



A question of leadership

What happens when corporate values operate without strong leadership? **Mike Johnson** and **Chris Roebuck** look at how company heads need to step up to the challenge of becoming true business leaders for the new century.

Undeniably, the juiciest business story of the year has been the calamitous events surrounding the ability of Jerome Kerviel at Société Générale (SocGen) to run up a trading loss in excess of €5 billion. Was it simply that the systems and controls did not work?

This is not a story about SocGen, it is much bigger than that. And it is not confined to the financial services industry either. It is about how we manage and lead, or rather do not manage and lead in the 21st century.

Class divide

Today, there is far too much of a disconnect between those at the very top of our businesses and those below. If you look back at similar stories over the years (Sumitomo, Barings, Daiwa, Allied Irish, Bank of Montreal), you will find that subsequent investigations blamed the failures on failed leadership.

This has also been a major contributor to the current sub-prime crisis which, in the search for a quick profit, saw many top financial organisations throw out their leadership values.

Look at today's big business model and compare it with 40 or 50 years ago. In the 1960s, most businesses were led by engineers, bankers and chemists. They all had one thing in common – they knew stuff. They had become leaders by accident. Today, the business world is complex and we rely on people with finely honed, niche skills. In global markets, those in top management often have only the slightest idea of what their employees are up to.

Jerome Kerviel has stated in interviews that all he wanted to do was be a big success, make lots of money for his bosses and earn a hefty bonus. If that is the only culture there is, and if that is all he was judged by, then all the controls in the world will not prevent it going wrong. When you have a culture based on profit and little else you are in trouble from day one.

Make connections

What is needed is to reconnect senior managers with the people in the business. And not some HR initiative either, no matter how well

intentioned, but a real connection that pierces the bubble, implodes the vacuum and puts the organisation together again. It must come from the leadership and be maintained by those in the C-suite. Do not give this to Human Resources; it is not for them. The key points must be:

- Senior management must spend real time with those that make the money, the leaders and future leaders at all levels, those who generate the ideas and interact with the customers. The new power elite, the traders, IT engineers and biochemists have to be able to talk openly with those at the top.
- There is more to a business than profit at any price. These recent events show that this model is not only bad, it is very expensive too. Change the model, change the culture and become more profitable in the long term.
- Take responsibility. Real leaders, at all levels, do not run away. In the complex world of big business, a blame culture is just as poisonous as a profit-above-anything culture. Talk, support and take responsibility.

The moral of this? Aim for a well-led, open culture where effective leadership is the only control you really need. ■

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