



STATE OF AUSTRALIAN LEADERSHIP

January 2015

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Introduction

In December 2014, People At Their Best surveyed a wide range of leaders and managers across Australia to better understand the current state of leadership in Australian businesses. Specifically, we wanted to understand the leadership challenges Australian business leaders are facing; the skills and behavioural areas they feel strong in; and those areas they feel they need to develop. We limited our research to these three areas only so as to better allow us to draw more reliable conclusions about the state of leadership in Australia.

Global Context

There has been a raft of reports recently commenting on Australian leadership and employee engagement. The Australian Institute of Management, for example, has found that a significant proportion of managers do not have the skills they need to be successful in their roles.

It is clear from the hundreds of organisations we have worked with that many leaders struggle with basic responsibilities, especially lifting the performance of their teams. There is no doubt that these capability gaps contribute to Australia's sluggish productivity and competitiveness.

For the first time, effective leadership has emerged as the key driver determining worker engagement and the retention of employees – this is according to recent survey conducted by Towers Watson of 32,000 employees in 26 countries, including Australia.

The survey also found that Australian workers are more critical of the leadership of their bosses. Only 44% of Australian employees surveyed said their leaders were effective, compared to 52% of their international counterparts.

A lack of interest by leaders in their people is driving widespread dissatisfaction in the workforce and resulting in organisations failing to get the best out of their employees.

This research stresses that employees want clearer direction from their leaders. Australians want their leaders to be very good at clarifying direction and the vision of their organisation and we see this as a clear capability gap for Australian leaders.

More so, we believe our society needs business leaders who know how to cultivate engagement and discretionary effort amongst their workers. There is a direct correlation between effort and performance and huge productivity, performance and profitability gains to be made for those organisations who know how to build a deep connection with their people.

