

Values-centred leadership – practical tools for SMEs

First published in “Organisations and People” Volume 14, Number 3, August 2007 and reprinted with permission.

Overview

To small to medium organisations (SMEs), the notion of improving the quality of their leadership may seem abstract and academic. However, the success of any organisation depends creating the conditions in which its employees are able to contribute fully and effectively. All manner of obstacles may prevent this. This SME case study discusses how a focus on values-centred leadership involving staff at all levels can form the foundation for the review and improvement of critical processes including approaches to customer service, business processes, communication, employee management and development, and reward policy.

Keywords

Leadership; Transformational Leadership; Values; Communication; Performance; Engagement; Involvement; SMEs.

Growing pains in SMEs – the ownership to leadership dilemma

Most small businesses are founded by one or two people. As they grow, many see the issues around employing staff as being largely about getting the right skills and compliance with the law. They can manage the burden of employment legislation and its practical implications by using specialist employment law advice and insurance services. This way, they can be reasonably sure that if they follow instructions, they will not go far wrong as they recruit staff, draw up employment contracts and manage performance and reward. This is essential, but is it enough?

In the early days of the growth of a small enterprise, the interplay between the founders and a very small number of staff is still manageable and the company may still transmit its original pioneering spirit. Disagreements can be both excruciatingly visible, and also more easily resolved while people are working in close proximity. The dilemmas for business owners as they take on more staff is how to maintain quality, how to keep up the energy which drove them to start the firm, and how to sustain growth.

What should they delegate? How do they let in new thinking which may challenge their sense of ownership? How do they keep talented people? Why are people less committed than they used to be? How can they be sure that they have not just the right skills, but the right attitudes for their business? What do they do when promising newcomers fail to perform? These are questions more about leading the business than about running it.

Clues from leadership research

Most research on effective leadership has been done in big organisations. Case studies on global brands such as BP, Nokia, Hewlett Packard, Glaxo SmithKline and Unilever are the backbone of leadership literature. What clues does studying these ‘elephants’ offer to what Charles Handy¹ would call the ‘fleas’ of the business world?

From Buckingham and Coffman² (1999), to Goffee and Jones³ (2006) and Gratton (2007)⁴, writers on leadership have repeatedly emphasised authentic leadership, effective communication, and engaged employees as critical in successful organisations. Goleman's (2002)⁵ leadership competency framework highlights the importance of emotional intelligence, creating a rounded view of effective leadership in which self-knowledge is pivotal.

Previously taboo words such as “spirituality” are finding a place in the thinking of progressive organisations. Their leaders are realising that when people genuinely co-operate, the result is



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far richer than when they compete from entrenched silos. Highlighting three key principles to healthy development: learning, growth and nourishment, Glaser (2005)⁶ uses the striking metaphor of turning a cancer cell back into a healthy cell to describe the effects of toxic, low energy workplaces and what needs to happen to turn them around. Zohar and Marshall (2004)⁷ have created a sophisticated motivational table based on Maslow's (1943) hierarchy of needs⁸ to illustrate the draining capacity of negative motivations and the wholly different energy created by shared values and deep purpose.

There have been detractors from this groundswell. Early in 2003, Management Today (MT) published a series of articles on the characteristics of successful leaders after the millennium. In one of these, Stern (2003)⁹ suggested that the era of 1990s emotionally intelligent leadership must give way to a new brand of mental toughness in the face of sluggish market conditions. Touchy feely leadership theories would have to be rethought, he insisted. Goleman (2003) was quick to point out¹⁰ that in fact, the attributes listed in Stern's article, including self-belief, self-control and resilience, were also among of the competencies of emotionally intelligent leaders.

Leadership is not neither wimpy nor easy. One contributor¹¹ to the debate on MT's letters page commented that humility, the ability to acknowledge mistakes and seek better solutions was also a key leadership attribute. Humility helps growth, but requires courage.

What has all this to do with SMEs?

