LEADERSHIP FIRST – A PRACTICAL GUIDE TO EMPLOYEE ENGAGEMENT

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Executive Summary

Is it a job-seeker's market, or is it an employer's market? The answer to the question depends on when you ask it of course, but that should never affect the way leaders lead. Too many times however, companies behave as they must at that point in time, meaning they work hard to attract and retain employees when employees have a lot of options and then that behavior wanes as the market shifts in favor of employers.

While in the short-term, companies can get away with a lack of true leadership, the price will be paid later. Leadership, in good times and not-so-good times is about inspiring people to bring their absolute best effort to work, enabling achievement of the company's mission, by executing on the vision and strategic plan. Leadership is about setting the team up to succeed; to win as a company and individually. To accomplish this requires transparency, authenticity, humility, empathy and most important, among other leadership attributes, *consistency*.

At best, employees become disengaged and performance drops when leadership is lacking; at worst, turnover will be significant enough to impact the organization's ability to effectively implement its strategy, leading to lackluster progress, falling behind competitors and ultimately, becoming less relevant in the marketplace.

As of the date of this white paper, research indicates the overwhelming majority of U.S. workers are interested in leaving their current employment for a new role, which by logic, seems to indicate a lack of effective leadership.

Introduction/Background

The story is a familiar one; most employees leave their manager, not their company. Before that, "quiet quitting" can be seen, meaning they're still there, but not engaged and only doing what's necessary to avoid being fired. The truth is that people don't want to work for a manager; they want to work for a leader. There's a big difference and business results come from leadership.

Managers manage tasks and resources. Leaders establish a vision and then get people excited about it. Engagement comes from excitement and that's what enables employees' superpowers. But what do employees get excited about? They get excited when the mission matters; when the objectives and strategy are clear and achievable; when their role is meaningful and key to the organization's success; when they feel supported and set up to win; and when those involved are truly working as a team. All these things start to define the culture, and the culture is what defines the character of the organization.

What does this have to do with commercial success? To succeed commercially takes the effort of everyone in the company, since every role impacts the customer experience in some way and the customer experience significantly impacts long-term commercial success. This point is often overlooked, but without the commitment of the entire company, commercial success is at least gated and sometimes impossible.

Worth noting, leadership is not about title, rank, tenure, etc.; it's about who possesses and utilizes leadership qualities, which we'll discuss within this paper.

The Problem to Solve

According to a recently published CNBC article, 95% of Americans plan to look for a new job in 2024. While a substantial proportion seek higher income, undoubtedly a result of exceedingly high inflation in recent years,

there's more to it than that. In a recent [study by Indeed](#), of the 16 reasons they list, one is money and the rest mostly relate to leadership, or a lack thereof. Here's the list:

- Needing more of a challenge
- Looking for a higher salary
- Feeling uninspired
- Wanting to feel valued
- Seeking a better management relationship
- Searching for job growth and career advancement
- Needing more feedback or structure
- Wanting a different work environment
- Looking to live somewhere else
- Feeling conflicted with workplace policies
- Thinking that their job has changed
- Wanting a clearer company vision
- Needing a better work-life balance
- Seeking a more financially secure company
- Wanting more independence
- Looking for more recognition

As important as salary and incentives are, money isn't what inspires people to wake up each morning excited to do what they're planning to spend their day doing; and in fact, even when at-risk employees are offered more money via counteroffer, approximately 57 percent change companies within the following 24 months, according to the [Society for Human Resource Management (SHRM)](#). Money won't keep great employees in place if the underlying issues aren't addressed. Great employees have options and more times than not, they're going to migrate to employers where they can believe in the mission, make a real difference, feel appreciated, learn from their experiences, advance in their career and enjoy the presence of their coworkers.

A recent conversation with a newly graduated college student went something like this. Question: "How's the new job?" Answer: "It's okay for now. The money is good, but at some point, I need to feel like I'm making a difference in the world." There's an entire paper that could be written about the psychology of "purpose" in our work, but what's crystal clear is that people are no longer only interested in working for the sake of money; they want their work to matter.

Recommended Approaches

Mission and vision are often minimized in importance, but time after time, especially with younger generations, the data indicates people want to work for a purpose-driven organization. Employees today want to make a difference in the world, especially given climate change and other significant issues needing improvement, if not resolution. With this, leadership that shows their teams why the work they do is important, is bound to see an inspired team that experiences an elevated level of satisfaction and better results overall.

Engagement leads to teams being able to do things they may have thought weren't possible; and engagement inspires others to think creatively, work hard, collaborate, minimize politics and ultimately, move mountains. Engagement starts with buying-in to the mission and vision of the company, so to a large extent, an engaged team is a function of leadership's ability to ensure the mission and vision are understood, believed and meaningful.