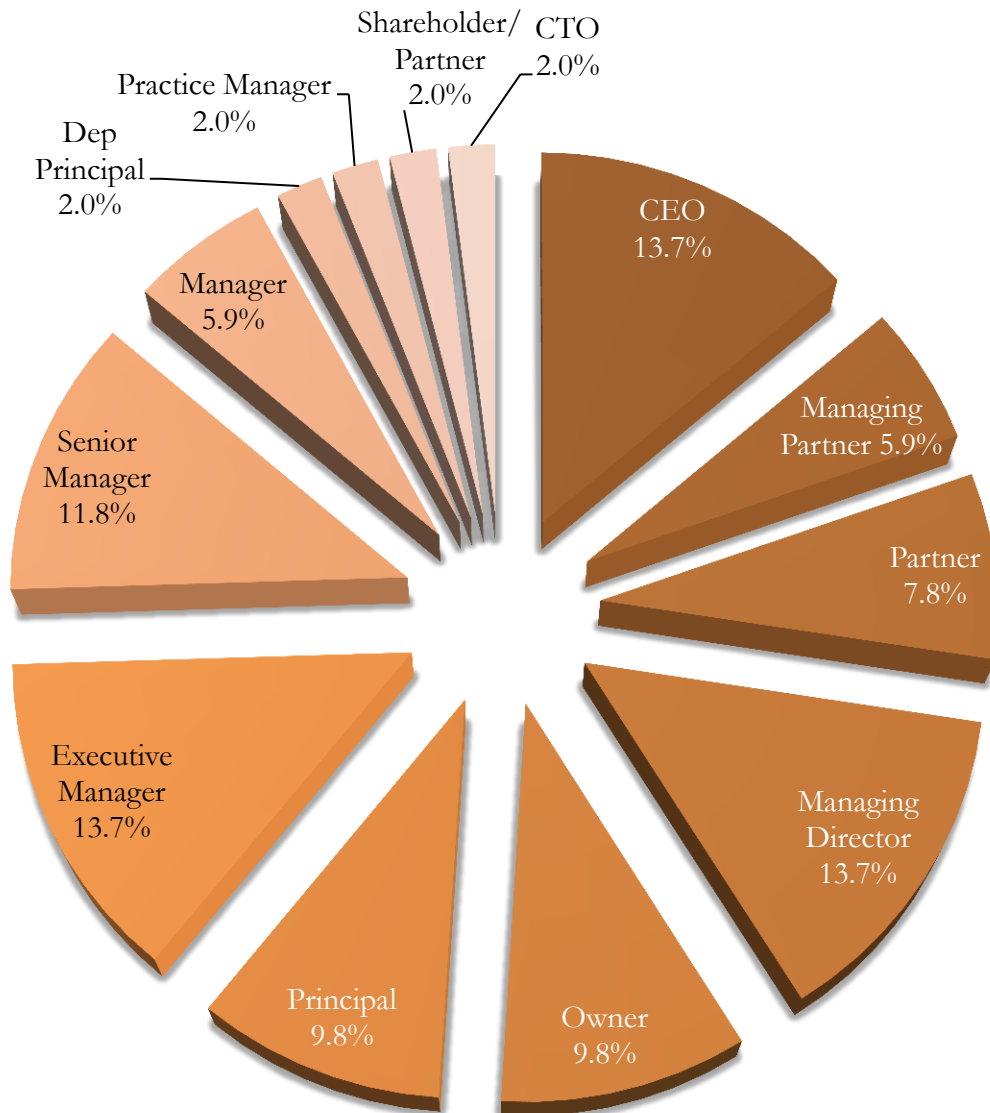


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What level is your current role?

The survey results contain perspectives from a wide range of respondents at various levels of leadership across Australia with the most numerous of the 13 categories being CEO, Executive Director, Managing Director and Senior Manager.

