

Why Communication is Now a Top 3 Skill of Leadership

The radical transparency of the modern world has radically changed leadership, placing huge emphasis on excellence in communication and the management of intangible assets such as trust and relationships.

*This is the finding of a new book on leadership by **Kevin Murray**, the Chairman of Bell Pottinger Group, published in November 2011 and entitled 'The Language of Leaders.'*

After interviewing 60 leaders of high profile global and British based organisations, I believe modern leaders have to learn to be more focused on relationships, inside and outside their companies, and communicate better in order to build trust - the essential prerequisite of successful leadership.

Trust is increasingly being viewed as a strategic asset, and many leaders I interviewed say those organisations that

want to survive and thrive in the age of transparency must place the building of trust at the heart of their strategies.

For the book, I spoke with the chairmen and CEOs of many globally recognised organisations such as Airbus, Alcatel-Lucent, Aviva, Deloitte, Emirates Group, GlaxoSmithKline, Lloyds, McLaren Automotive, Oxfam, The Red Cross and Unilever. They talk about how they have

risen to the challenge of inspiring, influencing and achieving great results in the 'fishbowl' of the modern digital world. They also reveal what they believe leaders must do to communicate successfully in the age of transparency.

These leaders say that communication is now a 'top 3' skill of leadership... but too little training and emphasis is placed on developing this skill in future leaders.

One of the reasons is that employees retain a level of effort and commitment which they give at their own discretion, only if they are inspired to do so. That 'discretionary effort', however, can be the difference between an adequate performance and a great performance – and can be the difference between success and failure for a leader.

The task of a leader is to inspire others to achieve great results, but leaders today are operating in an incredibly demanding environment. It is ironic then that so few leaders are taught the critical communication skills that enable them to be inspiring.

In one or other way, every leader I interviewed talked about a new world of transparency and scrutiny; that the job was about perpetual communication; they focused on the increasing need for a distinct point of view; they stressed the essential need for authenticity and passion; they all emphasised the crucial need to be a good listener; they spoke of the need to create an environment of trust, where negative feedback is an organisational asset; they underlined the need for speed and agility, and the need to create leaders throughout the organisation equally as passionate as the leader of the organisation, absolutely clear about what they were trying to achieve; they spoke about the need to be visible as a leader, showing up even when they are most uncomfortable; they highlighted that real leaders were accessible; but most of all, they worried about and unanimously recognised that reputation is today the single most important asset if they are to survive and thrive.

Under these conditions, being a leader is a demanding, intense and risky role. Most leaders are very conscious of constantly walking on the edge, just one step or one thoughtless word away from a crisis that could damage their reputation and possibly even the future of the business they lead.

Mostly, they recognise the need for speed and the increased risk of having to operate in a world moving at such a pace. Leaders who employed tens of thousands of people around the world knew that every single one of those people could make a crucial mistake that could result in a catastrophe. More than half of the people interviewed, volunteered the saga of Tony Hayward at BP following the Gulf oil spill crisis, as an example of how even the biggest organisation could be brought to its knees first by an accident, and then by mishandling communications.

A growing alliance between the public and the media, aided by the ubiquity of the Internet,

has made speed the new currency of business. This, in turn, has forced on leaders the need to revolutionise their organisations in order to try to deliver far greater agility within them. And this has placed a huge emphasis on more and more effective communication.

Consider the following factors:

- The sheer speed of modern communication, on a global scale
- The staggering increase in channels of communication, especially digital
- Shifting patterns of influence, and the rise of citizen and consumer power
- The elevated expectations of all stakeholders, especially for speedy response
- New and rapidly changing communities of interest, enabled by digital technologies and a new sense of empowerment
- Increased regulation and the consequent communications requirements
- The aggressive pursuit of information by journalists, and the 'tabloidisation' of business reporting
- Declining levels of trust in business, accelerated by the financial crisis and recession.

Communication is now a 'top 3' skill of leadership... but little emphasis is placed on developing it in future leaders

All of these issues weigh heavily on a modern leader's mind and have a striking impact on the way they think about communication.

Dame Amelia Fawcett, chair of the Guardian Media Group, one of the UK's leading media organisations, says this new environment makes leadership much harder. "Most communications are just not fit for purpose in the Facebook, Twitter, blog, and 24/7 news world. News is now being produced by professionals and non-professionals working together – in what we call the mutualisation of news. One correspondent on the Guardian has a following on her blog of 750,000 people. The Guardian has a circulation of 365,000. If you know how to engage with that sort of network it can be very powerful."

This is why many leaders feel that they are operating much closer to the precipice. Reputation has always been important but today, they say, you can lose your reputation



in seconds. **Lord Mervyn Davies** (Baron Davies of Abersoch), former chairman of Standard Chartered plc and a former government minister, argues that communication has assumed crucial importance in a world “where news travels so fast; where bad and good news can move across continents in milliseconds. This has changed the nature of politics and changed the nature of business.

