



So What?



When you think of leaders in business, you probably immediately think of famous people who founded or run big companies. You think of people such as Bill Gates, Donald Trump, Warren Buffett, Steve Jobs, Michael Dell, or Oprah Winfrey. They are obvious leaders in business. Do you also think of the local business owners who manage their businesses? They are also leaders.

When you think of managers, you also think of people who are also leaders. As managers, their employees respect them and work hard for them. Regardless of whether they are in charge of huge corporations or very small local businesses, effective leaders have a style of leadership that makes employees feel comfortable so that they want to do a good job. These leaders create an atmosphere in which it is easy for employees to be successful and flourish—an atmosphere that people want to work in. Ultimately, they are the type of leader that you should aspire to be.

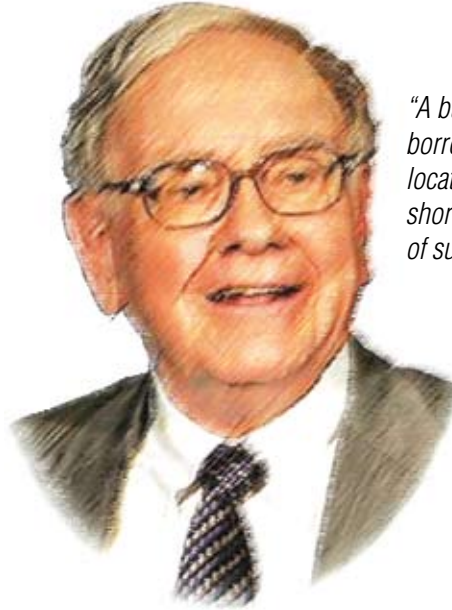
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Objectives

- A** Explain the nature of leadership in business.
- B** Identify approaches to leadership in business.
- C** Explain leadership techniques.

Be the Leader!

Who is the person in your group who always selects the movie to see? Who decides where to go for dinner? Who takes charge at work and saves the day when there's a problem? Who are these people who always seem to step forward and get others to follow? They're your friends, your coworkers, or maybe even your boss—and they all have something in common. They are leaders.



"A business short on capital can borrow money, and one with poor location can move. But a business short on leadership has little chance of survival."

—Warren Buffett,

Investor, businessperson,
and philanthropist

People who are leaders are able to influence others to achieve goals. That is the definition of leadership: the ability to guide or direct the actions of others in a desired manner. In business, leadership usually means taking positive steps to influence and guide employees to exert the maximum effort needed to achieve organizational goals cooperatively and willingly. Effective leaders in business help to create a work environment that is productive, pleasant, and harmonious.

What Do You Want to Be? A Leader, a Manager, or Both?

The leaders in business are not always managers, and the managers are not always leaders. In fact, leadership and management are totally different. Management is the process of getting things done properly and on time. To make sure that work gets done and that day-to-day business operations run smoothly, managers insist that their subordinates—their employees—follow their directions. A business manager plans and organizes the work that employees do, tells them how to do the work, evaluates them, and controls their efforts. And all the while, s/he must also watch the bottom line and ensure that the business makes a profit.

While leadership and management both focus on the accomplishment of tasks, their approach to accomplishing these tasks is vastly different. Rather than ordering subordinates to get work done, leaders motivate and influence their coworkers to work toward goals and desired results. Leaders empower their followers to make decisions regarding the work to be

Learning to Lead

Have you ever heard the phrase, “You’re a born leader”? You might think that this means that only certain people can be leaders and that all others are followers. Although it’s true that leading is easier for certain people than for others, it’s **not** true that only certain people can be leaders. All people have the ability to become more effective leaders by improving their leadership skills.

However, leadership skills should not be confused with leadership traits. At one time, people believed that some individuals had certain traits or personal characteristics that made them leaders. The **trait theory of leadership** went so far as to claim that leaders are born, not made. Natural-born leaders, according to the trait theory, are born with intelligence, self-confidence, persistence, responsibility, integrity, and diplomacy. Although it may be helpful for people to possess some of these characteristics, most individuals today agree that these characteristics alone do not make a leader. The situation also has an effect on leadership.

