

Management Is (Still) Not Leadership

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A few weeks ago, the BBC asked me to come in for a radio interview. They told me they wanted to talk about effective leadership — China had just elevated Xi Jinping to the role of Communist Party leader; General David Petraeus had stepped down from his post at the CIA a few days earlier; the BBC itself was wading through a leadership scandal of its own — but the conversation quickly veered, as these things often do, into a discussion about how individuals can keep large, complex, unwieldy organizations operating reliably and efficiently.

That's not leadership, I explained. That's management — and the two are radically different.

In more than four decades of studying businesses and consulting to organizations on how to implement new strategies, I can't tell you how many times I've heard people use the words "leadership" and "management" synonymously, and it drives me crazy every time.

The interview reminded me once again that the confusion around these two terms is massive, and that misunderstanding gets in the way of any reasonable discussion about how to build a company, position it for success and win in the twenty-first century. The mistakes people make on the issue are threefold:

Mistake #1: People use the terms "management" and "leadership" interchangeably. This shows that they don't see the crucial difference between the two and the vital functions that each role plays.

Mistake #2: People use the term “leadership” to refer to the people at the very top of hierarchies. They then call the people in the layers below them in the organization “management.” And then all the rest are workers, specialists, and individual contributors. This is also a mistake and very misleading.

Mistake #3: People often think of “leadership” in terms of personality characteristics, usually as something they call charisma. Since few people have great charisma, this leads logically to the conclusion that few people can provide leadership, which gets us into increasing trouble.

In fact, management is a set of well-known processes, like planning, budgeting, structuring jobs, staffing jobs, measuring performance and problem-solving, which help an organization to predictably do what it knows how to do well.

Management helps you to produce products and services as you have promised, of consistent quality, on budget, day after day, week after week. In organizations of any size and complexity, this is an enormously difficult task. We constantly underestimate how complex this task really is, especially if we are not in senior management jobs. So, management is crucial — but it’s not leadership.

Leadership is entirely different. It is associated with taking an organization into the future, finding opportunities that are coming at it faster and faster and successfully exploiting those opportunities. Leadership is about vision, about people buying in, about empowerment and, most of all, about producing useful change. Leadership is not about attributes, it’s about behavior. And in an ever-faster-moving world, leadership is increasingly needed from more and more people, no matter where they are in a hierarchy. The notion that a few extraordinary people at the top can provide all the leadership needed today is ridiculous, and it’s a recipe for failure.

Some people still argue that we must replace management with leadership. This is obviously not so: they serve different, yet essential, functions. We need superb management. And we need more superb leadership. We need to be able to make our complex organizations reliable and efficient. We need them to jump into the future — the right future — at an accelerated pace, no matter the size of the changes required to make that happen.

There are very, very few organizations today that have sufficient leadership. Until we face this issue, understanding exactly what the problem is, we’re never going to solve it. Unless we recognize that we’re not talking about management when we speak of leadership, all we will try to do when we do need more leadership is work harder to manage. At a certain point, we end up with over-managed and under-led organizations, which are increasingly vulnerable in a fast-moving world.