# VII. Leadership and Management

- Leadership Exercise
- Leadership
- The Management Team
- Responsibility and Authority
- Hiring People
- Compensation Plans
- Management Failure Exercise
- Achievement and Non-achievement

# *Leadership Exercise*

- *Think of an individual with whom or for whom you have worked who was or is an inspiring leader.*
- *Try to identify the top three characteristics that lead you to this judgment.*

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# Leadership

- *Leadership is vision, knowledge, drive, confidence, optimism, openness, humanity, and caring. It is direction and guidance that inspires dedication, confidence, and achievement. It is required to inspire and bring out the best in people, and to give them the courage to survive the tough times. Effective leadership sets and molds the corporate culture. (#51)*

# Leadership (cont'd)

- Examples of leadership
- Positive and negative effects on morale
- "Good leaders get things done by example." (Denny Doyle)
- "What kind of a company do we want? ... We want to develop a more humane community." (Dwight Wainman)

# Examples of Leadership

- Gates       Microsoft
- Olson       DEC
- Potter       Cognos
- Zambonini       Cognos
- Burgess       Alias Research
- Martin       Smart Technologies
- Wainman       Taxprep, CaseWare, GreenWare

# Positive Effects on Morale

- Results
- Good news
- Any news
- Praise, celebration of achievement
- Being listened to
- Leadership

# Negative Effects on Morale

- Missing or almost missing the payroll
- Crisis management
- Lack of direction, indecisiveness
- Company going nowhere
- Inadequate resources or working conditions

# The Management Team

- *It is essential to have a management team of compatible and versatile individuals who have complementary skills and shared values; one-person bands will not succeed.  (#52)*

# Need for Management Team

- A variety of skills required
  - Leadership
  - Management
  - The facilitation of technological innovation
  - Technical
  - Marketing
  - Sales
  - Finance

# Need for Management Team (cont'd)

- The need for backup
- A forum for exchanging ideas and debating strategy
- A source of moral support
- The importance of versatility

# Responsibility and Authority

- *You must delegate responsibility and accountability for a task to be accomplished, and authority — the tools with which to carry out the task; otherwise there will be no ownership, and hence little commitment, little striving, and little achievement. A desirable goal is collective responsibility shared by members of a committed team. (#53)*

# Hiring People

- *Hire only the best people; use every avenue at your disposal, including multiple interviews and careful reference checks, to ensure that this happens. (#54)*
- Clearly applies to Microsoft
- Emphasized again and again by successful guest entrepreneurs who visit the class
- My 30 years of experience with this
- The pitfalls of crisis hiring

# Compensation Plans

- *Compensation should be significantly based on success and the achievement of objectives, and must be meted out with fairness, consistency, and openness.* (#55)
- Kinds of compensation
- Performance and salary reviews

# Kinds of Compensation

- Salary
- Bonus
- Profit sharing
- Stock options and share ownership
  - Pricing of options
  - Vesting of options
  - Termination of options

# Performance and Salary Reviews

- Establishing agreed-upon goals
- Evaluating achievement of goals
- Carrying out the performance review
- Establishing corporate salary scales — Plot curves of salary versus experience for different job categories
- Carrying out the salary review

# *"Management Failure" Exercise*

- *Think of a time when you have quit a job or almost left a job.*
- *What were the most important reasons you did this?*

# Achievement

- *Employees need and resonate to praise; be generous in recognizing, acknowledging, and rewarding achievement. (#56)*
- Why people leave a company

# Why People Leave a Company

- Not feeling appreciated
- Not being treated fairly or consistently
- Not making enough money
- Not being challenged
- Inadequate opportunity for advancement

# Why People Leave (cont'd)

- More money, challenge, opportunity elsewhere
- Uncertainty about own future
- Uncertainty about company's future
- Frustrated by management indecisiveness or perceived incompetence

# Non-achievement

- *Be courageous, decisive, and clear in recognizing and openly confronting non-achievement, defining and communication necessary behaviours, and documenting discussions, plans, and progress or lack thereof, and in firing those that despite these efforts do not perform.  (#57)*
- Layoffs — Non-achievement by the company
  - If you have to cut, cut deep!
  - Examples: Alias Research, SoftQuad

# Management of Non-achievement

- Open discussion
- Identification of causes
- Plan for cure
- Monitoring of progress
- Documentation of discussions and plans, progress and non-progress

# Management of Non-achievement
(cont'd)

- If improvement is insufficient, firing as last but necessary resort
  - Avoid incessant delay
  - Logistics
  - Financial settlements
  - Internal corporate shock