

# The RESOURCE

## THE DIFFERENCE BETWEEN LEADERSHIP AND MANAGEMENT

**S**ome people mistakenly use the terms “leadership” and “management” to mean the same thing. Actually, the functions of leadership and management are very different. In a sense, leadership and management complement each other. Great companies have strong leaders and strong managers on all rungs of the corporate ladder, from first line supervisors to CEOs. The best companies transform themselves into incubators for both leaders and managers.

### Both Are Necessary for Success

Understanding the differences between leadership and management can help to clarify an organization’s strengths and weaknesses. According to Dr. Warren Bennis, founder of the USC Leadership Institute, leaders “do the right thing,” while managers “do things right.” One is not favored over the other, as both are necessary for organizational success. A close look at the conduct of leaders and managers reveals five key behaviors in each category.

Successful leaders do five things well:

- ❖ **Face reality** of the current situation.
- ❖ **Establish direction** for the future.
- ❖ **Align people** in accordance with the direction.
- ❖ **Keep them motivated** to overcome barriers.
- ❖ **Develop new leaders** to carry on in their place.

Successful managers, on the other hand, as Dr. John Kotter, leadership expert at Harvard Business School, points out:

- ❖ **Plan and organize** detailed steps and timetables.
- ❖ **Budget** resources necessary to achieve results.
- ❖ **Staff** appropriately and delegate authority.
- ❖ **Control** with policies and procedures that guide people.
- ❖ **Solve problems** after identifying deviations from plan.

Note that there is very little, if any, overlap between the key behaviors of leaders and those of managers.

Leaders inspire people to do more than they thought possible. They take people to a place where they would not go by themselves. Although not necessarily charismatic, leaders arouse passion and emotion in others. Leaders appeal to the heart in an inspirational, motivational and relational manner. They have a great deal of what psychologist Dr. Daniel Goleman refers to as “emotional intelligence.”

Managers, on the other hand, appeal to the head, rather than the heart, in a logical, predictable and analytical fashion. They remind people to “make plan” in an even-tempered and levelheaded manner. Moreover, they enjoy keeping score, monitoring and tracking progress frequently. Managers cannot succeed without systems and procedures because they rely on institutional authority to get things done.

### Leaders Think Differently

Leaders, by contrast, focus on winning rather than on keeping score. They drive for results and then reach for more. Leaders are not necessarily smarter than others, but they

think differently. They see opportunities and pathways that others do not see. Leaders need character and integrity to succeed because they rely on relationships to get things done.

Managers like to do their assigned homework, correctly and on time. They excel at executing the plan and at follow-up. Conversely, leaders go beyond the plan, and ask themselves what more they can do. While managers are continuous learners, leaders are continuous teachers. They make it their business to spot and develop future leaders in the organization.

These are some of the clear-cut differences between leadership and management, and it is important to understand these differences and their respective contributions to organizational success. We need more leaders in business today, to be sure, but we also need good managers. Most of all, we need people who can both lead and manage others. Identifying and developing these people are hallmarks of great companies.



# LEADERSHIP SELECTION—GETTING THE RIGHT PEOPLE ON THE BUS

If you have read Jim Collins' book *Good to Great*, you understand the importance of getting the right people in the key leadership roles in your company.

As Collins points out, if your company has the right leaders driving it ("on the bus"), they will be able to navigate the company's strategic direction, identifying obstacles and guiding around them.

**However, to face the facts squarely, most companies and organizations would not count leadership selection as one of their core competency areas and too often their track record reflects this weakness.**

Selecting the right people for leadership positions is one of the most difficult and yet most important business decisions. Research suggests that nearly half of all leaders fail in new leadership positions. A look at how most companies select new leaders makes it easy to see why this process too often goes awry.

## The Ideal:

- ❖ Companies provide objective and realistic information about positions.
- ❖ Candidates provide objective and accurate information.
- ❖ The decision is made with a clear understanding of the candidate's true capability.

