Why authentic leadership is more important than ever

By Nicholas Barnett, CEO, Insync

The confidence and faith in leadership in Australia and across the world is at, or near, an all-time low. Unfortunately the confidence and faith in our business leaders is no exception.

The spotlight has been shining brightly on the banking industry, in particular, in recent times as a result of what is perceived as their disregard for some of their customers and the community. Many scandals have engulfed the industry and fresh scandals only exacerbate the problem.

The high CEO and executive pays add further fuel to the fire with many customers and much of the community perceiving the pays to be wildly excessive. And this is occurring at a time when employee numbers are being cut and pay rises for the masses are minimal or non-existent. It is little wonder that many employees and much of the community see so many CEOs and executives as only interested in themselves and their shareholders.

Trust in some not-for-profit institutions and their leaders has also been tarnished in recent times. Some of those institutions have been perceived to have been more concerned about their own interests and the reputations of some of their leaders than the rights and interests of their stakeholders, including the vulnerable and children. The significant cover-ups of cases of physical and sexual abuse have rocked the community to its core.

Politicians have not been immune from the claim of being self-serving and catering to their own interests.

Employees and the community are calling out for authentic leadership

So how can the faith of employees, customers and the community be restored?

It certainly won’t be restored by putting out more fancy advertising and marketing campaigns that tell us everything is rosy.

Shayne Elliot, CEO, ANZ Bank was quite bold when he recently admitted that most of the senior employees of ANZ are the elite despite its old slogan and multi-million dollar advertising campaign, ‘we live in your world’. He explained that he and his senior executives who live in suburbs like South Yarra in Melbourne or Double Bay in Sydney and work in one of ANZ’s corporate offices don’t live in the real world of their everyday customers.

That is the sort of authenticity that the community would like to hear and see a whole lot more often. There’s nothing wrong with saying sorry and admitting you have made a mistake. In fact it is a sign of great strength, although many leaders don’t see it the way. Most are very reticent to say sorry or admit they were wrong.

If you say you are sorry or admit to a mistake it is important that it is done in a genuine fashion. A PR team might advise saying sorry or admitting a
What we do is a function of the purpose that drives us.

mistake, but it is best not to say it if you don’t really mean it. People will pick up on any insincerity a mile away.

Change required from the inside out
If new advertising and marketing campaigns won’t help then what will?

Promising change and saying you’ll do things differently next time won’t cut it either if you and your organisation don’t begin the process of changing from the inside. What we do is a function of the purpose that drives us. We will always revert to the purpose that drives us, particularly when times get tough.

But if you discover a new higher order purpose with your team and genuinely embed that into your culture so it becomes a way of life, you will begin to change and shape a whole new character and identity from the inside out. Your new purpose will also act as the foundation stone for your strategy, all your plans, decisions and actions.

The transformation of our leaders and their organisations by discovering and living a higher order purpose is the only way to rebuild the faith and trust that has been lost.

The paradox of chasing higher profits
Many companies are discovering that the relentless pursuit of profits can provide a short-term boost but it is simply not sustainable. Greater profits at any cost will almost certainly end in tears.

Taken to its extreme, employees become expendable as they are simply a cost and even customers will be brushed aside if they don’t contribute sufficiently to profits. This might add to short-term profits but is likely to harm employee trust and engagement and therefore your long term prospects.

If your company is seen by your customers and the community to be simply interested in increasing its profitability, at the expense of the interests of some of your customers and the community, it will be costly either now or in the future. The big four banks are finding that out right now and the loss of trust and respect is not just costing them millions — it is costing them billions — the new Federal Government’s $6.2 billion banking levy is a case in point.

Discover and embed a new purpose
Also paradoxically, many companies in Australia and across the world have found that discovering a shared and worthy purpose with its employees and then embedding that purpose into its culture can transform the company, empower and energise employees, build a sustainable competitive advantage and build greater organisational capacity and shareholder return over the long run.

As purpose shapes a whole new identity from the inside out it becomes a magnet that attracts like-minded employees, particularly millennials, who are looking for a company that is different and has a higher order purpose. This becomes an important source of meaning and fulfillment for employees that unlocks significant additional discretionary effort, productivity and innovation.

A sustained and authentic leadership is required
Engaging employees in a new purpose is only the start. Sustained and authentic leadership will be required if your new purpose is to become deeply embedded and ultimately your organisation’s new way of life. The same goes for any transformational change program. There will be pockets of cynicism and areas of pushback but your leadership and commitment must be resolute.

Employees and others will be watching to see if you and the rest of the leadership team’s actions and behaviours are consistent with your new purpose and the values you espouse. Walking the talk will be crucial.

Everyone is watching — all the time
The explosion of the internet and rise of social media means that everyone is watching everything you do all the time, everywhere. They are not just watching what you do at work, they are watching what you do outside your work too. Those watching extrapolate any of your inappropriate actions and behaviours outside work to what you might do or be like at work.
And the watching is magnified manyfold for leaders, particularly those that have a prominent government, business or religious position. If you do anything slightly unexpected or out of the ordinary it can be tweeted or pictures and videos can spread the world in minutes.

As they say, reputations of leaders and organisations can take many decades to build but they can be smashed in seconds.

And employees and others aren’t just watching and listening to the big things that you do. They are also watching and listening to the very little things too.

The big impact of little things
A head of people and culture told me how she was finishing up a session with her team on some important OH&S training for a segment of the company. As soon as the training was finished her CEO said in front of others, ‘thank goodness that is out of the way, now please come and join the rest of the executive team so we can now get on to something that is important to this company’.

That CEO’s few words undermined the entire people and culture team and trivialised the OH&S training program without him even knowing it.

As leaders we give prominence to or trivialise actions and behaviours all the time so we need to be extra careful with every big and little thing we say and do.

What you don’t do sends a big message too
David Morrison, former head of the Australian Army, said, in a widely televised video about sexual relations, that what you walk past as a leader you are really saying you condone. And everyone is watching what you walk past and extrapolating what they think you condone.

A new CEO explained to me how he read what he thought was an inappropriate email on the first day of his new job. He called in the person who had written the email pointing out that in his view it was inappropriate.

The word went around that company like wildfire that certain things that were previously considered appropriate were no longer appropriate. The new CEO did not have to say or do anything else. A different message may have been conveyed if he had let that email go without taking action.

Be the authentic leader you were born to be
In Roman times there were many sales of what looked to be beautiful marble statues. However on a really hot day some wax began to weep out of the marble if it had been used to cover a chip or crack that the sculptor didn’t want to be noticed.

Discerning buyers began to examine their marble statues after they had been put over fire knowing that any wax or other fillers would run out and expose any chips or cracks. Imperfect sculptures were exposed. The genuine article was said to be ‘without wax’.

It is often difficult to diagnose whether someone is the genuine article until they are put under pressure, as that is when cracks will often appear. Those that are the genuine article will not reveal any cracks even under immense pressure. They will display resilience and endure and stay true to themselves and their organisation’s purpose and values even against seemingly insurmountable odds.

It is more important than ever for our companies and our leaders to be without wax — to be the authentic leaders they were born to be!

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Reference
Barnett N and Howard, 2017, Why Purpose Matters: and how it can transform your organisation, Bookbaby.