

WHY COMPANIES NEED AN
INTEGRATED LEADERSHIP MODEL
TO ACHIEVE EXTRAORDINARY RESULTS

MAKE
ROOM FOR
 **HER**

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IT'S NOT A GLASS CEILING, IT'S A STICKY FLOOR

Chapter 1

The Need for Integrated Leadership

NOT LONG AGO, I sat down over coffee with the CEO of an IT company. The CEO—we'll call him Robert—shared with me that his organization had been the market leader in its industry for the past five years and had enjoyed consistent growth and profitability. The company's success to that point, he believed, was based on its leadership and its employees' sheer drive and relentless focus on key results.

Yet despite its past success, Robert confided that he had deep concerns about the company's future. A competitor with a creative, new technology had recently overtaken Robert's company as the market leader, and he had just learned that his company had lost one of its key customers to this competitor. To make matters worse, the organization's most recent employee survey revealed that morale was low, people were burned out, communication was lacking, and employees had lost faith in leadership.

In strategy sessions with his executive team, Robert had sat and listened as various leaders rationalized that the competitor's innovation was nothing more than a fad that would quickly run its course, and when that happened, customers would come back. Robert shared, "That was when it hit me that this was the kind of thinking that got us where we are today . . . in trouble. Looking around the table, I real-

ized that I have a team full of left-brain thinkers who are proficient in fact-based decision making, efficiency and process oriented, and extremely results focused. But we are sorely missing creativity, collaboration, a big-picture perspective, listening skills, and emotional intelligence. When our big customer left for the competition, they told us that they felt we didn't listen to or understand their needs."

Then Robert told me about a woman who had been on the executive team until she was hired away by another company. She had always been the "voice of the customer" and had communicated that the key customer wasn't happy. Somewhat embarrassed, Robert confessed that the rest of the executive team had discounted her input. "Now I see the different perspective and value she brought to our organization," he said and then concluded, "I think we need some balance on the leadership team."

In my leadership development and executive coaching practice, I see many talented executives and profitable organizations that have achieved measurable success and yet suddenly find themselves falling behind the market and the competition. Consistently, I find that the primary reason for this shift is that these leaders and organizations continue to rely on the same leadership approach that garnered them success in the past. And why shouldn't they? If it's not broken, don't fix it, right? While current leadership models aren't necessarily "broken," the reality is that they can't and won't drive success in today's business environment. In other words, what got you where you are isn't going to get you where you want to go in the future. The world is a very different place than it was just 10 short years ago. You simply can't run a successful company in today's complex global marketplace the same way you did in the past. The truth is that we can no longer use the same thought and decision-making processes and expect to be successful . . . *twentieth-century leadership models won't work for twenty-first-century organizations and twenty-first-century problems*. We need a different leadership model—a shift to a new model of

leadership that gives organizations a better chance of not just surviving, but thriving, both now and in the years to come.

Successful organizations of the future will be led by *fully engaged, balanced teams of men and women working together synergistically to produce extraordinary results*. I call this Integrated Leadership. Leaders who create high-performing organizations and get lasting results are those who value and leverage the broad spectrum of gender intelligence—an intentional balance that enables an organization to deal with the complexities in today’s marketplace. *A balanced, Integrated Leadership team is the new competitive advantage*.

So what happened to Robert and his organization? Through the course of our conversation, he came to understand that he had been operating with only half of his potential leadership capacity. He also realized that if his organization was going to continue to succeed in the future, he would need a broader range of leadership traits, thinking, and perspectives in order to respond to market dynamics, challenges, and opportunities.

In the following months, Robert worked to shift his leadership team. He brought on new leaders who possessed a diversity of perspectives, styles, and traits and represented both left- and right-brain thinking. With a balanced, Integrated Leadership team in place, over time his organization earned back customers it had lost, and it regained market share.

