

# Reviewing and Rethinking Board and Corporate Leadership

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Leadership is required and can be developed and provided in a variety of situations and circumstances. Community, corporate and team leadership and business, social, political, scientific, intellectual, moral, thought and other forms of leadership can overlap and combine in different ways according to changing requirements. From time to time directors should review the nature of the leadership they and colleagues provide in the contexts in which they hold board appointments and exert influence.

Leadership is needed at all levels and across an organisation and its network of relationships. Directors and boards need to know what types of leadership to exercise and/or delegate and when and where. Those for whom they are responsible should be clear about what is expected of them and properly supported. The potential to make a significant difference can exist throughout a company. Good ideas and promising initiatives can arise in many places.

## Corporate Leadership

For many employees, the CEO is the person associated with corporate leadership, although acting within the

framework of direction, values, purpose, policies and priorities established by a board of directors. While the business of the board is conducted by its chairman, the CEO leads the executive team. The roles of Board chair and CEO may involve different but hopefully compatible forms of leadership towards particular external stakeholders.

In certain companies the boundaries between board and executive leadership sometimes overlap, especially in evolving situations. Compatible personalities and aligned perspectives sometimes allow joint or collective leadership, but these can be difficult to sustain. Dialogue and a good working relationship between those involved is required.

Effective leadership involves mutual respect and trust, and good relationships between key players and important stakeholders. While issues remain unresolved, leadership voices may need to exhibit a degree of alignment and a united front to the external world until a consensus is reached and a common position can be shared. This can require listening leadership that is sensitive to changing stakeholder concerns and priorities and

relational leadership, or taking the initiative and being responsive in building relationships with them.

## Establishing Limits

Board discussion of which approach to leadership to adopt might encourage certain directors to be more interventionist and interfering when and where this is not required. Some executive teams can be trusted to get on with the implementation of an agreed strategy without board members looking over their shoulders.

People can be over-led. They may need space to grow and do what they feel is best. The cult of personality that sometimes accompanies individualistic leaders can overshadow others and lead them to withdraw into darker corners. More collectivist and democratic forms of leadership can be better at widening participation and encouraging discussion and debate. To work well it requires secure personalities who are open to ideas and invite challenge rather than seek to avoid it or stifle questioning.

At a time of discontinuity and uncertainty new ideas and initiatives may be sought. More democratic approaches



may be required to encourage engagement, involvement and participation, and enlist interest, commitment and support. It may be necessary to build a shared purpose and a consensus for moving forward. For the best results such an approach should include key customers, important suppliers and business partners whose active contributions are likely to be essential for success.

The adoption of such approaches might need to be accompanied by a review of governance arrangements and mechanisms for ensuring alignment, the raising of issues and the settlement of disputes. There may also be implications for the management and distribution of intellectual property and the sharing of financial rewards.

### **Individual and Collective Leadership**

Charismatic leadership can sometimes be attractive to those who like to be led, but may not be everyone's cup of tea. After a time some strong personalities can grate. On occasion, charismatic leaders can serve their purpose, but become difficult to remove. Some get such a taste for being in the limelight that they hang on like limpets. Independent directors should be alert to leaders who overstay their welcome, keep rivals down, block challenges and begin to exhibit the attributes of a tyrant.

Authoritarian, dominant and exploitative forms of leadership are often not in tune with contemporary requirements for caring commitment, environmental awareness and concern, and agility, flexibility and sensitivity. People tend to resent being used and either taken advantage of or taken for granted. They are less likely to go the extra mile when required, but more likely to jump ship as and when a better opportunity appears or an escape route arises.

More consensual forms of leadership may be better at holding people together, but when a window of

opportunity to act is rapidly diminishing this should not be at the expense of decisive leadership. Servant, supportive and enabling leadership can work well in more stable situations, when the people of an organisation know what is required to succeed. In periods of instability and flux, more than monitoring, reacting to requests for help and taking pride in not interfering may be required.

