

Leadership Today



Leadership at National Australia Bank (NAB)



Leadership is the fundamental foundation of the way we do business at NAB. We promote the behaviours and leadership capabilities of our people and we encourage leadership in the communities in which we operate.

The two articles that we have commissioned for this brochure look at what effective leadership could be within large organisations such as NAB and the importance of leadership in public debate.

Organisational leadership

Most large organisations have great managers, and great managers are necessary to get things done properly on time and on budget.

But management by itself is not sufficient to make a great company – a great company requires leadership from the top and through all levels.

However, leadership does not come naturally to many people – for most it builds up through learning and experience.

Leadership development at NAB aims to enhance self-awareness and personal effectiveness by appreciating the differences between the intent of actions and behaviour versus the impact or how actions and behaviour are perceived by others.

Our people leaders develop an understanding of their abilities, strengths, weaknesses, motivations, values and assumptions and apply this knowledge to self-awareness.

They identify their own levers and impediments to personal change, and explore the dynamics of leadership, power and influence.

We also focus on developing key leadership and influencing capabilities to enhance working relationships with others and effectively contribute to short and long-term team goals.

People leaders learn to assess the strengths and weaknesses of using different leadership styles to suit changing circumstances, and understand how the use of an inappropriate leadership style impacts team motivation and output.

We emphasise the need for an environment of openness and trust and how to create high performing teams through appreciation of diversity and team dynamics; techniques to manage change and conflict in the workplace; leading by example and dealing effectively with complex, ambiguous and contradictory situations.

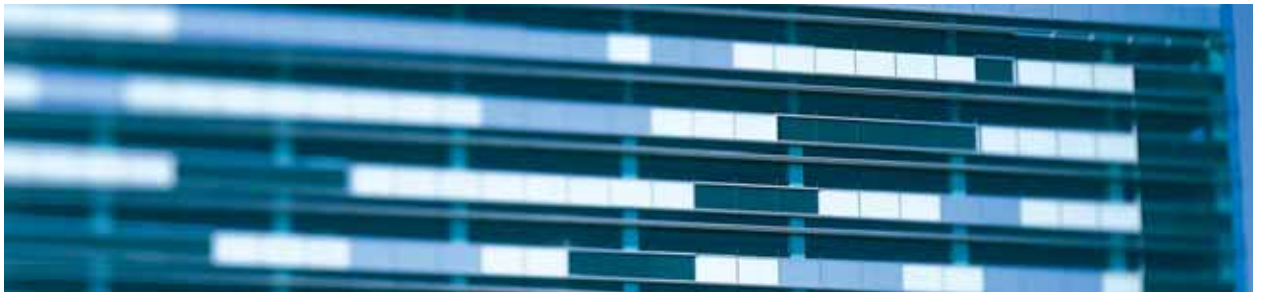
People leaders must also develop techniques and key people management skills to enhance individual as well as team motivation, engagement and performance.

They need to give feedback and constructive criticism in the appropriate manner, at the appropriate time; empower and motivate their team to achieve high performance and recognise success of individual, team and department.

We believe it is very important to establish goals that motivate and guide high performance, and evaluate the accomplishments of employees in an equitable and acceptable manner.

Finally, we are placing increasing emphasis on developing strategic thinking, decision-making and critical evaluation capabilities, and to transition to new ways of working through the development of innovative new work practices and procedures.

People leaders learn about the fundamental structure of strategic thinking and the impact on evaluating alternatives and making decisions; determine their attitude to risk and its influence on strategic decision-making under uncertainty, and learn strategic planning and environmental scanning techniques to identify critical organisational issues or problems.



The type of leadership within each organisation is influenced by the culture and values within a company.

At NAB, we have a set of core principles and behaviours:

- We will be open & honest
- We will take ownership and be accountable
- We expect teamwork & collaboration
- We treat everyone with fairness and respect
- We value speed, simplicity & efficient execution of our promises

We do not have room for people that do not live these corporate principles and we expect our people to walk the talk and lead by example.

A key objective of these principles is to build trust – trust amongst teams and trust amongst the broader communities in which we operate.

Without employee trust, people leaders will not get results. Without public trust, reputation suffers, business is lost and regulation is mandated.

Leadership in public debate

To ensure that we are in touch with our communities and that we are at the forefront of community thinking, NAB promotes community engagement through volunteering and community investment.

In the last 12 months, NAB invested nearly A\$19 million in community investment programs in the regions in which we operate – Australia, New Zealand, Asia and the United Kingdom.

Over 7,000 hours of volunteer leave were used by employees in helping local community groups in each region on financial literacy, financial disadvantage, community health and welfare and biodiversity and the environment.