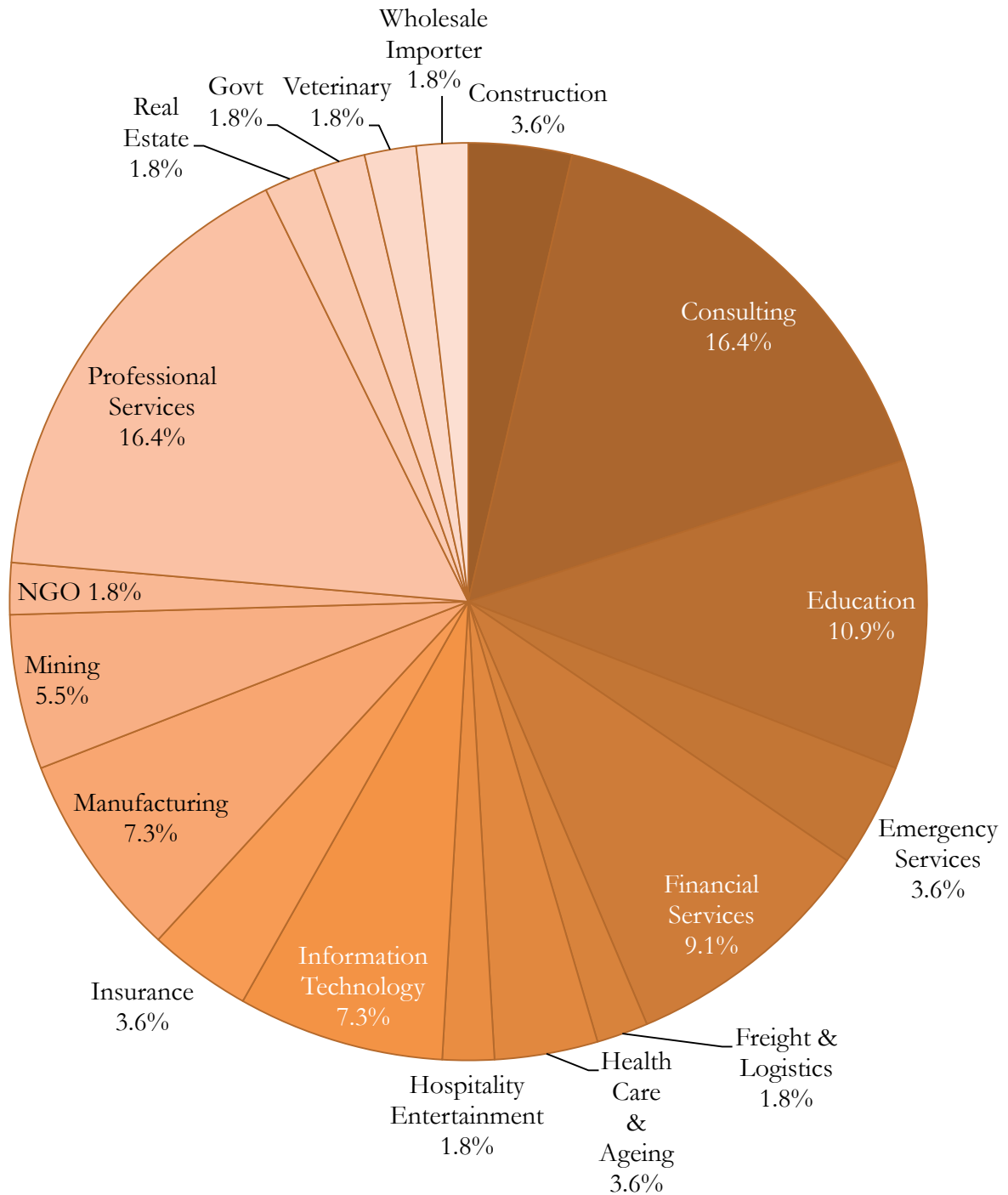


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What industry are you in?

The survey results contain perspectives from leaders across 18 industries within Australia.



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What are the main leadership challenges you are currently facing?

Not surprisingly, many of the challenges noted by respondents bleed into each other and overlap. Another way of describing this is that many respondents reported similar challenges but did so using different language.

We have highlighted respondent comments below that surfaced time and time again during the survey. The comments in the shaded area below were the most common responses rather than representing any priority.

- Driving performance of the team: completing tasks within time frames and quality standards
 - Volatile and uncertain environment forcing frequent changes in strategy and tactics
 - Organisational engagement – everyone engaged to put in effort and strive for success
 - Developing a compelling value proposition for stakeholders and engaging with them: managing the value perceptions of customers
 - Aligning individuals, groups and teams with organisational goals, strategic plans and vision – everyone working together towards the same goal and with the same passion
 - Communication issues (organisational direction, lack of information, insufficient rationale)
 - Communication of strategic direction in a compelling and motivating way
- Lack of leadership at the very top of the organisation: lack of leadership development
 - Work/life balance and burn-out at years end (staff & leaders)
 - Developing a cohesive team: Attracting and retaining quality talent
 - Budget pressures: forced reductions in personnel: reduced resources: resource management
 - Slowing sales in a difficult economy
 - Driving staff to increase business development to achieve growth: client acquisition
 - Managing change: influencing others to change; the number of changes
 - Available funding to grow the business
 - Staff turnover & loyalty from stakeholders
 - Managing uncertainty in client behavior: clients wanting to only deal with business owner
 - Developing future leaders and delegating effectively
 - Dealing with peers: internal conflict
 - Being responsive and available to stakeholders
 - Lack of passive income: revenue is time-dependent: commoditising our services
 - Delivering faster, better services at lower cost: customer pricing
 - Having too many objectives: diffused efforts
 - Keeping abreast of the vast range of information: time management
 - Internal bureaucracy and external regulatory compliance
 - Inability to scale