Collective leadership that embraces a competent executive team and to which they contribute can be particularly effective at encouraging ownership and commitment. Leadership that is imposed, or to which people are subjected, can cause more passive responses. The active involvement of others can result in a more participative form of leadership. Co-operation with other entities and co-creation can stimulate a requirement for more collaborative or shared leadership. Might one see the emergence of mechanisms similar to those used for the governance and leadership of alliances between states or international organisations?

### **Adapting and Evolving Leadership**

Leaders should know when to change gear and put more emphasis upon becoming a catalyst and a trigger of change. People may have to be challenged, inspired and encouraged rather than largely left alone because of what they have collectively achieved in the past. Untapped potential may need to be released and new elements introduced. A more entrepreneurial approach to leadership may be required. Maybe a corporate culture has to change to match a technological revolution or rapidly changing customer requirements.

Sometimes an approach to leadership may need to be better aligned to that of joint venture or consortium partners. A change of style may be required to match that of a key customer with which a company wishes to become a longer-

term strategic partner and work more closely. Legal and regulatory changes, Government policy changes and international agreements sometimes have implications for how business leaders are expected to behave.

During discussion of what approach or approaches to leadership to adopt directors should revisit their company's mission and purpose and also what they are collectively trying to achieve. The approach that is selected might be more appropriate if it viewed as a means to an end rather than an end in itself.

### **Leadership Trends**

As organisations become more fluid, open, flexible and responsive, opportunities are shared and more mutually beneficial relationships are forged, some forms of leadership are in decline. Top down and centrally controlled leadership has been challenged by more consensual and shared approaches, especially where people are critical elements of corporate success. However, tight control by small groups may still exist as more business models are adopted where activities are contracted out and/or automated. When key tasks are undertaken by algorithms, these and those who create them can become the critical resources.

Command and control approaches to leadership may still exist in more stable contexts where routine activities and prescribed standards persist. However, other approaches more suited to contemporary requirements may continue to emerge as situations change. Further approaches may be latent. Leadership has traditionally been viewed as the leadership of people. It may evolve as more activities are undertaken by digital and other technologies. Many of the fewer people involved may be undertaking support and maintenance tasks.

In fluid situations, such as when there is a change of status or business model, or

during a transition or transformation journey, permanent, fixed and inherited leadership arrangements and personnel may require review. Owners and other stakeholders may step in to trigger and force changes. Interim or temporary leadership arrangements may be needed to ensure the agility and flexibility to cope with a succession of stages, challenges or opportunities.

### Horses for Courses

Availability, succession issues and divisions over longer-term direction are among the circumstances that can give rise to rotating leadership. Events such as a takeover or insolvency can result in the replacement of some or all members of a leadership team. Some changes might trigger a search for different leadership approaches, experience and qualities. For example, a leader of major and mission critical transformation projects on tight timescales might have experience and qualities the head of a stable business might lack.

Crisis leadership may demand a particular skill set. Some companies face so many inter-related challenges that someone with programme management experience covering a portfolio of projects may be more suitable than a person who has led a homogenous entity on what has been closer to a single corporate project.

On occasion, aspects of subversive or revolutionary leadership might be practiced by some members of a leadership group. A promising venture may need to be protected. Revisionists might wish to advance an initiative that is opposed by vested interests and supporters of a status-quo. Liberating leadership could endeavour to release pent-up forces for change.

Some specialist organisations require particular forms of leadership. Spiritual leadership might be sought by the members of a religious organisation that has traditionally looked for

obedience rather than people who think for themselves. On the other hand, ethical or moral leadership and leadership by example might be welcome in a wider range of organisations.

### Problematic Approaches

Absent, ineffectual or weak leadership can lead to drift and delay. Sometimes when leadership decisions are taken, those on a nomination and selection committees over-react. They over-compensate. By trying to address what they feel has been lacking, they go too far in a different direction. Account should also be taken of emerging developments, future requirements and longer-term aspirations.

