Welcome to the March edition of The Leader.
NEW YEAR, NEW LOOK!

Welcome to the March issue of The Leader. We’ve changed our look and in this issue we examine how leadership and management thinking is changing too.

We’ve got insights into the psyche and behaviours of transformational leaders. According to Adjunct Faculty member, Rosemary Howard, they are a multi-faceted breed and have an almost magical power to motivate and tackle complex problems.

David Pumphrey shares highlights from his recently published collaboration with Andrew Kakabadse. The Success Formula – How Smart Leaders Deliver Outstanding Value is the result of extensive research with global leaders and it lays out a no-nonsense road map for success.

Last but not least, AGSM Senior Lecturer, Dr Dan Caprar, fields questions on how to manage and capitalise on cross-cultural diversity in business.

The Leader delivers the latest from thought leaders here and around the world.

We hope you enjoy the issue!
THE MAGIC OF TRANSFORMATIONAL LEADERSHIP
And that is why they are so important today. “We are operating in a world of complex issues at so many levels. Many of these issues are almost insolvable” she says.

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They include climate change, social problems such as youth unemployment and political instability in many regions of the world.

“In Australia and globally, GDP has never been higher, but at the same time we’ve never had such wealth inequality.”

“IT’S VERY CONCERNING,” SAYS ROSEMARY.
“BUSINESS CONFIDENCE IS LOW IN AUSTRALIA. YEAR ON YEAR WE’VE SEEN A DECLINE IN BUSINESS INVESTMENT OF 5%. BUT FOR 2015/16 WE’RE FORECASTING A 16% DECLINE.”

Rosemary Howard, AGSM Adjunct Faculty member, says the capabilities of transformational leaders are especially important today as we grapple highly “complex and wicked problems”.

“Transformational leaders have a very positive, idealised influence on other people because they live by the practices they preach,” she says.

“Their behaviour encourages the team to display leadership behaviours too. And so leadership becomes a shared exercise.”

She says, “transformational leaders are usually very intellectual and they stimulate others to think about opportunities and issues in a holistic way.”

They are definitely team players. But Rosemary says this is because they connect with people as individuals – not the group en masse. “Transformational leaders have a magical impact on people and organisations,” she says.

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“Transformational leaders bring great wisdom to decision making. That comes from:

- deep and reflective thinking
- less competitive behaviour, and
- more collaboration

We have dramatic new insights on how we think through the disciplines of psychology and behavioural economics,” says Rosemary. “They tell us that our subconscious mind is often not rational. It can be highly competitive, self-interested and downright lazy.”

“TRANSFORMATIONAL LEADERSHIP GOES BEYOND MANAGING. IT ENCOMPASSES THE ENVIRONMENT, EMPLOYMENT PRACTICES, GENDER AND EQUITY ISSUES AND COMMUNITY. IT IS REFLECTIVE AND SUPPORTS ONGOING LEARNING.”

“Economist Daniel Kahneman’s work has taught us to “think slow” to make sure our rational mind kicks in. By thinking slow, we are more mindful and make much better choices. We can thus create more value for more people and organisations.”

“Transformational leaders don’t only focus on solving problems. They look for the opportunities. This ‘appreciative’ approach is something some Australian leaders do really well,” says Rosemary.

“From having one of the world’s highest rates of cigarette smoking years ago, we now have the lowest (13% of adults).

And although most of us don’t like eating sea cucumbers, we recognised that the Chinese do. Australia is now the leading, eco-friendly exporter of sea cucumbers from the Great Barrier Reef to China. Australian researchers have also just 3D printed the first aeroplane engine in the world.”

Rosemary uses these examples to exemplify leadership that has thoughtfully leveraged science and technology. Such leadership has built strong, cross disciplinary teams to deliver not only cost savings but revenue and profit.

Together these initiatives have improved the health of Australians and developed businesses which can give Australia a sustainable competitive advantage in key industry sectors.

There is so much we can learn from these examples which have cut through what often seems like an impossible dream hindered by an impassable maze of actions and approvals.

“Transformational leadership goes beyond managing. It encompasses the environment, employment practices, gender and equity issues and community. It is reflective and supports ongoing learning.”

Such high levels of self-knowledge and awareness do not necessarily come naturally on a busy, business-related career path. AGSM is helping organisations build transformational leadership skills in their top talent and newly appointed executives.

Our new six-day Platinum Program sets participants on a fresh path to make them more purposeful and resilient about their life, career and organisation.

It teaches a more effective way to create ambitious personal and organisational goals and engage others to the higher purpose agenda. For companies this will of course include making money. However, making money alone isn’t enough to inspire most employees to work harder or customers to trust in the organisation.

