



MANAGING IS NOT ENOUGH

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Overview

Whichever way it is considered Sri Lanka, for certain, is at cross roads. The future of this country will be shaped depending on the choices we make now. Sri Lanka enters a period in which the entire island is integrated as one economic entity, after thirty years of conflict, and the isolation of one third of the island from the rest of the country. While Sri Lanka looks forward to progress the world is just inching away from the recession. Asia will continue to be the engine of growth for the world economy, and this can be fueled more by the large domestic markets in Asia. In Sri Lanka we witness significant investments in infrastructure, and a renewed enthusiasm in economic activities.

One certain feature of this situation is the speed of change. Sri Lanka saw a similar change when the economy was opened up in 1977. If one were to look at the businesses that thrived during the pre 77 period not many survived the post 77 period. Many businesses that were performing well could not get adjusted to the challenges posed in the open economy that followed.

Similarly, during the last thirty years our activities were somewhat restricted by the conflict and the associated risks and limitations. As we see now the situation is changing. For instance the tourism-sector is gearing up for an upturn, and this is true in many other sectors as well. When such changes take place some sectors and organizations will face the risk of greater challenges than the rest. Even without such economic activity we experienced a significant speed in the changes that occurred in the external environment, especially because of the development in the fields of information and communications technology (ICT). When the future is certain, at least, in the short to medium term, and when there is predictability, it is easy to do business, and the mode of operation can be seen as *managing*, whereas when the changes in the organization as well as the operating environment is faster, the mode will have to change into *leading*, since the responses demanded by such changing situations need to be different and more dynamic.

This article is an attempt to reflect on this need.



Contrasting functions of management and leadership

Manager Vs Leader

Management	Leadership
<p><i>Planning and Budgeting:</i> Establishing detailed steps and timetables for achieving needed results, and then allocating the resources necessary to make them happen</p> <p><i>Organizing and Staffing:</i> Establishing some structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority for carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation</p> <p><i>Controlling and problem solving:</i> Monitoring results, identifying deviations from plan, the planning and organizing to solve these problems</p>	<p><i>Establishing direction:</i> Developing a vision of the future - often the distant future- and strategies for producing the change needed to achieve that vision</p> <p><i>Aligning People :</i> Communicating direction in words and deeds to all those whose cooperation may be needed so as to influence the creation of teams and coalitions that understand the vision and strategies and that accept their validity</p> <p><i>Motivating and Inspiring:</i> Energizing people to overcome major political, bureaucratic, and resource barriers to change by satisfying basic, but often unfulfilled, human needs.</p>



Provide a degree of predictability and order and has the potential to consistently produce short - term results expected by various stakeholders.(eg for customers always being on time; for stockholders, being on budget)	Produces change, often to a dramatic degree, and has the potential to produce extremely useful change (e.g. new products that customers want , new approaches to labour relations that help make a firm more competitive)
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Table 1

Kotter John.P 1990



The above analysis of John Kotter succinctly presents the contrasting functions of management and leadership. If the context in which the business is conducted is changing very fast then the importance and significance of leadership function will be more. The ability to predict the future is changing so fast that there is a saying that strategic plans are e-mailed every Monday morning. The interconnected world has made it even more real and dramatic so that a little crisis in one country affects so many other countries and economies across the globe.

The time taken for different tech-products to reach 150 Million customers.

Product	Invented in	Reached 150 M user mark	No. of years taken
Telephone	1876	1965	89
Television	1928	1966	38
Cellular phone	1983	1997	14
I Pod	2001	2008	7
Facebook	2004	2009	5

Table 2
Source *PORTIO research*

The above table shows the time taken to reach the first 150 Million users for different technological innovations and it provides us an indication as to the speed of change we are experiencing. The impact these changes have on the organization is multifaceted.

The changes in PEST (Political, Economical, Sociological, Technological) factors and their consequences in human behaviour can be the most significant of all. For instance the impact of global warming, demand for water, depleting energy resources, aging populations, changes in food preferences, scientific inventions, legal and other regulatory challenges, will impact the way we need to run businesses and respond to market dynamics.

Crisis – The norm of the business world

The norm of the business world will be *crisis*, and in crisis situations the one who is closest to it must take charge. The person who takes charge and acts decisively is the leader, and his/her action will determine what the future would be. If we extend the same argument then in organizations the leadership cannot be restricted only to the helm of the organization, but it must be a capability that is present across the organization. As much as the CEO has to be the leader the counter-person who deals with the customer who comes up with unusual requests, needs to be handled decisively and creatively with confidence, and hence, like a leader at that level. Therefore, it is argued that leadership should be an organization-wide capability. Nevertheless, the leader’s role in directing and guiding teams will not be underestimated.



Banking and financial services sector will be in the forefront of the development endeavours in our economy in the coming years. A visionary leadership is the need of the hour for the whole sector. Those who are able to see the big picture and view the opportunities from a creative perspective will make a difference to all stakeholders.

In my opinion *the ultimate purpose of all the financial services is to make the nation financially independent*. Therefore, I feel that all our business rules and regulatory frameworks need to be validated using this definition.

The leaders will have to take a view on the development that will come along the global trends, and the pre-empt change initiatives we might have to take ahead of such trends reaching our shores.

The time has come for us as a nation to focus on the need to develop leadership capability across our enterprises if we are to reap the benefits from the opportunities that are in the offing.

