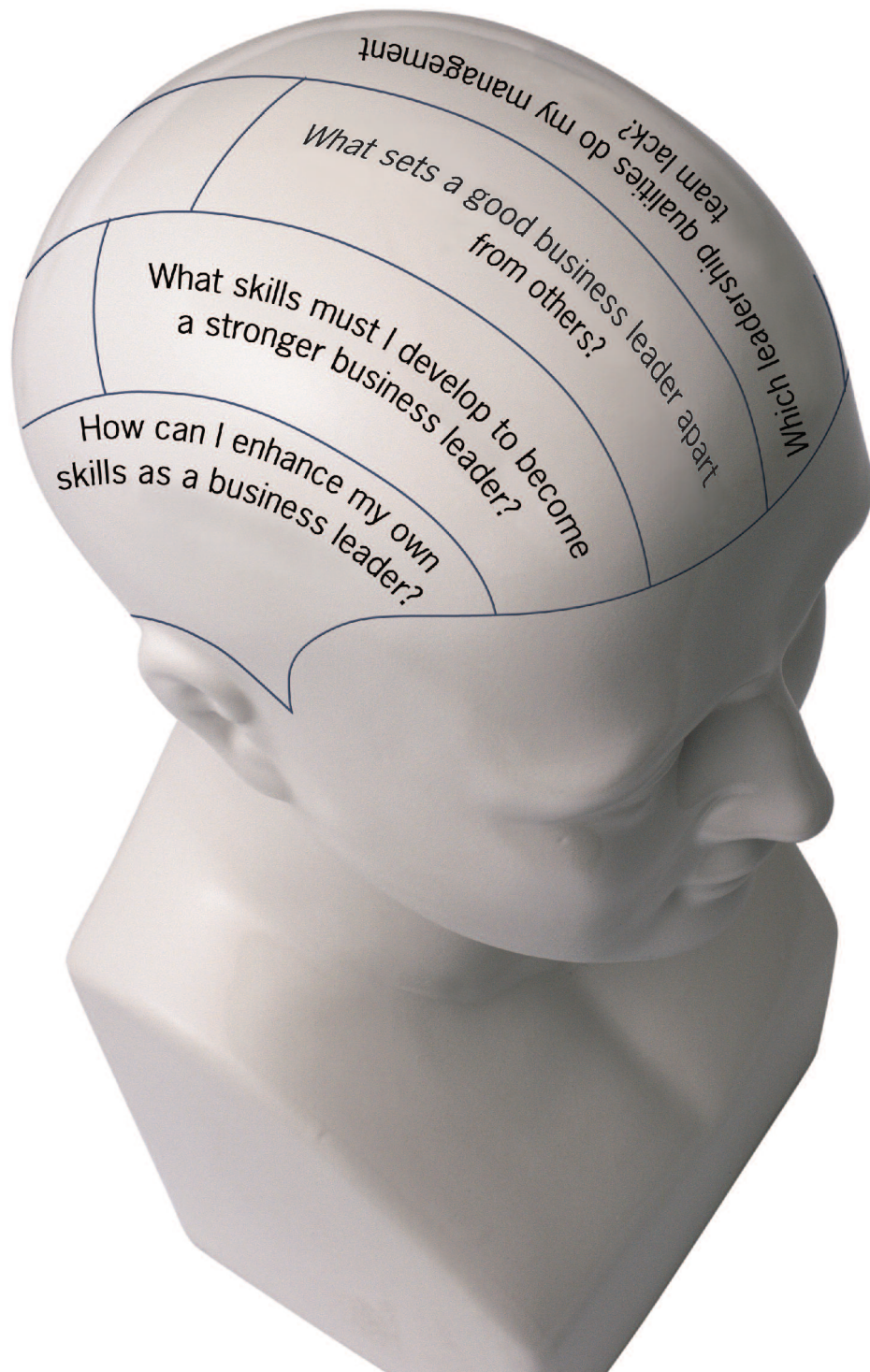


**What makes a good leader?** Grant Thornton's leadership survey suggests that today's leaders may have lost their risk taking bottle...