When growing pains strike, the dividend that small companies derive from involving staff and freeing them to contribute fully is potentially huge. The smaller scale of operations allows for the involvement of a large proportion of the workforce in awareness raising and contributing to solutions, with the payoffs of heightening their sense of inclusion and raising energy and creativity.

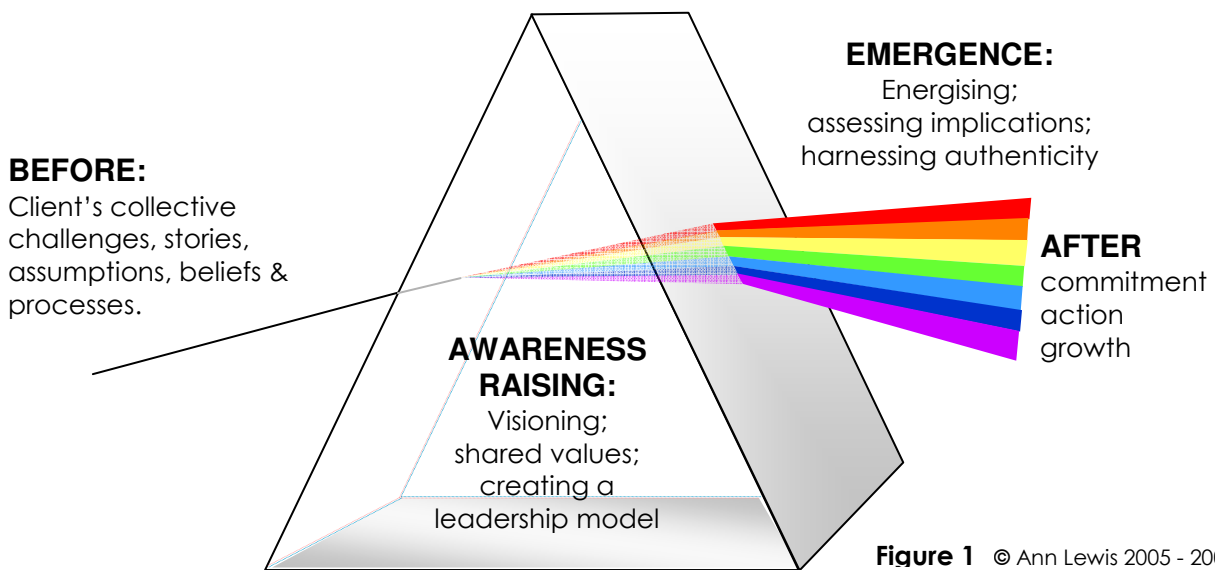
The transformational prism

For this to work, I suggest that top management needs to be willing to explore how input from experienced staff can improve the operation, and open to the concept of transformational leadership, however it is described in practice.

Over time, I have developed a model for describing this transformation process. It uses the metaphor of a prism, which splits visible energy (light) into its component colours (the spectrum) and gives a fuller picture of its composition. (figure 1). The starting point is the current energy in the organisation, informed by its challenges, its stories, assumptions, beliefs and current business processes.

The transformational work begins within the prism, as we get back to the basics of the client's vision for the organisation, and the values that underpin its work. These are often (though not always) vague at the start. From a clear vision and values, we create a "leadership model" defining the characteristics and behaviours of a leader in the organisation. The model sharpens up the sense of what leadership is and of what it means in the client's context. It ultimately applies to all leaders in the organisation, thus creating a shared perspective. Once the model is drafted, employees are invited to contribute to the final version and to begin to get involved in finding the way forward.

With vision and values clear, and a roadmap for leadership agreed, the implications of this for the current and future state of the business are assessed. These will be different for every company. This important step forms the basis of an action plan for development. In the model I refer at this point to "harnessing authenticity" – the moment when people begin to bring their whole selves into play.



As changes are made, the continuing involvement of employees and managers is critical to the success of this change process. They have lived with whatever difficulties have developed, and are well placed to know what improvements will best help. Equally important is simplicity. This process is ultimately about pragmatic change and continuing flexibility. Overly rigid processes and procedures can hamper progress and are avoided.

