



STATE OF AUSTRALIAN LEADERSHIP

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Introduction

Today's leaders face a complex, volatile and uncertain world packed full of novel, multifaceted problems and challenges. Leaders, more than ever, need to be comfortable with ambiguity, a landscape where situations are not predictable and solutions are anything but simple, where there is not necessarily one 'right' answer. Welcome to the 21st Century.

As a consequence of this dynamic environment, leaders must be adaptable, responsive, creative, collaborative and inclusive. It is no longer sufficient to be a single disciplinary expert and rely on vertical decision making and linear problem solving. Divergent and collective thinking that can leverage diversity is required to build resilient and sustainable organisations. As one of our favourite thinkers, Dan Pink says, 'The future belongs to a very different kind of person with a very different kind of mind.' Leaders today must be able to:

- Build co-operation between diverse stakeholders
- Better engage people and build connections
- Motivate diverse people and teams to achieve results
- Be agile and flexible and be willing to see the world differently
- Be open to alternative views and invite broad participation
- Create environments that are capable of and willing to explore and experiment so as to create multiple options - environments that are committed to learning
- Better create shared goals and networks of common purpose
- Be a conduit to help others connect
- Engender networked, inclusive and collective intelligence

Without these capabilities, leaders and their organisations will continue to suffer from poor engagement and sluggish performance; they will rely on redundant solutions, lack creative alternatives and struggle to innovate. (See shaded box below).

In much the same vein, Professor Lynda Gratton of the London Business School says leaders need to be able to engender cooperative, open innovation and experimentation that is able to capture ideas from all staff and customers; to lead in a far more organic and less hierarchical way; to let workers make decisions about work and the work relationship and; better understand what engages workers (as we discussed at length in last year's report).

As Gratton rightly points out, leaders need to understand that competition will no longer be the basis of company success. Instead, competitive advantage will come from the ability to build trusting, cooperative relationships across diverse ecosystems. Rather than competition, successful leaders will engender and role model collaboration and inclusiveness, learning and divergent thinking.



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Australia's focus on innovation

The 2015 Global Innovation Index rankings provide solid rational for building better leadership. Put simply, leaders (and organisations) are not creative enough and struggle to innovate new goods and services that the market values. What's worse is that we are not agile and responsive enough to take advantage of the many competitive advantages and opportunities that Australia has.

Australia has been resting on its laurels. To maintain our standard of living in the 21st century we have to get serious about innovation.

In 2014 Australia was ranked 81st for innovation efficiency against some 140 nations according to INSEAD, Cornell University and the World Intellectual Property Organisation. In 2015 Australia ranked 72nd for innovation efficiency.

Innovation efficiency is the ratio of inputs to creative outputs, that is, how efficiently Australia converts inputs into new products and services that create value or, more simply, how much output a country is getting for its inputs.

Australia ranks higher on the 'general' Innovation Index, in fact, we came in at 17th. (This is a ranking which looks at criteria such as our human capital, the quality of institutions and infrastructure, the rule of law and government institutions). The problem for Australia is that we do well on the input side of the equation but when it comes to outputs we rank poorly, for example, communication and information services or creative services exports. This means that Australia's innovation 'efficiency' ratio is languishing in the middle of the table. Quite simply, we are not leveraging our inputs.

Darwin said that it is not the strongest or smartest who flourish but those that are more flexible, those who can respond and adapt to changes in their environment more readily. The good news is that we can all become more agile and responsive and we can all teach our brains to perceive information in new ways so as to move beyond our old thinking habits. It is critical is to understand that the innovative potential of an individual or organisation is not an instinctive capability but one that can be learned. William Bragg, winner of the 1915 Nobel Prize for Physics, said the important thing is not so much to obtain new facts as to discover new ways of thinking about them. This is our challenge.

