

# management focus

essential management knowledge for today's leaders

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July/August 2009**

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*The dangers of re-branding  
management development  
as leadership development*

**An interview with:**

Roy Spence and  
Haley Rushing



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# Welcome to Management Focus

... and welcome to the July/August issue.

Increasing use is being made of the term "leadership". Whilst there is considerable overlap between the concepts of leadership and management, the market appeal to providers and users of qualification and short course programmes implies that leadership is a higher level of organizational activity than management. This may be an unrealistic view of organizational activity and ignores the concept of strategic management. However, it may create a market pressure for people to aspire to be leaders rather than managers.

Our featured article identifies four specific potential dangers of re-branding management development as leadership development. These are: the lack of emphasis on the need to match people to situations; a failure to distinguish between process and task leadership; the general lack of obvious pathways for people to become leaders rather than managers; and neglect of the development of critical managerial skills. Read our article to find out more.

Named Ad Man of the Year and Idea Man of the Century, Roy Spence has been interviewed by *The Wall Street Journal*, *USA Today*, *The New York Times*, *BusinessWeek* and *Fortune* for his perspectives on advertising, marketing and finding and fulfilling an organization's purpose. Haley Rushing is co-founder of the Purpose Institute along with Roy Spence. Over the years, Haley has helped a number of the country's most visionary organizations develop business strategies that are founded on a strong core purpose and authentic core values.

Discover what Roy and Haley have to say about purpose-based branding, product extensions and diversification strategies, and the "economic Armageddon" in our exclusive interview.

According to the International Monetary Fund, we are now in the grip of the most severe recession since World War II. This latest issue of *Management Matters* discusses the fiscal fiasco and asks: Is there light at the end of the tunnel?

To expand on the topics highlighted in *Management Focus*, log on to our website at <http://first.emeraldinsight.com> where you will find an extensive collection of articles, interviews and executive summaries.

Best wishes,

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# The dangers of re-branding management development as leadership development

**T**he term “leadership” is increasingly used as a label to describe programmes in the generic area of management education and development. The distinction between leadership and management is difficult to define exactly, if only because there is no commonly agreed definition of the term leadership. There is also considerable overlap between the terms “leadership” and “management”.

Differences can be that leaders depend on popular support for their position

whilst managers are appointed. A traditional distinction is that leaders are visionaries who operate at a much more strategic level than managers. This can give competitive advantage to providers of leadership programmes because of the implication that users will be on a pathway to a higher level of organizational activity and position.

The educational value of programmes operating under the banner of leadership will depend on the matching of what is on offer to the needs of users and the effective delivery of programmes. However, there is a

danger that the use of the term “leadership” may distort what is on offer and adversely affect the matching of actual needs and programme content.

## Potential dangers in re-branding

Much useful activity may be subsumed under the heading “leadership”. Yet, there is a danger that important activities may be neglected in favour of more fashionable concepts and activities concerning leadership, some of which may be even counter-productive.

**Danger 1. Undue emphasis on generic qualities, as opposed to situational leadership**

Some people may have strong generic abilities that enable them to lead effectively in a variety of situations. However, account also needs to be taken of the situational requirements of leadership, or the contingency approach. Effective leadership and/or management involve an appropriate matching of abilities to situations. An understanding of the situational requirements of leadership may help people adapt as situations change but the ability of people to adapt to significantly different situations may be quite limited.

A related issue is that the generic qualities that may be associated with leadership may be so numerous that it is unrealistic to find them in the same individual. This problem is compounded by the need for people to have specific expertise as well. Lists of leadership qualities may also become platitudinous. Furthermore, some generic attributes may be the opposite of each other, for example, patience and boldness. What is critical is that the person in charge in a given situation has those key qualities that are crucial in that situation.

**Danger 2. Not distinguishing between process and task leadership**

It is necessary to distinguish between process and task leadership. Tasks need to be undertaken within a framework – whether formal or informal, or both. The danger is that people can be so preoccupied with the task in hand that the organizational framework that is necessary for a task to be tackled may be inadequate. It is usually necessary for someone to create the framework within which tasks can be identified and progressed. The more complicated the task, the more likely it is that task leadership needs to be distributed among a variety of people including those providing process leadership. If the nominal leader of a group neglects

**“There is a particular danger that heroic-type leaders, who believe they are operating at a higher level of conceptual thought than their colleagues, are over-dominant, lack the skill to get the best out of their team and place insufficient emphasis on the use of facilitation skills”**

process leadership and gets too involved in task issues, group performance may be poor.

There is a particular danger that heroic-type leaders, who believe they are operating at a higher level of conceptual thought than their colleagues, are over-dominant, lack the skill to get the best out of their team and place insufficient emphasis on the use of facilitation skills. The distinction between process and task leadership is as important for those labelled managers as those labelled leaders. The danger is, though, that leaders feel they must always be taking the lead and neglect process leadership and also the concept of distributed leadership.

