



People At Their Best

State Of Australian Leadership Report 2018



Introduction

Today's leaders face a complex world packed full of novel, multifaceted problems and challenges. With little certainty, leaders, more than ever, need to be comfortable with ambiguity - a work environment that is unpredictable and where making decision is anything but simple.

As a consequence of this dynamic environment, it is no longer sufficient to be a single discipline expert, to rely on vertical decision making or linear problem solving. Instead, the successful leader of the future must be able to listen and be empathetic, must engage others and align their efforts, will be inclusive and build collective intelligence, will leverage diverse thinking for creative problem solving and will share decision making to create a positive work experience. Such cognitive agility and inclusive leadership will be necessary to leverage manifold ideas and build resilient and sustainable organisations, ones that are able to respond appropriately to changing work environments rather than react blindly and without purpose.

Building stronger leadership skills, in order to forge connection with employees, is the biggest opportunity for organisations and the most direct route to high performance. Put simply, there are huge productivity, performance and profitability gains to be made for those leaders who know how to build deep engagement with their people – the number one growth and profit maximising strategy available to any leader, in the medium to long term, is investment in the organisation's people.

In this respect, building employee capability is not some nebulous idea, but rather a leading indicator of performance. When all is said and done, it is a leader's team of people who will deliver on the organisation's value promise to the market.



Contributions to the 2018 Report

In October 2018, People At Their Best conducted research into the state of Australian leadership. Our aim was to understand four things:

1. The leadership challenges that leaders are facing
2. The areas leaders feel capable and confident about
3. The areas leaders feel they need to develop
4. What leaders are worrying about

We had responses from nine distinct leadership levels, ranging from CEOs and Managing Partners to Directors, Senior Managers and Middle Managers.

Twelve different industry categories are represented in this report including: Professional/Consulting Services; Financial & Insurance Services; the Government sector; Agriculture, Forestry & Fishing; the Information, Media & Telecommunications sector; Education & Training; Electricity, Gas, Water & Waste Services; Health & Social Assistance; the Hospitality & Entertainment industry and the Manufacturing sector.



Leadership Challenges

Leaders today have a myriad of obstacles that thwart the potential for rapid renewal and growth. Despite the diverse cross-section of leaders and industries, leaders are encountering many of the same challenges. The most frequently cited are as follows:

1. **Talent** – Having the right people with the right skills who are consistently motivated and capable of delivering quality work. Within this is the challenge of acquiring and developing future leaders
2. **Budgets** – Having rapid access to funding with delegated flexibility to scale up and down resources for project teams to meet changing market demands. Within this is the challenge of having a budget for people development in the face of cost cutting
3. **Direction & Alignment** – The challenge of having a clear strategic direction that everyone is aligned to and a culture where people strive to deliver outcomes (the organisational mission) rather than outputs
4. **Engagement & Motivation** – Having employees who are passionate and want to lead – having leaders who can engage and inspire colleagues
5. **Relevance & Growth** – Maintaining market relevance and driving growth in an environment where traditional goods and services are rapidly diminishing in value
6. **Change Velocity** – Navigating the multiple challenges of working in a fast paced environment - stress, lack of time, poor quality communication, skills & resource gaps and regulatory uncertainty

Talent



Budgets



Direction & Alignment



Engagement & Motivation



Relevance & Growth



Change Velocity



Leadership Skills – Strengths & Weaknesses

While it would be easy to classify the majority of skills identified in this report as soft skills, this would be erroneous. Forging alliances, building connections, aligning employees, creating synergies and so on are more closely correlated with organisational efficiency, productivity and profit than technical skills which are better described as threshold capabilities, that is, skills that allow a leader the potential to perform but ultimately, contribute far less to success.

Instead of soft skills, we use the term ‘people skills’ which can be both personal and inter-personal in nature. This is important. Dr Claire Mason, from the CSIRO notes, those occupations showing the fastest growth use old-fashioned ‘people skills’ because while technology is automating rule-based tasks it can’t perform human functions like displaying empathy, making somebody feel valued or defining a really complex ‘fuzzy’ problem.