A New Approach to Leadership

The idea of a new leadership model is not only interesting; it is now essential for most organizations to be successful in our ever-changing and always challenging global business environment. I’ve interviewed more than 50 successful top executives on this topic and discovered that I’m not the only one who recognizes the urgency for a new approach to leadership. Many business leaders already sense that the

leadership style that worked for them in the past is less effective in the context of today's realities. Gary Stuggins, executive vice president of the World Bank, shared with me that there is an underlying force causing organizations and leaders to rethink how they plan, make decisions, engage employees, and interact with clients. This new way of thinking and operating is reshaping leadership in organizations.

Dottie Brienza, chief diversity officer and head of Executive Talent at Merck (former senior vice president of Global Talent Management for Hilton International), shared a similar perspective:

The level of complexity that organizations are dealing with, as well as the level of ambiguity and the challenges of our global focus, has increased significantly. If you think back about 20 years ago and consider typical Fortune 50–100 leaders, their job was probably very centric to the country in which they were operating. Maybe they were just starting to venture out in other parts of the globe. Or if they were already established in other parts of the world, the company was structured such that the local management in those areas was only worried about things that were happening in that part of the world. Now our leaders need to think about all the events happening around the world to determine and address their impact on all phases of their business operation. To do this, they have to integrate a variety of information sources into a more holistic perspective to determine appropriate courses of action—organizationally and interpersonally. This requires strong analytical skills along with a higher level of emotional intelligence than they have ever needed before.

Our customers, like our planet, are diverse, with different likes and needs. If we only have one type of executive—whether that be all women, all male, all whatever—when we're dealing with human beings and relationships, we will be limited—only recognizing that narrow slice of the world—and we'll miss all kinds of opportunities, even conversations that are ultimately crucial to our success. And

as a result, we will miss a critical chance for the continuous learning that will keep us at the top of our industry today and give us that competitive advantage we need to remain there in the future. That's why I believe we need what you are calling "Integrated Leadership."

Gary and Dottie are not the only business leaders who are recognizing this requirement. Every day, we are experiencing dramatic shifts in our environment due to the increased complexity across our globe. Recent events have shown us how intricately linked the world is. From a natural resource perspective to a human perspective to a workplace perspective to a sociogeological perspective, these elements are all connected. The changing times in our world and work environments have created this need for a new way of thinking and leading. Without the unique perspectives and styles of both men and women, it will be very difficult for organizations to achieve success in the future. Melanie Healey, a senior executive at Procter & Gamble, agrees: "It's having this combination of very different perspectives that creates our next Wow! solution—the ideas that no one has ever thought before."

I had the opportunity to speak with Ted Hoff, who is the human resources vice president of Global Sales and Sales Incentives at IBM. I asked Ted his view on whether organizations have a greater competitive advantage with a more balanced leadership team in senior roles. Ted responded, "Absolutely! At a personal level, you need strengths in all aspects of both creative and analytical thinking or you have to overcome the shortfall by surrounding yourself with people that complement you, based on whatever your weaknesses are."

Ted said that it's important in today's economy to know how to identify and work with people who can expand your abilities. "We all have to be able to see new creative opportunities, set new directions, and inspire people to create innovative breakthroughs. We also have to manage the complexities of business and ensure that results are achieved on time and within a budget. We need the ability to do all of the

above—so leadership teams that have strengths in both dimensions of human intelligence unquestionably have a competitive advantage.”

Ted also shared with me that IBM has always looked at what distinguishes outstanding performance and exemplary leadership. To accomplish both, IBM established leadership competencies based on the behaviors that the company believes will make a difference in both personal and organizational performance. Ted told me, “When you look at these competencies, they are balanced. There’s no question that some of them are on the creative/expansive side and some of them are on the analytical/execution side. This balance is what enables IBM to sustain great leadership teams that ensure we meet, and often exceed, our business goals.”

