



How to lead ‘Clevers’

What aspects of existing leadership and HR orthodoxy actually make a difference?

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Rob Goffee and Gareth Jones, both from the London Business School, have written four books together, including *Why should anyone be led by you?* I recently heard Goffee speak at a Leading Edge Forum event in London. What a speaker he is, and what a great message he has!

Goffee talked about how those entering the workforce today (‘millennials’) have high expectations of themselves and others, seek creative challenges and responsibility, want fast recognition, question traditional authority, are highly mobile and require better work-life balance than their predecessors. Within that cohort, Goffee has marked the rise of a group he calls the ‘clevers’ – smart, able people you want in your organization, with a particular attitude and approach:

- Cleverness is central to their identity
- Their skills are not easily replicated and they know their worth
- They ask difficult questions
- They are organizationally savvy and are not impressed by hierarchy
- They expect instant access and are well connected
- They have a low boredom threshold
- They won’t thank you

Goffee says this is bad news for leaders. The ‘clevers’ are turning the world upside down. We can no longer be content with making individuals more valuable to our organizations through motivation and engagement. Instead, we must *make our organizations more valuable to individuals who are already valuable.*

He tells us we need to become more authentic leaders, by practicing sensing, being close to individuals but distant enough to be able to make difficult decisions, accepting differences in ourselves, focusing dissatisfaction with the status quo and communicating with care. In other words, by building *sociability* and *solidarity*.

Goffee’s talk made me reflect on this challenge. I agree that it’s up to the leaders to create an organizational climate that enables employee engagement. High employee engagement leads to increased effort, which in turn improves organizational performance. The right climate is one in which employees sense they are supported by first-line management, understand what is expected of them and the place they work in, feel part of something greater and able to connect their personal work to the greater good, are recognized for their contribution, able to express themselves, and feel that their job is challenging. Immediate managers have the largest impact on creating such a climate – by building solidarity and sociability, using the techniques listed in the table below.

To build solidarity	To build sociability
Develop competitor awareness	Increase social interaction
Create a sense of urgency	Reduce formality
Gain commitment to objectives, targets, etc.	Limit hierarchical differences
Stimulate the will to win	Recruit compatible people
Set demanding standards	Take care of those in trouble
Address poor performance	Encourage sharing of ideas, emotions, interests
Move people around	
Celebrate success	

Building solidarity

In my early career, I worked for two consumer-focused and intensely commercial organizations. The great IT leaders I encountered there naturally started any engagement by thinking and talking about business, not the technology or the IT organization or a project. In leadership team meetings, individual appraisals, 'town hall' sessions, monthly reports and project meetings, they first reviewed the state of the business, what the competition was doing, how business initiatives were progressing, and the challenges the market was presenting. This set the context for us, creating a sense of common purpose with the enterprise, and making it clear that what everyone was working on would make a difference. Their winning IT strategies also started from a very clear understanding and description of the business strategy, and they flexed our operational and project budgets as appropriate to meet the needs of the business for investment or cash conservation. What they did was *envision* us: they created a connection to the business that gave us purpose and the desire to do work that made a difference to the business outcomes.

Imparting a sense of urgency and the will to win is more complex. Done insensitively it can bring a lot of negative consequences – such as internal competition with other functions in your enterprise, or employees feeling pressured into working too many hours, taking short cuts or overly fearing failure. For me this is where solidarity and sociability are linked. Great leaders use social interaction and team building to bind people together to the point where they feel loyalty to each other, that they win or lose together, and experience collective joy in success. Then, the will to win as a team starts to show itself.

Procter & Gamble had a unique advantage in this space in that it only recruited graduates into the lowest tier of management. It then developed them to progress up the management ladder and, with only a very few exceptions for specific roles, never hired people in above them. While there were some downsides to this approach, one big positive was that new cohorts of young graduates became tightly bound together and quickly realized that they and their predecessors were all jointly responsible for the future success of the company. They succeeded or they failed together. Companies that hire in managers at all levels struggle to develop the sense of 'winning together' that is present at P&G.

I tried to reapply some of this later, in my role as Group CIO and Head of Shared Services at Anglo American. I hired only one direct report from outside in my nine years there. The rest were developed from within the organization. My aims were to (1) spot talent lower down in the organization with the right knowledge, skills and attitude (2) promote people with great results, the potential to replace me and the aspiration to take on additional responsibility, and (3) bring in diverse and different people who would add to the team's capabilities yet still fit with the existing team culture and norms. Of course, we hired lower down the organization as we transformed it over time, but I wanted to make a team of direct reports that 'grew up together' and came from the same place.