“It means that whatever you’re doing, wherever you are, there is a chance that, because of CCTV, YouTube, cameras on mobile phones, somebody is watching you. We live in a world where a small action can cause a big result.”

Kevin Beeston, who is chair of Taylor Wimpey, one of the largest British house building companies, and a former chairman of global support services group Serco, says: “These days, everybody’s got a camera with them. Everybody’s got a mobile phone with a voice recording system or a video camera, so you cannot drop your guard. Make one mistake and you will not get away with it.

“But,” he says, “the opposite is also true – if you manage this environment well, you have more ways of getting your message over and building your brand. And a strong brand is probably one of the most significant competitive advantages a company can have. So, if you manage it effectively, it could be a big driver of shareholder value.”

Graham Mackay, Chief Executive of SABMiller plc, one of the world’s largest brewers, with brewing interests and distribution agreements across six continents, says that the modern world places much greater demands on leaders. “Businesses are much more like open democracies. People expect to be communicated to much more and see themselves as part of a democracy where they consent to being led. As well as the need to communicate more with employees, there is increased regulatory scrutiny, the rise of global NGOs and 24/7 media. You have to represent yourself and explain your company and your actions all the time.”

Under such constant scrutiny, and criticism, leaders are only too well aware that business needs to be seen as a force for good and not just for profit. They have to have a much higher purpose than the simple profit motive.

Paul Drechsler, Chairman and CEO of The Wates Group, a construction services company, says: “It isn’t that trust and reputation are more important today than they were before – it is that they are more vulnerable in today’s world. I

say to my colleagues in Wates that my number one concern is that, through their actions and behaviours, a brand and reputation that took 140 years to build up, could be destroyed in an instant.”

Leaders today have little choice but to embrace transparency, and work with the raised communication expectations of a digital age. It means they have to put reputation management at the top of their agenda, right up there with the need to build relationships of trust. To do that, leaders must communicate more clearly, more often and with the idea firmly embedded that communication, today, is about rapidly evolving stories and conversations.

A growing alliance between public and media has made speed the new currency of business

Leadership is now more complex, demanding and stressful, but more rewarding and more meaningful if you can get it right. Leaders increasingly feel that they are only stewards of the businesses they lead, and have to make sure that those businesses are improved while they are in charge, and have an even better future ahead of them when they leave. This means thinking longer term about building a sustainable business, part of the communities in which they operate.

The communication demand on leaders is far greater today, requiring them to address a wider array of audiences and use an even wider array of channels. But, as Kevin Beeston says, if you manage this environment well, you have more ways of getting your message over and building a great business where everybody wins.

People expect more of business today. Transparency has changed everything. In a world where people are so much more empowered, leaders in business have now to do a far better job of explaining what business is for. To customers, they must explain the benefits of their endeavours. To the wider public, they must explain how and why they are a force for good.

John Connolly, immediate past chairman of Deloitte, says: “I believe that we have come to

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a stage where we have now to imagine a new definition of the purpose of business. What is it for? How does it make a positive contribution? There has to be more of a focus on long-term sustainable success rather than just short-term gain. It is only if you think long-term that you build more value in your business. You cannot sustain your business in an environment, either social or physical, that does not have a future. Leaders must recognise that they not only must articulate this better, but must be prepared to stand up more often and talk about it, both inside and outside the enterprises they lead.”

Jeremy Darroch, chief executive of BSKyB, argues that being open and forthright about what you do is crucial if you want to be trusted. “Organisations that aspire to long-term success have got to have trust as an important part of their agenda.

“You never trust somebody you don’t know, whose motives you don’t understand. So, as a leader, you have to give people inside and outside the company a sense of who you are, and what you stand for. That’s what will help people decide whether they are willing to trust you.

“You’ve got to make sure that your mission and values are relevant to a broad range of audiences, and that they understand your endeavours are making a contribution beyond the narrow profit motive of your business. What is good for you as a business, is generally good for others too, whether you are a partner, an employee, or a customer. So you have to be prepared to stand up and explain why your success is good for all of those people.

“There is no good in doing a lot of good and then not communicating it. Business has got to get itself on the front foot. Leaders have got to start laying out the positive case for business and private enterprise in a much more compelling way.”

Sir Stuart Rose was, until early in 2011, the executive chairman of British retailer Marks & Spencer, which has more than 700 stores in the United Kingdom and another 300 stores spread across more than 40 countries. M&S specialises in clothing and luxury food products.