What Melanie and Ted are pointing out for us is that the world we’re living in today actually demands that organizations have a balanced, integrated approach to leadership. We don’t have the luxury of not tapping into our full capacity as a leadership team. It will take a unified and integrated group of leaders who can leverage one another’s unique strengths and integrate both the practical and the creative insights of different perspectives to be successful in our ever more complex and connected world.

The Business Case for Integrated Leadership

Now is the time to foster an Integrated Leadership culture—one that values, leverages, and blends the differences and attributes of both women and men. This need for a new approach to leadership dovetails with women’s increasing presence and prominence. Women are becoming an important powerhouse in the business world. Consider the following:

- Women make over 80 percent of all consumer purchases.
- Women make up more than 50 percent of the U.S. workforce. By 2010, the number of women in the U.S. labor

force had increased by almost 10 million, a growth rate almost one-third higher than that of men.

- Women are graduating at twice the rate of men across all disciplines at the graduate and undergraduate levels.
- Women own more than 50 percent of nearly half the 10.6 million privately held companies in the United States. Between 1997 and 2004, the estimated growth rate in the number of women-owned businesses was nearly twice the rate of all firms.

So if you didn't think that women and women-owned firms are helping to power the economy, these statistics might begin to change your mind. Wherever you turn, women are influencing purchasing decisions, starting innovative businesses, and serving as major suppliers and clients. Savvy companies realize that value propositions that cater to women and to women-owned businesses are crucial, as women are a major consumer group and a major employer in the U.S. labor market.

Equally important is the overwhelming evidence supporting the importance and value of women in senior leadership. Multiple studies have proved that *organizations with more women in senior executive and board roles are more profitable, better adept at attracting and retaining top talent, and better able to grow and maintain their competitive advantage:*

- A McKinsey & Company report showed that companies with a higher proportion of women in top management positions have better financial performance. Specifically, companies with the most gender-diverse management teams had a 48 percent higher EBIT (earnings before interest and taxes), 10 percent higher ROE (return on equity), and a 1.7 times greater stock growth when compared with their industry averages.¹

- According to a study published several years ago in *Harvard Business Review*, gender-diverse companies are 69 percent more profitable than other companies.
- Catalyst, a U.S. nonprofit research organization, found a 26 percent difference in return on invested capital between the top-quartile companies (which had 19–44 percent women board members) and bottom-quartile companies (which had no women board members).
- As reported by *USA Today*, the stocks of the 13 Fortune 500 companies that had a woman at the helm for all of 2009 were up an average 50 percent, significantly outperforming the S&P 500 (companies dominated by male chief executives), which was up only 25 percent.

As women are being recognized as an instrumental component of the leadership equation, research continues to validate that women leaders are just as capable as their male counterparts. In their blog *Are Women Better Leaders Than Men?*, noted authors Jack Zenger and Joseph Folkman (*The Inspiring Leader: Unlocking the Secrets of How Extraordinary Leaders Motivate*, McGraw-Hill, New York, 2009) revealed their latest research. In a survey of 7,280 leaders based on 360 evaluations, leaders were rated on 16 leadership competencies. They report:

At every [leadership] level, more women were rated by their peers, their bosses, their direct reports and their other associates as better overall leaders than their male counterparts—and the higher the level, the wider that gap grows.

At all levels, women are rated higher in 12 of the 16 competencies that go into outstanding leadership. And two of the traits where women outscored men to the highest degree—taking initiative and driving for results—have long been thought of as particularly male strengths. Men outscored women significantly on only one management competence in this survey—the ability to develop a strate-

gic perspective. Why are women viewed as less strategic? Top leaders always score significantly higher in this competency; since more top leaders are men, men still score higher here in the aggregate. But when we measure only men and women in top management on strategic perspective, their relative scores are the same.²

There is also an increasing body of interesting research about how teams are more effective when women are involved. A *Harvard Business Review* article titled “What Makes a Team Smarter? More Women” indicates that having a balance of both men and women will create what many refer to as “cognitive diversity” for the group, and this factor alone has been proved to yield greater results.

