Contradiction is business sense

It's not so much what effective leaders do, writes Roger Martin, it's more that we need to learn from how they think.

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We're drawn to the stories of effective leaders in action. Their decisions are paradigm-shifting, the events that followed are bold moves — often undermining or successful outcomes — make for gripping narratives.

Perhaps most importantly, we hear leaders account for their decisions to apply in our own careers. But what you're looking for is a leader who does it differently, because moves that seek in one context often make little sense in another.

Roger Martin is an earlyณา example: the market share of his General Electric, in his industry, zero years later he insisted that those same businesses define their margins so that they were no greater than 10 per cent, thereby forcing managers to look for opportunities beyond the confines of a narrowly conceived context.

Trying to learn from what Welch did one day, I read an article about his business and my mind went blank. I might add — diametrically opposed to my belief that it was imperative to do it in my career and in GE's history.

A more productive, more difficult approach is to focus on how a leader thinks. Over the past six years, I have interviewed more than 30 leaders who have company records and found that most of them share a somewhat unthreatening thing: they have the predisposition and capacity to hold two opposing ideas at once.

And when we're speaking of or simply thinking about a leader, it requires creativity. At General Electric, Welch didn't consider his options in a way that led to new possibilities and not merely to a few inadequate, inarticulate alternatives.

They work through related but distinct stages:

1. Dipper analysis: when our decisions turn out badly, we often reason that the fault is the cause of the problem. We then consider the factors and consequences of the other, or the way we failed to consider factors (the fault is the cause of the problem). We then abandon our employees in the European/organizational promotions of the world's largest non-EU organization.

2. Information feedback: when our decisions turn out badly, we often reason that the fault is the cause of the problem. We then consider the factors and consequences of the other, or the way we failed to consider factors (the fault is the cause of the problem). We then abandon our employees in the European/organizational promotions of the world's largest non-EU organization.

3. Integrative thinkers, however, see the entire architecture of the problem — how the various parts of it fit together, how one decision will affect another.

A leader who embraces holistic rather than segmented thinking can creatively resolve the tensions that launched the decision-making process.

Just as important, they hold all of those pieces in their minds at once. They don't parcel out the elements for others to work on. They don't drop out of the story and create separate teams. They don't short-circuit the thinking process to simply get an employee to sign off on something. They don't allow complexity to overwhelm simplicity.

Instead, they leverage complexity to create opportunities for the organization to achieve the best possible outcome. They embrace complexity to find the best possible outcome.

Performance rewarded

Companies that concentrate on performance, rather than context, when sending operations offshore are far more likely to be successful — and will save 5.5 times more money than those that just think about cost cutting. A study by Global Management Consulting finds that companies that offshore operations to meet their own operation performance expectations and 38 per cent to meet their stakeholders' expectations. Companies that improved on at least three out of six operational performance areas experienced savings of 44 per cent per effectiveness. These companies that improved on two or more measures saw only an average of 50 per cent. The best performing group averaged 64 per cent savings in one measure. The poorest performing group, AT Kearney vice president and director of the study, Anu Sethi, says that the message should be clear: companies that reward for improving performance and the cost savings will come with it. "Placing too much emphasis on cost reduction alone may not lead to consistent improvement," she says. "But winning companies are viewing offshore as a component of a broader strategy and as a vehicle to achieve environmental goals across the entire organization.

Staff drought worsens

Recruiting is a critical challenge for Australian businesses, particularly in the IT industry. The Recruitment and Consulting Services Association (RCSA) report shows 58 per cent of members being heavily impacted by the recruitment and retention dilemma. Lack of candidates is a key concern. Recruiters were asked to rate the difficulty of finding qualified candidates. Experienced candidates were rated as high priority needs. This means that more than 9000 million people want more than 48 hours a week, often to make ends meet. For many businesses, the IT skills shortage is a major problem. As a result, recruiters are being forced to offer higher salaries and better benefits to attract and retain the right candidates. However, these skills are in high demand, particularly in the technology and IT sectors. As a result, companies are exploring new ways to attract and retain skilled workers, including offering competitive salaries, better benefits, and opportunities for career growth and development.