A sense of urgency is tied up with setting demanding expectations. It is my firm belief that 'clevers' want to be led by other 'clevers' – people they believe have clear vision, and can craft winning strategies that will make a difference to the business. I have always spent an uncommonly large amount of time on deploying strategy to make sure that everyone – business leaders, stakeholders, employees, the IT function and 'clevers' – all properly understand all the strategy. Once 'clevers' recognize a great plan they are happy to be pushed hard on speed, quality, cost and value. In addition, if they understand that improving performance is linked to individual and organizational recognition and reward, they will naturally strive for success. Self-improvement is a common desire amongst 'clevers'.

Another tactic I have used to keep everyone on the same strategic page is to make sure at least 50 percent of my direct reports' annual objectives are shared, so that they have a common purpose and reason to work together on key initiatives. I have found this to be particularly important when running a matrix organization where no one individual can deliver initiatives on their own.

Dealing with poor performance is something actively avoided by many managers/leaders both inside and outside of IT, but Reckitt Benckiser introduced a process that forced our leadership team to confront the issue. Every quarter we were expected to review a full analysis of the organization chart. Each employee on the chart was assigned a colour:

- White – new in role (less than 6 months) so too soon to judge
- Blue – producing good results in role but not yet showing the potential for promotion
- Red – not producing good enough results in role and so requiring a performance improvement plan
- Grey – resigned, retiring or a candidate for a compromise agreement
- Yellow – producing good results in role and showing the potential and aspiration for promotion within 2 years
- Green – producing good results in role and ready to be promoted to the next level

Targets were set for the number of yellows and greens (typically 15 percent) so we could check that we had recruited and developed a pipeline of successors at all levels in the organization. When an employee became red in a particular quarter, he or she was put onto a performance improvement plan and the team collectively monitored success or failure for the next two quarters. Success was moving back to blue; failure was falling back to grey, when a conversation began with the employee about a separation agreement. One other pattern we watched out for was 'traffic lights' – employees who over a period of years would move from blue to red, back to blue, then later to red again, and so on. This was a clear signal that the employee's performance was marginal and they probably should be moved out of the organization.

A linked process is forced ratings. For almost the entirety of my career I have been required to do them for my employees using a normal distribution curve, and then to communicate their ratings to all employees. I both love and hate it, and on balance I think there is a better way. The upsides of regular forced rating are that you can use it to pay the best people more and the worst less, and that it starts a conversation about how to further develop the best and manage out the worst. The major downside is

that about 70 percent of your organization will be rated 2 on a 1 – 3 rating scale (i.e. 'good'). While you and the system know that being rated 2 is positive because it means an employee is being valued for good performance, what that employee hears is 'you are not being rated 1 and are therefore not valued enough to be considered for promotion or increased pay'. It inevitably discourages most of your workforce every year, and so I have come to view forced rating as a destructive process.

So what should we do instead? If you must do forced ratings, I recommend that you do not inform any employee of their rating. Stop upsetting 70 percent of your workforce once a year every year. I think it is enough to identify your high-performing 'clevers' with the potential and aspiration for further upward development and concentrate on developing them, and use the colour chart process described above to deal with underperformance.

I have similar misgivings about annual appraisals for many employees – or, at least, the way they typically get done. Whilst I think a regular appraisal process is a good thing for less experienced employees (who are still laying down patterns of competence, attitude, behaviour, etc.), for the majority of more experienced employees, appraisals can be a destructive and negative experience for both the manager and the employee. Again, while it is good to take the opportunity to talk to employees about (1) their accomplishments (2) 'what they do well' (3) what they need to learn next, and (4) their career, at some point the conversation always turns to 'areas for improvement'. Unfortunately, that is largely a waste of time for most employees from the midpoint in their career, because they are unlikely to change no matter how much training, coaching or exhorting you do. It is better to focus on the positives and find places and roles to put these committed and loyal employees where they can make the most of 'what they do well' and where their 'areas for improvement' are not a barrier. Even better still, have diverse teams where individuals have complementary skills and can cover one another's weaknesses.

