

# Leadership: The Effective Use of Power

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Rapidly changing political and economic environments have created far greater challenges for companies than at any time in recent decades.

Politically we face significant uncertainty in regulations and taxation. Economically, we will experience an extended period of stagflation.

For many companies, recovery from this severe downturn will take longer than we had hoped or planned for. To survive we first cut costs and streamlined processes. Now we must develop an effective strategy to build value in this new environment. If we wait passively for our market to improve, we put ourselves at a competitive disadvantage. We must be proactive in sales and marketing and we must generate effort and new ideas from our employees.

Continual advancements in technology that shorten product life cycles complicate these efforts to deal with the new economy. Since these changes are transformational, we must adapt or face severe consequences. The old adage must be changed to: "If we keep doing what we have always done, we will NOT get what we have always gotten."

To keep up, you must transform your company to build value and become an outstanding, growing, profitable market leader. The people in your organization carry out that transformational change and they do it best when you focus your team on the key issues you face. Effective leadership is the necessary catalyst that drives the strategic transformation of your company.

Your company is perfectly designed to get the results you are now getting. If you want to change these results you must change the way you operate or end up in the insanity trap – doing the same things over and over and expecting different results.

You no longer have the luxury of time to drive change. Time is the enemy, which puts great pressure on senior managers. The way you use power is the key leadership factor that creates the successful transformation of your company.

One common leadership style is based on individualism. This leader succeeds or fails on the decisions he or she alone makes. Senior leaders with years of success trust their abilities and instincts and are prone to tell rather than ask. Personalized power of this type is self serving and ineffective at building a high performance, results oriented culture.

You are the boss. Your position gives you authority and responsibility. To be effective, you must earn respect and permission from your employees. Your success depends on your relationships more than on your abilities. You build this socialized power on the common goal of improvement led by the team.

Your key managers want to contribute to the direction and initiatives of your organization. Empower them to take charge and to feel good about their contributions. As you build your organization with committed employees, effective change and positive performance become self sustaining.

To share power jointly and equally is a personal decision and is critical to your effectiveness as a leader. It is the best method of planning, developing best thinking, and creating positive change. When you build a confident, motivated, enthusiastic team working together to meet the vision of the organization, you build a strong results-based culture. The result is organizational excellence with a strong competitive advantage. Your company is proactive and leads rather than being reactive and following.

By now you, like most companies, have cut costs and streamlined processes. However, if you passively wait for your market to return to old levels, you will lose the competitive battle. To improve your competitive advantage you must focus on your market and customers, build better relationships with them, and increase the value they receive.

In today's economy customers have multiple options. You must make the key success factors that drive their buying decisions into core competencies in your organization.

Accounting principles teach companies to focus on customer revenues as transactions. It is more effective to think of customers as assets. One asset you have complete control over is your relationship with your customers. The value of a customer you have properly nurtured and developed is the major key to sustainable profitability and future growth.

Most organizations can substantially improve customer relations. As a Bain & Company Survey found, "80% of companies believe that the service they provide is superior. Yet, only 8% of customers describe their experience as superior."

In their book, *How to Survive a Sluggish Economy*, Smith & Rutigliano state, "While many industries have customer 'satisfaction' levels that reportedly range from 75%-85%, the numbers for customer engagement are substantially lower, averaging about 18%."

All organizations have three potential interactions with customers and clients: products, services, and relationships. If you focus merely on product, you're engaged in a price-sensitive environment. If you also focus on service, you differentiate your company from others and demonstrate more value. Focus on your relationships with customers and you develop loyal evangelists for your business who will always give you the benefit of the doubt in good times and bad.

You must transform your company to thrive in these new political and economic realities. Since people make changes, the transformation of your company depends on you developing your team to plan and execute change. Successful leaders build a culture where sharing power becomes routine. They 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.

Effective leadership is the necessary catalyst for strategic transformation. Leadership culture is the single most important factor in determining the level of organizational productivity and achievement, which create your results. Sharing power is the most effective leadership behavior for building a self-sustaining organization over the long term.

Increase the value your customers receive and you will build an outstanding organization that is a profitable, growing market leader.