Grant Thornton 



...and entrepreneurial flair. A survey of 430 companies ranks risk-taking and vision bottom of leadership attributes.

Are we seeing the dawn of a new era of soft-skilled entrepreneurs where emotional, ethical and cultural leadership qualities displace harder-edge strategic disciplines? What would some of the UK's top and most admired entrepreneurs such as Richard Branson, James Dyson or Stelios Haji-Ioannou – none of whom got where they have without taking risks – make of this?

Our survey draws out a number of learning points that today's business leaders can adapt and shape to their own leadership styles.

### **About the survey**

The survey is compiled of 430 responses from leaders or senior personnel in UK entrepreneurial companies. 169 of those companies have less than 50 employees and 261 employ more than 50. The responses were split by 69 females and 361 males. We sought to discover:

- what leadership qualities our respondents believe most distinguish them from others,
- how leadership skills are developed,
- weaknesses that staff are most likely to perceive in leaders, and
- how team leadership skills are developed.

## Risk v reputation

Of the 430 entrepreneurial business leaders surveyed, 77% believe it's their reputation for integrity and honesty that distinguishes them from others while just 19% consider themselves courageous and willing to take risks.

In today's increasingly compliance-fixated culture, the whole issue of honesty and integrity is a growing preoccupation among organisations of every size.

In the aftermath of the recent spate of corporate scandals, which brought global brands crashing down, it is to be expected that entrepreneurs rank reputation for integrity and honesty top of their leadership qualities. Above all else, they want to protect their corporate reputations. They want to be seen to be doing the right thing.

**Doug Richard, Chairman of Library House, is not surprised: "The most successful serial entrepreneurs are almost universally respected for their integrity by their backers, suppliers, customers and peers. It is also almost universally true that entrepreneurs view risk in a totally different way to the rest of the world. Entrepreneurs see opportunities where others see risk. This is what makes them entrepreneurs and not inventors or employees."**

Many may find it shocking and worrying that these entrepreneurial companies rate risk-taking **bottom** out of 18 possible leadership attributes (see Table 1, page 2). Furthermore, they appear to place little value on the traditional entrepreneurial attributes of creativity and vision, charisma and motivation, intellect and strategic thinking.



Jim Rogers, Head of Growth and Strategic Services at Grant Thornton agrees: “We’ve become a highly reputation-based society and honesty and integrity are increasingly recognised for setting the tone and culture of an organisation. That’s how it should be. However, entrepreneurship is all about taking risks and you would expect to see this in at least the top third of attributes. Instead it comes right down at the bottom of the list, behind IT competence and financial knowledge.”

Jim Rogers cites the 2003 Grant Thornton survey when just 37% of respondents rated honesty (third out of nine attributes) as a critical trait of a business leader. Then, three-quarters of the leaders polled thought that the ability to

articulate vision was key. “This is a dramatic about turn in just over two years,” he says. “Today, strong creative imagination and vision have virtually moved off the radar and into 17th place. Without risk taking and vision, where does this leave thinking outside the box and innovation? Where does this leave mid-corporate Britain?”

**Carole Nash, CEO at Carole Nash Insurance Consultants comments: “I’m surprised to see such a low proportion of respondents saying they are risk-takers. I don’t really see evidence of that as British innovation and risk seem to be alive and kicking. Perhaps though, people are better at calculating and minimising risk, a skill which businessmen and women need to acquire.”**

**Table 1**  
**The way things are – qualities, identified by business leaders, that distinguish themselves from others**

	<b>Total</b>
A reputation for integrity and honesty	77%
Knowledgeable and experienced	74%
Energetic and hard-working	72%
Flexible and adaptable	69%
Willingness to take advice	60%
Self-confident and decisive	58%
Resilient and stress resistant	51%
Strong financial knowledge	49%
Efficient and well-organised	49%
Ambitious, striving and hungry for success	45%
IT competent	43%
Excellent communicator	41%
Empathic and interpersonally sensitive	41%
Enterprising and entrepreneurial	38%
Powerful intellect and strategic thinker	36%
Charismatic and motivational	30%
Strong creative imagination/visionary	27%
Courageous and risk taking	19%

