

It pays to flatten the pyramid

“Right then I knew the kind of leader I never want to be”

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By Rick Spence

Today’s business leaders have it tough. When you were starting out in your first job, you probably reported to an older, more formal leadership team, whose members expected deference and respect. “Flatter leadership” was something you did, not an organizational objective.

Now, however, more egalitarian leadership styles are on the ascent. Most folks atop the career ladder can no longer pretend they have all the answers. Today’s increasingly complex business challenges, generated by continuing new waves of products, technologies and markets, ensure that old solutions are no longer enough. Judgment, creativity and initiative now rank equally with experience, if not above it.

For small and medium-sized businesses, this is good news. Large organizations often have trouble evolving beyond the command-and-control hierarchies which were all rage from World War I till, say, the Vietnam war – when we first learned that fearless, organized guerrilla teams could outwit superior massed forces. (One could call it a lesson we’re still digesting.) With less invested in formality, ego and operational tradition, smaller, flatter firms should be able to run rings around stuffier competitors.

The contrast between old and new leadership styles was made starkly last month in a Wharton business school presentation by Barry Salzberg, a U.S. accountant and tax lawyer who last week took over as global chief executive for the 150-country network of Deloitte Touche Tohmatsu Ltd. A native of Brooklyn, he joined a Deloitte predecessor firm in Manhattan in 1977. He recalls it as “a fancy, formal place” where he learned that newcomers should toe the line and speak only when spoken to – “especially if you arrived speaking a foreign language like Brooklynese.”

“Boss-zilla,” as Salzberg calls his first manager, taught him all he needed to know about leadership done wrong. “Right then I knew the kind of leader I never want to be, the kind who gives orders, not encouragement.” Today, he says, “You never know where the best ideas will come from. If you build a supportive environment where everyone is expected to contribute, you’ll get synergies and creative ideas you never imagined were possible.”

How do you create an environment of innovation, collaboration and trust? You must turn the org chart upside down and recognize that senior management exists to help their staff become more

successful – not the other way 'round. And that consultation, delegation and admitting you don't know everything are powerful development tools for leaders to use every day – not signs of personal weakness.

Here are a few ways to flatten your pyramid to create a more dynamic, effective organization:

- Hire leaders. Amend your screening process to seek out nascent leadership qualities: initiative, empathy, communication, integrity, influence. Let newcomers know they are expected to develop those talents, both inside the company and outside.
- Encourage all employees to see the big picture. That means sharing strategies, objectives and results regularly with your staff. Make sure everyone understands how the business makes money, why profits matter, and their own role in making the company successful.
- Share the wealth. Offer profit-sharing, bonuses or performance-based compensation to reward employees who show extra effort and produce results.
- Open your business to new ideas. Encourage employee suggestions and product/service innovations. Encourage collaboration between different departments, and find ways for staff to interface with more customers more often. When staffers make suggestions, encourage them to run with their ideas; don't stifle initiative with long-winded rules and qualifications. Give them objectives to pursue and stage-gates to meet.
- Invest in training. Create a company of leaders by picking up the tab for training in skills such as communication, project management, time management and conflict resolution. And don't ignore the financial side: everyone benefits when your non-financial staff understand how to budget, create spreadsheets or interpret financial statements.
- Grow together. Invite as many staff as possible to “lunch & learn” sessions on innovation, product development, new technical developments in your field, marketing or social media. Make learning a part of your culture. You might even create a contest where individual staffers can win a free trip to a conference to pick up more skills and industry contacts. Make sure they present a report on their experience upon their return; this encourages retention, disseminates new ideas, and builds confidence-boosting presentation skills.
- Salzberg himself suggests formalizing mentorship programs in your business, to ensure that tomorrow's leaders learn from caring, personal role models over time.
- Finally, says Salzberg, model the honesty and transparency you wish to encourage. As an example, consider his “no ostriches, no elephants” principle. “No burying your head in the sand if there's a problem, and no ignoring the elephant in the room,” he says. He believes it's better to “name and tame” an issue than to ignore it. “Making sure the truth is told and discussed with all is the foundation of leadership,” says Salzberg. “Without that, you can't build trust.”