Career pathing is another popular way to help individuals to perform better and develop the skills to either broaden their contribution or demonstrate the potential for promotion to a higher level. Most companies have moved to open job posting as a way of empowering employees to manage their own careers and provide an open and transparent selection process. While this achieves its aim for the majority, I think more management intervention is required to ensure that 'clevers' are constantly challenged and placed in assignments that allow them to develop all the skills they will need as future leaders of the organization. It is not right to abdicate to 'the market' the responsibility of senior IT leaders to focus on the development of the best people. Instead, I recommend that you meet once a quarter to review current lists of open positions and people requiring a move. In both cases the discussion should focus on 'key' positions (i.e. the most challenging, most critical to achieving the strategy and that offer the greatest opportunities for career development) and the employees one level down from your direct reports. The trick here is to actively manage the growth and development of the highest performing and highest potential employees continuously over time, so that they grow to be credible and capable successors to your direct reports. You can do this by ensuring they get the 'key' positions.

Don't be afraid to put the best people into jobs they initially struggle to do. The best people learn very quickly and passionately want to succeed so they will work long and hard to become competent in the new role as quickly as possible. Put another way, if you put people in jobs they can already do, they learn nothing. Instead, challenge them to do new things but provide them with the coaching, training and support they need to succeed.

P&G managed this by flagging that some jobs posted had 'preferred' candidates, which was code for 'we need this job to provide development for someone'. Some might see this as Machiavellian interference, but I think P&G dealt with it admirably by being transparent about what was being done and openly prioritizing the future health of the leadership pipeline.

Building sociability

When I began working at Procter & Gamble in Newcastle in the UK in 1985, I started with six other graduates of a similar age in IT and many more across other functions at the same site. Across the P&G world the same thing happened – a cohort of new management trainees began their careers – together. Prior to university I had been at a school where being known by your surname only was the norm. As a child, I had been taught to be respectful to people older or more senior than me and call them 'Mr.' or 'Mrs.'. I was surprised to find that in P&G everyone, regardless of their seniority, was known by their first name. Of course, this is commonplace 30 years on, but at the time this American informality made me feel at home very quickly.

Senior managers were approachable and saw it as their job to spend time coaching and developing the new trainees. In addition, each new graduate was assigned a personal 'coach' to help them integrate into the office both professionally and socially. The coach was typically a graduate who had been in the business for two or three years, and I remember being told that I could ask this person anything I was afraid to ask my boss or a trainer.

As a cohort, we immediately started socializing together, bonding and building shared loyalty and trust. We were quickly invited into wider departmental and business unit social circles and formal events. The company even went as far as funding social events with young managers and trainees from other Newcastle-based companies and organizations such as the BBC and Young Farmers. Many short- and long-term relationships of all sorts were formed at those events, no doubt in part thanks to the free alcohol eliminating inhibitions. This pattern continued throughout my career at P&G. Offsite events to create strategy, make plans or share status always had a significant social aspect 'to build the team'. I always enjoyed the intellectual challenge of working with very smart people at P&G but I felt a deep emotional connection with them as well.

At Anglo American I tried hard to recreate some of that connection with my people through repeated social interaction. As an INTJ personality type I am not naturally 'touchy feely', but I was the first Global and Group CIO ever appointed in an extremely federal culture and structure, and I knew relationships with my direct reports in Corporate and with my functional colleagues in the business units would be key to success. The next four years were rocky as I pushed through the implementation of a common infrastructure and a number of common applications, reorganized and reskilled the central teams and then centralized the global function. I believe the work we did to develop strong social relationships carried us through.

Later on, in addition to formal events and face-to-face lead team meetings we held a weekly team audio call. The purpose of the call was simply to allow us to connect at a personal level in a way that is simple if you are all located in the same office but difficult when you are spread across the world. There was no agenda for the call other than each member having five minutes to say how they were feeling that day, voice their worries and aspirations for the week ahead, give any important updates on business, service or projects that the balance of the team would be interested in, and ask for help from the team. Some weeks the call was purely social and that was fine – it served to keep us bound together.