The 2016 Report

In December 2015, People At Their Best surveyed a wide range of leaders across Australia to better understand the current state of leadership in Australian organisations. Specifically, we wanted to understand the leadership challenges Australian business leaders are facing; the skills and behaviours they feel strong in and; those areas they feel they need to develop. We limited our research to these three areas so as to better allow us to draw reliable conclusions about the state of leadership in Australia. Given Australia's current focus on innovation, this year we also looked at whether organisations had built an innovation strategy.

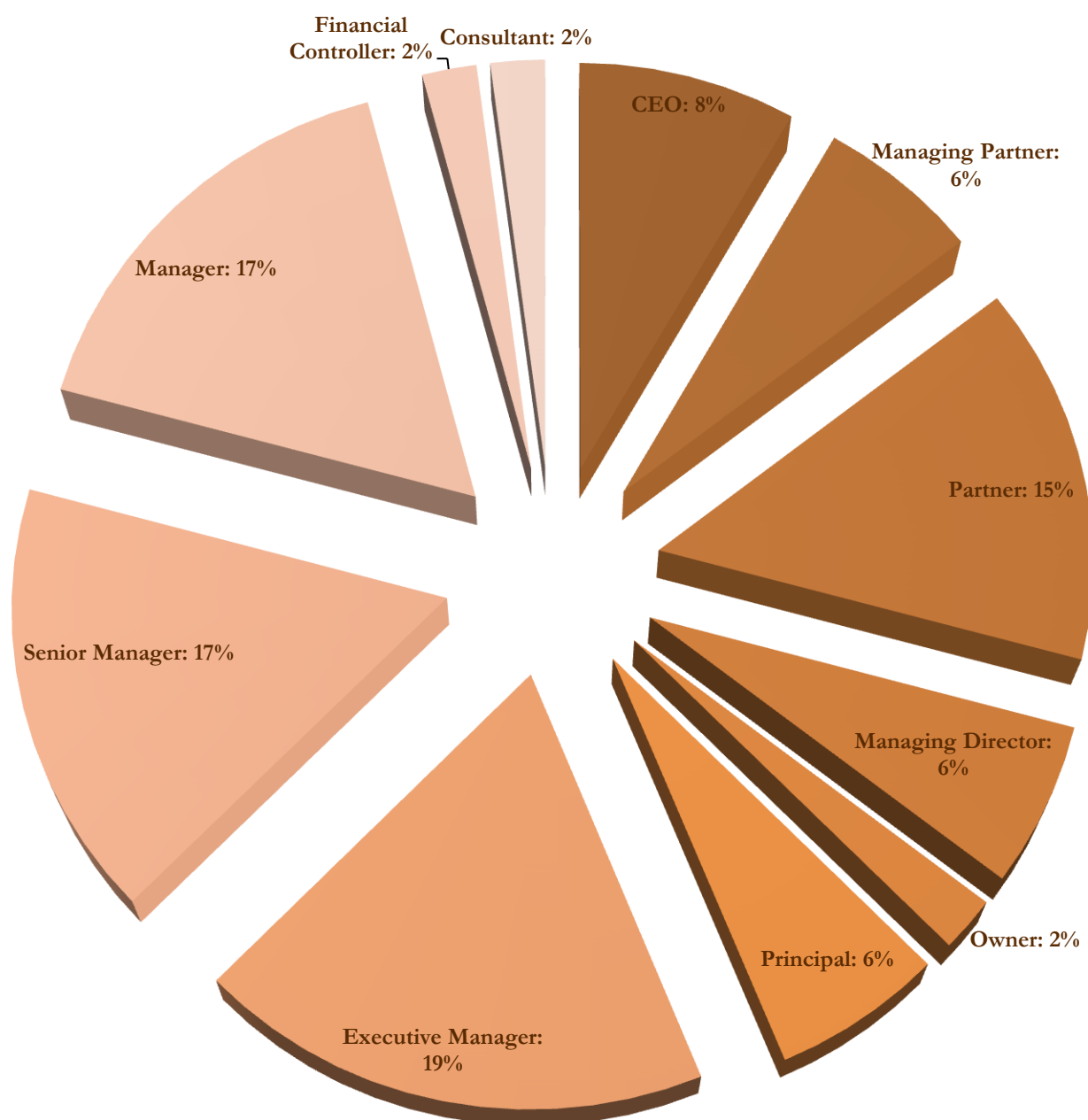


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What level is your current role?