**Danger 3. Confusion about pathways into leadership and management**

The problems of defining the term “leader” compound the problems of defining pathways into leadership. Leaders cannot normally start off their careers in senior positions and operate at a more strategic level than most of their colleagues. The route into the more easily and conventionally defined role of manager is, however, much clearer. The entry point into most organizations is normally into a specialist department. Career progression into positions involving managerial responsibility is usually in an escalator-type fashion, as specialists gradually accumulate an increasing amount of responsibility for managing other specialists.

It is difficult to see how in most organizations those aspiring to senior positions can bypass the escalator type progression. The reality is that most people on leadership programmes are somewhere on the managerial escalator, with aspirations of progressing further along it. The funding for leadership-type education and development is likely to be for people in this position.

**Danger 4. Seeing too sharp a distinction between operational and strategic management (or leadership)**

Whilst there is clearly a distinction between operational and strategic management, there are also important linkages. Management does not exist in a vacuum and those operating at a

strategic level need to have an understanding of the operational limitations and opportunities in the area they are managing. In addition it is difficult to see how people can operate at a strategic level without having first gone through a managerial apprenticeship.

The process skills involved at the operational level may also be very similar to those needed at a strategic level. These include the identification of objectives, prioritization, delegation, motivation, communication, negotiation and handling meetings effectively. Unfortunately, the biggest problem that most organizations may have can be the neglect of such activity and skills by those in senior positions in favour of their historic areas of specialist work which may be best done by others. This is similar to the neglect of process skills in favour of task activity previously explained.

**Demand for leadership programmes**

There is a range of interpretations of the term “leadership” and this makes it difficult to distinguish between it and the more easily defined concept of management. However, there is a growing market emphasis in the educational market for both the supply and demand of leadership programmes and activities. This appears to be because of the assumption that leadership can be a higher level of activity than management.

Much that is useful may be organized under the heading of leadership and it may not matter whether such activity is labelled leadership or management. The danger comes if leadership programmes and activities are distorted, particularly for status reasons, away from real needs and even into some counter-productive activity.

**This is a shortened version of “The re-branding of management development as leadership development – and its dangers”, which originally appeared in *Industrial and Commercial Training*, Volume 40 Number 5, 2008.**

**The authors are W. David Rees and Christine Porter.**





**Roy Spence is chairman and CEO of GSD&M Idea City, a leading national**

**marketing communications and advertising company.**

Roy has been named Ad Man of the Year and Idea Man of the Century. A popular keynote speaker, he regularly addresses audiences from the business, government and non-profit communities.



**Haley Rushing co-founded the Purpose Institute along with Roy Spence.**

**The Purpose Institute is an organization dedicated to helping clients discover and articulate their purpose and values in the world.**

Over the years, Haley has helped a number of the country's most visionary organizations develop business strategies that are founded on a strong core purpose and authentic core values, including Southwest Airlines, Wal-Mart, Charles Schwab, World Market, Texas A&M and, most recently, the American Red Cross.

**Alistair Craven: Can you give us a quick definition of purpose and its importance in a business?**

**Roy Spence and Haley Rushing:** A purpose statement is a definitive statement about the difference an organization is trying to make in the world. It's the reason why a company exists beyond making money. And it's important because it drives everything:

- It drives decision making: you can look at an opportunity or a challenge and ask yourself, "Is this the right thing to do, given our purpose? Does this further our cause?" If it does, you do it; if it doesn't, you don't.
- It drives meaningful innovation: employees are inspired to find new and fresh ways to fulfil the purpose of the organization;
- It drives consistency: purpose acts as an anchor that holds the organization steady during tumultuous times and also acts as a North Star to guide you on your way as you journey towards your agreed destination;
- It drives performance: study after study has shown that purpose-driven organizations ultimately achieve higher levels of performance than comparison companies which, ironically, are focused exclusively on profit.

**AC: Product extension and diversification strategies are often**

# *It's not What You Sell, it's What You Stand for: an interview with*

## **Roy Spence and Haley Rushing**

**Interview by Alistair Craven**

**called upon when organizations struggle in difficult times. Can such strategies interfere with purpose?**

**RS and HR:** Having a purpose in place can make sure that product extension and diversification are pursued in an intelligent way. Hallmark has a very noble purpose: to create meaningful connections that enhance relationships and enrich lives. Imagine the product extensions and sectors into which they might get that directly fulfil that core purpose in new and exciting ways.

Or take the incredibly eclectic and diverse Virgin. Their purpose is to be a consumer champion by identifying markets where, in their words, "the customer has been ripped off or under-served, where there is confusion and/or where the competition is complacent", and make a difference by re-writing the rules of the game through the well-defined values of Virgin.

