

Do you have the know-how of business leadership?

There's something seriously wrong with the way we think about business leadership. We spend so much time debating the exact right set of personality traits our leaders should have that we miss the most important thing: the know-how of running a business.

What difference does it make if a leader can rile up the troops if the direction is fundamentally wrong? Some leaders choose the wrong goals, and the whole organization goes in the wrong direction. Some leaders make great, inspirational speeches, but what happens to people's energy on Monday morning if marketing still doesn't talk to the engineering department?

Being a business leader is not a matter of having a commanding presence or being able to make great presentations that excite the audience. It is about making good decisions and taking sound actions that get the organization to deliver results in the short term while strengthening the business in the long run. You still have to be able to tell your story convincingly to employees and security analysts, but as a business leader, your number one job is to ensure that the content of that story has the right substance to it.

The substance of business leadership

What we really want and need in our leaders is the capability to make the right decisions and take the right actions in key areas of the business. That is what I call know-how, and it isn't something you're born with. It's something you cultivate and develop through deliberate practice, just as gifted athletes must practice the fundamentals of their sport to become champions.

Know-how is the substance of business leadership. I contend that it's the missing piece in our understanding of business leadership and that many of our leaders are failing for lack of it.

If you aspire to be a business leader, you should take charge of your own development and focus on building your know-how. Personal traits, whether they're formed by nature or nurture, are pretty much set by the time you enter the work force. Then the real learning about how to lead a business should begin.

The Eight Know-hows

I've identified eight areas, or know-hows, in which you must hone your judgment:

1. Positioning and repositioning the business to make money: Finding a central idea for the business that meets customer demands and delivers the fundamentals of money making. In today's tumultuous world, leaders may have to reposition a business four or five times in their career.
2. Detecting the patterns of external change: Making sense out of the complexity of the world to put your business on the offensive.
3. Managing the social system of your business: Designing the mechanisms that link actions and energy to business results, while enforcing the right behaviors.
4. Judging people: Getting to the truth of a person and unleashing their natural talents. This is how leaders expand the organization's capacity.
5. Molding a team of leaders: Getting high powered, high ego people to work as a team.
6. Setting goals: Finding the right balance between realism and reach in setting the organization's destination.
7. Determining priorities: Figuring out the pathway to the goals.
8. Managing non-market forces: dealing with forces you don't control.

It's rare to find a leader who excels at all eight know-hows, but the wider your range, the better equipped you are to deal with the range of issues you'll face, particularly at the highest levels of a large corporation.

To build your capability, choose one or two know-hows to focus on. Test yourself, make decisions, and reflect on where you went right or wrong. Try to enlist your boss or colleagues to give you feedback as well, and then test yourself again. If you keep practicing and reflecting on your actions and decisions, you'll find that your know-how gradually improves.

When you continue to refine your know-how throughout your career, you'll reach a point where it becomes instinctive, and your judgment will be superb.

Are you too optimistic?

While I strongly believe aspiring leaders should spend far more effort to develop the know-how of running a business, they shouldn't completely discount personal traits.

You might find that every time you set goals, you aim too high, expecting too much of yourself or your subordinates. You have to consider how your personality might be affecting your judgment. Maybe you are a born optimist, so you tend to discount the risks or signs of bad news on the horizon. Maybe you are a little arrogant and ignore views that contradict your own.

And how does that same trait affect your other know-hows—for instance, are you ignoring the fact that someone you selected for a job is really not performing well in it, because you keep thinking he will come around?

Search for ways to compensate and adjust—maybe you should make a point of soliciting alternative views, or consciously stop yourself from doing all the talking.

The Winning Combination

Great leaders-- those that deliver results consistently over time--aren't perfect human beings. But they have a winning combination of personality traits, thought processes, and know-hows. They are worth following not just because they are likable but also because they make business decisions that are more often right than wrong, and the company makes money year after year.

Any one of them would admit to having made mistakes throughout their career, but they learned and improved, and developed their know-hows. Along the way, they took sandpaper to the rough edges of their personality, and learned to compensate for their inherent shortcomings. Most of them will describe experiences in which they expanded their range of thinking, learning to dig into more detail, or to conceptualize, sometimes against their natural inclination.

In short, they've built their leadership know-how. And you can build yours. If you're thoughtful, get the right feedback and have the capacity and willingness to learn and change, your judgment will improve. That's when people will say, "Boy, does he have a nose for business" or "She seems to have a knack for making money."

And when you land a job in part because of your great presentation skills and winning personality, you will actually know what you're doing.