

Leadership and Management. What's The Difference?

I often wonder why there's no position title for leadership. In the largest companies there are many titles that describe the things executives do, like CEO, the chief executive officer (well, actually this title does not describe any specific activity), or CFO, the chief financial officer, or CIO, the chief information officer, which describe some activity relative to the *management* of the company. To my limited knowledge, no one has the actual title of "Leader". Yet, there is much knowledge, and volumes of work around the issues of leadership versus management that describe how they differ and why both are important, and, in fact, crucial to the success of a company.

John Kotter's work regarding the nature and application of leadership is the seminal work in this field, and you all should be familiar with it. In his books "Leading Change" and "", Kotter lays out a compelling case for understanding how people get things done with strong leadership, and how things fall apart without it. Companies with strong leadership at the top, and down through the organization achieve more, and earn more than those where leadership is weak, or non-existent. Companies with leadership ethics imbedded in their culture are better places to work and to do business, than those without these attributes. They are longer-lived than poorly or under-led businesses, and attract and develop better people at all levels.

What it Means to You

Small businesses like those that make up most of the retail furniture industry share one common problem that we, as business consultants, witness all the time. Everyone works *in* the business, but no one works *on* the business. Owners in our industry, often families and often multi-generational, have viewed their businesses as sources of jobs for themselves, often higher paying ones than they would find outside the family business, but jobs non the less.

Multi-generational businesses in our industry share another attribute also, and it's a dangerous one. Families, where the family wealth is tied up in the business or generates from the business are often stuck in "the way we do things", and resist changes that would make them stronger because they fear putting the revenue and profits that support the family at any risk. And, let's face it; all change is accompanied by some degree of risk.

This attitude of resistance to change defies the need for leadership. Leadership, in the broadest sense, emanates from the family values and lifestyle, but when change is required to remain competitive, these businesses hunker down within their old paradigms, believing that the things that got them this far will carry them forward. We've seen many long-standing family businesses struggle and lose profitability by clinging to their old ways far too long.

Two things make leadership critical for today's small businesses: First, leadership means looking at your business strategically. Looking at it in terms of your competitive place in your market, from the point of view of your customers, and from the view of the future. Then, making changes to the way you do things to capitalize on your strengths, improve your weak areas and find new ways to serve your customers. Leadership looks at "who" we are, "what" we do, and, most importantly, "why" we do things. It also decides "which" things we must do, and in what order or priority. This is the most important aspect of leadership – it sets *direction*. It develops and communicates *vision*.

Second, someone has to be working *on* the business all the time, ensuring that the pathway, the direction, is maintained, that it is communicated throughout the organization, and that all action is focused toward achieving the goals and objectives that the direction and vision demands. Someone has to be responsible for recognizing, or uncovering, the roadblocks and seeing to it that they are cleared, so that the people responsible for managing can get the job done.

The Qualities of Leadership And Management

I want to make this clear: Leadership and management are not mutually exclusive personality attributes. Leaders can also be managers and vice versa. However, the things most commonly associated with management, financing, organizing, staffing and controlling the company aren't the necessarily the things that are needed to build a company and set its purpose and direction. Simply put, leadership determines where you are going, and management gets you there.

Leadership determines the destination, while management drives the car – or the bus, or ship or airplane that gets to the destination, overcoming all the obstacles along the way and making necessary adjustments along the way. Unless external factors cause the destination to change, management's goal is unchanging.

Leadership constantly assesses the destination, the direction, to ensure it is the right one and, as a critical leadership task, keeps everyone focused on that direction and destination by communicating constantly.

Leadership qualities include such emotional competencies as being able to inspire and motivate others. The ability to communicate complex ideas and keep others on course. This means that leaders constantly monitor performance and the organizational psyche to be able to know when actions are off course – not heading toward the destination. Managers who are leaders are able to do this for their parts of the company. They understand their place in the overall strategy, and they stay on course.

Leaders are necessary to initiate and manage change – the hardest of all corporate endeavors – by working with people as coaches and mentors, and developing and managing departmental strategies and systems that support the vision.



Vision, Mission, Strategy and Work

This is the alignment of factors that should be in place in your company, no matter how small, that provides cohesion to your action plans, your work systems and your company policies relative to your employees, and your customers.

If your vision is to open enough stores in your market to capture 5% market share of the bedding market, then opening an accessory store is off-vision. If your mission includes being the preferred source of bedding for your customer base, and providing an enhanced quality of life and economic well-being for your employees, then your compensation and growth structure should support this mission.

If your selling strategy prohibits employees from engaging customers in a way that customers want to be engaged, and is totally inward focused on store related things instead of customer related things, your strategy goes against your mission and your vision.

If customer service is a critical factor in capturing a larger customer base, thereby increasing your market share, then having unresponsive service procedures and policies runs counter to the strategy, mission and vision.

The point is: When you don't pay attention to this alignment, your employees know it and your customers know it. You can see the results in your employee attrition rate, and in the number of repeat customers you get.

You've got to begin by simply writing down the kind of company you want to have, and how you want it to affect your life, and your family's life in both the short and long term. Then you've got to write down how you intend to position the company in the marketplace – what principles will drive your business.

Next, decide what organizational and operational strategies you'll use to attract, satisfy and retain customers and employees. This is the way you'll work, the things you'll do in every area to fulfill your mission and attain your vision.

Finally, tell everyone. And, tell them again and again, day after day, and make sure they never forget that you, at least, have a vision, and are on a mission to make it come true. Challenge your management team to live up to the mission, and develop strategies to get you there. You've laid out the destination, now; let your people find the ways to get you there.