

# Management is definitely not leadership



13 October 2016 by Paul Smith, Executive and Business Coach

Probably the reason so many well managed Melbourne companies end up on the scrapheap is a misunderstanding of what leadership really is. And this misunderstanding seems to be commonplace throughout corporate Australia.

Many conversations I have had with clients and professional friends regarding – say world events, including the Australian political landscape quickly veer, as these things often do, into a discussion about how individuals can keep large, complex, unwieldy organizations operating reliably and efficiently.

That's not leadership, I explain. That's management — and the two are radically different.

In more than four decades of studying businesses and consulting to organizations on how to implement new strategies, I can't tell you how many times I've heard people use the words "leadership" and "management" synonymously, and it drives me crazy every time.

The discussions remind me once again that the confusion around these two terms is massive, and that misunderstanding gets in the way of any reasonable discussion about how to build a company, position it for success and win in the twenty-first century. The mistakes people make on the issue are threefold:

## Mistake #1

People use the terms "management" and "leadership" interchangeably. This shows that they don't see the crucial difference between the two and the vital functions that each role plays.

## Mistake #2

People use the term "leadership" to refer to the people at the very top of hierarchies. They then call the people in the layers below them in the organization "management." And then all the rest are workers, specialists and individual contributors. This is also a mistake and very misleading.

## Mistake #3

People often think of “leadership” in terms of personality characteristics, usually as something they call charisma. Since few people have great charisma, this leads logically to the conclusion that few people can provide leadership, which gets us into increasing trouble.

In fact, management is a set of well-known processes, like planning, budgeting, structuring jobs, staffing jobs, measuring performance and problem-solving, which help an organization to predictably do what it knows how to do well. Management helps you to produce products and services as you have promised, of consistent quality, on budget, day after day, week after week.

In organizations of any size and complexity, this is an enormously difficult task. We constantly underestimate how complex this task really is, especially if we are not in senior management jobs. So, management is crucial — but it's not leadership.

Leadership is entirely different. It is associated with taking an organization into the future, finding opportunities that are coming at it faster and faster and successfully exploiting those opportunities. Leadership is about vision, about people buying in, about empowerment and, most of all, about producing useful change. Leadership is not about attributes, it's about behaviour. And in an ever-faster-moving world, leadership is increasingly needed from more and more people, no matter where they are in a hierarchy. The notion that a few extraordinary people at the top can provide all the leadership needed today is ridiculous – and it's a recipe for failure.

Some people still argue that we must replace management with leadership. This is obviously not so: they serve different, yet essential, functions. We need superb management. And we need more superb leadership. We need to be able to make our complex organizations reliable and efficient. We need them to jump into the future — the right future — at an accelerated pace, no matter the size of the changes required to make that happen.

There are very, very few organizations today that have sufficient leadership. Until we face this issue, understanding exactly what the problem is, we're never going to solve it. Unless we recognize that we're not talking about management when we speak of leadership, all we will try to do when we do need more leadership is work harder to manage. At a certain point, we end up with over-managed and under-led organizations, which are increasingly vulnerable in a fast-moving world.

## In conclusion – a Story of the 3 Differences between Managers and Leaders

I had a meeting with a young manager the other day. “I've been reading all about leadership, have implemented several ideas and think I'm doing a good job at leading my team. How will I know when I've crossed over from being a manager to a leader?” he wanted to know.

I didn't have a ready answer given his circumstances and it's a complicated issue, so we decided to talk the next day. I thought long and hard, and came up with three tests that will help you decide if you've made the shift from managing people to leading them.

## Counting value vs. Creating value

You're probably counting value, not adding it, if you're managing people. Only managers count value; some even reduce value by disabling those who add value. If a diamond cutter is asked to report every 15 minutes how many stones he has cut, by distracting him, his boss is subtracting value.

By contrast, **leaders focuses on creating value**, saying: “I’d like you to handle A while I deal with B.” He or she generates value over and above that which the team creates, and is as much a value-creator as his or her followers are. Leading by example and leading by enabling people are the hallmarks of action-based leadership.

## Circles of influence vs. Circles of power

Just as managers have subordinates and leaders have followers, managers create circles of power while leaders create circles of influence.

The quickest way to figure out which of the two you’re doing is to count the number of people outside your reporting hierarchy who come to you for advice. The more that do, the more likely it is that you are perceived to be a leader.

## Leading people vs. Managing work

Management consists of controlling a group or a set of entities to accomplish a goal. Leadership refers to an individual’s ability to influence, motivate and enable others to contribute toward organizational success. Influence and inspiration separate leaders from managers, not power and control.

In India, M.K. Gandhi inspired millions of people to fight for their rights, and he walked shoulder to shoulder with them so India could achieve independence in 1947. His vision became everyone’s dream and ensured that the country’s push for independence was unstoppable. The world needs leaders like him who can think beyond problems, have a vision and inspire people to convert challenges into opportunities, a step at a time.

I encouraged the manager to put this theory to the test by inviting his team-mates for chats. When they stop discussing the tasks at hand — and talk about vision, purpose and aspirations instead, that’s when you will know you have become a leader.

Agree?

**So to summarise, effective leadership will take many forms. But at its core, it necessarily includes the ability to:**

- **Articulate a strategy**
- **Establish guiding principles**
- **Make decisions quickly, efficiently and effectively**
- **Earn the trust of your people, include them in the process, treat them fairly, keep them informed and above all else communicate effectively**
- **Keep the organisation focused on the positive outcomes**

Therefore a definition of Leadership for this writer is simply –

“To maximise the expectations, the positive hope of the outcomes that come from change – while minimising the fear of change for those involved.”

Therefore to understand the opportunities in the marketplace and lead the organization to those opportunities, we maximise the positive hope and minimise the fear of change for our people involved.