Likewise, the skill of aligning employees to the organisational purpose is the difference between those businesses that flourish and those that flounder. Done well, the purpose or mission acts as a beacon, orienting employees to direct their efforts to the organisation’s priorities. Our work this year, however, has shown us that many leaders struggle to cultivate alignment to a unifying purpose and as a result fail to get everyone pulling in the same direction.

The chief characteristic of high performance cultures is that employees have a deeper sense of purpose and a deeper commitment to a shared mission. Without this, difficulties arise which inhibit the ability for rapid renewal and adaptation. As McKinsey found, organisational non-alignment is a sure-fire path to general operating dysfunction. Cultivating such alignment is the role of leaders and failure to achieve it will leave organisations stranded and struggling for relevance, market penetration and operational performance.



Leadership Strength Areas

- ❖ 70% of all leaders reported that they regard their **Agility & Responsiveness** as a strength which allows them to do their jobs well. In this case, these leaders claim they are able to deal effectively with volatile, uncertain, complex and ambiguous situations
- ❖ Respondents were able to make multiple selections and 55% of all leaders who responded to the survey reported that **Accountability** was a key strength
- ❖ 52% of leaders reported **Emotional Intelligence** as a strength which allows them to do their job well; while **Strategic Thinking, Verbal Communication** and **Confidence as a Leader** were also selected by more than 40% of all respondents
- ❖ It is worth noting that all leadership capabilities from our list of 21 skills (see page 13) were selected by at least one leader, however, the capability least recognised as a strength is **Managing Conflict**



Leadership Development Areas

Priority 1

Build a culture of engagement, empowerment and well-being to achieve common goals - This was the development area selected most frequently by leaders who responded to our survey



Priority 2

Present powerfully with clarity and impact while positively engaging the audience – Not surprisingly, many leaders reported that they wanted to get better in this area and felt their leadership was impacted by their skill in this area



Priority 3

Coach and effectively develop the skills and capabilities of others – Anecdotal evidence suggests that employees would agree that leaders need to develop in this area



Priority 4 & 5

Negotiate & have tough conversations – this was the 4th most reported area where leaders felt they needed to develop. The 5th area is closely related; the ability to **delegate effectively**. In both areas, leaders feel they need to develop their ability to achieve organisational outcomes in challenging situations



It is also worth noting that, all leadership capabilities from our list of 21 skills (see page 13) were selected, by at least one leader, as a skill they needed to develop to allow them to be more successful. A number of leaders also reported that '**business development**' is a skill which leaders need to develop, explicitly the ability to identify and secure revenue growth opportunities.

The DNA of Leadership

Our research over the past 24-months has highlighted five domains which leaders must focus on – these are the areas most closely correlated with high performance.

1. **Growing Capability:** Leaders must ensure that employees are growing their ability to deliver on an organisation's value promise and gain a competitive advantage. Not only is this critical for employee engagement and discretionary effort it ensures that an organisation is expanding its capacity and collective value.
2. **Adaptability & Agility:** Cultivating an organisation that is adaptable ensures it can move quickly towards opportunities or away from threats.
3. **Alignment to a Purpose:** Successful leaders devote the majority of their time to nurturing alignment to a single unifying purpose that drives all employees' efforts. The purpose or mission should be the lens through which an organisation evaluates all it does.
4. **Accountability:** The ability to engender accountability is a pre-requisite for organisational success. An organisation will not be successful if people do not deliver on the commitments they make.
5. **Communication:** Leaders need to have clarity of message, particularly around purpose, objectives and priorities. Ensuring that employees have the information they need to perform their roles efficiently is obvious and yet continues to be a challenge for most leaders.



Is Your Leadership Ready for the Future?

In future, organisations will compete on their speed of learning – that is, how quickly they can understand what customers value and use these insights as an input into the design of meaningful customer experiences – an organisation's success will depend on the positive customer experiences it creates. Leaders who are not focused on creating a positive customer experience will struggle.

In this future, experiences will be more valued than material consumption.

Our graphic, represents the shifts that leaders must strive to cultivate within their organisations.