The survey results contain perspectives from a wide range of respondents at leadership and manager level across Australia with the most dominant of the 11 categories being Executive Manager, Senior Manager, Manager and Partner.

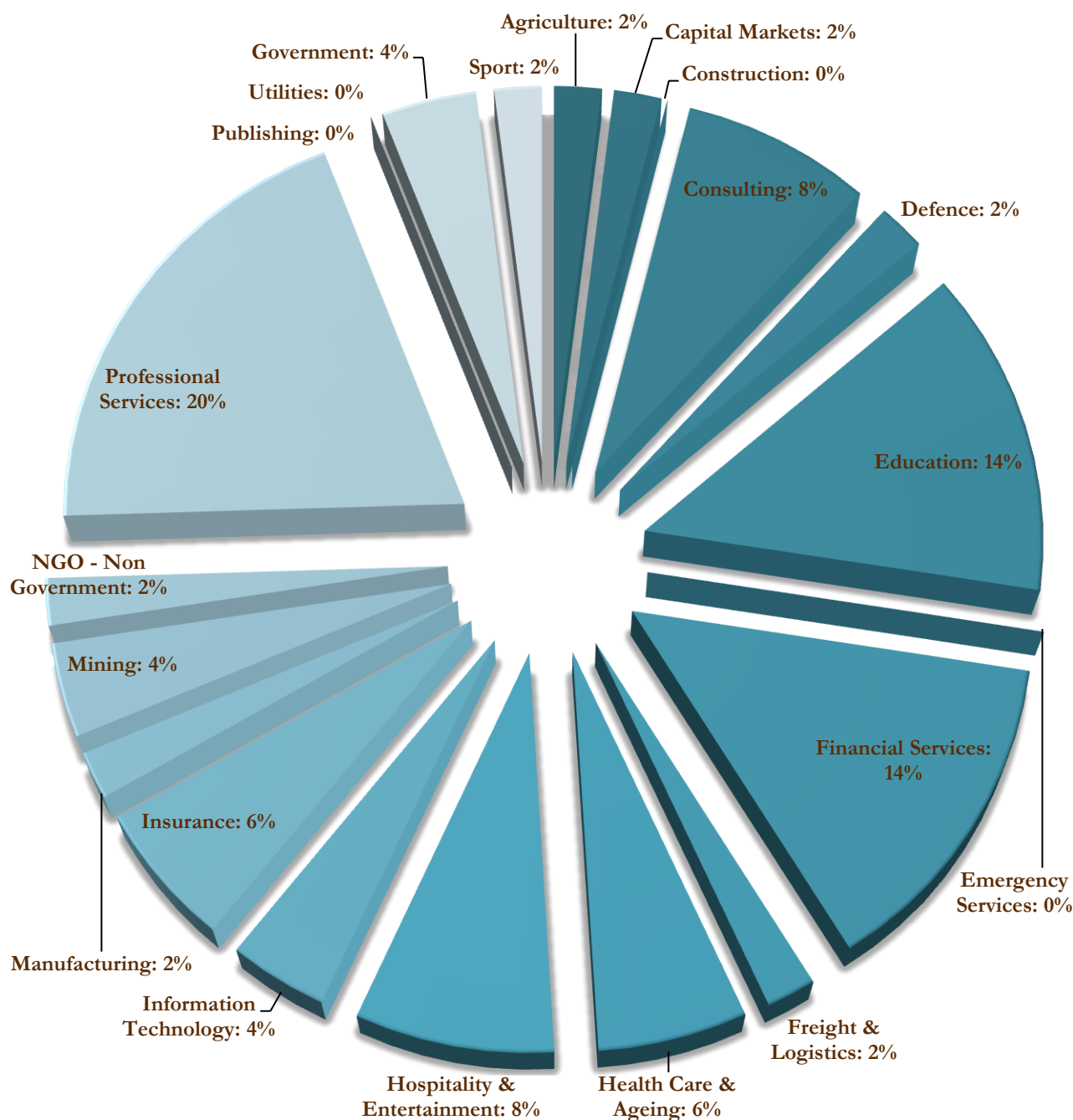


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What industry are you in?