**Table 2**  
**The way things were – qualities, identified by business leaders, that distinguish themselves from others**

	<b>Total</b>
Articulates a vision	75%
Leads by example	38%
Honest	37%
Difficult decisions in timely manner	34%
Thinks outside box	31%
Effects change	29%
Connects decisions	28%
Consistent in words and actions	18%
Not specified	10%

Source: Entrepreneurial leadership skills and change management Research (Feb 2003)

## Work styles

**For 72% of those surveyed, “energetic and hardworking” were the characteristics they felt distinguished them as business leaders.**

Alysoun Stewart, Director, Growth and Strategic Services at Grant Thornton, says: “What comes out of this survey is an almost **Victorian set of values**. There’s a ‘grinding-away’, hard-work ethic and a preoccupation with honesty and integrity. But few, it seems, are interested in being enterprising, creative, visionary or strategic. These attributes, almost always associated with entrepreneurialism, are clumped together at the bottom of the table.”

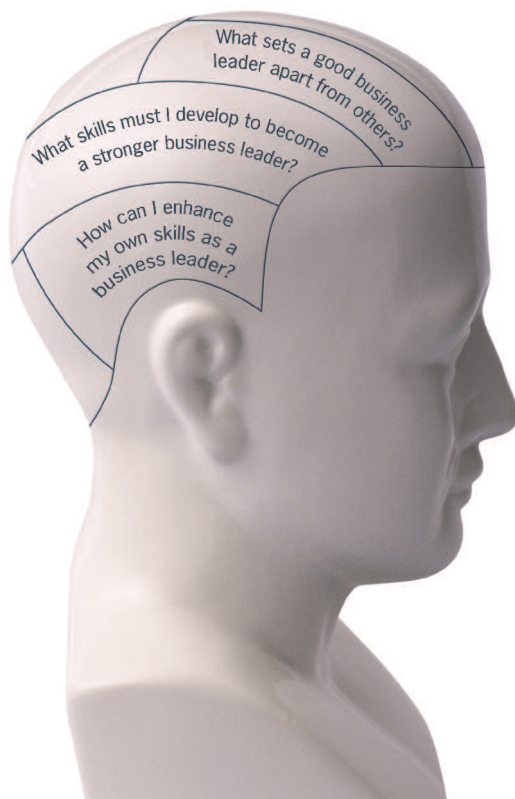
The survey’s findings echo a common perception across Europe that British people work hard. “We talk a lot about work-life balance; we see stress-mitigation self-help groups mushrooming, yet there remains this nose-to-the-grindstone preoccupation with work,” says Alysoun. “It’s not working hard that makes a good leader – it’s working smart. Leaders need time to develop strategy and space to see things clearly.”

Companies are also mindful of the need to be flexible and adaptable – rated fourth most important quality by 69% of respondents.

Alysoun comments: “This says a lot about the speed at which the market place moves. In the early 1990s management guru Tom Peters wrote: ‘There are only two types of businesses: the quick and the dead’. That is even truer today. On the back of recent corporate experience and the speed at which technology propels us forward, a business that is insufficiently flexible to adapt to very rapid changes in the market place will not succeed.”

Business leaders’ hard work ethic is also projected onto staff. They expect them to be as focused on the business as they are! This view is shared by 54% of the business leaders who admit their staff recognise this as a weakness in their leadership style (see Table 4, page 4).

**“It raises issues of retention, motivation and ownership,” says Jim Rogers. “Leaders who expect staff to be as passionately committed as they are, will always be disappointed! They therefore need the mechanisms in place to reward accordingly. It is also vital for leaders to communicate strategy and share their vision so that employees feel informed, empowered and able to implement what is decided at the top of the organisation.”**



## Gender divide

The survey reveals interesting gender differences in terms of the leadership qualities of the 361 male and 69 female respondents.