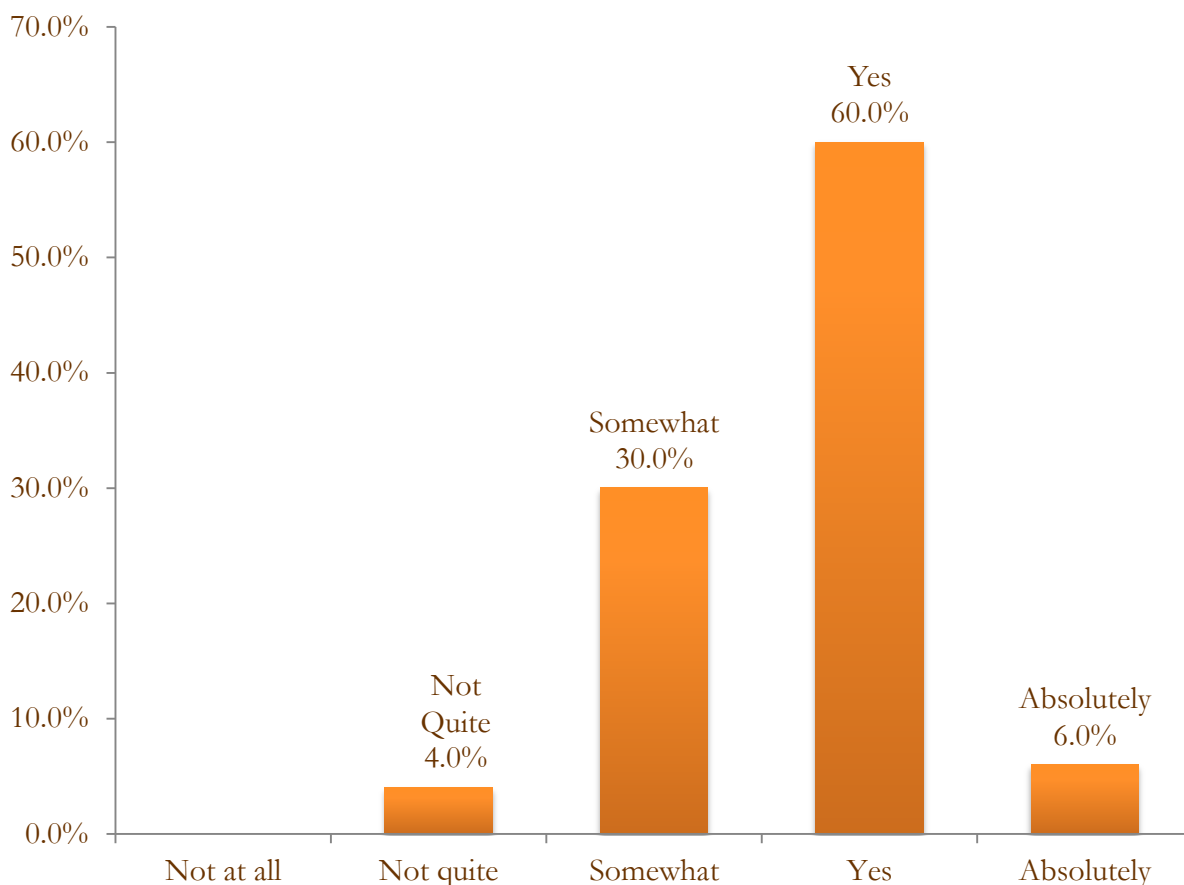


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Do you feel that you have the leadership skills and capability to be successful in your role?

Thirty-four percent of respondents believe that they would benefit from developing their leadership skills while 60-percent report that they ‘feel’ they have the leadership skills to be successful in their roles. It is worth noting that this 60-percent did not report that they ‘absolutely’ have the skills to be successful. Data below indicates that the majority of leaders can identify areas for improvement.



