

Sharing Power; A CEO's Most Effective Management Style

By Tom Northup, April 2007

Since the 1950's most businesses have used the command and control style of management. Traditionally managers using this style are assertive, decisive and controlling. They take risks and make changes with a high energy level while demanding that others work to their expectations.

In recent years, management experts such as Jim Collins in his book "Good to Great," have shown that a more effective way to develop excellence is to share power with key people in the organization. Shared power leads to shared knowledge. Shared knowledge leads to stronger performance. Performance drives results.

The New Business Reality

Businesses used to have a lot of time to react to market changes. Today, rapidly changing technology and the speed of information transmission has greatly compressed the business cycle.

In today's pressure-packed business environment, management must quickly react to rapid changes in market conditions if it wants to drive the company to realize its vision and deliver sustainable results. Managers may even find that fast changes threaten the very existence of the organization.

Companies get the results — good or bad — that they are designed to get. A management team that works together to proactively effect change becomes a major organizational strength. If your vision for the future differs from your current situation, if you want different results, then you must change the way you manage. If you don't, how can you expect results that are different from those you have already achieved?

The New Personal Reality

Until a few decades ago most people worked for just one or two organizations their entire career. Today workers move from job to job and career to career with little difficulty.

Younger employees have not experienced hard times and lean business cycles. They are used to highly charged environments where technology regularly challenges them to improve job performance. They expect to gain responsibility and become part of the decision making process quickly.

Organizations create excellence by hiring highly effective employees and giving them challenges. Good managers, to keep good employees in today's highly mobile job market, create an environment where management values employee expertise and rewards their contributions. Good people don't leave their position for higher salary and benefits. They leave because they don't feel appreciated or effective in their position.

Benefits of Sharing Power

These four benefits of sharing power are instrumental in developing excellence in the organization and competitive advantage in the marketplace. They are:

1. Planning

The single most important activity a CEO can undertake is to develop and implement a strategic plan. An effective leader understands that allowing his team to contribute to determining the direction the organization will take leads to highly effective planning. Good planning raises the team's effectiveness to a level that can't be reached by any other means and creates a very strong team working with mutual trust and shared accountability.

2. Best Thinking

Wise leaders know that sharing power generates organizational best thinking far above that which one person can accomplish alone. They draw on the combined wealth of knowledge that employees, with their differing professional interests, experiences and perspectives, bring to their jobs.

3. Change Initiatives

In today's competitive environment management must react quickly to rapidly changing market conditions and incorporate transformational not just directional changes. Real change is self motivated. It's not that we do not like change. What we do not like is to be changed. When leaders don't involve employees in discovering the need for change and don't involve them in the change plan, the employees become "change plan critics." Employees must take intellectual and emotional ownership of change initiatives. They must understand how their job relates to the vision of the company. When they are part of the change process they develop personal commitment to the outcome.

4. Organizational Culture

Effective employees of all ages want challenges. A recent workplace study evaluating job satisfaction found the top three areas of importance were:

1. Corporate culture
2. Opportunity to use skills and abilities
3. Opportunity to learn and be creative

The area most commonly thought to be in the top three, financial reward, was number nine on the list.

The way people perceive their company has a significant effect on their performance. Studies have found that a positive company culture can produce as much as a 25% increase in employee performance. By sharing power the effective CEO cultivates a results-based culture of enthusiastic, motivated, and confident employees committed to achieving their organization's future vision.

Summary

Sharing power is an effective method of planning, developing best thinking, creating positive change and a molding a culture where people want to work.

Shared power is the catalyst that:

- Raises the effectiveness of an organization to a high and sustainable level.
- Develops individual and team focus tactically and strategically.
- Builds personal motivation among team members.
- Encourages members to become change agents, not change critics.

Successful CEOs understand that one of their most important high payoff activities is to build a culture where sharing knowledge becomes routine. Managers encourage their teams to think more strategically and build best thinking into the organization every day. Change is a constant in the positive culture of the company.

The result of sharing power is organizational excellence. The company builds a competitive advantage in the marketplace by being proactive and leading rather than by being reactive and following.

Successful leaders have many of the traditional traits we value. They differ in one key area. They use their power and demonstrate their competitiveness through working with and through people. They exhibit social awareness through developing others, understanding their organization, being a change catalyst and building cooperation and teamwork. Daniel Goleman, in his research on emotional intelligence, has confirmed that these are the key competencies of a highly effective manager.

Effective leadership is about working with and through people. President Eisenhower said it well, "You do not lead by hitting people over the head - that's assault, not leadership."