The survey results contain perspectives from leaders across 17 industries in Australia.



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What are the main leadership challenges you are currently facing?

As in previous years, many of the challenges noted by respondents bleed into each other and overlap. We have described this by saying that many respondents reported similar challenges but did so using different language. The bullet points below are an amalgamation of respondent comments which surfaced regularly during the survey. As far as possible we have maintained the language used by respondents.

- Managing and motivating staff; inspiring people; keeping staff enthusiastic; providing effective feedback and maximising people's potential
- Developing and agreeing to a coherent strategic vision and then maintaining a strategic focus; ensuring the team is aligned with the vision - there are often too many strategic priorities; not being strategic and a lack of strategic planning
- Balancing staff resources due to conflicting priorities; managing competing priorities
- Hiring the right people; agreement on correct staff levels and coping with flexible working policies when there is minimal staff available to cover others; finding the right staff
- Rapidly changing sector with increased competition from organisations with more efficient business models; identifying a compelling value proposition; navigating through a rapidly changing environment faster than our competitors
- Preserving margins against low value competitors and maintaining quality of service under price pressure; ensuring our value is recognised and competing with bigger brands who are not as good as us; too many competitors doing the same thing
- Disruptive technology and changing service deliverables as a result of cloud software
- Managing expectations of stakeholders; personality differences amongst leadership group
- A lack of leadership and direction from above - changing decisions/priorities and a lack of cohesion/consistency; being restricted by leaders who are too conservative
- Conservative decision making; an inability to implement new service lines
- Leading people through constant change; managing change effectively; driving change
- Revenue growth
- Encouraging innovation; developing greater entrepreneurial capability; dealing with uncertainty
- Securing new sources of funding to ensure long term sustainability; building partnerships for financial co-contribution to projects; lack of state and federal funding dollars
- Developing first level people leaders; lack of appropriate skills at the manager level; coaching staff and building new leaders; developing capable employees and bridging skills gaps
- Peers need to understand how strong leadership behaviours are linked to profitability and performance; peers who are incompetent; peers that miss deadlines; miscommunication
- Depressed market conditions relating to low commodity prices; adapting the business to the massive downturn in commodities
- Lack of confidence around how to coach my team
- Delegating to people who are not capable; trying to do everything; staff that do not carry any risk and so do not work proactively

