

BUSINESS

Leadership, sustainability and learning how to think

The way businesses were managed last century do not apply today but how can a leader adapt to the demands of the 21st century?

John O'Brien

Leadership for the 21st century is a very different beast to that in the 20th century. The world is complex, more interconnected, yet more isolated: employee expectations are rising, social networking is changing communication, we have information overload and, as people become richer, communities are becoming less connected and individuals more isolated.

It is therefore no surprise that the way businesses were managed last century does not work today. Yet, big companies and many teaching institutions still rely on the theories that were developed in the US in the 1960s and churn out managers who are not prepared for the challenges that lie ahead.

Most management theories use linear, causal relationships to explain individual outcomes. In practice, outcomes are rarely so straightforward

in the real world. The classic example of this is the setting of Key Performance Indicators (KPIs) to motivate employees. Whilst KPIs may motivate the achievement of targets, creating engaged, committed and productive employees is a much more complex problem. Issues such as 'Do employees feel valued?' and 'Do they feel as though they are being listened to?' are hard to capture with a KPI.

The world has changed immeasurably since my parents' generation. They faced the challenges of the Second World War and, for my father, the aftermath of the Irish civil war of the 1920s. These challenges were immediate and confronting and required strong leadership and strong community spirit to endure and overcome. I used to think that our current challenges were not so different, even if less tangible or immediately threatening.

However, we live in a world with seven billion people, vastly increasing average wealth and

reducing resource availability. According to the Global Footprint Network, we now need 1.4 planets worth of land to meet our collective annual needs and, each year since 1986, we have been exceeding the earth's capacity to produce. The management systems and corporate structures of the past have served us well to date by driving economic growth through utilising both human and environmental resources. However, in the face of the need for sustainability, the current systems are under strain – maybe suffering from 'sustainability'!

Companies that will thrive recognise the changing elements of a 21st century world. The sustainability of a company's operations in terms of economic viability, employee relationships, community impact and environmental footprint is central to their strategies. It also becomes engrained into the company's culture: 'The way things are done around here'.

How can a leader now adapt to the demands of the 21st century? Can the thinking of the

Systems Thinking is also being increasingly recognised as a core requirement to help manage in a complex, non-linear world. Donella Meadows eloquently describes how 'to dance with the system' to help guide its outcomes rather than the futile attempt to exert control over it.

Appreciative Inquiry is a way of driving organisational strategy based on appreciating the strengths of the organisation, envisioning the ideal outcomes and then working with staff and stakeholders to create this emergent future, all without fully understanding how it is going to be achieved.

Authentic Leadership underpins and provides the basis for great leaders. According to Bill George writing in the *Harvard Business Review*, the journey to authentic leadership has three elements: having an understanding of the story of your life; working hard to understand yourself; and focussing on long term outcomes. He writes, 'the integrity of authentic leaders helps to sustain organisational



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past be sufficient to navigate a path towards a better future?

Being a successful leader today requires learning how to think in new ways. Above all, there is a need to connect with individuals, whether employees, customers or other stakeholders, and to attract them towards common goals. This stands in sharp contrast to the old command and control attitude of telling and coercing staff to behave in particular ways. To me, the key aspects of learning how to think for a 21st century leader include the following:

Emotional Intelligence (EI) emerged in the 1990s as a form of social intelligence that allows us to monitor and shape both our own emotions and those of others. In studies, there is a far higher correlation between 'success' and having a high EI than there is to having a high cognitive intelligence or IQ rating.

results through good times and bad'.

Leadership has always been more of an art than a science, despite attempts to quantify and define its components. To be successful, leadership in the complex and interconnected world of the 21st century now requires new ways of thinking to harness strengths and influence positive outcomes for companies, employees, the community and the environment. Leaders that seek out these new ways of thinking will find that they are able to positively influence the future in ways unthought of by previous generations, and the world will be a better place as a result.

John O'Brien is Managing Director of Australian CleanTech. He is also an Adjunct Lecturer in the Adelaide MBA at the University of Adelaide Business School.

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