

New Economy Leadership



New Economy Leadership

By Fred Bates, Ph.D.

A review of recent books and articles on leadership indicates a content focus on a world that moves with lightning quick speed, becoming more complex and competitive. This quickly evolving sphere challenges leaders to reach skill levels never before anticipated, let alone required, for success. Though still speculative in nature, today's leadership must be prepared to face significant change scenarios along several dimensions. Some of these scenarios include the faster pace mentioned above, as well as increasing global competition, volumes of information with limited time for review, a need to educate and teach a growing diversity of workforces, and the development of highly efficient communities of workers. The scope and magnitude of these changes has yet to be determined, but since the perception of these changes is so prevalent, leaders must be prepared for it. In fact, leaders today must not only effectively address current issues, they must also face these perceptions, which is a challenging task.

If these perceptions become reality, which is more than likely, leaders will have new demands to face among their employees, suppliers, partners, customers, government agencies, and other businesses. In these times of turmoil, a leader's skill will become even more critical as they try to provide a direction through what will seem to be a sea of chaos. What they may find in those waters are new models of leadership, which may be required to meet the upcoming challenges. Additionally, approaches to developing leaders may also require modification.

If leadership can be described as a form of expertise, we can begin to appreciate the long development period required for it to truly materialize in a person. Consider how organizations currently approach the issue of leadership development. They focus on things such as one-week training programs, 360-degree feedback surveys, and opportunistic job placements. Yet, when we look at the military, the development of a commander takes almost twenty years to reach completion. More and more, we are learning that what is really needed is a radical shift in our perspective of what it takes to truly create a new generation of leaders. It will definitely take an enormous amount of persistence and commitment, which is by no means an easy task. This shift will also require a funda-

mental understanding that leadership development is an ongoing process that must be found within all levels of an organization. As we grapple with these new demands and experiment with novel approaches to learning, we also enter a very exciting time for leadership development.

What are these new leaders going to need to face these new challenges? How much will today's competencies for leaders change? These differences can be considered along two dimensions: organizational capabilities and strategic capabilities.

Organizational Capabilities

Workplace-savvy leaders will be needed in the shifting environment. Because of the changes in the makeup of today's workforce, as well as the rush toward electronically-networked organizations and widespread growth spanning national and international boundaries, the trends and perceptions present in today's workplace will demand that leaders of the future have the following skills:

- Sensitive to diversity issues
- Interpersonally competent
- Skilled in communicating and motivating
- Community builders
- Skilled in building a well-aligned architecture
- Developers of leaders

Today's workforce demonstrates a far more diverse and culturally integrated nature than ever before. This diversity is reflected not only in race, ethnicity, age, and gender, but also in the affiliation employees demonstrate toward a single organization.

While organizations have tried to reduce costs and remain flexible by relying on temporary employees, they are also creating a challenge in motivating individuals who do not see themselves as a part of the organization. In addition, as e-business continues to grow, individuals will become a scarce commodity as people skip from organization to organization as opportunities for more money as well as more responsibilities and challenges present themselves. Such conditions will also create the virtual office where personal relationships may be superficial and distant. Because of these factors, leaders will need to be clearer and more compelling in communicating the organization's vision, keeping everyone aligned and dedicated to these overarching goals.

As the new economy becomes increasingly global, leaders will need to focus more on leading workforces located across national borders. This will present cultural demands, legal requirements, and possible ethical issues creating the need for critical decisions that will set a strong precedent and attract attention from the government and the media. Leaders will need to be prepared in dealing with possible issues from opposing interest groups, complicated moral dilemmas, and political attention. The way in which they respond to these situations will define the com-

pany and what it stands for in the eyes of its customers and internal stakeholders. Therefore, leaders in the new economy will need to possess a strong level of competence in influence, communication, and mediation. We need to start developing statesmen as well as strategists!

Leaders will also need to be developers of community, since the workplace is becoming a person's primary community in life. As individuals spend more and more time at the office, or tied to the office via pagers and cell phones, they have brought needs to the workplace that used to be met by their family, civic, and religious communities. With mergers, rapid growth, and downsizing creating disruption in the once-stable environment of the organization, leaders will have to quickly build a common sense of purpose and feelings of togetherness among individuals who have never worked together before. This sense of community will be built among individuals who are less connected to the organization and each other, incorporating a more diverse selection of employees.

