

Inspirational Leadership

dti

The DTI drives our ambition of 'prosperity for all' by working to create the best environment for business success in the UK.

We help people and companies become more productive by promoting enterprise, innovation and creativity.

We champion UK business at home and abroad. We invest heavily in world-class science and technology. We protect the rights of working people and consumers. And we stand up for fair and open markets in the UK, Europe and the world.

An inspired and motivated workforce is essential for any business that hopes to stay ahead of the competition. But just how do you motivate people? What kind of leadership do people respond to? And how can you improve the quality of leadership in your business?

This brochure looks at examples of best practice in leadership and how businesses can apply the lessons to their own organisations.

This brochure is for: any business that wants to improve its performance by inspiring its people.

It covers: the effects of inspiring leadership and the personal characteristics and attributes of great leaders.

Achieving best practice in your business is a key theme within DTI's approach to business support solutions, providing ideas and insights into how you can improve performance across your business. By showing what works in other businesses, we can help you see what can help you, and then support you in implementation. This brochure focuses on these solutions.

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The inspiration gap

In a survey of more than one and a half thousand managers, people were asked what they would most like to see in their leaders. The most popular answer, mentioned by 55% of people, was 'inspiration'.

When asked if they would describe their current leader as 'inspiring', only 11% said yes. The two attributes that people actually mentioned most often when describing their leaders were 'knowledgeable' and 'ambitious'.

As well as this thirst for inspiring leadership, there's also evidence to support the idea that companies with inspiring leaders perform better.

The Sunday Times publishes an annual survey of the 'Best Companies to Work For', which is compiled from the opinions of the companies' own employees. One interesting fact is that those 'Best Companies' that are publicly quoted consistently outperform the FTSE All-Share Index. Five-year compound returns show a 5.7% negative return for FTSE All-Share companies against a 13.6% gain for the Best Companies. Over three years, the returns were -11.3% and 6.7% respectively while, in the last twelve months, they were 23.1% and 44%.

The 'Best Companies to Work For' have also performed impressively on staff turnover, sickness rates, absenteeism, and the ability to recruit good quality people.



Source: Frank Russell

What makes an inspiring leader?

The stereotype of the inspirational leader as someone extrovert and charismatic tends to be the exception rather than the rule. Looking at best practice across business, though some inspirational leaders certainly do fit this mould, a large number do not. Many are quiet, almost introverted.



The following are some of the most commonly observed characteristics of inspiring leaders:

STRONG STRATEGIC FOCUS

They are very good at ensuring that the business only does those things where it has the resources to do a good job and where it can add real value.

LATERAL THINKERS

They are particularly adept at drawing on experiences outside their own sectors and taking a much broader view than the norm. They look at things very laterally and encourage their people to do the same.

VISION AND COMMUNICATION

An inspirational leader has a very strong, customer-focused vision of where the business should be going. Importantly they are also able to communicate their vision so that their people feel they own it and know where they fit into it. The best leaders are great communicators who prefer plain speaking to jargon.

PRINCIPLED

They are deeply committed, courageous, demanding of themselves and their people and confident, albeit often in a quiet and under-stated way. What singles them out is an exceptionally strong set of values built on honesty, openness and true respect for their people.

REFLECTIVE

What distinguishes them is genuine humility and not being afraid to show vulnerability on occasions. This comes from regular periods of reflection and an unquenchable thirst for learning.

RISK TAKERS

They have a marked tendency to 'bend the rules', take calculated risks, and, on occasions, be guided by their gut-feelings. They also tolerate this in other people, recognising that a certain amount of flexibility is essential to adapt to circumstances and make real strides forward.

ACCESSIBLE

They make time to get out and speak to people. This informal and personal contact is a very powerful motivator. Equally, when they are at their own desk, they aren't cosseted behind a wall of PAs.

VALUE ATTITUDE

They value skills and training very highly, but they also focus heavily on attitude, believing that, without the right attitude and motivation, nothing will be achieved.

