

Leading from the Jet Stream

By Patrick Lambe

Singapore's corporate leadership has had a bad press of late, not least in the government-linked sector. In September 2002 a report from International Survey Research (ISR) cited Singapore's workers as the second most "bo chap" (Hokkien for indifferent) in the world (Japan was bottom). A storm of outrage and debate erupted, local business schools and unionists sprang to the workers' defence, and very quickly it turned into a question of blame: fingers pointed at Singapore's managers.

In fact the same research that produced the "bo chap" finding, also linked motivation to leadership. ISR had found that Singapore's corporate leaders fared badly in motivating and understanding employees. Straits Knowledge's February 2002 report on Innovation in Singapore Organizations had cited leadership as one of the perceived barriers impeding innovation. In October, our larger study, *Knowledge-based Leadership in Singapore Organizations*, found that the GLCs in particular appeared to have weak leadership cultures, and leadership development generally was sorely lacking in Singapore. Our research as a whole seems to suggest that part of the problem lies in the inability of leaders to connect with their organizational cultures.

In the GLC sector, one of the causes of this is what I shall term the "jet stream" leadership phenomenon.

In the Jet Stream

What do we mean by "jet stream" leaders? Think of an aircraft and its consumption of fuel. Most of the energy an aircraft burns during its flight is on takeoff, and getting to a coasting height. Once it's at 35,000 feet, into the jet stream, the air is thinner, friction is lower, and fuel efficiency is high. A little goes a long, long way... and if the tradewinds are behind you, they can speed you up, by 10% or more. Jet stream leaders achieve astonishing ratios of scale. That doesn't mean that as leaders, they are having an easy ride: far from it. It does mean they are expected to push their companies fast and far, on very little fuel.

Singapore's public service and the military establishment have consciously cultivated a cadre of leaders who are very bright, very educated, and very motivated. They have watched them, nourished them, and moved them around to get all the best possible expertise and experience. And they often become senior figures in the private sector, especially the government linked sector.

However from the perspective of the organizations they lead, these leaders operate in the jet stream. They didn't work their way up from the runway to cruising altitude. They arrived in mid-flight. This has big implications for how intimately they know the capabilities of the organizations they lead, and how sensitively they can tune or influence those capabilities. Of course, this happens in many international companies, not just Singaporean ones. And such companies suffer many of the internal disconnects that Singapore companies suffer.

But many CEOs have worked their way off the runway in *some* company or other, usually within the industry that they now take a leadership role in. They know how the frontline and the guts of operations really work, they know what makes

salespeople tick, and accountants flourish; they know how to tweak the portfolios of middle managers to make them shine, and what messages get a project team up off the floor after a failure. They know the language from ground to sky.

Singapore's fast-tracked leaders, however bright, however experienced, don't always have the time to pick this up. When the systems and business cultures work according to a culture of control, when the financials and operational efficiency are the key operating levers, this isn't so important. When the old operating levers are thrown into turmoil, and when competitive advantage becomes defined by what talent you can attract and retain and get value out of, then not knowing the language from ground to sky becomes a distinct disadvantage.

An example of a runway leader as opposed to a jet stream leader, is Jack Welch. He grew up within GE, and knew it intimately. Not only did he know the language, but he knew other runway leaders within the company – knew them well enough and had earned enough respect from them to form a cadre of strong, aligned leaders to make sure his agendas worked – even when his strategies (in the mid-1980s) appeared insane and cannibalistic. He has only recently enjoyed star status.

For a long time, he was known as "Neutron Jack" (after the bomb that kills people and leaves buildings standing), because of his savage layoffs and dismemberment of GE's old businesses. He was viciously criticised for splurging millions on his showboat training centre at Crotonville while simultaneously justifying layoffs on the basis of poor business performance. Today Crotonville is cited as a lodestone of organic leadership development – building leadership capabilities from within. Jack didn't get what Jack got, because he was Jack. He got it – against opposition – because he was GE Jack.

Peter Senge tells an anecdote about an ambitious, but idealistic young manager, who feels frustrated in his job. He sees so many things wrong about his company, and so many ways that things could be done better. He resolves to work his way to the top, until he has the power to control all the levers and switches that make things work. Then he will change everything for the better. And he does it. The great day comes when he marches into the CEO's office, and sits down behind the vast expanse of the CEO's desk. And sure enough, there are all the levers and switches that make things tick within the company. The only trouble is, none of them are connected to anything.

Peter Senge's point is that institutional power is not the same as power to influence a culture. So in a way, it subverts our argument. But the analogy of the disconnected desk is much more apt to the jet stream leader than it is to the runway leader. In my reading of Senge's story, the runway leader who has worked his way up through the company will enter that office with the connections intact. It is the jet stream leader who does not.

