


COOKE ON LEADERSHIP



LEADERSHIP IS AN ELUSIVE BUSINESS SKILL BUT IT CAN BE TAUGHT. DARRYL COOKE ONE OF THE COUNTRY'S LEADING CORPORATE LAWYERS AND AUTHOR OF NUMEROUS BOOKS STARTS A NEW MONTHLY COLUMN FOR EN IN WHICH HE USES THE EXPERIENCE GAINED IN OVER 100 CORPORATE TRANSACTIONS TO POSE THE QUESTION: WHAT MAKES A GOOD LEADER AND HOW CAN I BECOME ONE?

LEADERSHIP – AN INSIDE JOB

In 1807 William Wilberforce and his small group of friends brought the trading of slaves to an end. A 20-year struggle that today we find hard to comprehend.

It was another 36 years later that slavery was finally abolished in its entirety. The persistence and integrity of Wilberforce had changed the face of the world forever.

In the 19th and 20th centuries the growth in the trade union movement and the leadership given by enlightened Quaker industrialists brought greater emancipation and respect for employed workers.

In the 21st century you would struggle to find anyone to disagree with Wilberforce or enlightened industrialists.

But in the here and now there are many differing views on how to obtain the optimum performance from a workforce. Many owners/managers still believing that the tools of fear, insecurity and bullying will deliver the quickest and most effective results in the growth of their business.

Short term, possibly.

The 'hairdryer' approach supposedly adopted by Sir Alex Ferguson may achieve a result in the second half of a football match. But Ferguson is too good a manager not to know that to achieve long term success he must convince his players to want to work and succeed for him, and the 'hairdryer' won't do that.

You can get higher performance out of individuals by being terrifying and demanding (and insensitive). There may be a time and place, for example, in the midst of battle or a football match when there is

not time for social graces but don't rely on it as a strategy.

One of the first people in American business to be paid over a million dollars a year, when there was no income tax and a person earning 50 dollars a week was well off, was Charles Schwab.

He had been chosen by Andrew Carnegie in 1921 to become the first president of the United States Steel Company. But why?

Because Schwab knew more about steel than anyone else? No, there were many more brilliant men working for Carnegie who knew far more about steel. So why? Schwab said he was paid such an enormous salary because of his ability to deal with people. "I consider my ability to arouse enthusiasm among my people the greatest asset I possess, and the way to develop the best that is in a person is by appreciation and encouragement.

"There is nothing else that so kills the ambition of a person as criticism from superiors. I never criticise anyone. I believe in giving a person an incentive to work. So I am anxious to praise but loathe to find fault. If I like anything, I am hearty in my approbation and lavish in my praise."

When I was 12 years old and at grammar school my French teacher asked me to read to the class a French passage. After struggling through for ten minutes or so, in a heavy Oldham accent, my eminent teacher stopped me: "Cooke that is the worst French spoken word I have ever heard".

Was it much of a surprise that over the next few years that French became my worst

subject, something I now much regret when I visit my favourite country.

From my experience, and what I hear from others, our professional firms by way of example have generally become less pleasant places to work. Managing partners are under pressure to achieve results that outstrip their competition in a marketplace that has become increasingly transparent.

The major firms have sought to achieve this by promoting a culture of fear and insecurity. Their justification being that it works, that it delivers more pounds into the pockets of a few but ignores the high turnover rate and the misery and unhappiness of their staff who are being asked to work increasingly long hours under more and more stressful conditions.

There are a few managing partners, who realise that there is another way, another model to success, that as well as delivering more profit will also develop a well balanced, motivated, contented and team-orientated workforce.

There may be a few who realise this, but even fewer who know how to achieve it. No surprise when the vast majority of these managing partners have had little and sometimes no training in leadership.

I have advised on over 100 management buy-outs or buy-ins – management teams supported by equity finance from a private equity house or debt finance from a bank with the aim of achieving substantial capital growth over a short period.

Of those 100 or so management teams, many of them have simply been very fortunate, often becoming

extremely wealthy by achieving the growth required because of the nature of the industry they have operated in, or the economic cycle or financial engineering.

However a handful of those managers have been exceptional. Leaders who would deliver growth in whatever situation they were put into. And in all cases they achieve it because of their ability to inspire, to communicate a vision for their company and to convince their people to commit and work tirelessly towards that vision by setting goals, and making achievement and accountability fun.

In short, leaders make people work for their vision because they want to do so not because of fear, insecurity or unreasonable demands.

Almost everyone reading this column will agree wholeheartedly with the sentiments expressed. It's hard not to. Sadly, many in leadership or management positions, whether in a large plc or running a small team in a company, or the church hall committee, will believe that they regularly exercise the necessary leadership skills.

But the truth is few will live up to the real test. They may even exercise many of the necessary skills such as communication, but the reality is communication is of no value if it's not 'good' communication.

The good news is that good leadership like any other skill can be taught, once you recognise and understand the characteristics. Over the next few months we will explore in detail what characteristics make great leaders, and why those leaders produce great companies. Because leadership is everything. ■