When you're working on a cure for cancer, the mission and vision are fairly easy for most to rally around, but if your organization sells cars, for example, the mission and vision, or at least how they relate to something inspirational, may not be quite as clear. However, even companies with a less obvious ability to change the world generally have a good purpose. As it turns out though, cars, as opposed to horses, enable families to see each other more often; cars get expectant mothers to the hospital in time to deliver their babies; and cars get aspiring students to school. The list goes on, but suffice it to say, the invention of the automobile has actually had a profound impact on the mobility of the world.

Breweries, while not curing cancer or getting kids to school, do provide beverages and environments where people can gather, socialize, laugh and enjoy their downtime. And there are plenty of examples of breweries that are going the extra mile to make a difference. Consider Anheuser-Busch, which a number of years ago set up a scholarship program for the families of fallen military and first responder men and women. Folds of Honor has awarded more than 52,000 scholarships since 2007. What does this program say about Anheuser-Busch? To their customers, partners and employees, it says they care about more than just selling beer; they care about making a difference in the world:

Anheuser-Busch always dreams big. It's our culture and our heritage. But more than that, it's our future. A future where we always look forward. Always serve up new ways to meet life's moments. A future where we keep dreaming bigger. To provide opportunity for our people. Lift up our neighbors. And make a meaningful impact in the world. A future that everyone can celebrate. And everyone can share.

Beyond the mission and vision of the company, engagement is impacted by a number of other factors, many of which are directly impacted by leadership style and effectiveness. Before getting to style, however, it's important to start with the credibility of leadership, because people will only follow those who they believe to be capable of leading. This means that selection of leadership is crucial, meaning those who are obviously well-suited for the job, including background, education, demeanor, etc. People want to know that the people they're following can actually do things; in many cases that they started in an individual contributor role and worked their way up through the ranks from there. Generally, a person who has been promoted to a leadership role for reasons other than competence and merit will not have the level of credibility necessary to lead.

Self-awareness is another vital component of strong leadership, but not all leaders consider this a strong trait. Self-awareness is about being "aware" of the way you think, feel and behave. It's important because it can impact how you see the world and how the world sees you. No leader is perfect, so it's important that they know where there's room for improvement. By way of an example, an experienced leader might feel they bring a wealth of knowledge to the job, but to the younger, less experienced parts of the team, it could come across as that person being a "know-it-all" and therefore not listening to others' ideas. Being aware of this could help the leader to be a better listener and to consider all ideas, wherever they originate.

There are several effective ways to become more self-aware, including asking for feedback from those around you. However, there are a few pitfalls with this approach. To start, a significant percentage of subordinates will be afraid to be honest, whether feedback is asked for verbally, or even by survey. In fact, even with the promise of anonymity, many still won't provide their honest thoughts, because they'll assume they can be tracked by their IP (Internet Protocol) address. With this, it is far better to get honest feedback based on establishing an environment of trust, where team members can be assured they will be rewarded for their feedback and not the opposite.

A big part of trust comes from being authentic. Authenticity conveys honesty, integrity and a genuine interest in what's best for the company, its employees, its partners and its customers. Without this, nobody will believe what you're saying is what you truly believe, which will lead to distrust and an overall lack of engagement. And as discussed earlier in this white paper, a lack of engagement will significantly diminish the organization's ability to do great things.

Humility can be a challenge for leaders as they progress within the organization and their career, because doing well tends to feed a person's ego and sense of self-worth. To the extent success builds confidence, competence and the ability to lead an organization to greatness, it's well placed. However, when ego starts to get in the way of humility, leaders start to become less approachable and therefore less effective. Once this begins to occur, the engagement level of the team starts to wane, and results begin to suffer.

Transparency can be an important way to showcase humility, especially talking about past mistakes made, lessons learned, etc. This builds trust, respect and a feeling of "team," since everyone can learn from each other's past. While there will always be information within a company that is shared on a "need to know" basis, for instance human resource issues, there's a lot of information that isn't sensitive and needs to be shared widely. In MarketWise's white paper, *Executing to Win*, there's emphasis placed on the importance of sharing the company's strategy widely, so that everyone knows the plan, their role and how everything interconnects. The same is true of other parts of the organization, for example key financial metrics, why certain decisions are being made, how investments are being prioritized, etc.

Sometimes, things like gross margin, operating costs, net profit, etc., are hidden from the company's employees, for fear that they'll question the pricing model, their pay and/or the amount going to shareholders of the company. Really, this is only an issue with privately held companies, because publicly traded companies have the duty to report each quarter, meaning anyone can see their profit and loss statement, balance sheet and cash flow. This is the epitome of transparency, so that investors truly know the risks associated with their investments. Why then, is there so much secrecy with some privately held companies, especially given that a lack of transparency likely does more damage than good?

