and aligned behaviours. While what goes on in someone's head may seem to be the domain of us as individuals - personal not business - helping leaders develop success and growth mindsets provides organisations with an opportunity to create sustainable competitive advantage by leveraging talent, encouraging innovation, developing high performing teams, uniting teams and departments though purpose and inspiring them all to bring more of themselves to work.

Your choice ... and when you're ready, contact us for a conversation about how we can support your development or the development of your great leaders.

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Information on how the Imposter syndrome impacts women in and aspiring to leadership: www.purposetoprofit.com.au/skirting-leadership/

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Suzanne Mercier is a performance catalyst and business strategist working with organisations to create high performance cultures and engaged workforces. She is Australia's expert on identifying and moving beyond the imposter syndrome.

Suzanne was the first female Board Director of George Patterson Advertising - then Australia's largest advertising agency. Her role as a strategy planner for the agency involved creating customer engagement for leading brands in banking, food, cosmetics, animal products, beverages, fine china and crystal.

In her prior marketing roles, Suzanne was responsible for the launch of several well-known fast moving consumer goods brands that remain on the shelf today.

For 20 years, Suzanne has run her own business and for the past 15 years, has focussed on speaking, training, coaching and facilitative consulting to create sustainable and profitable businesses.

Her Clients come from a wide variety of industries including advertising, shopping centre management, financial & insurance services, technology, manufacturing heavy equipment, health, fitness, child and elder care, cosmetics, commercial real estate, higher education, publishing and industry associations.

She is a thought provoking speaker and a published author.

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