NOTE:

No respondents (0%) selected ‘Not at all’



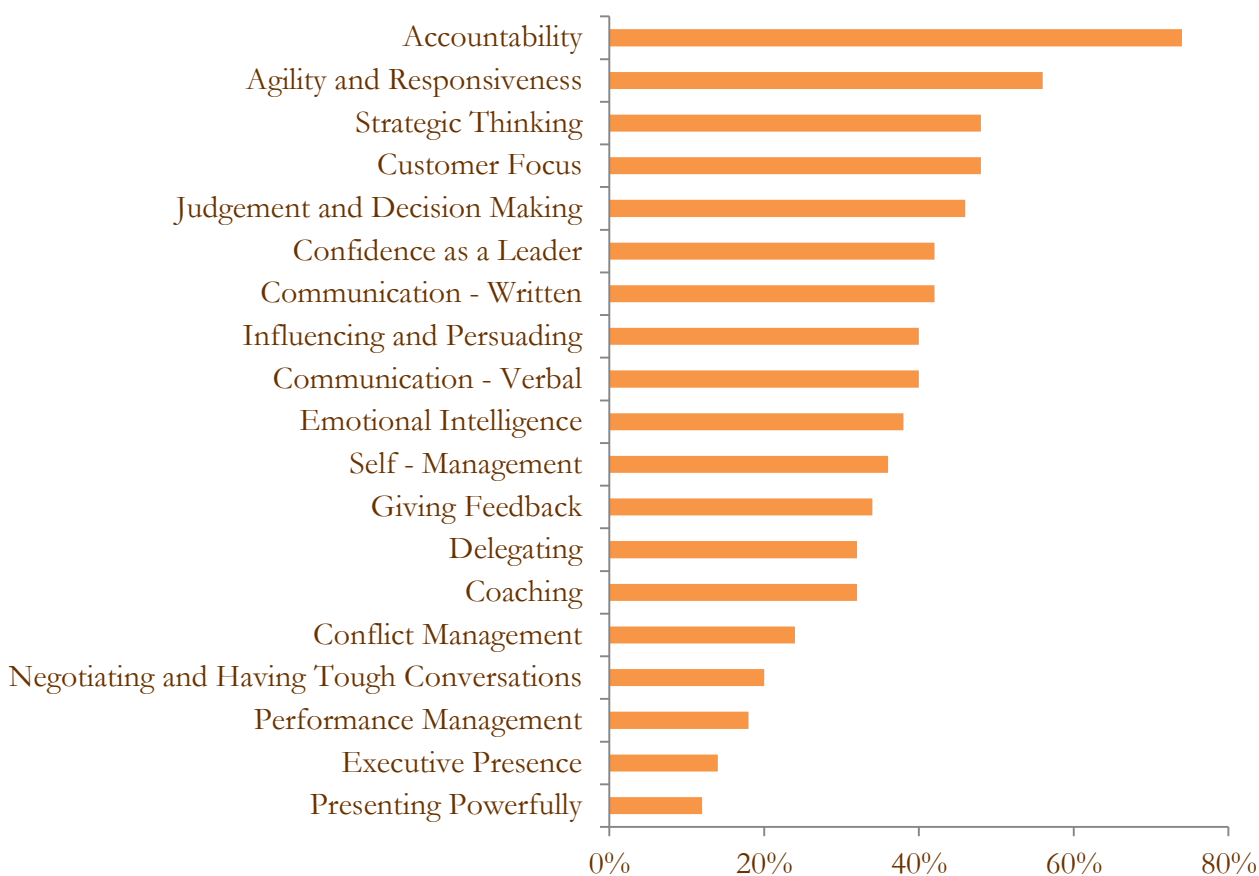
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What do you feel are your main leadership strengths that allow you to do your job well?

Seventy-four percent of respondents felt that accountability was a leadership strength that allowed them to do their job well. Interestingly, a lack of accountability in others is one of the key frustrations reported to us about people in leadership roles.

Consistent with other research (and those areas where we are often asked to assist) performance management and driving team performance are areas many leaders struggle with as is their self-perceptions around presenting powerfully and projecting an executive presence.