Does this mean that women are smarter? Of course not! The specific study that this article cites indicates that there’s little correlation between a group’s collective intelligence and the IQs of its individual members. It’s the social sensitivity that makes a team smarter. In fact, the researchers gave subjects (ages 18 to 60) standard intelligence tests and assigned them randomly to teams. Each team was asked to complete several tasks and was given intelligence scores based on performance. Though some teams had members with higher IQs, this did not help them to better solve important business issues.

What did make a significant difference was the element of social sensitivity, which many women tend to have a greater capacity for than do many men. What do women do that relates to this unique attribute? Well, for one thing, it seems that women tend to possess the natural skills for listening to each other. They also share constructive criticism more readily. They have open minds. They’re not autocratic. All these characteristics directly relate to social sensitivity.

I want to note here that what is really important is to have people on your leadership team who are high in social sensitivity, whether they are men or women. Bringing greater social sensitivity into your team doesn’t necessarily mean it has to be provided by women, but research shows that your chance of getting this type of thinking and

behavior is greater if you're working with both men and women rather than just men. And as the *HBR* article indicates, if a group includes more women, its collective intelligence, based on the condition of social sensitivity, rises.

The skills and abilities that tend to come more naturally for women are becoming more pertinent, and some would even say “crucial,” in the new business environment. Women's leadership strengths include creativity, patience, perseverance, intuition, empathy, social and relationship intelligence, a holistic view of the world, a keen sense of observation, the ability to see connections among people and situations, and a predisposition toward collaboration and inclusion.

Throughout the history of our society and culture, these strengths kept women out of higher levels of leadership. However, we are now seeing our world shift in a way that these very qualities, which women strongly possess, are needed in our organizations in order to create a better tomorrow.

An Integrated Approach to Integrated Leadership

Building an Integrated Leadership team requires a holistic, integrated, sustainable approach. It's not about “fixing” women, by, say, sending them to a leadership development program, nor is it about achieving diversity quotas. And this change is not just the responsibility of HR, although HR will certainly play a key role. Instead, Integrated Leadership requires everyone's involvement—women's, men's, and their organizations' involvement too:

- Women have leadership qualities that are both valuable and needed, and they must start showing up as the true leaders they are.

- Men need to realize the valuable role they play and be not only a part of the conversation but provide their leadership attributes and experiences with the women leaders in their organizations in creating balanced, integrated teams.
- Organizations must become more aware of and savvy about gender intelligence and its value. After they do this, they can then work to create a culture that leverages the best of both male and female leaders.

Integrated Leadership is about so much more than advancing women to the senior and executive ranks. It is about a new way of leading organizations, a new way of doing business. The rest of this book will examine how Integrated Leadership yields better business results and then go beyond theory to provide a detailed plan for implementing this new model.

Chapter Summary

- Current leadership models can't drive success in today's business environment because twentieth-century leadership models won't work for twenty-first-century organizations and twenty-first-century problems.
- Successful organizations of the future will be led by fully engaged, balanced teams of men *and women* working together synergistically to produce extraordinary results.
- Integrated Leadership—an approach that values, leverages, and blends the differences and attributes of both women and men—is the new competitive advantage.
- The business case for Integrated Leadership includes the following points:
 - Women are becoming an important powerhouse in the business world.

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- Companies with the most gender-diverse management teams tend to consistently perform better and be more profitable than other companies.
- Studies prove that women leaders are just as capable as their male counterparts.
- The skills and abilities that tend to come more naturally for women are crucial in the new business environment.
- Building an Integrated Leadership team requires a holistic approach that includes women, men, and their organizations.

Notes

1. McKinsey & Company, “Women Matter: Gender Diversity, a Corporate Performance Driver,” 2007.
2. http://blogs.hbr.org/cs/2012/03/a_study_in_leadership_women_do.html, Thursday, March 15, 2012.