Case study: Frontline Telephone Answering Services (TAS)

Based in Hampshire, Frontline TAS was founded in the mid-1990s by Tricia Jones. It provides a 24-hour answering service, 365 days a year. Frontline's success depends on maintaining consistently high standards in the work of its highly trained operators. Having initially used manual record systems, the Company now employs state of the art call handling software.

In 2004, Frontline moved to new offices in a high quality new development. Very soon, to Tricia Jones's surprise, staff morale dropped, despite the move to 'ideal' surroundings from relatively cramped conditions. People were grieving for the familiarity of the old office, and the move highlighted cracks in the consistency of service delivery which had not been apparent when people were physically closer both to each-other and to their boss.

It is important to Jones that staff not only deliver a good service, but that they are happy to work at Frontline. She says "to give a good customer service, you've really got to think beyond yourself, to the customer, and I think that everyone was too inwardly focused, too insecure about where they sat themselves, and about what was going on. That really stopped them from giving good service." She set out to understand and reverse the downturn and asked me, her coach, to help her do it.

Creating a leadership model

Initially I worked with Frontline's senior management team as they devised an approach to taking their company forward, based on identifying an overarching vision, and creating a values-centred leadership model. They began by answering such questions as:

- What is your vision for Frontline?
- What does leadership mean to you?
- What is important to you about the way you treat people in Frontline?

- How do you want your customers to see you?
- How do you make sure you communicate this?
- What is good about your communication with your customers? With your staff?
- What needs to improve?

Using Kline's (1999) "Thinking Meetings" approach¹², Individual views were shared, and the team created a vision statement and a draft "leadership model", comprising elements of their answers to these questions, and thus closely tailored to Frontline. Working in a "Thinking Meeting" allowed everyone to contribute equally, without interruption and with mutual respect. We were already starting to model the way Frontline would develop its relationships.

The vision identified by Frontline's directors was "to give the best customer service in our sector in the UK". It was stretching and aspirational, but would enable them to benchmark their performance on a range of measures against others in the industry.

After the initial workshop, I facilitated a meeting at which the top team invited staff from across Frontline to comment and help develop the leadership model. The meeting was frank, open and animated, and resulted in a model which describes the values and behaviours of a Frontline leader, and puts respect for customers and colleagues at its heart (see table 1).

Once staff were involved, the energy in the Company began to shift. Tricia Jones says of this period, "...it made everybody feel that something was being done. They were able to air their views of what they felt was going on, and (together) we developed a plan of action to correct it. And that was brilliant. The ownership from the people was vital, I think."

Using the model to review and develop business processes

Armed with an aspirational leadership model, the top team set about assessing what it meant for running an effective service. We involved some staff in creating a customer care statement, from which to identify the standard of customer service expected (see table 2), and to enable them to understand and deliver this on a personal and committed level.

Then we asked staff what needed to happen to make the customer care statement a reality. An improvement in clarity was top of the list for many employees. Jones remembers "... a lot of things were in my head. I felt I had all the knowledge. As long as I was there, saying "do this, that and the other", it worked. I wanted to rise above it. I wanted it to work without me there. I had quite a bit of input at that time – I was doing accounts, training, all sorts of things, and eventually we trained other people to do those things".

Over several months, we laid the foundations for future development. The principle underlying Frontline's review of its business and HR processes was simplicity. No processes were created for their own sake, and each one was kept as streamlined as possible. It was also really important that Jones and her team could progress independently of outside help once the foundations were in place, and the organisation has developed organically as it has matured. The new leadership model was used in

- Creating the Customer Care statement.
- Creating the role of team leader, and training a group of team leaders to ensure that each shift was managed effectively and to hand over any unresolved issues from one shift to the next to ensure that they are resolved speedily.
- Helping to identify the qualities and skills of an effective Frontline operator, and translating these into a competency framework and training needs analysis.
- Developing a unique "traffic light" training system, which now takes new staff from straightforward call handling to complex and sensitive call management in a carefully structured and monitored development programme. The traffic light system is also used to colour-code different customer call 'scripts' so that operators have an immediate indication of the potential level of complexity of a call.