NOTE:

1. Respondents were allowed to make multiple choices.
2. Other strengths reported and not included in the list above are:
 - o Listening skills and open mindedness
 - o Being inclusive and patient
 - o Decisiveness
 - o Taking time to think issues through and reflect
 - o Persistence, resilience and stamina
3. Definitions of capabilities appear on page 10

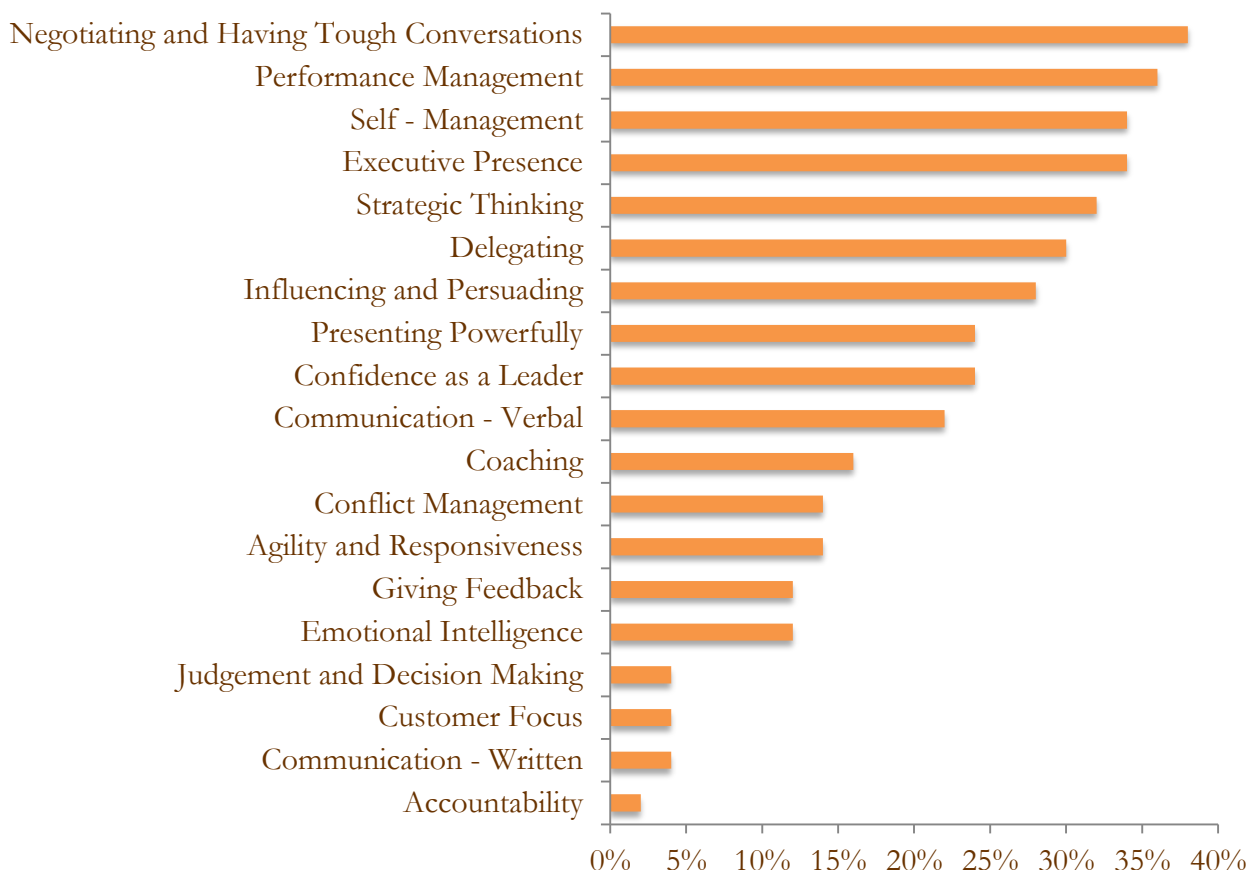


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What are the main leadership skills or capabilities you feel you need to develop to be more successful in your role?