While responses were broadly consistent between male and female leaders there were some interesting differences that appeared.

**Table 3**  
Qualities, identified by business leaders, that distinguish themselves from others

	Male	Female
Energetic and hard-working	70%	84%
Efficient and well-organised	45%	68%
Excellent communicator	37%	64%

“The differences in leadership style between genders that this survey highlights is the most important reason why forward looking companies are encouraging suitably talented and experienced women to rise to leadership roles within their organisations. **It's not that female management styles are better than those of men they are just different.** Generally speaking, women prefer an empowering style of leadership which is more collaborative and open.”

**Celia Mather, Editor, Financial Woman**

Alysoun Stewart says: “The perceived need on the part of female leaders to be hard-working, efficient and well-organised, reflects much of the ‘glass ceiling’ research, which suggests that women have to significantly out-perform their male counterparts in order to succeed. In general the survey findings are consistent with the findings of most gender research which conclude that male brains are better adapted to the abstract and mathematical and female brains are wired to language and interpersonal thought processing.”

Male and female leadership styles reveal themselves again when respondents were asked what staff would identify as their weak points in terms of leadership.

While 20% of men think they would be criticised for being too passionate about the business, this applies to just 14% of women. Men think they are more likely to be called disorganised (17%), a view taken by just 7% of women.

Nearly a quarter of women believe that staff would find them prone to stress compared with just one-tenth of men. And while no female respondents feel that staff would consider them insensitive, 12% of men think that they might come in for such criticism.

**Table 4**  
Weaknesses business leaders identified their staff would consider them to have

	Male	Female	Total
Expectation that employees will be as focused on the business as you	53%	57%	54%
Controlling	23%	25%	24%
Too quick to recognise inadequacies in others	23%	20%	23%
Inability to delegate	19%	25%	20%
Too passionate about the business	20%	14%	19%
Risk adverse	17%	16%	17%
Poorly organised	17%	7%	16%
Prone to stress	10%	23%	11%
Insensitivity	12%	0%	11%
Risk taker	9%	7%	9%
Slow to take decisions	9%	9%	9%
Lack of trust in staff	7%	10%	7%
Over confident	8%	4%	7%
Indecisive	5%	3%	5%
Unwilling to take advice	4%	3%	4%
Inflexible and resistant to change	4%	1%	4%

## Developing leadership skills

Head and shoulders above any other learning method comes “experience alone” for 71% of our business leaders.

Paul Willman, Ernest Batten Professor of Management Studies at Saïd Business School in Oxford comments:

**“Action-oriented leaders value experiential learning highly** because they can see how it generates practically applicable know-how. It might, however, leave them short on understanding of key business skills as their organisations experience rapid growth.”

“Business leaders feel they bring the credibility of having ‘been-there-and-done-it’,” says Jim Rogers. “It’s their experiences that they feel add value and give them the ability to lead. However, we find that the fast growing businesses that we advise frequently need to complement their own operational experience with broader based business skills.”

Despite the current market appetite for business mentoring, it does not score highly with the respondents. And while external courses are popular at 35%, internal courses run by staff get just one-tenth of the votes.

**Table 5**  
**Developing your leadership skills – methods identified by business leaders as being most helpful in developing their own leadership skills**

	<b>Total</b>
Experience alone	71%
Exposure to different disciplines	59%
Other external courses (not MBA)	35%
Conferences	31%
International experience	28%
Business mentoring	26%
Books, magazines, journals	26%
Internal courses – run by an external trainer	23%
An MBA	10%
Internal courses – run by a member of staff	9%
Secondments	8%
Television programmes (e.g. Dragons’ Den)	5%

“As a young man, I learned by watching others do it badly.”

**Survey respondent**

When asked how they **develop their team’s skills**, the responses mirrored what they said about developing their own leadership skills. Leaders consider that experience alone (61%) is by far the most important learning criteria.