NAB also sponsors bipartisan public debate through a range of industry associations and public forums such as the National Press Club and the Australian Future Directions Forum.

The National Press Club in Canberra is Australia's leading venue for public debate where politicians and opinion leaders share their ideas about current and future issues and have them publicly analysed and debated by the media.

Support for bipartisan debate through the National Press Club is consistent with our long held company policy of not providing political donations to any party, Federal or State, in the countries in which we operate.

The Australian Future Directions Forum brings together potential leaders from diverse areas of Australian public life to deepen relationships and explore options together for the future of Australia.

The key objectives of the Australian Future Directions Forum are to:

- enable emerging leaders and decision makers to consider longer-term issues outside the concerns, interests and constraints of their current contexts and constituencies
- deepen relationships, share values and enhance mutual understanding of potential leaders across socio-economic, cultural, ideological and occupational boundaries, and in so doing enhance future dialogue and decision making
- generate ideas and activities for concrete actions that lead towards desired futures; and
- align the sponsors in a positive way with the interests and values of many of Australia's future leaders, enhance relationships and contribute to constructive resolution of the key issues facing Australia.

Other major Australian companies that are sponsors of the Australian Future Leaders Forum are Australia Post, BHP Billiton, Qantas and Telstra.

I hope that initiatives such as this will encourage organisational and public leadership that will benefit both NAB and the communities in which we live.

John Stewart

As a contribution to the discussion on leadership NAB asked two experienced practitioners to reflect on leadership in their various contexts.

The first by Dr Hannah Piterman looks at leadership in organisations and is based on learning from a career in organisational dynamics and leadership development.

The second by Geoff Allen examines thought leadership and agenda setting around major public policy debates and is based on a career at the interface between business and government.

(featured on page 7)

Effective Leadership In Organisations

The importance of effective leadership

In today's climate of complexity and change there is no ideal structure, strategy, or management approach that guarantees business success. What is most critical to success is leadership capacity to harness people's ideas, enlist high standards of performance, build relationships, and adapt to change. Steering an organisation in times of change is no easy feat and frequently involves radically reconfiguring a complex network of people, tasks, and institutional arrangements. In a climate that demands adaptability, flexibility, and innovation, leadership provides the organisational rudder. When effective, it is pointed in the right direction; it is embracing; it is intelligent; and it is ethical.

Leadership is both a position and a process. The quality of leadership can make the difference between a mediocre and a great organisation. Leaders 'do' leadership effectively. They use the authority accorded them in their position to engage in the process of effective leadership.

So what does 'doing' effective leadership involve?

Creating a future

Effective leaders provide stewardship for the larger purpose that underlies the enterprise. They know where they want to go, and set direction. They establish and drive values, and construct a shared vision and strategy that embraces the interests of important constituencies including shareholders, customers, employees, and the community. Leaders have a sense of moral purpose that guides the decision-making process and is embedded in the vision and its articulation in governance processes, company policies, and behaviours.

Effective leaders are able to tap into diverse thinking, asking the right questions and listening to the evidence and argument. They attend not only to the rational, intellectual and factual, but also to the ethical, and emotional. They live comfortably with ambiguity and complexity and avoid simplistic solutions and 'spin' to appeal to short term interests. They are able to distil complexity and articulate a future that is clear and engaging, yet confronts the challenges of new ways of working, new behaviours, and new relationships. And they are able to communicate, engage and inspire followers, capturing their imagination, aligning them in one direction, and motivating them for action.



Inspiring followers

Leaders and followers go hand in hand, never more so than in a climate of complexity where responsibility for problem solving is a shared endeavour and leadership involves harnessing the collective intelligence of employees at all levels. Today's networked, interdependent, culturally diverse organisations require leadership to bring out in followers their creativity, imagination, and best efforts. Leadership is required to shape an organisational culture built on shared interests, mutual obligation, and cooperation.

Character matters in leadership. Enrolling followers into creating a shared vision and inspiring them to invest their minds, hearts, and energies in the enterprise requires trust. Leaders need to be trustworthy and to nurture a climate of trustworthiness. Trust underpins the relationships, networks and alliances so necessary in fostering openness, sharing and exchange. Building it, maintaining it, and restoring it when it is damaged is paramount. Mutual trust is a crucial ingredient in creating a culture of learning and willingness of others to take on leadership roles. It is only in an environment of trust that multiple perspectives can emerge and diversity can thrive, as people feel safe to explore unknown territories, question current assumptions, and propose new approaches to thinking and working together so necessary for knowledge creation.

