

Leadership vs. Management:

Why a Growing Business Needs Both



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DEFINING LEADERSHIP AND MANAGEMENT

Being a strong leader does not necessarily make you an effective manager; conversely, efficient managers sometimes lack the leadership skills to guide and inspire. The special relationship between leaders and managers can be cultivated to ensure the entire management team is effectively leading and managing the company.

It is especially important to recognize that leadership and management are two separate disciplines, each one critically important to the success of the organization. Executives, business owners and management teams need to move between managing and leading, depending on the organization or business situation.

Organizational growth will happen when leaders and managers leverage their skills. Understanding the differences between these groups is fundamental, particularly when a company is undergoing revenue and employee growth.

Leadership is defined as having the ability to influence, motivate, and enable others to contribute toward organizational success. Management is defined as a person who directs and controls a group of people for the purpose of coordinating and focusing that group toward accomplishing a goal. In short, leaders focus on leading people, while managers focus on managing work.

Leaders approach their work by looking at problems and devise new, creative solutions through generating motivation and excitement. Managers develop strategies, policies, and methods to create teams and ideas that combine to operate smoothly through organization and focus. Leaders are risk-takers and appeal to the heart, and managers seek to alleviate risk and appeal to the head. Leaders seek to be transformational, consultative, and participative, while managers are authoritative, transactional, and consultative. Due to the complementary nature of these disciplines, both roles are integral to growing a business.

“Management is doing things right; Leadership is doing the right things.”

Peter Drucker, The Essential Drucker

“Management works in the system; Leadership works on the system.”

Stephen Covey, First Things First

COMPLEMENTARY RELATIONSHIP BETWEEN LEADERS AND MANAGERS

Organizations need managers and leaders to reach their full potential. For the organization to succeed, each group must excel and take complementary actions.

Leaders are people-oriented, risk-takers, and encouragers. They also strive by going against the grain and motivating their teams to break the rules of business. Managers are task-oriented, risk averse, and necessary instructors. They thrive when going with the flow in an organized way and always follow the rules of business.

While it may appear that leaders and managers have competing visions, the differences in these individual roles are actually essential to building a successful company.

Leaders and managers work within their scope to

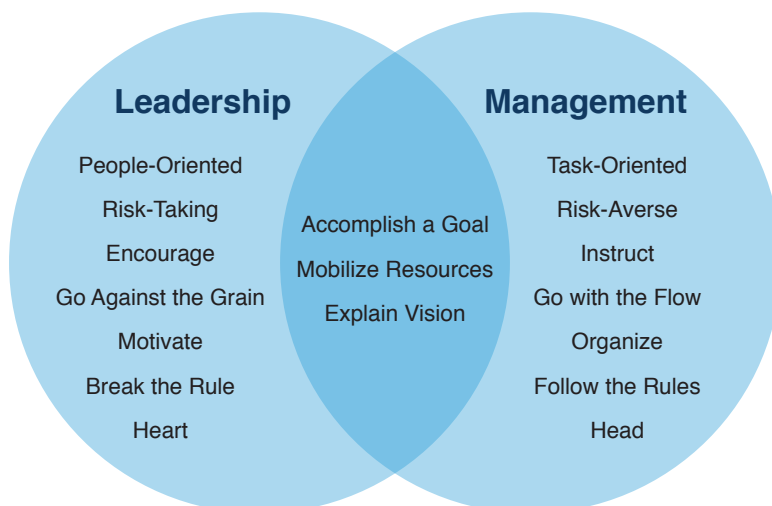
- Accomplish goals
- Mobilize resources
- Explain the company's vision

--- and increase the company's profitability and scalability.

Running a company made only of leaders would be like herding cats.

Having managers run the show means everything will get done, but the company may falter in growth and scalability.

Leadership & Management are Complementary



BECOME A BETTER LEADER

Management is an essential skill required to perform effectively. However, it is a fallacy to think that managers are at the 'bottom' of the organizational structure and that managers are groomed for future leadership. Management of work and leadership of people are happening simultaneously throughout the organization. Leadership, on the other hand, is a combination of personal qualities that inspires others to follow.

Yet, there are a variety of skills that both managers and leaders can tap into to become better in their chosen disciplines. For example:

- **Develop a vision for success.** Create a strategic vision for the future to make professional goals to achieve the desired level within an organization.
- **Be enthusiastic.** Enthusiasm and passion for the work that you do is contagious and motivational.
- **Communicate well and often.** Your team depends on your guidance to lead them through work situations, and openly and properly communicating is essential. Also, learn to communicate well with every level at your organization, from team members to senior leaders.
- **Recruit and develop your talent.** Strategically aligning the strengths of your team members can be the differential in performance outcomes. A high-quality team allows you to effectively reach business goals and, ultimately, be more successful.
- **Motivate and inspire.** Telling others what to do is not as effective as getting them to willingly follow your direction. Leaders are made when they can motivate others to get on board with their vision. Cultivate your ability to share ideas and articulate compelling reasons for your strategy. More importantly, help others understand the role they play in executing the vision.
- **Set and achieve high standards for yourself.** Leaders accept this challenge and succeed even when others around them don't. Setting high standards requires that you develop a strategic and compelling vision for who you want to be and what you want to achieve. This vision gives you the drive and perseverance to attain your leadership goals.