## Reality Check:

- ❖ Companies spend most of their time selling the job opportunity.
- ❖ Candidates are selling themselves.
- ❖ Thirty percent of all job application information is distorted.
- ❖ Most managers are not good interviewers.



The failure that results is not surprising because often the new job is not what the candidate expected nor is the candidate what the company expected. Even with intervention, many outside candidates will not adapt and will proceed to fail or underperform in the position.

The situation is not much better when selecting leaders from inside the company. Too often, selection decisions are not based on objective criteria. More often, they are based

on seniority, job knowledge, key relationships, or being the last person standing. With today's flatter organizations, fewer inside

candidates have the right exposure or experience to assume leadership responsibility without appropriate support or additional development. The company, as well as the internal candidate, often does not have a clear understanding of the candidate's true strengths and weaknesses for the position, as successful performance in a technical or managerial position does not always translate to successful performance in a position with greater leadership responsibility.



The performance challenges of a leadership position require different competencies than candidates, either internal or external, have had to demonstrate in non-leadership positions. This includes understanding the nature of the key interpersonal relationships that the new leaders must maintain and foster with direct reports, peers and key customers or vendors.

## Leaders Need More Advanced Skills

Working successfully with such a variety of constituencies usually requires more advanced skills and competencies than were required in previous positions. Some leaders lack self-awareness and emotional intelligence, which then leads to problems managing both oneself and others. Additionally, a leadership role demands an understanding not only of what will be required to achieve the company's business plan today, but also what will be needed to achieve longer term strategic goals.

Identifying key leadership skills and competencies through interviewing alone is difficult even for the best interviewer. On the other hand, objective assessment of internal or external candidates for leadership positions makes possible the clear identification of key skills and competencies. Objective assessment also allows benchmarking of critical skills and work behaviors. Such benchmarking facilitates the comparison of candidates with one another and with already existing leaders.

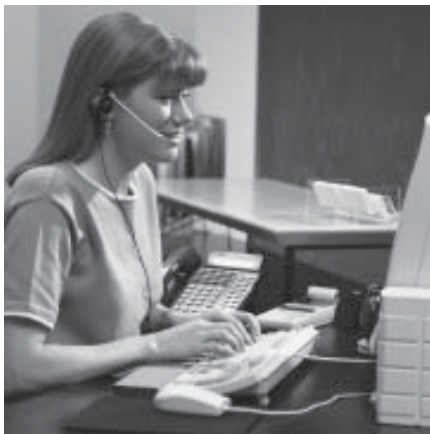
Because no candidate will be perfect, the more you know about a candidate's overall strengths and weaknesses for the position, the more you can help the chosen candidate to be successful. Through identification of the areas that may hinder success, and planning the support needed to shore up weaknesses, you can help the new leader to be able to seek out the development opportunities that will make him or her truly effective.

By utilizing an objective assessment process, a company is more likely to succeed at the most important business decision within its control—getting the right leaders on the bus.

## FRONTLINE EMPLOYEES—ACHIEVING RETURN ON INVESTMENT (ROI)

**C**ompanies often invest as much as a million dollars in frontline employees over a 20-year period. To achieve a return on this investment, companies need to maximize performance of these employees. It is important for leaders not to overlook the key role that frontline employees play in the company's success as they have a huge impact on both quality and cost. Frontline employees make the products and deliver the services that impact retention of customers and bottom line results.

Poor performance and frequent turnover among frontline employees cause a negative return on investment. PSP's



customers have long discovered the impact of correct selection for frontline employees. Testing has yielded employees who are 53% more productive than those who were not selected by PSP's process. These employees are good problem solvers, cooperative and productive in their work.

### Maximize Employees' Motivation

Successfully hiring strong frontline employees, however, is only the first step. Afterwards, the company's leadership must influence these employees in a manner that maximizes their motivation to achieve at the levels of their capability.