Knowing yourself

Effective leaders exhibit emotional intelligence and value it in others. They have a realistic sense of themselves and acknowledge their skills, strengths, and weaknesses. They are self-aware, and reflect on the effect they have on others. They value personal and professional relationships, and recognise the importance of empathy, support, and care in developing and maintaining them. They strive for ongoing self-improvement. They seek feedback from employees and stakeholders and are able to reflect on it, act on it, and learn from it. Indeed they surround themselves with challenging colleagues whose contribution they acknowledge and reward, both privately and publicly. They seek excellence in themselves, yet are able to acknowledge fallibility, using mistakes as opportunities for learning. Leaders are not frightened by emotion in others or vulnerability in themselves. While they are persistent and strive for resilience in the face of difficulty, they are also able to seek help.

In short, effective leaders create a future, enrol others in the journey forward, and seek ongoing development in themselves and others.

Hannah Piterman (Dr)
September 2005

An effective approach to thought leadership is to lift the focus from the immediate conflicts in a search for alignment of the values and ideas we hold in common.



Thought Leadership in Public Debates

“It’s the people’s will; I am their leader, I must follow them!”

Fictional British Prime Minister Hacker had it a little bit right. But understanding the needs and responding to the attitudes of those that follow is only one of many preconditions for effective thought leadership and agenda setting in community and political affairs.

Thought leadership, as with leadership capability in organisations, needs to go beyond conventional wisdom to invent and articulate new and more desirable futures.

A major inhibitor is community’s acceptance of its ‘givens’ or constraining ‘realities’. Much of Australia’s current national success has come from thought leadership that has risen above conventional wisdoms to create a paradigm shift, for example by rejection of such perceived realities as the need for industry protection, an eighty year old centralised industrial relations system and a limited, small country role in world affairs.

As one public sector leader, ahead of these changes, said, “If the constraining realities aren’t good enough, we need to change those realities.”

The squabble about ideas and policy directions takes place in an environment of cynicism, critical capabilities and articulate voices widely spread amongst the citizenry. Established institutions have lost much authority needed to lead in ideas.

There is also a solid block of apathy – all communities are more likely to resist change than embrace it. And contemporary realities tend to be locked in by short-term vested interests and contending ideological mindsets.

Occupational myopia is the tendency to over-weight the significance of issues we are most fully involved in

or professionally committed to pursue. For artists, the aesthetic; for business, economic efficiency; for environmental activists, the state of nature.

The dynamics of advocacy which tend to polarise rather than bring us together exacerbate this. They include a media which requires at best countervailing views and at worst sensational conflict. They include ambit claiming and the ‘divorce lawyer syndrome’ which seek to maximise starting positions and tactical advantage – and winner-take-all adversarial party politics.

Much of the conflict in our society revolves around specific policy prescriptions and issues. The positions we take on these are a reflection of our various world views or ideologies through which we interpret the world and how it works. These in turn are set in us variously by a complex group of factors including our life’s experience, ideas inherited from families or the influence of writers and teachers. However at a different level there is a basic set of values which are broadly held in our society, such as fairness, social cohesion, national prosperity, ecological sustainability and concern for human welfare. Accordingly individuals or groups often operate on the basis of shared values but differ ideologically and in specific policy prescriptions because they have different perceptions of how the world works.

An effective approach to thought leadership is to lift the focus from the immediate conflicts in a search for alignment of the values and ideas we hold in common.

Experience shows that by starting with the things that we agree on rather than those that divide us, and by understanding the nature of the ideological frame through which we see the world, we maximise the chance of fresh thinking. Then we are often surprised at how small are our differences and tackle them as residuals rather than the main game.

This has been my experience in resorting to higher values and reframing problems with issues adversaries to achieve paradigm shifts in policy direction. Centralised versus decentralised IR becomes workplace based relationships and productivity; free trade versus protection is reframed by the vision of competitiveness. A lateral perspective, away from entrenched prescriptions, can produce a positive sum game.

Experience also shows us that by establishing visions and setting goals at some distance from the present reduces the resistance of vested interests and political or ideological preoccupations. Then once a new future is accepted for the longer term, change accelerates and new outcomes can be more quickly achieved.

Many of the qualities required in framing and leading community debates on policy are the same as those required for leadership in organisations. These include:

- self knowledge, including understanding one’s own ideological conditioning to enable understanding of, and discourse with, counterparties;
- a consistent long-term strategic focus that resists short-term tactical opportunism at the expense of longer-term goals;
- a relatively high risk profile, optimism and perseverance.

And while Australians dislike excessive confidence and respect the agnostic mind, self belief is required and self doubt a serious handicap for those taking us in new directions.

Finally, the character of our society can facilitate or constrain the embrace of new ideas. As identified for organisations, environments of trust, mutual respect, transparency and integrity are necessary for the opening of minds and acceptance of change.

Geoff Allen
Director, The Allen Consulting Group