While strategic thinking is considered a top strength (see previous table), it is also considered to be one of the most important areas for development. Likewise, it is clear from the data that ‘negotiating and having tough conversations’ and ‘performance management’ are challenging areas for leaders. This is evidenced in the table below and in the previous table where few leaders feel they have capability in these areas.



NOTE:

1. Respondents were allowed to make multiple choices. Others development areas listed include:
 - o Helping clients to see the value we bring and getting them to pay for it
 - o Developing greater patience to deal with under-performers
2. Definitions of capabilities appear on page 10



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What else would you like to share with us about the state of leadership in Australia?

Many of the following responses may sound obvious but this only serves to highlight some of the fundamental gaps in Australian leadership and how strongly people feel about their leaders and their own leadership. We have paraphrased and amalgamated these responses so as to paint a portrait of the state of Australian leadership. These can be considered lessons or ‘take-aways’ at this time.

- Developing leaders is critical
- Leadership often lacks a longer term perspective and a lack of imagination / there is too much short term thinking when a longer term view should be the norm
- There is a lack of strategic thinking in Australian leadership and no roadmap for how to develop strategic thinking amongst leaders
- There is a lack of alignment behind organisational strategic plans – this can be attributed to leaders and their **inability** to engage people. This lack of alignment undermines organisational performance
- There is a need to distinguish charismatic leadership from actual leadership or leadership where actual results are achieved
- More research is needed around ‘followers’ and what can be done to have people follow enthusiastically
- There is a continuing problem of promoting subject matter experts who are not capable leaders
- Successful businesses are run well. Poorly run businesses fail due to poor leadership
- Many leaders do not have the capability to be successful or to lead their organisations effectively
- Some respondents have noted a decreasing level of integrity from leaders
- Leaders are being rewarded for risk management rather than entrepreneurial skills
- There are not enough strong leaders in Australia
- Accountability is a significant issue – many people noted a lack of accountability amongst leaders
- Many executives are too focused on the numbers and don't see the connection between effective leadership and the alignment of every person to achieve strategic outcomes
- It's often too late before organisations invest in developing leaders and people step into roles without the thinking and skills required – they then make the same mistakes as their predecessors
- Leadership should be about support for others, to help them achieve their full capability
- Leaders need to understand the value of their people and then engage, inspire and coach them to grow – there is a belief that few leaders do this well
- Leaders should be looking at how Australia can expand its horizons in Asia to capture the wealth of opportunity there and to develop business relationships with our neighbours



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Thank You

For those of you who do not know us well, People At Their Best is a team of organisational development, people development and communications experts dedicated to helping people and organisations to perform at their best. We are passionate about delivering programs that drive personal, team and organisational performance.

We would like to thank those of you who participated in our survey for your kind contribution and encourage you to contact us if you would like to discuss your own leadership or the performance of your organisation.

Definitions

Accountability - Being accountable and taking responsibility for personal and organisational success

Agility and Responsiveness - Effectively able to deal with volatile, uncertain, complex and ambiguous situations

Coaching - Effectively developing the skills and capability of others

Communication - Verbal

Communication - Written

Confidence as a Leader - Believing in your capabilities

Conflict Management - Ensuring a productive working environment

Customer Focus - Ensuring the best customer experience

Delegating - Effectively assigning work and authority to others

Emotional Intelligence - Behaving in the most appropriate and effective way particularly in difficult situations

Executive Presence - Being perceived as an effective leader

Giving Feedback - Providing feedback in a manner that continuously improves performance

Influencing and Persuading - Able to motivate others to achieve goals

Judgement and Decision Making - Effectively analysing situations and making quality decisions

Negotiating and Having Tough Conversations - Being able to achieve organisational outcomes

Performance Management - Driving the performance of my team

Presenting Powerfully - presenting with clarity and impact while positively engaging the audience

Self - Management - Planning, Time Management and Goal Setting – Being as productive as possible

Strategic Thinking - Understanding, planning and driving long-term direction



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