There may be few business advocates of the delusional leadership that is sometimes found in the political environment. While determined and focused leadership might have more appeal, directors need to think through what the determination and focus should be applied to. Directors who advocate responsible and responsive leadership should clarify to whom a board should be responsible and accountable and what they should be responsive to.

Certain companies and other organisations seem to recruit a succession of people with similar attributes and educational and/or social backgrounds. When assembling candidates to be considered and short-listed, those who desire more inclusive and diverse leadership should cause the net to be cast more widely.

Some family members accustomed to family leadership of a family owned company exert their power of patronage to limit selection to older close relatives rather than look more broadly. The future success of the company concerned may depend upon whether a family uses governance arrangements to ensure continuing control rather than open up possibilities..

### Leadership Changes

Those who trigger and/or enforce changes at the top should think through their implications for the people of an organisation and its stakeholders. Changing the allegiances of those who are led, their perspectives and approaches, and an organisation's values and culture may take longer. Leadership changes can be unsettling. Maintaining confidence may require careful communication.

In uncertain times, leaders who in the past endeavoured to provide physical support and safe and healthy working environments might also turn their attention to mental illness and the provision of emotional support. Some approaches to leadership are complementary. Others could represent alternatives that are in different positions on a spectrum. A balance might need to be struck, for example between proactive and reactive leadership.

Climate change and environmental, pandemic and sustainability challenges might necessitate a review of corporate purpose. The value of purposeful leadership for engaging and securing commitment can depend upon the nature of the purpose articulated. It might benefit from involving key stakeholders in the formulation or selection of a corporate purpose. It can be particularly relevant when there is a significant change of direction, purpose and priorities.

### Innovation and Pragmatism

Innovative leadership might be an approach that is different, distinctive or novel for some companies. It might be essential for a particular business, or a certain stage in the development of an enterprise. It could be an ad hoc change to address a challenge or seize an opportunity, or a more lasting requirement for coping with an altered situation, a significant shift of circumstances, requirements or resources, or a transition or transformation.

Where innovation and entrepreneurship is required, more attention may need to be given to inspiration and imagination, breaking down barriers to creativity, discovery and experimentation, and giving people greater freedom to explore, invent and test.

Pragmatic leadership could be a means of coping, or doing the best one can at a moment in time in reaction to market or other pressures. It could also be a practical way of combining whatever elements or combinations of other approaches might seem relevant in an evolving situation. At a time of insecurity and uncertainty, it may seem more sensible than attempting to adopt or develop an approach that might not stand the test of time.

Instinctive leadership involves doing whatever seems to be appropriate and following one's senses and instincts rather than a rulebook and selecting a particular approach. When difficult choices and tough decisions are required, the exercise of leadership should be courageous and dispassionate.

### Contemporary and Future Leadership

Replacement or successor leadership may be required. Director and CEO succession should be regularly reviewed, especially in dynamic situations and as incumbents approach the ends of their terms of office. Self-awareness, or an independent and external review might, suggest that a refresh and new blood would be welcome and should be prepared for. There might be barriers that block access to leadership positions by certain groups to be removed.

Given the imperative of more sustainable business practices and lifestyles, more responsible corporate leadership and responsible innovation are required. Regardless of the approach to leadership that directors feel most comfortable with or that they are good at, environmental degradation, carbon emissions and over-exploitation of natural capital must be reduced. Innovation is essential for tackling many issues in the 'too difficult' or 'for later' category.

However relentless incremental change might be, it is unlikely to be enough. In the time available before it will be too late, rapid transition, transformation and innovation in areas from carbon capture to alternative materials must occur. While Government regulation, intervention and other activities can sometimes inhibit and hinder the diversity, vibrancy and experimentation needed for innovation, the capabilities for making it happen are largely within the private sector and dependent upon the direction and leadership provided by boards. ■

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