“Less than half the respondents rate exposure to different disciplines as important,” says Alysoun Stewart. “There seems to be a degree of parochialism or vulnerability here in that leaders train their people in their own image. What about new ideas and exposure to different experiences? There seems to be little fresh fertilisation to fire up these entrepreneurial businesses. It’s all sounding a bit stale and inward looking.”

**Table 6**  
**Developing the team’s skill – how are the leadership skills of your leadership/management team developed?**

	<b>Total</b>
Experience alone	61%
Exposure to different disciplines	49%
Other external courses (not MBA)	47%
Internal courses – run by an external trainer	45%
Conferences	41%
Team away days	39%
Business mentoring	37%
Internal courses – run by a member of staff	31%
Books, magazines, journals	24%
International experience	17%
Secondments	14%
An MBA	9%
Television programmes (e.g. Dragons’ Den)	4%

## Skills gap

One third of businesses say they could do with better communicators, and a quarter want more imaginative creativity and better strategic thinking. Interestingly, all of these attributes were lowly rated as distinguishing leadership traits.

Alysoun Stewart is concerned. “You need space to be visionary; you’ve got to make time to be strategic and it takes time to communicate properly. These are tough calls on busy management. But if businesses do not address the need to be creative, visionary and strategic – if they rely on ‘experience alone’ and do not step outside the box – they are less likely to be able to develop and sustain the ‘quickness’ they need to stay ahead.”

**Table 7**  
**Skills gap – what attributes does the leadership/management team of your business currently lack?**

	<b>Total</b>
Excellent communicators	32%
Strong creative imagination / visionaries	24%
Powerful intellect and strategic thinking	24%
Efficient and well-organised	23%
United and share a common goal	21%
Trust in each other	21%
Strong financial knowledge	21%
Strong leadership	21%
Courageous and risk taking	19%
Ambition, striving and hungry for success	18%
Enterprising and entrepreneurial	17%
Self-disciplined and controlled	15%
Empathic and interpersonally sensitive	15%
Flexible and adaptable	12%
Resilient and stress resistant	11%
Passion for excellence	11%
Complementary mix of skills	9%
Knowledgeable and experienced	6%
Energetic and hard-working	3%
A reputation for integrity and honesty	3%

Carole Nash comments: “I have a young and dynamic management team who really know the business, but they are not afraid to take advice from a range of professional advisers who offer specialist expertise and can see outside our corporate box. It’s important to harness internal talent with external talent.”

**“Performance** drives priorities in fast moving businesses. Hands-on entrepreneurs find it hard to create either the time or the processes to be strategic or visionary,” he says. “But they sometimes forget it was vision that got them started in the first place.”

**Paul Willman at Säid Business School**

## Future learning points

There are three key messages that can be extrapolated from the results of this survey:

### **Trust is now recognised as a key ingredient in organisational culture**

Effective communication, strong teams and a demonstrable value set founded on a reputation for honesty and integrity are the leadership and corporate characteristics that appear to be valued most highly. This is not because businesses have “gone soft”, but because these are the attributes that deliver competitive advantage. They are a pre-requisite to the ability to respond quickly and effectively to changes in the operating environment.

### **Teams need to harness the best mix of available skills**

Business success is delivered by teams that work well together – there is nothing new in that. There does, however, seem to be a real recognition that the differing management styles of men and women can provide a powerful blend and an indication that an increasing number of companies are valuing the more collaborative and open leadership styles generally associated with women.

### **A balance of internal and external perspectives provides vitality and accelerates the achievement of business objectives**

Although learning by experience was overwhelmingly the development tool employed by the leaders in our survey, many successful business leaders recognise their own limitations and seek to harness external talent to work with them through rapid growth.