- Creating a performance management process, which keeps staff in touch with their progress, and enables team leaders to handle performance issues promptly, effectively and with confidence.
- Designing reward structures to reflect the standards required of staff in the future. For operators, this is now linked to the training system, and trainees who successfully pass a "competent operator" test receive a pay rise.
- Finding ways to encourage a sense of belonging and company spirit in all members of the team. This has led to formal and informal events and initiatives.

Other organisations would have different priorities. Some of the work was done with my help. Key projects such as the development of the traffic light training programme were undertaken by Jones and her team.

Keeping up the momentum

Since the initial work was done, Frontline has continued to refine how it operates and to incorporate its new ways of working into subsequent developments. For example, Jones says "Team Leaders now come in ten minutes before the shift and leave ten minutes after the shift, so we have a 20 minute handover. And then each day, David, the Operations Manager, will look at their reports, and we can see if the same things are coming up, and work out where the problem is. Is it a training issue? Is it that we need to educate the customer? So it just keeps continuously improving the service."

Maintaining effective communication continues to be a challenge, and Jones is very keen to work with people's priorities and commitments. Handovers work well, but attempts to set up regular meetings for team leaders to exchange learning were not immediately successful. "They work shifts, and they've got families" she says. "So we've come up with the idea of call conferencing. Once a week they'll all dial in from home. They'll be conversing with each-other. And I think that will, again, keep the communications open a bit more." The intention is in line with the company's ethos, and the solution is as practical as possible for staff. In a sector notorious for high staff turnover, Frontline has kept most of its people, and some are returning after leaving to try other ventures.

Reflecting on the journey her company has taken, Jones says "One of the biggest things that I've learned is that you can sit there and ponder a situation that comes up, and wonder what's gone on, but it's ever so simple – you just go and ask somebody, 'what do you think?' And you get the answer. But that seems to be the hardest thing to do for a lot of businesses."

Three years on, Frontline has more than doubled its turnover and is poised for significant further growth. Tricia Jones believes that putting leadership and customers at the heart of the service has made a significant contribution to its success. She is clear that what made the difference is the engagement of people. "I think the staff know that we listen to what they say and do. It's worth them speaking out now, because we take notice of them" she says. "If we're open and honest with them, then we get the same back, and so it has proved to be, time and time again."

Author details

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(Table 1) Leadership in Frontline:

A Frontline leader...

...understands and communicates the vision (*to give the best customer service in UK*).

...promotes a successful business.

...involves and supports all our people in taking things forward (including night and weekend workers).

...consciously grows a positive culture, challenging negativity and asking for solutions.

...puts processes in place; trains thoroughly and monitors performance; regularly gives constructive feedback; delegates appropriately.

...deals with mistakes promptly.

...supports, and is supported by colleagues.

...behaves with honesty, respect and integrity.

(Table 2) Frontline Customer Care Statement

Frontline Customer Care Statement

In providing our service we will all:

- Respond professionally at all times, with honesty, integrity and respect, and without being judgmental.
- Treat each caller personally, with friendliness, empathy, respect and an appropriate response.
- Give the right information, with a positive attitude, consistently and with confidence.
- Own each call, by
 - Taking responsibility for the call from start to finish
 - Supporting each-other
 - Answering calls as requested by clients
- Work from an understanding of the customer's needs, and promote the customer's business.
- Control the call to produce the best possible outcome, effectively, efficiently and precisely, by listening and repeating back, explaining to, and respecting, the caller.
- Acknowledge mistakes and problems, by
 - Communicating to those who need to know, with adequate explanation
 - Updating on progress
 - Following through to ensure the problem is dealt with
 - Being honest, and big enough to admit mistakes, and putting them right
- Do what we say we will do, by
 - Underpromising and overdelivering
 - Going the extra mile
 - Treating callers and customers as we would want to be treated.

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