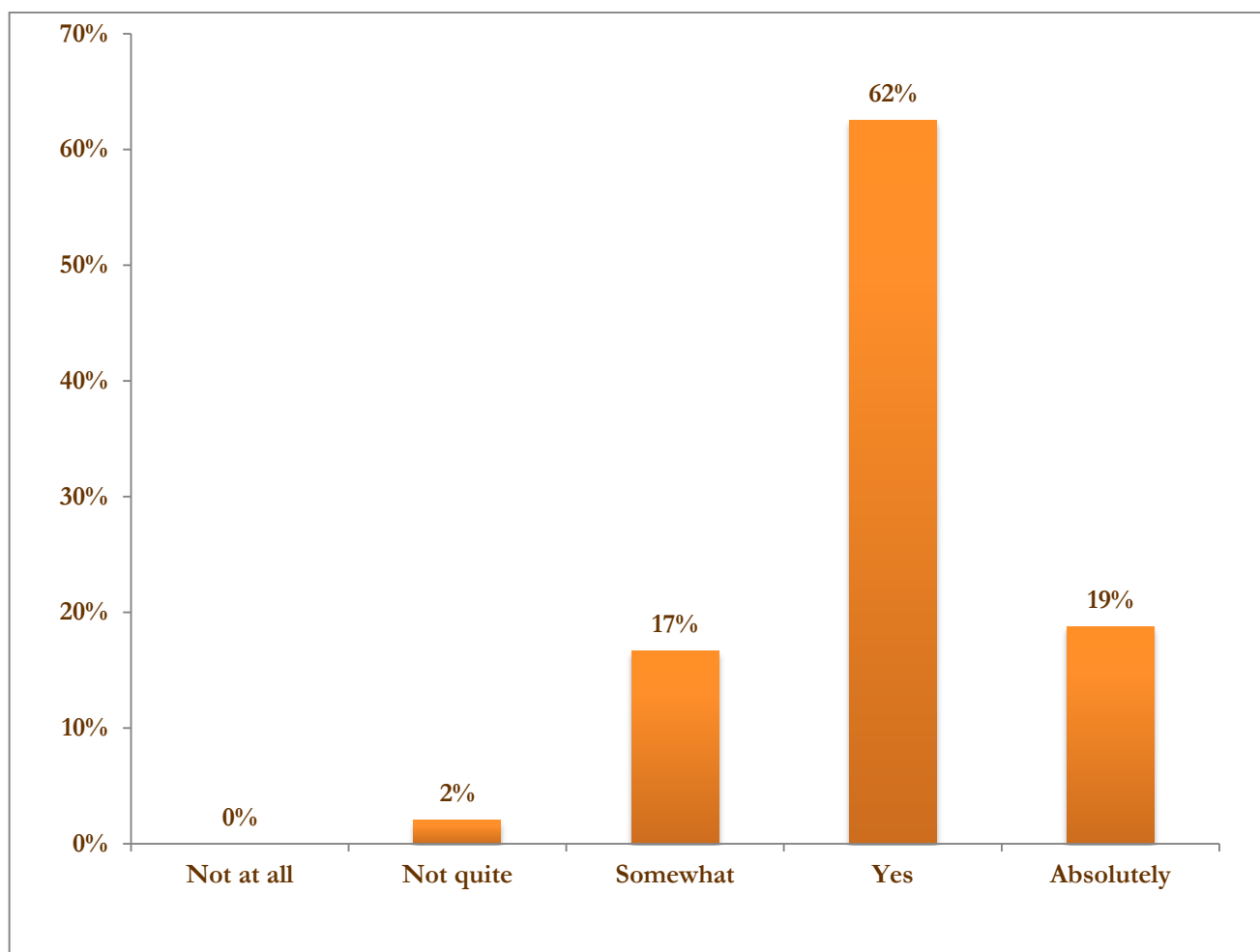


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Do you feel that you have the leadership skills and capability to be successful in your role?

Compared to the previous survey, a greater percentage of respondents feel they have the leadership skills to be successful in their roles – 81 percent compared to 66 percent last year. While there has been an increase in the percentage of leaders who feel they have the leadership skills to be successful, it is clear from the data below that most leaders continue to be able to identify areas where they can improve.



NOTE:

No respondents (0%) selected 'Not at all'



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What do you feel are your main leadership strengths that allow you to do your job well?

Nearly 70 percent of respondents felt that accountability was a leadership strength that allowed them to do their job well. Interestingly, a lack of accountability in others is one of the key frustrations reported to us about others in leadership roles.

Consistent with those areas where we are often asked to assist, performance management, delegating, having tough conversations and driving team performance are areas many leaders struggle with, as is their self- perceptions around presenting powerfully and projecting an executive presence. While these areas are similar to previous surveys, emotional intelligence is the ‘big mover’, with 60 percent of respondents reporting that this is a strength that allows them to do their job well.



This year, a small number of respondents volunteered additional areas that allow them to do their job well. Such areas include: Customer focus; ability to simplify complex issues; engaging the team and building loyalty and; self-awareness of weaknesses/engaging others to bridge shortcomings.