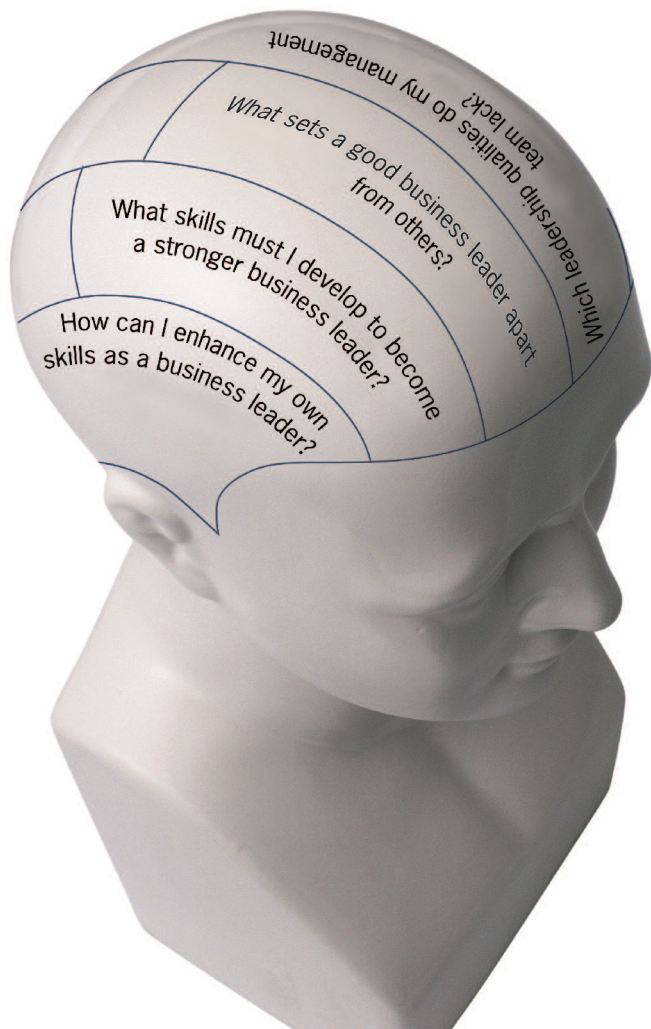
“High levels of organisational trust generate competitive advantage. Effective entrepreneurial leaders intuitively grasp the need to build trust within their organisations, particularly now where technologies and markets generate a high level of environmental risk.”

**Paul Willman at Säid Business School**

## Conclusion

**Is this really the end of entrepreneurialism as we know it?**

“On the face of it, these businesses risk running short of inspiration,” says Jim Rogers. “They are run by leaders who expect employees to be as wedded to the business as they are, who are left to learn by their own experiences with little cross-fertilisation from other sources. Top-down communication needs to be moved up the agenda; creative imagination, vision and strategic intellect are lacking. They are in danger of failing to fuel growth by creating an environment in which people can step outside the box, bring learning to the organisation and foster innovation.”



**It is true that our survey reveals a preoccupation with maintaining reputations for honesty and integrity and hard work. But are these, in fact, the hallmarks of a new breed of business leaders who see these attributes as being key to delivering competitive advantage?**

Our economy has shifted progressively away from its historic manufacturing base and towards more service-focussed businesses where quality and added value are key differentiators. This has demanded a similar shift in leadership styles, exchanging the focus on process/efficiency-driven skills in favour of a more consensual, involved and empowered approach.

In today’s climate of scandal, regulation and red tape, which has seen the collapse of brands that we once thought unassailable, it would be easy to understand why there should be a heightened sensitivity to ‘being seen to do the right thing’. However, Alysoun Stewart believes that the survey results may be telling us something different: “There are some clear threads running through the outputs from this survey. For as long as we can all remember, variations on the theme of ‘people are our greatest asset’ has been a catchphrase that tripped easily from the mouths of most business leaders. Now, it seems, we are no longer paying lipservice to the importance of people-centric leadership and management skills but are seeking to weave them into every aspect of corporate culture and to move away from the more macho leadership styles.”

**“Honesty and integrity should be benchmarks that underpin our day-to-day dealings. They do not prevent us from being entrepreneurial or taking risks but rather set an organisational culture that is led by softer skills.”**

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