He is worried about the demonisation of business: “I think it is beholden on business leaders to spend time in educational establishments, especially schools, and explain to children that work is not a bad place and that, unless they are unusual, they are going to spend 30 years or more in work. One of the downsides of the financial crisis is that there is now a feeling in schools that the creation of wealth is a bad thing. We’ve got

an obligation to explain to the community at large that business growth is good, otherwise we wouldn’t have roads, universities, trains, planes, and all the other infrastructure we need. People need to understand that the Government is spending the money that business makes. This is hugely important and I’ve been quite vociferous about it.”

Paul Polman, Unilever’s CEO, says: “Companies have a greater and wider responsibility than just to their shareholders. It is very clear that, if you want to have long-term success, you need first to do what’s right for your consumers and for your employees and for society at large. If you do all of that well, the shareholders will be rewarded.

Leaders must embrace transparency and work with the raised communication expectations of a digital age

“For a long time we have been too myopic. For a speech I was giving recently I looked at how long shareholders keep their shares in UK FTSE 100 companies. In 1960 it was 20 years. In 1980 it was ten years. Then, in the 1990s, it dropped to five years. Now, it’s less than six months. In less than six months the whole company market cap of the top listed companies gets turned over. That tells me the interest of the shareholder is not necessarily aligned with the long-term interest of the companies they invest in.”

At the heart of what these leaders are saying, though, is the idea that their very future is pegged to the strength of the relationships they have with all the people upon whom their success depends. Those relationships are not only precious, but increasingly fragile. The reason is because relationships change and, in a world transforming at the speed of thought, power has spilled out of the corridors of government and big business, and onto the street. Here, people have become less deferential and much more demanding.

Why? It is because they have greater access to information, and to each other. That means they have much more choice... and they’re getting smarter. Not only are they smarter, but they are also faster than most companies are able to respond. To them, trust is as critical as delivery, and they sit in judgement of every act and every utterance of leaders.

A good reputation is an intangible asset of immense financial worth – so much so that loss of reputation is now considered by the leaders I interviewed as their single greatest risk. This risk is constantly on their minds. It is why they recognise the need to build cultures with strong values frameworks, which enable their employees to do the right thing in the heat of the moment. It is why they stress the importance of relentlessly communicating those values, probably one of the most important things they have to do.

Most leaders now regard trust as the hidden asset on their balance sheets, worth – in some cases – billions. Former Director-General of the CBI, **Sir Richard Lambert**, said he had spoken to businessmen the length and breadth of Britain after the financial crisis. He found they were deeply mindful that reputation and trust are now more important than ever. “We live in an age of transparency, and leaders must ask themselves before every business decision: will this pass the *Sunday Times* test? We have to be more willing to look in the mirror and apply conscience, not just be compliant, if we are to win back trust.”

Sir Stuart Rose stresses: “For a business leader, building reputation and trust IS the day job, which makes communication the day job too.”

From the interviews, I have concluded that there are 12 principles of leadership communication, which existing and aspiring leaders should always have in mind when communicating.

Communication, along with other supposedly soft management skills, has too long been neglected. It is an issue which not only affects the fortunes of businesses, but also the prosperity of nations.

Penny de Valk, Chief Executive of the Institute of Leadership and Management, Europe’s leading management organisation, says that good leadership in business is the key to organisational effectiveness and social and economic prosperity. Says Penny: “Our challenge is that the traditional model for what constitutes a good leader is changing. How we develop our leaders must change too. The Institute recently conducted a survey of HR professionals from global businesses.

“First and foremost, the senior HR professionals we approached emphasised a distinct set of personal characteristics that future leaders need to possess. These were principally in the relationship and interpersonal domain - they sought visionary, motivational and inspirational people who are emotionally intelligent, trustworthy,

Reputation has always been important but today you can lose your reputation in seconds

natural leaders and communicators, and who were also driven and ambitious.

“HR professionals want leaders who can understand, inspire and motivate people. The ability to motivate and inspire others was the characteristic most commonly cited as important when recruiting senior leaders.

“Many of the most desirable personal characteristics, such as the ability to motivate others, emotional intelligence and being a good communicator, for example, can be learnt. While there is a general acceptance that many aspects of leadership can be taught, how can we equip aspiring leaders and managers with an all-round leadership perspective? The research shows that there is certainly a training and development need.”

Good leaders steer organisations to success by inspiring and motivating followers, by providing a moral compass for employees to set direction and by communicating a compelling vision for the future. For this reason, I believe that leaders should place communication and people skills at the top of their training agendas if they are to unlock the real potential in their organisations.

For more information on Kevin’s book, visit www.koganpage.com and enter into the search facility: The Language of Leaders.

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Kevin specialises in the fields of strategic communications, reputation management and leadership communications coaching. He has years of experience advising chairmen and CEOs, as well as managing complex and global communications projects and departments.

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Featuring commentary from:



Kevin Beeston
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