NOTE:

1. Respondents were allowed to make multiple choices
2. Definitions of capabilities appear on page 12



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What are the main leadership skills or capabilities you feel you need to develop to be more successful in your role?

Consistent with the previous table, leaders report that having tough conversations and driving team performance (coaching, delegating, giving feedback and influencing) are areas where they struggle, as is presenting powerfully and executive presence. Also consistent with the previous table, few leaders feel that accountability is an area they need to develop.



This year, a small number of respondents volunteered additional areas that they feel they need to develop so as to be better leaders. While such additional areas do fall within the categories listed in the table above we felt it valuable to list them separately. Additional areas were: Being more organised; crisis management; resilience; tailoring individual feedback (when employees do not meet expectations) that works for the individual and motivates them to do better; self-reflection and mindfulness and responding to situations effectively rather than being driven by self-preservation; manage change and; better clarify competing priorities and 'stay the course'.

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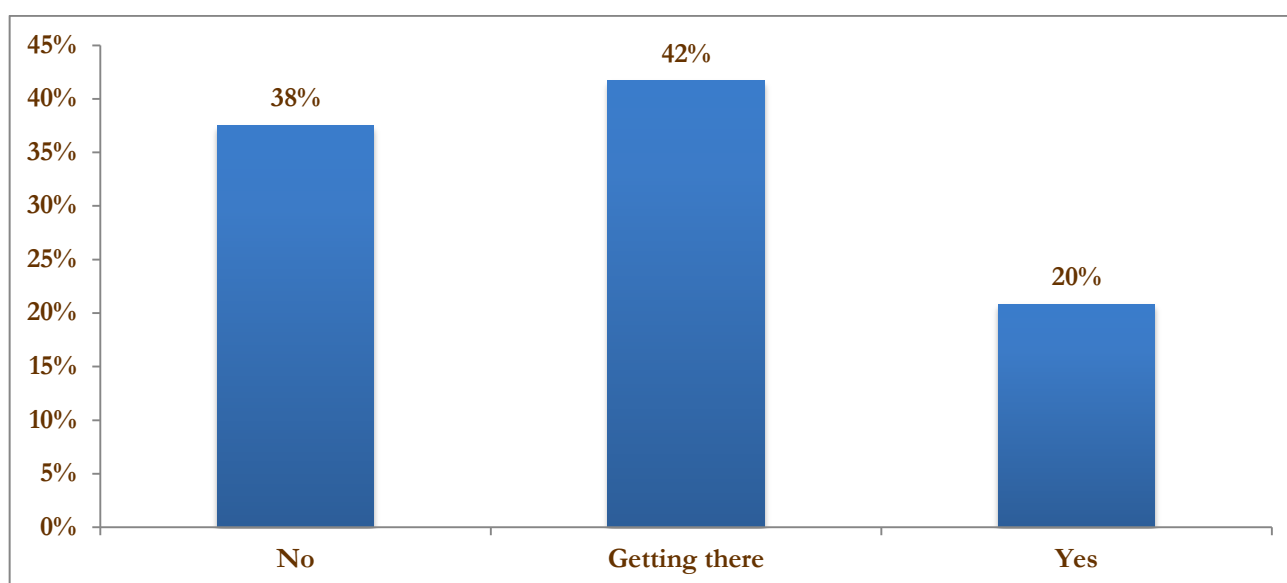
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Has your organisation developed an innovation strategy?

While 20 percent of respondents said they have an innovation strategy we ask readers to treat this result cautiously. When evaluating an organisation's readiness to innovate we would use the following criteria:

- Can people define and measure innovation?
- Are time, people and money devoted to innovation?
- Do people have the skills to innovate?
- Does innovation form part of your strategic plan?
- If someone has a great idea do they know what they need to do to make it happen?
- Does everyone understand why innovation is important and the role it plays in the success of organisation?

