Bromeliads II (Natalie Guess)

# Leveraging Leadership

## How are you allocating your time to ensure that the impact of your actions extends farther than you?

***by Ben Anderson-Ray***

Leverage is a familiar concept to any business leader. We talk about financial leverage in regard to capital structures and operational leverage when comparing revenue growth to earnings growth. However, we rarely talk about leadership leverage: the notion that some of the ways leaders choose to allocate their time, attention and ability, have greater impact on organization-wide performance than others.

As both a CEO and an advisor to CEOs, this has been a burning issue to me for some time. I know CEOs who pride themselves on being "hands on" and others who deliberately spend their time at a more strategic level. In general, I've found that those who work *on* rather than *in* the business have a greater organizational impact. By intentionally choosing roles with the most impact potential, they increase their leadership leverage on the performance of the company.

**Roles of Leadership**

The business press is full of ideas about how to define leadership. I like to think of leadership as the act of leading a group, and it consists of a series of roles. Some would broadly characterize these roles as management (planning and budgeting, organizing and staffing, controlling and problem solving) and leadership (visioning and strategizing, communicating and aligning). Peter Drucker espoused this view when he said, "Management is doing things right; leadership is doing the right things."* I would contend, however, that both "doing things right" and "doing the right things" are critical aspects of effective leadership.

In my judgment, the most effective CEOs are able to quickly switch roles as required of them. One minute they are setting and communicating vision, and the next minute they are coaching an employee who stops them with a question. Another time they will be conceiving a strategy before changing gears to direct the resolution of a specific customer issue. They are not locked into a theoretical ideal of what it means to be a leader; they just have the knack to understand what is required of them at any particular moment.

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The leadership framework I find most compelling is that which distinguishes between transactional and transformational functions. Transactional leadership roles are about "doing things right." Transformational leadership roles are about "doing the right things."

Both transactional and transformational roles are required to drive sustained success, but transformational roles provide greater leadership leverage. For most transactional duties, the impact of the action stops with the action, whereas for

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transformational duties, the action launches a ripple effect throughout the organization. Indeed, the transformational is what drives the transactional. Therefore, to fully leverage leadership, leaders must consciously allocate their time to the transformational role as much as it makes sense.

**Leverage and Organizational Growth**

Understanding leadership leverage is fundamental to managing organizational growth. When the founder initiates a start-up, he or she shoulders a great deal of the actual work of the organization – the transactional work. Often, this is because the founder is one of the few workers – perhaps the only worker – in the organization. As the growing organization adds people, the founder must steadily transfer functional responsibility to employees and the emerging leadership team as he or she assumes a more transformational role. If the founder fails to do this, he or she becomes a bottleneck (barrier to growth), but if he or she is able to do this, the founder eliminates this capacity constraint, releasing the organization to its growth potential.

Far too many organizations are constrained by the personal limits of the entrepreneur only because the entrepreneur fails to effectively leverage his or her leadership. It is the classic story of the founder who won't let go. Of the 96% of US companies that never grow beyond $1 million in revenue (and less than 0.1% that surpass $50 million),** I would contend that many of them are held back by a leader who fails to understand the evolving leadership model. Even large organizations, however, are subject to this challenge. At any level of a larger organization, functional or divisional leaders can just as easily become barriers. Nobody is immune.

**Leverage and Delegation**

Leadership leverage, therefore, is rooted in the leader's ability to delegate transactional responsibility in favor of higher leadership leverage roles. A leader's failure to do so usually indicates a lack of trust in his or her people. This can be for many reasons. Perhaps the skill level of employees is not up to par, in which case investment in training should be a top priority. Perhaps the organization just has the wrong people or people in wrong jobs; this is a tough situation to handle, but if it is indeed the problem, it must be confronted immediately. More often than not, however, such leaders simply prefer to do things themselves. They have always done it before, and it seems easiest to keep doing it now (or they just have a need to control). Understanding that this can diminish their leverage is critical.

A good example is the Vice President of Supply Chain Management at one of our clients. She is a very experienced executive. She knows that she needs to delegate more but freely admits that, as a former buyer, she loves the gratification of negotiating with suppliers and closing deals. Furthermore, she is very good at closing purchasing deals – maybe even the best in the company. However, she realizes that by clinging to this transactional role, she is limiting her leadership leverage. She must force herself to help others become as good as she is. The company's growth depends on it.

Refusal to delegate hurts more than leadership leverage; it also robs team members of the opportunity to gain experience. This has a compounding negative effect on the organization. Put simply, leaders must always seek to delegate to the lowest possible level of the organization.

In addition, they must remember to delegate outcomes, not tasks. When delegating an outcome, grant the responsible party the decision-making authority to achieve that outcome. In addition to fully leveraging leadership, this will encourage the team member to fully embrace the assignment. When everyone in the organization is tasked with real responsibility that aligns with the shared vision, the resulting passion and focus has a powerful impact.

