

CONFUSING FORMAL AUTHORITY, INFORMAL AUTHORITY AND LEADERSHIP

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Recently I did some consulting and developmental work with the Asia Pacific Regional Management Group for a major global company which is number two in its industry in the world. The Asia Pacific Region has operations which are growing and other countries which are struggling in the current economic climate.

The CEO for the Region is a terrific person who values relationships highly and who has a very successful track record. However, he was under great pressure from global headquarters to improve regional business performance. He was disappointed with how his management group worked together and he believed there were underlying tensions which were holding them back. He was familiar with the feedback instrument Symlog which focuses on group dynamics and leadership, so he requested that I use it as part of my session with the management group.

Two strong messages emerged from the group feedback and discussion – this was not a tightknit management team which had a clear understanding and agreement on its purpose, and even more surprisingly, a significant minority of the management team had some very strong criticisms of the CEO's management style. For all that, it was still in better shape and did not have any of the substantive conflicts around strategy, power or personalities that I have encountered in some other management teams.

The global company has a matrix management structure and many of the managers had a hard line report to a global manager at corporate headquarters which is not in the region, and a secondary report line to the Regional CEO. These managers tended to view the Regional Management Committee as a loose grouping for reporting purposes. The CEO and some

others in his group were looking for something quite different – a high performing, tightknit team.

Those managers who were critical of the CEO described him in the feedback as dogmatic, highly judgemental and having an attitude of “my way or the highway”. In our group and one-on-one discussions the term that kept coming up was that he was making them “feel like children”. At the same time, the critics still spoke of their affection and respect for the CEO as a person, and this certainly resonated with my own experience of him.

When I debriefed the two day management conference with the CEO, I recalled three of his leadership moves which I would not have advised and which suggested to me that he was confusing Formal Authority, Informal Authority and Leadership.

At the end of day one the management group had been very open in sharing their feedback with each other, including the criticisms that a sizable number of them had of the CEO. With lots of prodding from me, they had also recognized that they had no agreement on or ownership of their collective purpose and the group had decided to spend more time the next morning addressing this issue. I was quite pleased with their progress but when the CEO spoke he was quite despairing, choosing not to respond to the criticisms that had been made of him, and declaring that he thought the group “had gone backwards” that day.

There were lots of mutterings in the corridors after day one and many of them were not flattering about the CEO. I thought he had damaged his informal authority. Firstly, he had failed to acknowledge and respond to the personal feedback which he had received, and secondly he had failed to recognize and acknowledge their honesty in putting issues on the table or their first steps in taking responsibility for becoming a more cohesive management team. In this context, his declarations of despair or as he described it to me later as “throwing myself under a bus for them” did not invite more responsibility from his managers but tarnished his credibility and therefore his informal authority.

I did not participate in the second day of the conference but later I received reports from all the parties. The CEO had commenced the day by declaring that he would withdraw from the room and he would leave it to his managers to

discuss the purpose of the regional management team, how they could work together better and how they could improve regional business performance. I sometimes advise senior managers to vacate the scene in order to discourage dependency on their formal authority and to encourage their teams to take more responsibility, but I would not have advised this action in these circumstances. This action was risky for the CEO's authority because there was a sizable minority of his managers who were quite critical of him and he had failed to respond to their feedback and now they were confused by his withdrawal. Predictably, in the absence of the CEO, the management team divided along loyalty lines and those who were advocating the need for more cohesion were drowned out by the disaffected managers who became even more strident in blaming any problems on the CEO. They also argued that other regional CEOs recognized the matrix nature of the global company and did not demand tight teamwork from their management groups.

When the CEO returned to the meeting he had been briefed privately on developments by one of his close allies. Then he made his third big mistake. He angrily told his management team that it was his way or the highway, and they needed to decide if they were in or out! This was an unfortunate display of formal authority when what was needed was leadership. Later, even some of the CEO's closest allies confided to me that they were shocked by his hard line and believed that it was totally unproductive. Fortunately, in my debrief with the CEO he was able to recognize his mistake. This was the time for the CEO to exercise leadership not authority. This was the time for him to paint his vision for the management team and the region, to declare his own leadership commitment to teamwork whatever the culture in the global company and to begin to win them over to his goal. This would have had more chance of being influential, and it would have protected both his formal and informal authority better than the move which he did make.

These distinctions between formal and informal authority and leadership are not just intellectual. Self-aware leaders must also pay attention to the emotional and psychological dimensions of these distinctions. At the time of the conference the CEO's own father was dying. He had opened the management conference by talking about the mistakes he had made in his own parenting of his children. It is probable that it was no accident that some

of his managers described their current relationship with the CEO as being “treated like children”. Indeed, I realized on reflection that I had felt this way myself in my recent dealings with the CEO. The illness and imminent death of a parent at whatever age is likely to stir up all sorts of personal issues in regard to authority and leadership, and it is not entirely surprising that some historical patterns might be played out in a management team.