Expectations for Growth

- **Meet and exceed the standards you ask others to achieve.**
- **Work harder than others who answer to you.**
- **Set an example for those around you.**
- **Develop a support system of other leaders.**
- **Surround yourself with encouraging individuals who share your vision.**
- **Develop personal discipline and commit to your goals.**

Ellie Nieves, JD, MB

LEADERS PRODUCTIVELY STRATEGIZE

Leaders develop strategic plans to keep the organization on track to achieving its goals. Strong leaders know that strategic plans are vastly different from implementation plans. While a detailed plan may be comforting, it is not a strategy! Leaders often fall into the trap of spending a lot of their valuable time on planning that actually matters little to their team's performance.

Powerful leaders spend their time on the business versus in the business, and will take risks to increase the company's odds of success. They work to develop long-term strategies to encourage sustainable and scalable business growth. They do not immerse themselves in the day-to-day operations of the company — that is the role of their managers.

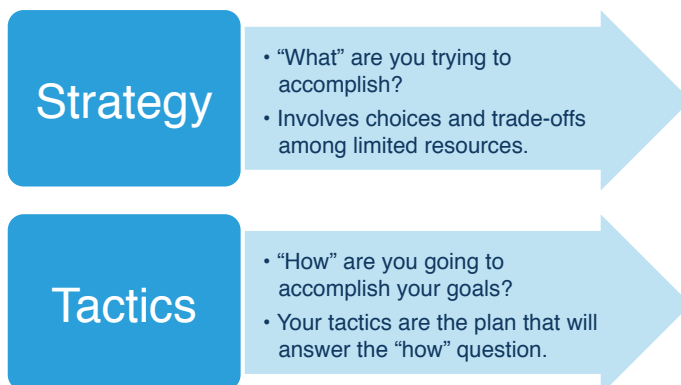
Some leaders, especially new ones, struggle with this because developing a strategy is a C-level skill that can be uncomfortable.

To assuage the discomfort, keep the following points in mind. Note that neither team should work in a vacuum to develop the strategy and tactics; rather the managers need to develop a plan to make the leader's strategy actionable.

Strategy is Developed by Leaders: Define what you are trying to accomplish. Make choices and trade-offs among limited resources.

Tactics are Developed by Managers: Define how you will accomplish your goals and develop tactics to answer the 'how' question.

Strategy vs. Tactics



“Strategy is the intelligent allocation of limited resources through a unique system of activity to outperform the competition in serving customers.”

*Rich Horwath, Elevate:
The Three Disciplines of
Advanced Strategic Thinking*

Further Reading

*Martin, Roger L., “The Big Lie of Strategic Planning,”
Harvard Business Review
(January-February 2014)*

*Collaboration Business
Consulting White
Paper: Strategic Plan vs.
Implementation Plan: Know
the Difference*



6 QUESTIONS LEADERS NEED TO ASK

Leaders don't have all the answers, and they should have an extensive list of questions designed to motivate, inspire, and collaborate with their teams.

1. What do you think? Ask this question to foster engagement and make your team feel valued.
2. Do we think, or do we know? This question encourages your team to test their assumptions and make decisions based on evidence, not hunches.
3. How are you doing? Don't accept 'fine' as an answer; get to the heart of your team member with this question.
4. How am I doing? Gaining feedback from the team will help leaders know what needs to be worked on.
5. What does this mean over the long-run? Short-term goals can be regularly achieved, but be sure they are all leading the company to a valuable position in the future.
6. How can I be helpful? Giving up some control will help others shine and leaders can find innovative ways to achieving a particular outcome.

Further Reading

McNulty, E. (2014, August 24). *Lead by Asking*. Retrieved from <http://www.strategy-business.com>



HOW TO MAXIMIZE YOUR EFFECTIVENESS

Effectively running a business requires a sound business planning process. The following steps provide a guide for ensuring you are getting the right things done.

1. Get the knowledge you need
2. Translate this to a plan
3. Convert plans into action

This is accomplished by following:

What needs to be done? Asking what has to be done, and taking the question seriously, is crucial for managerial success.

What is right for the company? Don't ask if it's right for the owners, the stock price, the employees, or the executives.

Develop action plans, take responsibility for decisions and communicating, and focus on opportunities rather than problems. Executives are doers; they execute. When plans are translated into action, executives need to pay particular attention to decision making, communication, opportunities, and meetings.

Run productive meetings. The key to running an effective meeting is to decide in advance what kind of meeting it will be.

Think and say 'we' rather than 'I'. Effective executives have the ultimate responsibility, and they have authority only because they have the trust of the organization.

The measure of the executive is the ability to “get the right things done.”

Peter Drucker, The Effective Executive



THE BOTTOM LINE

Above all else, approach leadership and management as two separate yet equally important disciplines. Growing businesses need the executive and management teams to work together to create a company that will be poised to withstand any hurdle, while simultaneously growing into a profitable and sustainable enterprise.