The Platinum Program is designed to expose participants to a wide range of the latest thought leadership including from science and technology, economics and geopolitics of Asia Pacific and the disciplines of psychology and leadership. It will provide the opportunity for the cohort to learn about and apply some of the key tools and concepts needed to ensure organisations can be agile in a rapidly changing world.

It will show attendees how they can be ambitious and reliably create not only economic but also intellectual, human, social and natural capital. And it will also show them how they can ensure the C-suite works effectively with the board and other key stakeholders to create value at all levels of an organisation.
Participants will also be able to learn from the experiences of each other and practitioner speakers. And the program will enable the cohort to be more self-aware and aware of their impact on others, allowing them to focus on the journey of developing the behaviours they need to be transformational leaders.

MAKING MONEY ALONE ISN’T ENOUGH TO INSPIRE MOST EMPLOYEES TO WORK HARDER OR CUSTOMERS TO TRUST IN THE ORGANISATION.

Transformational leaders aspire for themselves and their organisations to achieve worthwhile and meaningful outcomes rather than short term transactional ones. These meaningful outcomes can improve the lives of customers and other stakeholders, give more meaning to employees, and contribute to more sustainable environmental, social and political outcomes. They are the leaders we need in order to solve complex problems and make the world a more successful, prosperous, safer and happier place.

FOR MORE INFORMATION ON THE PLATINUM PROGRAM PLEASE VISIT AGSM.EDU.AU/PLATINUM

AGSM EXECUTIVE EDUCATION COURSES NOW DELIVERED IN MELBOURNE!

We’re delighted to announce that we’re now able to offer our specialist AGSM Executive Education programs in Melbourne through 2015. For more information please contact the team at enquiries@agsm.edu.au or +61 2 9385 0330.

UPCOMING AGSM COURSES

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Building a Customer-Centric Culture 10 Aug 2015

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Strategy, Change and Innovation
Leading Change with Impact 29 October 2015
Cultural differences: challenge, or opportunity? – Q & A

Senior lecturer in the University’s School of Management, Dan Caprar, took time out this month for a leadership Q&A with The Leader.

Q: Is managing a cross-cultural environment more difficult or just different?

A: Most people believe working in a different cultural context is difficult. This goes back to earliest globalisation – companies found going abroad was not easy.

But cross-cultural experiences are not necessarily difficult. It depends on how the individual deals with the differences that make them difficult or positive. Many people thrive on the excitement, stimulation and learning opportunities they provide.

Business tends to construe cultural differences as a barrier to getting things done. The key to success is to acknowledge the differences and evaluate their impact with an open mind. Rather than dismissing or criticising aspects of the foreign culture, one can choose to embrace experiment and appreciate new ways of getting things done.

That being said, adapting to the local culture is not always needed, nor always the best way to go: there is evidence that in some contexts, certain countercultural management practices work best. The most important thing is to approach the other culture with curiosity and to look for possibilities, not problems.
Q: Is there a company that has ‘nailed it’ in terms of cross-cultural workplace success?

A: There is no research evidence that would allow us to definitively rank companies in terms of cross-cultural success. Many companies have been effective in working across cultures, but I think it’s fair to say that no company gets it right all the time. And failing is not a bad thing when it is associated with learning.

“STEP OUT OF THE OFFICE AND GET TO KNOW THE PEOPLE AND THE WORK YOU ARE MANAGING. IT MIGHT LOOK LIKE ‘TIME WASTING’ BUT RESEARCH SUGGESTS IT’S THE HALLMARK OF SUCCESSFUL MANAGERS”

We also need to consider how we define success. Is it making profits? Or is it broader, taking into account the impact a company has on the community? Or in fact, the ability to leverage the cultural diversity within the workforce? An increasing number of employees identify with more than one culture. This is perhaps the most under-utilised resource in organisations: it is often the case that companies try to manage away this diversity, instead of taking advantage of it. If managers prioritise alignment with the dominant culture in the organisation, they are missing the opportunity to capitalise on the organisation’s cultural diversity.

Q: What’s your best tip for a new manager?

A: Step out of the office and get to know the people and the work you are managing. It might look like ‘time wasting’ but research suggests it’s the hallmark of successful managers. As a consultant years ago I worked with a new managing director who started her role by ‘trying out’ every single job in the organisation – cleaning rooms, making beds, the lot. It gave her a really thorough understanding of the organisation. What needed to be done, what was working and what needed to change. It also earned her the respect of the entire workforce!

Q: When trying to leverage the experience of employees, does a cross-cultural environment create additional hurdles?

A: No, to the contrary. A cross-cultural setting allows for exploration and acknowledgement of different and unique experiences. There is quite solid research now on how context primes mindsets and perspectives. Diversity in the environment prompts diversity in thinking and the ‘unearthing’ of experiences that might otherwise not be activated – or may even be repressed.