Paradoxes unique to Asian businesses

In 2009 a special roundtable discussion was held in Singapore, organized by the Ministry of Manpower of the Singapore Government, to explore the issues and emerging trends in Asian business organizations. There they had identified eight paradoxes unique to Asian Businesses. These paradoxes are:

1. Recognizing and managing different organization types that exist within the Asian business community
2. Respecting and working within family- centric enterprises while creating professionally created organizations
3. Relishing recent successes while renewing for the future
4. Recognizing bureaucratic , hierarchical and political complexity while creating flexible, agile and simple organizations
5. Gaining the internal efficiencies of operating in a protected market as well as the external responsiveness of a market – based organization
6. Thinking long term to envision a future while acting today to survive the present
7. Maintaining grace, courtesy and an Asian style, while taking risks and being rigorous and demanding
8. Investing in future talent and responding to today's talent

Leadership in Asia- Challenges and Opportunities, Ulrich Dave2010



Examining these, it is clear the issues are very much applicable to organizations in Sri Lanka as well.

In order to compete and be successful in the emerging socio-economic scenario the financial service organizations will need to have the strengths gained through scale. This will require mergers and acquisitions. If such business strategies are to be successful very strong leadership actions will be essential.

The other major reality will be the ability to maintain a sound cost base. This too requires more creative, and sometimes not so popular decisions, accentuating the need to have stronger leadership.

Organizations will have to respond fast, being nimble, agile and simple. To create such organizations the capability required is leadership; leadership not only at the helm but at all levels of the organizations.

Developing regionally and globally competitive leaders

The Sri Lankan organizations will have to develop leaders who are regionally and globally competitive if we are to optimize opportunities that are in front of us, since the regional as well international dynamics will be felt by the local business entities more and more in time to come. Against a 20 million Sri Lankan market we will not be able to ignore a one billion market that is just across the Palk straits, and not forgetting Bangladesh (156 Million) and Pakistan (170 Million) as well. We will also see active investments in the country by China, Malaysia, ME, and many other nations with whom we may not have had much trading and investment experiences in the recent past. The leaders in the financial services sector must be sensitive to the challenges that will be posed by these factors as well.

Emerging workforce will not perceive the organization as a permanent abode. For many it will be a portal from where they choose other opportunities. They will prefer organizations that are principle-centered than otherwise, and to create such organizations the needed competency is leadership and not management. These are some of the business challenges that have to be met with leadership action, and not the traditional management responses.



The Leadership Code

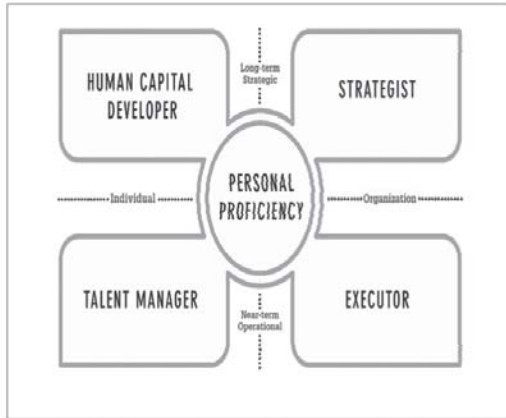


Diagram 1

The Leadership Code

Ulrich, Dave, Smallwood Norm,
& Sweetman Kate 2008

Leadership is one of the most researched and discussed management subjects. In 2008 Dave Ulrich *et al* published a ground breaking publication titled “ The Leadership Code” where they identified five rules of leadership as depicted in the diagram 1.

- Rule 1. **Strategist**- who shapes the future. This is the most commonly discussed leadership role taking a view of the future and planning the strategy to reach there.
- Rule 2. **Executor**- who make things happen. This focuses on the question “How will we make sure we get to where we are going?”
- Rule 3. **Talent manager** Engages today’s talent-. This is about optimizing the available talent today and answer the question “Who goes with us on this business journey?”
- Rule 4. **Human Capital Developer**- Builds the next generation answering the question “ Who stays and sustains the organization for the next generation?.” This is about succession planning and developing talent to the future that is not known.
- Rule 5. **Personal Proficiency** , investing in oneself as the leader. This is about the leader as the person. It is about the whole being of the individual as the leader, the person who knows all the right things to do, but more importantly who can be trusted by all stakeholders of the business. All stakeholders trust the organization when dealing, whether it is employees to spend their lives and talents, shareholders to leave their capital with, customers to buy the products and services the organization offer, and suppliers to deal with the organization.

Integrity of leaders become paramount in the financial services industry even more than any other field of business. Integrity of the leaders cannot be developed by training or by having a plethora of rules, but by instilling the right values.



This framework offers organizations to view their leadership capability and approach in a meaningful way.

Organizational leadership capacity building is a strategic activity. It cannot be achieved overnight by exposing the candidates to a single programme.

First the organization will have to identify the type of leaders they need taking into account what the organization's future business strategy is. For instance an organization that expects rapid growth in the coming years will require a different set of leadership capabilities than an organization that will aim to cut down expenses to be a cost leader in the market.

The need to identify and develop leaders

Once the strategic requirement is defined, the next step is to identify the individuals who have the highest potential to perform within the given strategic context; and then an assessment will have to be made as to what their current leadership capability-set is. Using robust 360°assessment tools can be very useful at this stage, or else reflecting as to how the person has performed over the years, and how the person has demonstrated ability to face challenging situations overcoming and developing himself or herself through such situations can give an understanding as to what the person's current potential to lead the organization, and at what level etc. Identified candidates must be exposed to ideally a tailor-made leadership development programmes over a period. Providing coaching and mentoring support to such candidates is vital.

Developing leadership action across the organization will depend on how much empowerment happens in the organization, how the leadership actions are recognized and encouraged by the management, and how the capabilities are developed across the organization.

Conclusion.

In order to reap the benefits that will be offered by the various market opportunities at rapid speeds, the organizations will have to develop more and more leadership skills. This will have to be a planned strategic action that covers the whole organization. *Hence leadership development will have to be a key item in the people development agenda of the organizations in the coming years.*