Amid all these changes, leaders in the new economy will need to construct an organization that supports the required new behaviors without the aspect of direct influence. This will include core competencies, key processes, performance management, incentive structures, and selection and assessment procedures. These will need to reflect a form of structural alignment throughout the organization to which all employees will need to subscribe. New economy leaders will only build a common direction and a universal commitment by preaching and following the interrelatedness of these various policies and procedures, as well as rewarding their use by others.

Strategic Capabilities

While all this sounds difficult enough, leaders will also need to possess a keen strategic sense and a constant desire to learn. To lead effectively in this increasingly complex, information-rich, and highly competitive world, future leaders at all levels will need to demonstrate another new set of skills:

- Taking strategic opportunities
- Focusing both globally and locally
- Leading across organizational boundaries with alliance partners
- Analyzing, gleaning, and understanding the critical pieces of data from a mountain of information
- Learning and teaching themselves and their employees

As seen for some time now, the impact of increased globalization on American business is evidenced by the ratio of exports and imports to the gross domestic product. The continued increase of this measure indicates the presence of an ever-growing global marketplace. As foreign producers have entered the country and as many companies have deregulated, a different competitive environment has evolved.

Customers have access to anyone, anywhere in the world just by the click of a button. Information about us as well as our competitors is readily accessible for comparison purposes. Competitive confrontations have created a scramble for markets via the implementation of innovative corporate marketing strategies, the introduction of

higher quality products, and the focus on improved customer service. In a sense, this competition has been good for the U.S. economy since it has led to increased productivity and improved innovation. Still, it has also created significant challenges.

Some organizations have found it necessary to develop innovative products and strategies simply to survive. Also, there is a movement toward shorter product development time and increased pressure on accelerating the pace of technological change. Competition, in conjunction with advanced information technology and the speed at which it can be accessed, has made it necessary for organizations to decentralize their decision making, which allows them to respond as quickly as possible to the moves made by their competitors. This departmentalized decision making will have significant implications in terms of risk, trust/belief systems, and communication patterns and frequency for leaders in the new economy.

In such an environment, the organizations that will thrive are those with leaders who possess the capability to locate the strategic opportunities that the competition has overlooked. This will require a leader who invokes a creative as well as a comprehensive approach in their search for ways to improve price, quality, and service. Their searches will take them outside of their organizations as they look for new markets as well as new partnerships or alliances that will bring them a competitive advantage. All of these quests will require an in depth skill level within strategic visioning. Leaders will still need to focus on the short term, but increasing importance will be placed on the need to develop a broad perspective for the long term. They must determine which direction to take while still responding quickly as the pace of change continues to accelerate. Therefore, leaders must be skilled in envisioning and analyzing uncertain scenarios while deciding which one will give them their greatest advantage.

This analysis of uncertain situations indicates that leaders in the new economy must possess an ability to quickly sort through a mountain of data, choose the most important and critical issue at hand, and then select the most appropriate action. As technological advances continue, leaders will need to sift through more and more information, rapidly determine what is useful, and then focus on that small portion for shaping their strategic decisions. Leaders must be self-assured and confident in their abilities and willing to make a decision with speed and their selection of what they consider valuable, relevant data.

In such an environment, leaders are going to have to be learners. This will require a leader to pay very close attention to customers and competitors, as well as any changes initiated by either of them. They should also key in on new technological advances. While it will be important for the leader to be a learner, it will be imperative that the leader instills this behavior throughout the organization. The term “evangelist” has been linked closely with new economy leadership, and fits directly into the concept of leader as learner. Quite simply, the leader has to be a learning evangelist. Such behavior is what will strengthen an organization and prepare it for upcoming challenges.

About BTS:

Founded in 1985 in Stockholm, Sweden, BTS is a fast-growing, entrepreneurial business consulting firm with a global clientele. Our mission: to support leading corporations in implementing change and profit improvements. By building knowledge and skills, sharpening business acumen and enhancing performance and focusing on profitability drivers, BTS helps its clients compete successfully in a demanding, global marketplace. Visit www.bts.com



Catalysts for Profitability and Growth

www.bts.com