Why people respond to leaders

In the previous section, we looked at the qualities of inspiring leaders. The question is, why do these traits produce results?

Pay is only one component of job satisfaction. Other factors like respect and prestige can be tremendously important in making staff feel good about their jobs. The reason that inspiring leadership produces results is that it contributes directly to fulfilling many of people's emotional needs.

The following are some of the ways that best practice in leadership contributes to improved job satisfaction, motivation and productivity.



“ When our Step Change programme was introduced, this was explained in a highly visionary way and with such excitement that it made you want to grasp it and say: ‘This is what we need to do!’ ”

SUZIE WELCH, LEARNING AND DEVELOPMENT MANAGER,
TGI FRIDAY'S



● BEING LISTENED TO

A business where only senior managers are allowed to 'have ideas', rarely achieves great staff satisfaction. Inspirational leaders ask for, and respect, what their people tell them about how to do things better, and they provide the resources to ensure that the solutions are delivered.

● BEING INVOLVED

Inspirational leaders involve their people in changes for them to be a success. They give their people the freedom and support to get on with the job. When you walk around these companies, there is an electricity in the air – you can feel the energy and buzz.

● HAVING FUN

In successful companies, people work hard but enjoy themselves in the process. Fun is a great indicator that an organisation is innovative and is also a key innovation driver. At the '100 Best Companies to Work For' you see a lot of fun at work.

● BEING TRUSTED

It's no coincidence that, when you ask people what it is like to work in an organisation run by an inspirational leader, they talk about openness, honesty, respect and trust. These firms can boast highly committed staff who have a great sense of responsibility to their work.

● BEING APPRECIATED

Recognition is an absolutely crucial element of inspiration, and few things are more powerful, or simple, than a genuine 'thank you'. Inspirational leaders know that it's vital that people feel appreciated and valued, so they show their appreciation through extensive celebration of success – both formally and informally.

● VALUING AND BEING VALUED

The best leaders promote a culture where their people value themselves, each other, the company and the customers. Everyone understands how their work makes a difference. This helps to build a commitment to higher standards where everybody is always looking to do things better.

// To keep faith with staff is the only way forward. //

NIGEL PAINE, HEAD OF PEOPLE DEVELOPMENT, BBC

// The challenge we all face is to create an environment where people can reach their dreams. //

JACK WELCH, FORMER CHAIRMAN & CEO, GENERAL ELECTRIC

Beaverbrooks

Beaverbrooks places great emphasis on communication. It holds annual focus groups and all senior management visit stores regularly to find out what the staff think. In the stores themselves, there are daily meetings and each member of the company gets a monthly one-to-one meeting with a member of the management team. The company is also keen to encourage teamwork and social responsibility, particularly through involvement in charitable activity. Over 4,000 people took part in the most recent Beaverbrooks 10K fun run



Universal Music

Recognition and reward is a central part of Universal Music's philosophy. It happens through a mixture of ad-hoc, immediate awards - like concert tickets, nights out and parties - and structured awards and increases in annual leave to recognise long service. To keep things interesting, all staff also have a monthly CD and DVD allowance. The company has found that little, regular 'thank yous' like this are a powerful way of creating a buzz at work.





John Timpson, Chief Executive of Timpson Ltd

Timpson is consistently in the top five of the annual Sunday Times '100 Best Companies to Work For' survey. This is especially impressive when you find out that over 90% of Timpson's staff took part in the most recent survey.

So how has Chief Executive John Timpson created this culture?

The Timpson approach is based on 'upside down management', which means giving responsibility and support to staff to make their own decisions. For example, store managers have freedom to:

- set prices – there is a price list, but it is just advisory
- spend up to £500 resolving a complaint without escalating it – based on the idea that the cheapest settlements are always at source
- control stock and ordering.