Against these criteria and from our own anecdotal evidence we suggest that many more organisations would probably fall within the 'getting there' classification. In any case, 80 percent of organisations report that they do not have an innovation strategy.



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What else would you like to share with us about the state of Leadership in Australia?

As was the case last year, many of the following responses highlight some fundamental gaps in Australian leadership and how strongly people feel about their leaders and their own leadership. We have again paraphrased and amalgamated responses so as to paint a portrait of the state of Australian leadership. These can be considered lessons or ‘take-aways’ at this time.

- Leadership in Australia is highly variable but is improving. There seems to be a convergence of techniques as best practices becomes better known and more organisations invest in helping leaders develop their capability
- The CEO sets the tone for leaders to follow. How good the other leaders are depends on the CEO - how passionate, visionary, clear, consistent, flexible, innovative, approachable and respected they are. Such qualities make great leaders but most lack these qualities
- There is a need for leaders to develop their emotional intelligence but organisations still place too high a premium on IQ
- Organisations are confused as to the difference between management and leadership and they should source help to build great leaders
- Australian businesses persecute the messenger, even when it is something the organisation needs to hear. It is easier to attack the messenger instead of dealing with organisational problems. Until this is addressed by leaders, organisations will not achieve their full potential
- With the number of new startups being founded, there is going to be a lot of inexperienced leaders coming onto the scene. As a result, there will be a real need for these leaders to have places, opportunities, forums, etc. to share experiences and learn from others. Formal courses will play a role, but more in-house and ad-hoc formats for learning will be needed
- An increase in diversity across the workforce will require a different type of leadership and most organisations have not considered the impact this will have on future leaders, nor have they begun preparing them for an increasingly complex stakeholder environment
- Leaders continue to play it too safe. A change in fortunes needs a change in behaviour. There is currently little or no reward for entrepreneurial behaviour and unfortunately, Australia is all about compliance rather than entrepreneurship
- There is much room for improvement, particularly around urgency and accountability
- There is a general lack of vision and genuine focus on the sustainability and social responsibility of Australian businesses. As a result, the soul of ‘why’ we do things is being diluted – there is not enough of the ‘proper stuff’
- The lack of diversification in our economy will result in a talent drain with leaders having to look for opportunities overseas
- There needs to be greater appreciation of the importance of leadership to business success
- The political landscape in Australia is a ‘shambles’ and this sets the worst example. We need to raise the bar, particularly around corporate responsibility. The biggest failing is that leaders focus on self-preservation. If we could shift from this we would all be better leaders



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Thank You

People At Their Best is a team of organisational development, leadership development and communications professionals. We help smart people become great leaders and good organisations to be their best and we are passionate about delivering programs that drive personal, team and organisational performance.

We would like to thank those of you who participated in our survey for your kind contribution and encourage you to contact us if you would like to discuss your own leadership or the performance of your organisation.

Definitions

Accountability - Being accountable and taking responsibility for personal and organisational success

Agility and Responsiveness - Effectively able to deal with volatile, uncertain, complex and ambiguous situations

Coaching - Effectively developing the skills and capability of others

Communication - Verbal

Communication - Written

Confidence as a Leader - Believing in your capabilities

Conflict Management - Ensuring a productive working environment

Customer Focus - Ensuring the best customer experience

Delegating - Effectively assigning work and authority to others

Emotional Intelligence - Behaving in the most appropriate and effective way particularly in difficult situations

Executive Presence - Being perceived as an effective leader

Giving Feedback - Providing feedback in a manner that continuously improves performance

Influencing and Persuading - Able to motivate others to achieve goals

Judgement and Decision Making - Effectively analysing situations and making quality decisions

Negotiating and Having Tough Conversations - Being able to achieve organisational outcomes

Performance Management - Driving the performance of the team

Presenting Powerfully - Presenting with clarity and impact while positively engaging the audience

Self - Management - Planning, Time Management and Goal Setting – Being as productive as possible

Strategic Thinking - Understanding, planning and driving long-term direction



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