**Leverage and Time**

Time is always a valuable resource, and its value increases with increasing levels of leadership. Since you cannot add hours to the day, the question is how to best leverage that available time.

Before making decisions on your use of time, first understand the actual worth of your time. The way that most people do this is to calculate an hourly rate based on salary. However, I encourage clients to calculate an hourly rate based on organizational revenue. After all, if your job is to lead and grow the organization, your worth should be measured relative to organizational goals.

This number will be much higher than a salary-based rate. It reflects the real impact – the leverage – you have on the organization, providing a tangible incentive to shift to more transformational roles. Simply stated, if you spend your time doing $20 per hour tasks, you will not achieve your growth targets. Further, as those earnings grow, your hourly rate also increases, so the work you do must continue to increase in value.

I know a CEO who decided to audit his time after hearing a conference speaker on time management. He has kept a time log ever since by jotting notes in 30-minute increments on his Outlook calendar. When he first started doing this, he was shocked to find that trivial matters consumed over 50% of his time. How much of your time is being consumed by low productivity activity?

A clear understanding of the value of your time will help you prioritize your time and that of your employees. Having been a CEO, I know that one of the hardest things for an organization is to set priorities and stick to them. Putting a real goal-based dollar value on your time is a strong motivator to do just that.

I have two more practical tips to help you leverage your leadership through time management. Neither is new, but both are well worth the effort. First, begin each day by jotting your 3-5 most important priorities for that day on a note card. One of our clients is the CEO of a $100M company who does this with great success. He told me, "Putting my top priorities on a simple card that I keep in my shirt pocket frees me from thinking about so many to-dos. I know that if I get these done today, I will have done the most important things to drive the company to its goals."

Second, after logging your time use each week, identify the least productive use of your time and delegate that responsibility to someone else. It sounds easy, but it takes a lot of dedication. Another client of ours has been working at this for a year now. Every week, he finds at least one more "normal" activity that should be delegated. His senior leadership team helps him. He routinely asks them what he is doing that they should be doing. The first time he asked, the number of activities he needed to delegate amazed him.

**Conclusion**

Shifting from working *in* the business to working *on* the business requires time, discipline, and patience, but it is well worth the effort. Indeed, it is crucial to growing the organization. Start by focusing on your own leadership leverage, and then challenge your team members to do the same. Before long, you will have much more than leveraged individuals; you will have a leveraged organization. The competition won't know what hit them.

**End Notes:**


1. *Drucker, Peter F., The Practice of Management (1955)
2. **Harnish, Verne, Mastering the Rockefeller Habits (2002) p. 11


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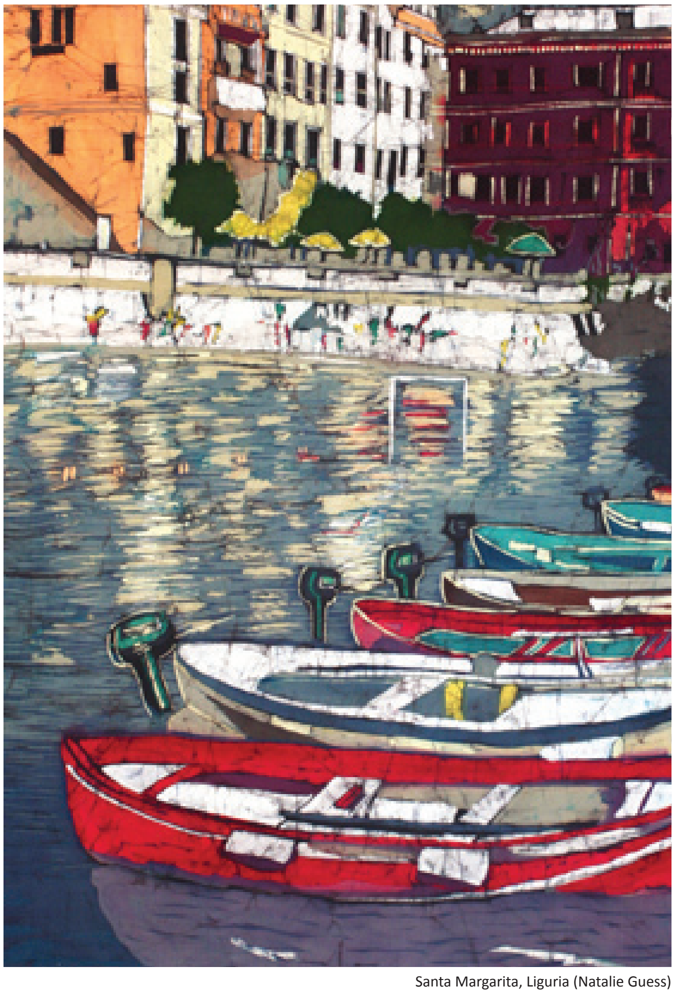

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