Staff also have the freedom to test new ideas and ways of working. John puts it simply: "If it works, tell us. If it doesn't, we suggest you stop doing it."

This devolution of responsibility is reinforced through trust and training. All new store managers at Timpson are sent on a two-day residential induction course to learn 'how to be free'. From then on, individuals are in charge of their own training. The higher the skill levels they attain, the greater the bonuses they are entitled to.

One of the most novel aspects of the company's organisation is the way it has resolved the conflict between the company's aim of keep costs down and staff's natural desire to earn more. Timpson set each store's turnover target at 4.5 times the wage bill. A staff bonus is then paid based on a proportion of any turnover above target. There's no upper limit and bonuses are paid weekly, which keeps people motivated.

John says of the bonus scheme: "Our aim becomes helping our people earn more money. We've failed if they don't increase their take home pay substantially each year."

Other staff benefits include a company pension scheme, financial hardship fund and the use of company holiday homes. This last idea was borrowed from Julian Richer of Richer Sounds, and it's used as a way of rewarding employees for five or more years' service.

The net result of this whole approach to management is that staff report that "our management trusts people to do a good job without looking over our shoulder" and that "I can be myself around here".

Further help and advice

Achieving best practice in your business is a key theme within DTI's approach to business support solutions, providing ideas and insights into how you can improve performance across your business. By showing what works in other businesses, we can help you see what can help you, and then support you in implementation.

ACHIEVING BEST PRACTICE IN YOUR BUSINESS

To access free information and publications on best practice:

- visit our website at www.dti.gov.uk/bestpractice
- call the DTI Publications Orderline on 0870 150 2500 or visit www.dti.gov.uk/publications.

SUPPORT TO IMPLEMENT BEST BUSINESS PRACTICE

To get help bringing best practice to your business, contact Business Link – the national business advice service. Backed by the DTI, Business Link is an easy-to-use business support and information service, which can put you in touch with one of its network of experienced business advisers.

- Visit the Business Link website at www.businesslink.gov.uk
- Call Business Link on 0845 600 9 006.

THE NEXT STEPS

There is a tremendous amount that managers can do to increase workforce motivation and engagement by encouraging and developing more inspirational leadership.

Through *Achieving best practice in your business*, we'll continue to pull together help and guidance for business on all aspects of good practice in business.

We are grateful to the organisations listed on this page, which have all contributed to the research for this booklet. Each organisation can provide help and advice on leadership and management development for individuals and for all types of organisations.

Accomplish

Visit www.accomplishonline.co.uk

Call 01273 273462

Best Companies UK

Visit www.bestcompanies.co.uk

Call 01978 856222

CBI

Visit www.cbi.org.uk

Call 020 7395 8186

Centre for High Performance Development

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CMI

Visit www.managers.org.uk

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FWM LeaderShape Ltd

Visit www.fwmleadershape.com

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iiP(UK) Ltd

Visit www.investorsinpeople.co.uk

Call 020 7467 1900

Inspired Leaders Network

Visit www.inspiredleaders.com

Call 020 7886 6068

Institute of Directors

Visit www.iod.com/maximise

Call 020 7766 2601

Read more

The following publications are available free from the DTI Publications Orderline on 0870 150 2500

- The Sunday Times 100 best companies to work for 2004 (URN 04/312)
- Ideas for business management (URN 04/810)
- Best companies: best practice (URN 04/813)

GENERAL BUSINESS ADVICE

You can also get a range of general business advice from the following organisations:

England

- Call Business Link on 0845 600 9 006
- Visit the website at www.businesslink.gov.uk

Scotland

- Call Business Gateway on 0845 609 6611
- Visit the website at www.bgateway.com

Wales

- Call Business Eye/Llygad Busnes on 08457 96 97 98
- Visit the website at www.busesseye.org.uk

Northern Ireland

- Call Invest Northern Ireland on 028 9023 9090
- Visit the website at www.investni.com

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