Today, it is generally accepted that different situations require different leadership skills. This is known as the **situational theory of leadership**. According to this theory, there is no one description of an effective leader; instead, the description varies from situation to situation. In other words, effective leaders need to react to work situations and determine the best way to handle them. At times, they may need to be decisive, while other situations may require them to be patient. And, how a leader deals with a situation may depend on a number of things, including the task at hand, the organizational culture, and the group members themselves.

What’s Your Style?

The way that you handle different situations is your style of leadership. You need to develop a style that works well with the people you supervise and is also accepted by your business. Although each person’s style varies, these styles usually fall into one of three main categories: autocratic, democratic, and laissez-faire.



The Gray Zone

Tracey is a salesperson for a store-supply business that sells retail store fixtures and supplies. Although the business is struggling financially, her sales manager and some of the other salespeople spend lavish amounts of company money for hotels and meals with clients. The sales manager believes that spending a lot gives customers the impression that the company is highly successful, even when it isn’t. The sales manager’s philosophy is “You’ve got to spend money to make money.”



Tracey isn’t sure she should expect to be treated like a VIP. She and other salespeople are expected to dine at the sales manager’s and other salespeople’s expense. They could just as easily make their sales in a less-expensive restaurant, and she feels that there is no reason to stay in expensive downtown hotels when there are perfectly good, moderately priced hotel rooms available, too.

Should Tracey take a stand against her sales manager? Should she become a leader in her organization and speak out against spending company money unnecessarily? Or, should she remain silent and not challenge her manager’s actions?

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In addition, leaders share information about company goals and plans for the future. By doing this, leaders involve employees in the company, help them to understand and accept what the company is doing, and make them feel they are an important part of the organization. Employees who are well informed usually are more willing to follow simply because they trust the leader.

Another aspect of communicating involves listening to employees and getting feedback from them. Leaders need to do more than just relay information to employees; they need to find out how employees react to the information. Effective leaders encourage employees to talk to them and express their feelings and concerns.

Communicating also means doing something with this feedback. Have you ever told your boss that there was a problem, but s/he never did anything to improve the situation? Eventually, you became discouraged, stopped talking, or maybe even quit. Had the boss responded to your feedback and made an attempt to address the problem, you probably would have felt that s/he cared about your concerns. Leaders who ignore what employees say are not communicating effectively; they are simply giving orders.

Motivating

Successful leaders are motivated themselves and usually are able to motivate employees to accomplish the business's goals. Motivating employees is important because employees who are motivated are more productive and perform better on the job. There are many ways that you can motivate employees, such as by allowing them to develop their skills, make decisions on their own, and be creative with their work. As a result, the employees feel a sense



of ownership for their work and a sense of satisfaction for what they have achieved. These are internal rewards that motivate them to be even more productive.

Leaders may also be able to use external rewards, such as pay raises or bonuses, to motivate employees. However, leaders must realize that external rewards only satisfy employees' basic needs. Once those material needs are met, employees need other motivators, such as internal rewards.

Another way to motivate employees is to provide them with the training they need to do their jobs. Good leaders know that employees cannot be successful if they do not have the tools they need. Consequently, leaders make training available so employees can do their best and move up the ladder in the business. This is an additional motivator to employees because they have the opportunity to be promoted and further rewarded for their abilities.

Leaders need to remember that a combination of relationship building, communicating, and motivating creates an environment that brings out the best in employees. In such an environment, both leaders and employees will succeed and achieve their personal goals as well as the goals of the business.

Summary

Leaders have a variety of techniques to guide employees and achieve the business's goals. They build relationships with employees, communicate with employees, and motivate employees. The result is that the leaders and the employees are successful.

Make It Pay!

Leaders can be found in all walks of life and in all types of situations, too—at work, at school, in sports, with your family, or even in your community. Think about one particular situation where you were the leader of a group. What did you do? How did you, as the leader, communicate with the group? How did the group respond to you as their leader? How did you feel about being the leader of the group? And, what could you do differently next time to be a more effective leader?

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1. How can a leader build relationships with employees?
2. What is the benefit of communicating effectively with employees?
3. Describe how leaders motivate employees.

