

Effective Leadership: Unlocking the Mysteries

By Dominic Cingoranelli

Management development/leadership development within the accounting profession continues to be haphazard due to the all too common mindset of many partners. Often characterized by statements such as, "when I started out, no one held my hand, etc.," this mindset leads to more of the same, which results in less-than-stellar development of many people among far too many firms.

How do we know that effective leadership in accounting firms continues to be a challenge? We see it routinely, day-in and day-out, in our work with CPA firms of all sizes in all regions of the country. Many, if not most, of these firms have been extremely successful and very profitable as well. So if they've been very successful and profitable, why should they care about this now? As the investment advisors will tell us, "Past performance is not an indicator of future performance." Doing what they've been doing up to this point clearly has worked for them. However, in our opinion and experience, doing what they've been doing with respect to leadership development is a recipe for long-term disappointment, dysfunction and disaster.

Why is Leadership Such a Challenge?

As with any complex situation involving organizations and people within organizations, there can be various causes for any particular effect. In this case, we've seen some common causes in most firms that are struggling with improving their leadership development:

- Firm cultures don't support doing it any differently
- Firm compensation systems don't support doing it any differently
- Leaders don't know how to do it any better

Firm Culture

Culture has significant strategic value. It has a pervasive influence on how an organization functions; how it responds to the business environment; organizes its work; deploys and rewards its senior leadership and lower-level employees; and how it structures its day-to-day activities.

Culture essentially is the explicit and implicit assumptions about "the way we do things around here." It certainly plays a large part in what is valued at an organization. For some firms whose partners come from large firms, the culture may look like a mini-version of the culture at the big firm from which they came. By this we mean that it may be very performance-oriented, which in and of itself is not a bad thing; but outside of technical training (if technical training indeed is occurring), little effective management development occurs at the new firm. It's not uncommon to find a culture in this type of situation represented by the statement, "I figured it out on my own, and if they're worth a darn, they will, too. If they can't, then maybe they don't belong here."

Firm Compensation Systems

Behavior that gets measured and rewarded will get repeated. Because of the firm culture, some firms simply don't pay owners to develop their people. Rather, owners are recognized for their technical prowess and accomplishments. This isn't all bad either. However if your focus mostly is on making the owners better, where is the incentive for the owners to make their people any better? Compensation systems focused on the owners' achievements rather than on the rest of the firm members' achievements will reinforce a culture that lets people "figure it out on their own."

Leaders Don't Know How to Do It Any Better

The public accounting profession, in this author's experience, has done a poor job of teaching seniors, supervisors, managers and owners how to delegate to others and how to develop others through the process of delegation. Adults will learn by watching what others do, absent any better source of information and training. This means that good practices—which are few and far between in our profession when it comes to delegation and development—will be mirrored, as will bad or marginal practices, which are far more common than the good practices.

As a result, all too often people with supervisory authority use a one-size-fits-all approach to delegation. Some actually may attempt to provide different styles of leadership for people with different levels of ability, but even in these circumstances, the leadership style used often will be inappropriate for the actual situation. This can and will lead to problems with the development of people at all levels in the firm.

How do you know if your leadership style could be improved? Here are some common indicators of poor leadership styles in action:

- Complaints about the person in charge being a micromanager
- Supervised parties feeling overwhelmed with an assignment
- Frustration over inadequate follow-up and support from the leader
- People becoming disengaged and less committed to the work

Situational Leadership®

Besides looking at culture and compensation systems, there are some very practical steps firms of any size can take to ramp up their people's development. The first step is to recognize that what appears to be working well may not work well in the long run. If you don't develop a cadre of leaders who clearly know how to delegate and develop those below them, at some point, the firm will face a leadership crisis. With that crisis comes some serious risk for owners who expect to retire at some predetermined time.

There are any number of management theories, models and practices a firm can use to ramp up its people development. While there are thousands of titles in the business section in a typical bookstore, we have found one model that really works and which we use with our clients. This model is Dr. Paul Hersey's Situational Leadership® which leverages a leader's knowledge of his or her followers' needs to better delegate to them, and in the process, to better develop and grow their skill sets as well.

In the words of one CPA firm partner who has been through the program, the model it uses is “extremely robust, but at the same time, elegantly simple,” which makes it easy for anyone to learn to apply across a broad spectrum of management, delegation and development scenarios. This approach is at the core of any management or leadership development program. Unless you can effectively delegate to and develop others, how can you even begin to develop bench strength in your organization or find ways to free you up to perform at your highest level?

Take the Steps to Do It Right

CPA firm owners should consider the need to take concrete steps to implement training in effective leadership, delegation and development. This means that the compensation system needs to support people’s efforts in developing others. Indeed, the culture of the firm must be modified to support the notion of valuing those who develop others. Training alone will not result in a great deal of uptake and transfer back to the workplace if business continues as it always has.

The tone is set at the top, so regardless of what leadership or delegation model you embrace, the actions exhibited by your leadership demonstrate that tone and create your culture. That tone clearly articulates whether your firm values people who can only make themselves better, faster and stronger, or whether it values more those who can also make others better, faster and stronger. We believe that long-term sustainable success in today’s market requires the latter and those firms that are changing the tone at the top to reflect this are in the process of gaining a significant marketplace competitive advantage.

In the next two installments, I will explain the Situational Leadership® model and how firms can use the Situational Leadership® to improve their leadership and management capabilities.

About the Author

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