It's not just fast-tracked leaders who have this problem. Leaders, however competent, imported into a very different cultural environment, will also suffer the same fate. Our recent struggles with foreign talent bear that out.

Foreign Talent

Singapore saw a lot of high profile departures among its foreign talent CEOs during 2002 – including Philippe Paillart of DBS, Barry Waite of Chartered Semiconductor,

Tom Kloet of the Singapore Exchange, Flemming Jacobs of NOL, and Jan Poulsen of the national soccer team. Against a backdrop of a firm commitment (against some resistance) to bringing in the best foreign talent, we might be forgiven for asking ourselves one of two questions: are we really getting the best, or are we performing badly at keeping our foreign CEOs in relation to the rest of the world?

Part of the reason for the attention this gets, is that there's generally an assumption in Singapore that CEOs are going to be stable and pretty long term – especially in the government linked sector. That's because of the traditional fairly closed system for top leadership that has only recently started to open up.

If you look closely at Singapore's business elite, you'll see there's a high talent jet stream pool of executives who circulate every few years within the GLC / Public sector - this is partly how Singapore's remarkable continuous renewal keeps going. Every change of leadership injects new energy, new initiatives (but sometimes new initiative fatigue lower down). The main reason why leadership has seemed so stable in Singapore traditionally, is (a) there aren't so many new faces popping up, it's familiar faces in different places (b) these changes get relatively little attention from the outside.

Once leadership is opened up to global recruitment, however, you do a couple of things that change the rules of perception. One is that your benchmark is no longer localised history, but global trends. And research on Fortune 1000 companies suggests that CEO tenures have been getting shorter and shorter – the latest figures suggest only 2.5 years.

Different sectors have been doing worse than others - telecoms, airlines, and banking have been very fragile areas globally for CEO survival. So to know whether Singapore is performing poorly, you'd need to look at foreign recruited leadership across the board in Singapore, and see whether they fare any better or worse against global trends. There isn't any research I know that specifically looks at that; perhaps we should do some.

A second thing that changes is that recruiting foreign CEOs or senior executives puts an additional twist on the whole "foreign talent" issue – and because there's some sensitivity and debate about this, it attracts a lot of attention. Hence the visibility of foreign executive departures is far higher than the visibility of local executive departures. So our second benchmark to see how we are really doing would be, how are foreign talent leaders comparing against local CEOs in the same sector?

The second question we permitted ourselves, was whether we are in fact getting the best of the best when we recruit from overseas. It's hard to generalise on this, but one thing Singaporeans do really well is shopping - including for CEOs. You can usually be pretty sure that when it comes to big jobs in big companies, the candidates have been checked out in a serious way. So it's unlikely there's a question of second-hand, second-rate goods here... rather the reverse.

However, when you do recruit top notch players, you also often get people who are used to having power, latitude and independence. This may not always be available in the Singapore environment, and the constraints are not always visible upfront. There's no point buying a race-horse if you're going to leave its hobbles on. So actually our question is a little bit off-centre. It's not just a matter of the foreign

talent not being good enough, but whether we can provide the environment that maximises their skills and effectiveness.

I'd disagree, by the way, that what Singapore needs is the cream of the crop by global standards. Just being good in one environment doesn't assure success in another. Singapore is a very special operating environment, with lots of fairly uncommon organizational culture issues - not just worker cultures, but also management cultures, decision-making and power cultures. This dimension is less often considered when recruiting, and it should be.

The thing about this kind of issue is that culture is like the air we breathe. It's usually invisible to both the recruiting company and the candidates. The first signs of trouble arise when things just don't work the way you think they should, and you can't figure out why. The invisible cultural differences and unexpressed assumptions on both sides just keep resulting in persistent, frustrating shortfalls on expectations. If you're lucky, both sides learn to perceive the specific differences and adapt to them. If you're unlucky, the gulf widens until it's unsustainable.

We complain a lot about the supposed difficulties CEOs must face here. *Bo chap* workers, hyper-critical public opinion, cultures of perfection. But these are factors that leaders face the world over. And there are some more dangerous challenges that leaders here have, thankfully, not yet had to deal with – in the US in particular, the dangerous short-termism foisted on a company by aggressive, and greedy, shareholder influence on the board. This phenomenon is still alive and well, still shaving the muscle off an organization's future capabilities, traded in for advantage now.

These are all minor distractions, and they don't describe the special challenges that foreign CEOs face here. And while we might think that national or ethnic cultural differences have their play (and sometimes they do) generally speaking an experienced CEO will come with the right set of sensitivities for the job here. We've seen a trend towards recruiting Asian expatriates, for example, as if this was the main problem. It isn't. The key problems facing our foreign leaders (and, as it turns out, our own indigenous jet stream leaders) are cultural ones – but not ethnic or national cultures. The boogey bear of culture is the organizational cultures that operate here, arising from local conditions and history. GLCs are a good case in point.