Goffee says we should recruit *compatible* people. I am sure that includes hiring a diverse set of people so that your team has some challenge to the status quo and sees opportunities and issues differently, based on different experiences and paradigms, in addition to the need for them to simply 'fit in'. However, given that 'clevers' like to work with other 'clevers' I think the biggest mistake leaders make when recruiting is to hire skills and not potential. It is easy to fall into the trap of looking to fill vacancies in your organization with someone who has already done the same thing elsewhere, and always hiring experienced vendor managers, project managers, architects, regional IT leaders, etc. In the short term this will work fine, but it will not necessarily build a high-performing, high-potential organization capable of dealing with all the change and challenges that the future will bring. It is far better to look for new employees who have the potential to rise to the highest levels in your organization, to your role and perhaps beyond, even sometimes at the expense of already coming equipped to do the job you need filled. (Of course, if you can find someone who has both the potential to grow and the skills for the vacant role, then so much the better.)

Taking care of those in trouble might seem obvious, but in my experience real caring goes beyond leaders asking about the health of a relative or allowing days off to look after a child with a cold. In 1992 I relocated to Belgium, along with my wife and recently born first child. For P&G this was a significant investment in me – the cost of relocation, financial help in a new country, trips home, etc. added up to a big number. About three months after arriving my wife began to suspect that there was something seriously wrong with our son's development and shortly after, a hospital confirmed that he had cerebral palsy. My wife and I were both shocked and while she swung into action organizing therapy and planning the future, I went to talk to my boss just to let him know that I might be a little distracted for a while. He spoke to the most senior IT leader in Europe, who called me to see him within the day. After listening quietly to me talk, he said P&G would be happy to send me back to the UK immediately and find me a local position, where he assumed it would be easier for us to start our son's therapy and care. He didn't say this but clearly the expense of an about-face was insignificant to him compared with dealing with our suffering. We didn't go home, but I will always remember feeling deeply thankful that I had my boss and the company taking care of me.

Later in my career, the largest portion of Anglo American's business was in South Africa, where the company had its origin and much of its history. About the time that I joined the company, the economy of the country began to suffer, violent crime was on the rise, the electricity supply became unreliable, labour unrest became rife and protest movements began to form across the country. It was clear to me that my employee base in South African IT and Shared Services was suffering significant disruption to their daily lives, but more importantly they were concerned that their country was entering an unstoppable downward spiral that could end in ruin. Everyone was scared and uncertain what the future would bring. I wanted to help but given there was little tangible I could do, I decided just to try and 'be there for them'.

I flew to South Africa for no other reason than that, and called a 'town hall' meeting of middle and senior management in Johannesburg and the surrounding areas. After tea and cake, I sat on a table at the front of the room and asked: 'What would you like to talk to me about? Tell me what's on your mind'. For the next couple of hours they talked about life in SA, the disruption and their fears. I mostly just listened, then said that we as a company and I as their leader would support them, and shared a few stories from the UK in the 70's which felt quite a similar time and place. The positive feedback after the event was great – they just wanted to talk and be listened to.

An extension of this is the well-known management tool MBWA (Management By Walking Around). It is hard to do for everyone when you lead a global organization, but you can at least do it for the site where you have your office. Get out there, see what people are spending their time on, find out what is worrying them, sense the mood, and show you are interested.

Feedback on my own performance

After thinking about all the above examples and writing down my advice, I naturally started wondering how I had done as a leader in trying to build solidarity and sociability. So I went to 18 people who had worked for me over the past 20 years and asked them to describe one example of me being a good leader and one not so good. At the time of writing I have received 12 replies (not a bad percentage return for an email-based survey!) Interestingly not much had changed over the 20 years. Here are the highlights.

People felt good about me as their leader when I:

- Showed mental horsepower to drive an excellent strategy, seeing through the melee
- Provided clarity of direction, was decisive and took ownership of problems
- Demonstrated personal drive and commitment to get things done
- Found and retained great talent, set them high standards, and formed strong, honest and trusting relationships with them
- Allocated even quite junior members of my team to partner with the business to create possibilities
- Delivered key expected business outcomes

People did not feel good about me as their leader when I:

- Lacked patience, showed fatigue or frustration
- Was dictatorial and did not spend time explaining directives
- Showed favouritism or worked with an 'inner circle'
- Did not exhibit emotional intelligence, had my 'game face' on or delivered messages insensitively
- Took no prisoners
- Became uninvolved in their work

It is clear to me that this feedback is consistent with Goffee's concept of authentic leadership – what I did well built solidarity and sociability, and where I was found wanting I eroded it.

Goffee and Jones first published the concept of solidarity and sociability in the Harvard Business Review in 1996. You can find the paper using this link: <https://hbr.org/1996/11/what-holds-the-modern-company-together>

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