From that purpose-based perspective, Virgin is wide open to pursue any sector that is not serving the customer well and could use a healthy dose of Virgin values to redefine the experience; hence, a portfolio that includes everything from telecommunications to travel, financial services, leisure, music, publishing and retailing.

**AC: Can you tell us about purpose-based branding?**

**RS and HR:** The simple fact of the matter is this: great brands are born out of great leaders, who have created great organizations that create something that actually matters to people. True to the name, purpose-based branding is simply the process of building a brand based on the fundamental purpose of the company (that stands in stark contrast with companies that want to build their brand based exclusively on the perceived value created through the advertising alone).

We look at every advertising assignment and think about how we can use it as an opportunity to communicate the purpose of

the company in an intriguing, relevant and compelling way. We find segments of the population that share the values of the brand and would recognize the value of the brand in their lives and then we connect with them based on their unique media habits. And we're constantly measuring the results that we get in the marketplace and making improvements to the work as needed.

We've developed purpose-based branding as a powerful tool;

- to tell the world what a company stands for;
- to attract and inspire employees who share their values; and
- to face the realities of the current market situation and address them with powerful and persuasive messaging.

**AC: Are there any closing comments you wish to make?**

**RS and HR:** When the dust settles from this economic Armageddon, the only companies and organizations left standing will be those who actually stand for something beyond making money. Without a purpose that improves people's lives and contributes to the greater good, organizations will struggle.

It is our hope that business leaders and entrepreneurs will use the current crisis as an opportunity to re-evaluate the core purpose of business, to go beyond the exclusive and relentless drive to maximize profit and increase shareholder value at any cost. Instead we propose a more purpose-driven approach to business capable of creating value for everyone in a more sustainable and real way.

**To read a longer version of this interview visit**

<http://first.emeraldinsight.com>

# Management Matters

## Incisive commentary on topical business issues



### Fiscal fiasco: is there light at the end of the tunnel?

According to INSEAD Professor Jonathan Story, our government officials have been “flying blind” with regard to knowledge about the global financial system and what drives it.

This lack of knowledge leads Story to argue that government fingers are “all over this meltdown”. According to the International Monetary Fund, we are now in the grip of the most severe recession since World War II. The global economy is projected to shrink

by 1.3 per cent in 2009, with a slow recovery expected to take hold next year.

The knock-on effects of the financial crisis are claiming big names. Of the so-called “Big Three” carmakers in the USA, only Ford remains out of the headlines for now. Chrysler has already filed for Chapter 11 bankruptcy protection, and General Motors is now poised to become the biggest corporate failure in US history. Airlines are suffering badly too. Ireland’s Ryanair announced in June its first ever loss, and British Airways reported in May a staggering £401m loss – its biggest ever.

Interestingly, only a handful of economists saw this “Mother of all Crashes” coming, though there were plenty of indications that all was not well. Story refers to an essay by Australian Prime Minister Kevin Rudd in which fingers were pointed at “blind ideology” and a failure to regulate “free-wheeling financial markets”. But, whilst Rudd calls for the re-introduction of tighter regulation, UK hedge fund manager Hugh Hendry disagrees. According to him, finance still remains the most over-regulated part of the economy.

Consider this excerpt from Story’s full commentary featured on Emerald Management First:

*“In general, financial market regulation toughened over the decades from 1980 to 2008. This was particularly the case in the UK, where Chancellor Lawson supervised the putting in place of a tight regulatory framework, paralleling the subjection of labour markets to statutory law. Indeed, the regulatory framework introduced by Gordon Brown was arguably less strict, and, when put to the test of the markets in 2007-2008, failed completely. Similarly, it was the Clinton administration in 1999 that scrapped the Glass-Steagall Act, whereby commercial and investment banks were separated. The Clinton-Blair ‘third way’ amounted in effect to giving a freer hand to lightly-regulated financial institutions. Indeed, the Sarbanes-Oxley Act, passed in 2002 under the first Bush administration, significantly extended the regulator’s powers in the hope of preventing corporate and accounting scandals, surrounding the failures of Enron, Tyco, Adelphia, Peregrine Systems and WorldCom.”*

So where do we go from here? Story contends that, while consumers wait, “politicians are running around like headless chickens hoping that, through their hyper-activity, something will improve.” This is neither inspiring nor reassuring. However, maybe there is some light at the end of the tunnel. Story believes that we should not be surprised if the world’s financial problems disappear “as quickly and as unexpectedly as they broke over us”, and concludes, “Those who get their own houses in order will be well placed to prosper in the upturn.” Only time will tell whether or not he is correct.

If you would like to know more about what Professor Story has to say about the global financial crisis please visit [http://first.emeraldinsight.com/articles/story\\_crash.htm](http://first.emeraldinsight.com/articles/story_crash.htm)





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“ **Final thought ...**

The three great essentials to achieve anything worthwhile are, first, hard work; second, stick-to-it-iveness; third, common sense. ”

Thomas Edison

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