Transparency around key decisions is also critical, because without it, the teams will play the role of "armchair quarterback," which will breed all sorts of theories about why certain things are being decided the way they are. Most leaders learn the hard way that decisions shouldn't be made without as much input as possible, from a variety of perspectives, and that once big decisions are made, the decision and the underlying facts and logic should be shared with anyone within the organization who would logically care. Without this approach, people will feel left out and out of control, which will start to erode engagement.

Especially in environments with employees that are well-educated and career-oriented, the ability to exercise creativity, apply critical thinking and execute with a certain level of flexibility will be especially important. This is not to say that process and a general set of rules and metrics aren't important; they are. However, nobody wants to have their work micromanaged; professionals want to feel empowered to use their own good judgment and then be held accountable for their results. And accountability goes both ways, meaning if individual contributors are holding themselves accountable for their own results, there's an expectation that leaders will do the same.

A common complaint heard from teams is that leadership isn't accessible and/or responsive. There are many organizations, especially larger ones, where the senior leadership team is rarely seen. In fact, there are many organizations where employees wouldn't dare even send an email to a senior leadership team member. This is unfortunate, because it means the leadership team will lose touch with what is really going on within the

company, which will lead to ill-informed decision making and ultimately, results that aren't as robust as they could have been.

On the flip side, there are organizations large and small where the CEO of the company will walk into the employee cafeteria each day and have lunch with the rest of the company's employees, to demonstrate a lack of ego, truly caring about what is happening in people's lives and the desire to hear everyone's feedback.

Responsiveness comes into play especially when a team member is stuck waiting for a reply to continue. There's nothing more frustrating to an employee who is trying hard to push forward, only to have to wait for an unreasonably long period of time for direction. The big contributors on any team do not want to wait arbitrarily to be able to get done what they set out to do that day, so don't make them wait.

One of the most common complaints heard by teams concerning senior leadership is a lack of consistency, meaning when things are good, interactions are positive, but when things trend negatively, interactions can also become negative. One employee commented, "I view leadership not by how they act when times are good, but rather how they act when things aren't." In talking further with this team member, who was a fantastic contributor, he explained that he had seen leaders start to blame others and avoid accountability to try to preserve their own careers. He pointed to a lack of character and integrity with these behaviors.

The last topic to cover is empathy. A little bit of empathy goes a long way, whether for individuals, the team, partners, or the customer. To start, team members are people and as such they have lives outside of work. Sometimes, life presents challenges that can be real obstacles for members of a team and by extension, the team as a whole. Family tragedy, financial issues, illness, problems with children, divorce, etc., can play a significant role in occupying a person's time and mind. A little empathy shown toward an otherwise performing team member can provide that person with some relief and at the same time build trust and a sense of camaraderie amongst the team. Not showing and demonstrating empathy has the opposite effect, meaning leadership will come off as being disloyal, shallow, uncaring and only interested in the financial bottom line.

Before leaving the topic of leadership, it would be remiss to skip discussing leadership styles. According to Harvard Business Review, there are six that are common:

1. Coercive leadership style, which entails demanding immediate compliance.
2. Authoritative leadership style, which is about mobilizing people toward a vision.
3. Pacesetting leadership style, which involves expecting excellence and self-direction.
4. Affiliative leadership style, which centers around building emotional bonds.
5. Democratic leadership style, which involves creating consensus.
6. Coaching leadership style, which focuses on developing people for the future.

Generally, there's not a right answer when it comes to which style to use. Specifically, however, most agree that a coercive style doesn't fit in today's business environment. For the rest, it's key to apply them as the situation demands. For example, an authoritative style might make sense when the company is in startup mode, where the founder has a vision that others are excited about.

A pacesetting style might be appropriate when the team's members are expert at what they do, where there's not much need for daily direction. Affiliate leadership is appropriate in almost all situations, because it's about building an environment of trust, openness, camaraderie, etc., so much so that the members of the team consider themselves friends, and even quasi-family. A democratic style of leadership is also critical, not because everyone decides, but rather because everyone has a voice before decisions are made. If you want the team to

buy in, let them express their ideas and concerns before deciding. The sixth style is about coaching, and every leader should be spending at least part of his or her week doing this, especially with younger, aspiring team members. People who are early in their career want to learn, and leaders should fully take advantage of that desire, because these experiences tend to highlight who the upcoming leaders are.

Conclusion

Effective leadership is what enables the company's performance, but leadership isn't easy and it's not for everyone. To be successful, there's a long list of requirements, including being:

- Mission-driven
- Visionary
- Engaged
- Credible
- Self-aware
- Authentic
- Available
- Humble
- Transparent
- Empowering
- Action-oriented
- Accountable
- Consistent
- Empathetic

Leadership is critical because great leaders inspire more greatness. Alternatively, failed leadership leads to disengagement and lackluster results. What's most important is to remember that leadership is a journey, and we all have room for improvement. They key is to commit to being a great leader, as opposed to being just a manager of people, money, or things.

If you would like to explore this topic further, please contact the author:

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