Research suggests that highly motivated workers achieve twice as much as average employees. Dr. Frederick Herzberg's ground-breaking motivation research at PSP showed that only 20% of a worker's motivation is achieved through salary, benefits and job security. Fully 80% comes from such motivators as achievement, recognition, responsibility and job enrichment.

### Respect Employees' Ability to Achieve

Herzberg's research emphasizes the importance of respecting employees' ability to achieve by maximizing their independence and their interface with customers. It is important that employees fully understand their part in the company/customer linkage that drives business results. Direct customer contact reinforces this connection and gives employees a purpose for what they do, thereby increasing their motivation.

Career development for frontline employees is also critical. Helping them to be continuous learners, building their skills

and knowledge, will enable them to be even more effective on the job. All too often, companies believe that career development is beneficial only for professionals, managers and executives. PSP's career development approaches can be appropriately customized to the needs of frontline employees and work teams, enhancing their motivation, performance and loyalty to the company.



### Establish Trust with Employees

Leaders can show their respect for employees by sharing company goals and business information as well as by providing opportunities for employees to have input into decisions that affect them. These actions help establish trust with employees. Leaders must walk the talk of corporate values and make decisions based on what is good for the company and its customers. This creates a touchstone that employees can relate to in their day-to-day work activities. When decisions seem to be arbitrary or to benefit only executives, employees' motivation goes negative, as does ROI.

To obtain high performing frontline employees, companies need to select workers who are skilled and motivated, as well as to provide leadership that promotes trust, motivation and respect. Careful selection and strong leadership maximize ROI on each million dollar employee investment.





# WHAT'S NEW @ PSP

## RESOURCES FOR LEADERS AND MANAGERS

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***Crucial Conversations: Tools for Talking When Stakes Are High*** by Kerry Patterson, Joseph Grenny, Ron McMillan and Al Switzler gives you the tools to handle difficult conversations in any area of your life. These are conversations about tough issues where the stakes are high, opinions vary and emotions run strong.

In ***Profit from the Core***, Chris Zook and James Allen argue that companies grow most successfully by reaching full potential in the core business. They present ideas for continually redefining the core business in response to changing market conditions.

***The Abilene Paradox and Other Meditations on Management*** by Jerry D. Harvey provides insights into the absurdities of organizational life, along with the motivation to change the ways we address conflict, agreement and risk-taking in business today.

***Small Unit Leadership: A Commonsense Approach*** by Col. Dandridge Malone is standard issue for U.S. Army leadership training, but its lessons apply to civilian settings as well. It contains an excellent "how-to" section of all-purpose leadership skills.

***If I'm So Successful, Why Do I Feel Like a Fake?*** by Joan Harvey is a classic book about the Imposter Phenomenon. It is worth the read for any high achiever who has a feeling of inadequacy and who wants to find a realistic sense of self-appreciation.

***John P. Kotter on What Leaders Really Do***, a collection of Dr. Kotter's most notable articles on the topic for the *Harvard Business Review*, presents the insights he has gained during a long career of research and observation of leadership.

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- ❖ Launched PSP's Online Testing System, which makes the objectivity and integrity of PSP's human resource measurement systems available anytime, anywhere.
- ❖ Established an employee assessment program for multiple employee levels with an international pharmaceutical manufacturer in the mid-Atlantic region.
- ❖ Developed new nationwide benchmarks for PSP's System Operator Assessment process.
- ❖ Provided executive development and coaching for senior executives in a diverse group of companies, including high technology, financial and manufacturing companies.
- ❖ Received national and international recognition for PSP *Resource* articles on Dr. Frederick Herzberg's motivation research.
- ❖ Presented results from PSP's research on success factors in electric system operator selection at an Electric Power Research Institute conference.
- ❖ Developed new PSP tests for logical reasoning, verbal skills, mathematical reasoning and work behaviors.

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