Aerial View

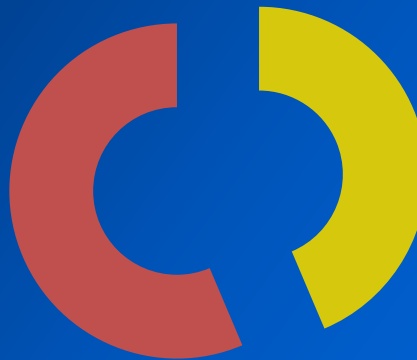
We asked 3 key questions to gain an aerial view of how leaders see themselves, others and their organisation. While most leaders are confident in their own capability and their organisation's direction, they are not as confident about the skills and ability of other leaders.

You have the leadership skills and capability to be successful in your role



■ Absolutely/Yes
■ Somewhat/No

You feel other leaders have leadership skills and capability to be successful in their roles



■ Absolutely/Yes
■ Somewhat/No

Your organisation has a clear, agreed and understood vision, mission and plan



■ Absolutely/Yes
■ Somewhat/No

Future Organisational Concerns

When asked: **“As a leader, what worries you most about the future for your organisation?”** the following responses are noteworthy:

- Knowing how to improve the culture and engagement of our people
- That the organisation won't be agile and responsive enough to changing client and business needs
- Ensuring we stay focused & aligned to our goals & objectives
- Not changing quickly enough to keep up with new and emerging competition
- Trying to do too many things at once without a coherent strategy
- Decisions made for purely financial reasons – poor decision making
- The levels of expected changes ... constant restructuring & management changes mean constant changes in strategy & objectives
- Leaders not being happy with each others' performance
- Lack of strong leadership; increasing dissatisfaction of younger staff and leaders who won't talk to their people
- Our culture and staff not engaging with the goals of the company – this becomes a distraction and demotivator for other staff members
- Getting the right people on board to help with growth ... ability to attract and train staff to cater for the new skills and technical expertise required for new service lines – budget for talent development
- Clients not appreciating the value of what we do - professional services are being devalued rapidly
- Churn – recruitment and retention of the right people – lack of leaders
- Constant internal restructuring and keeping people motivated
- Making good decisions under competitive pressures
- Uncertainty around investment, budgeting and government grants
- Change for the sake of change & our execution is appalling



Additional Insights from Leaders

Leadership credibility is taking a hit in the public eye

Leaders need more training to be more inclusive & supportive

Leaders must be more empowering and better connected

Organisations need to invest in their leaders
- leaders are not as capable as they think

Leaders must be visible - Office bound command and control is dead

We need strong leaders & ones that are focused on the future

There are a lack of leaders in regional areas & ageism is real in Australia

Leaders must be servants not power merchants and they must be chosen on merit

leadership



Definitions

- **Accountability** - Being accountable and taking responsibility for personal and organisational success
- **Agility & Responsiveness** - Effectively able to deal with volatile, uncertain, complex and ambiguous situations
- **Alignment** - Inspiring individuals and teams to be united to a common purpose
- **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
- **Culture** - Effectively building a culture of engagement, empowerment and well-being to achieve common goals
- **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 & Receiving Feedback** - Providing feedback in a manner that continuously improves performance whilst seeking feedback on own performance
- **Influencing & Persuading** - Able to motivate others to achieve goals
- **Judgement & Decision Making** - Effectively analysing situations and making quality decisions
- **Negotiating & Having Tough Conversations** - Being able to achieve organisational outcomes in challenging situations
- **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

Thank You

We would like to thank those of you who participated in our survey for your time and considered contribution.

It is our genuine hope that this report contributes to our mission of building purpose driven organisations and helping those organisations to grow their internal capability to match their external ambition – helping all leaders to be the best they can be is what drives us.

We encourage you to contact us if you would like to discuss your own leadership or the performance of your organisation.

Sincerely,



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Principal

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Organisational Strategy **I** Executive Coaching **I** Communications Strategy **I** Leadership Development **I** Assessment & Learning **I**
Engagement, Creativity & Innovation **I** Organisational Change

Notes, Questions & Take-aways



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