Our October 2002 report *Knowledge-based Leadership in Singapore Organizations* suggested that in the GLC sector, particular challenges are faced by the dual agendas they have to accommodate - the national economic agenda, and the global marketplace agenda.

Many of them also lack a strongly defined leadership culture of their own, relying heavily on what we've termed the jet stream leadership culture inherited from the public service. This means a closed group of highly connected and networked individuals, who circulate in Singapore's leadership jet stream, connecting for tenures of 4-5 years with a specific organization and then moving on. This is extremely good for running a very cohesive and coordinated big business environment, and for exposing top leaders to lots of useful experience and talent.

However it has a couple of downsides as well. One is that the connection to the organization they run is not organic - which means that there typically isn't a

leadership development programme designed to groom internal candidates for very senior posts (as at General Electric or Ford, for example). So the leadership model tends to be weak throughout the company's culture. GE can produce a Jack Welch. Which Singapore GLC can do the same?

If you read Jack Welch's autobiography, you realise that he could never have achieved what he did with the company if he didn't have his own dense network of relationships, connections, and trust, built up over decades within that same organization. That's how he was able to move it so fast, so far. That leads us to the second potential downside when you recruit from outside.

In the GLC sector, you have pre-existing leadership cultures in these organizations which are highly networked across the country rather than within any one organization. They are highly attuned to often inexplicit economic agendas.

When you recruit a foreign CEO, you combine the jet stream culture with top executives from outside who are not highly networked where it counts to get things moving (locally), and who don't carry the economic agenda assumptions that go with the GLC phenomenon.

If they come in with a strong mandate, they can often have a strong initial impact (we saw this very clearly at NOL, for example), because they can take specific policy steps on the visible aspects of the business. However, they too often, and too quickly, run into the invisible slowdown effect created by the soft, unspoken issues.

Around the time of Philippe Paillard's departure, *The Business Times* ran an article speculating on some of the possible frustrations a CEO accustomed to running the show might feel, when the Chairman of DBS runs his own very active office next door, running teams and projects nominally under the CEO's control, but in reality quite independent.

But you can understand this. The national economic agenda means it's very difficult to fully release control into the hands of somebody who doesn't fully understand that agenda. GLCs have to get much better at marrying their management of both national and market agendas in their leadership, whoever they recruit.

Organic Leadership

The foreign talent experience throws into sharp relief the problems when you get a leader who can't connect organically with the operating, invisible culture of an organization. To a more subtle degree, those are the issues that Singapore's jet stream corporate leaders now face, in particular in the realm of knowledge-based business and strategy. When the demands are functional, financial, and involve rejigging the disposition of resources, assets, and time, in a coordinated way across the whole economy, then you couldn't get a better system than the jet stream for the job. That skills set is homogenous across the whole business landscape, and the really lucrative driver for Singapore's success has been its alignment of organizational cultures to the triggers of obedience.

In developing knowledge-based capabilities, however, we move beyond the functional. It's no longer about task completion (we have seen in our earlier research and in this report how much pressure there is to redefine knowledge management and innovation in terms of tasks, processes and functions). Now it's about tuning

into, and reaping value from, the skills and tacit experience harboured in our employees' heads, hearts and souls.

As much as we might want to deliver this new capability through an instruction – usually in the form of “You’ve got to change your mindset” – and as much as our employees would like to cooperate, most are genuinely puzzled as to what this mindset change looks like, including the people who issue the instruction. Everybody – from leadership to line – searches for the right shaped tasks to get this mysterious effect of knowledge capabilities working for the business.

In fact, it's not a matter of task definition at all – at least, not at the micro level we try to work on. We're smart people. Individually and collectively, we all possess the intrinsic knowledge capabilities we need to transform the organizations we work for. But as organizations we're structured wrongly, we've developed the wrong habits, and built environments and systems that inhibit what we need to do next. To change all this requires massive involvement, and lots of communication and effort, guided by a clear, simple, understanding of where it is we want to go, and why. In a word, a strategy that everybody understands.

And leadership, at every level of graduation, needs to communicate this. That's why it's so important to develop organic leadership development capabilities, where the invisible, cultural language of change is understood by those who lead – not just the empty propaganda of change. It's no accident that SIA Group, which has one of the most consistent cultures of the entire GLC sector, also has a tradition of developing its leaders internally, and also happens to be one of the few consistently successful businesses, in a battered economy and a deeply troubled industry.

We need desperately to become more aware of the limitations of the jet stream approach for our current environment. That doesn't mean dismissing our current crop of leaders, but it does mean using them to better effect. When we are recruiting a leader to an organization, whether from within, or from the jet stream, or from overseas, we need to be actively seeking the resonances that say this person knows how to communicate, influence, and lead, in this organization, and at this time.

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