A cross-cultural environment presents greater opportunity for the utilisation of unique skills, talents, views and experiences. However, there are many examples of experienced managers who are successful in their own environment, but a failure when they take an overseas assignment. Technical expertise is not enough. One needs the cross-cultural competence.

“FOCUS MORE ON WHAT YOU NEED TO DO BETTER BEFORE WORRYING ABOUT THE FAILINGS OF OTHERS. THIS MIGHT SOUND SIMPLISTIC, BUT IT’S POWERFUL. YOU MUST BE ABLE TO MANAGE YOURSELF BEFORE YOU CAN MANAGE OTHERS.”

Q: Where should self-development focus for the employee aspiring to future leadership?

A: Self-development should focus on the here-and-now as well as the future. There is no set template – each plan needs to be customised to the person. The features of the ‘workplace of the future’ should be envisaged for a match or mismatch of strengths against that vision.

The one particular element I think all leaders need to develop is mindfulness. Many leaders need to improve on their ability to participate and observe simultaneously; to lead (and live) according to choice rather than reaction; and to understand their presence and impact they have on others.

Q: What are the fundamentals you would stress to young managers?

A: Focus more on what you need to do better before worrying about
the failings of others. This might sound simplistic, but it’s powerful. You must be able to manage yourself before you can manage others.

There is no point building the house before you’ve set the foundation: it works the same way in management. Focus on learning about yourself first.

Dan Caprar is a Senior Lecturer at the School of Management at UNSW Business School. He teaches Leadership in the AGSM MBA (Hong Kong) and MBA Executive (Sydney), and is the Academic Director for the new AGSM Platinum program. His most recent work can be seen here.

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LEADERSHIP WITH A VALUDELIVERY CULTURE
What is the value of smart leadership? Andrew Kakabadse, in partnership with Heidrick & Struggles explore this question in their new book “The Success Formula – How Smart Leaders Deliver Outstanding Value”. The answer? A potent message for the future.

The Success Formula – How Smart Leaders Deliver Outstanding Value, is based on research gathered from more than 80 chief executives and company chairs from around the world.

Working with Andrew on the publication was David Pumphrey, partner with the executive search and culture-shaping consultancy, Heidrick & Struggles.

David talks to The Leader about the power of engagement and alignment in a leader’s ability to bring cultures together to deliver valuable outcomes. Without cultural alignment and engagement, strategy cannot deliver value. The authors have developed a formula that states value can only be delivered if strategy is combined with a positive alignment and engagement.

David says there are common behaviours that make success happen. And the glue that holds these traits together is diversity of thinking. “Leaders must have the cognitive ability to think in diverse ways,” he says.

It’s not the charismatic and visionary who deliver the most value. “The leaders we met and who are achieving the greatest success in transformational leadership are those with a high IQ that is shown through their diversity of thinking ability,” says David.

The Success Formula identifies seven leadership disciplines that must be employed to deliver outstanding value. These disciplines are defined by David as follows:

1. **EVIDENCE**
   Good leaders are evidence-led. They keep asking the questions. By gathering more information, they gain buy-in from others and the evidence they need to proceed.

2. **MISSION**
   Vision is pretty common. But it’s not always accompanied by mission. Mission refers to the leader’s longer-term determination and purpose. It’s not a brash slogan or mantra, but a deep purpose expressed with honesty and humility.

3. **ALIGNMENT**
   Alignment is not about leadership and team structure and reporting hierarchies. It’s much more about aligning the thinking of the team to ensure they are all travelling the same journey.

4. **ENGAGEMENT**
   This refers to the leader’s ability to gain active participation and support from the team around the strategy and culture.

5. **LEADERSHIP**
   Leaders must do the right thing at all times – even if there is personal pain involved. It’s about living the values of leadership without any contradiction. This demonstrable honesty is one of the most powerful forces for business transformation.

6. **GOVERNANCE**
   Governance in this context is about who owns what in terms of strategy and culture. In the successful organisations examined in the book, the board doesn’t own the strategy. But the board needs to own and live the culture – not develop it necessarily – but to act as its custodian and champion.

7. **WISDOM**
   There are many different levels of wisdom. Diverse thinking needs to be open to the view that people of all ages have a role. Great wisdom comes with age; views are crystallised and reasoned decisions can be made because of experience. The young have very fluid and flexible minds, but not the experience. There must be a balance.

David really gives diversity of thinking prominence in the skill-set of future leaders. “Leaders must have the cerebral ability to make decisions that are underpinned by the culture of the company. And that culture must have been built through engagement and alignment. Diversity of thinking is critical,” he says.

“We believe this approach to value delivery is best practice. It’s based on truly global research gleaned from the most senior levels of highly successful companies.”

David Pumphrey is a guest speaker on the AGSM Platinum Program. To find out more, visit agsm.edu.au/platinum.
Contact the editor
Edited by Alexandra Tesoriero
Submit your comments to brand@agsm.edu.au

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