

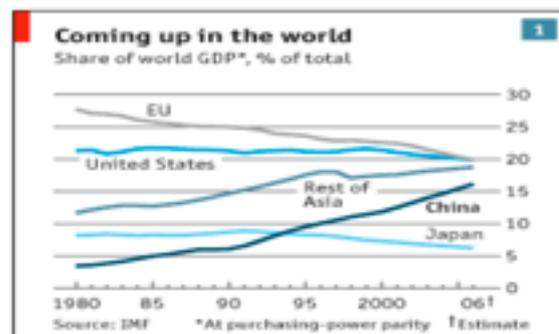
# “ Leadership in Modern Chinese companies”

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For a starter: Some facts:

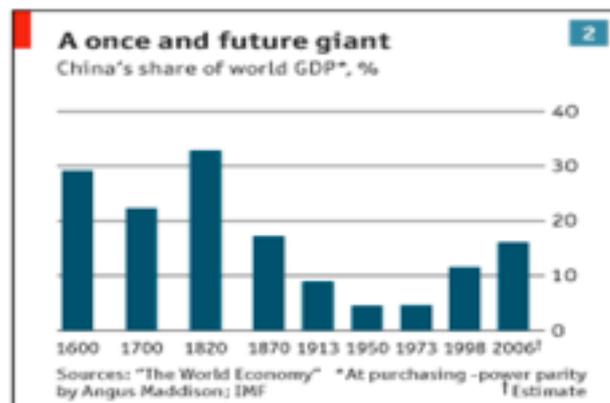
1. The **shares in the world production**. 1980-2006

## A special report on China and its region



2. The **share of the world production** by China in 1600 and now

## A special report on China and its region



3. The trade with China **creates** permanent in the Netherlands 23.000 **jobs**
4. The trade with China makes living for a household in Holland each year 350Euro **cheaper**.

5. Open trade with China and other up coming economies affected that in ten years the **prices of clothing dropped** with one third. Export growth is 8% each year. Every job lost is compensated by more newly created;
6. **Labour productivity**: the rise in America is between 1980 and 2005 1.7%; in Germany 1,8% and in France 2,2%. In Asia in ten years the labour productivity doubled. There are two ways to higher the labour productivity: one is by working longer then the annual figure for labour productivity will grow. The other is: working more effective and efficient (hard and smart). This is measured in the labour productivity in one hour. Ireland: second place in yearly productivity; place 50 in productivity per hour.
7. American likes to be paid in money more then in free time. Europeans more like to be paid in **free time**. European work 20% less time then Americans.
8. In ten years 75.000 new global oriented managers needed in China reports the consultant McKenzie. Now 4000
9. 85% of the leaders of the companies rated in the Fortune 500 were evaluated as cultural **insensitive**.
10. Good performance in Soft Skills discriminate a **successful** global business leader of a failure. 50% of the program in big companies for the development of future management is on people issues.
11. There is no shortage on management in China; there is **shortage on leadership**. (The training and Education Survey 2007)

All these facts, and you know a lot more, are the backgrounds of the question that interest us now this evening: **what is the contribution of leadership?**

### **In what world are we talking about leadership?**

The world for organisations who make products or deliver services is everywhere the same:

- a. Clients or buyers weight the quality; the price; the mode; the being different; and a lot of more criteria. They can act simple: they can buy or not;
- b. Competitors who want to perform better for a better price.
- c. Governments who more and more in combination with each other define the rules for all the organisations.

This regulations by governments, the pressure of clients and the smartness and fighting spirit of the competitors is for everyone the same. And this brings for all organisations and companies the same "**Laws for Success**" for companies.

- a. Quality ranges from standard to excellence

- b. All companies have to take account the ongoing pressure on sustainability
- c. All must produce as effective as possible. If not it effects their price for the product.
- d. All must try to be more efficient. Smart use of recourses, smart organising of production and services.
- e. Engagement of the employees to bring in more then their usual motivation
- f. Demands on management are on the knowledge of the technical side of management of a company. More and more demanding. More demanding is the human side. The dependency is growing on the free willing to offer more of their thoughts, dreams, and technical inventions. The extra actions of the employee to make the difference for his company and for themselves.

So the **question for leadership is everywhere the same**: what leadership brings this company, this organisation to be more successful, more efficient, with better quality, with a better price. Or for a non-profit organisation: how can we bring the best service given the limited resources. The objective is to bring the best on leadership thinking together.

**Let me introduce myself now:**

I am a professional scholar in psychology, psychotherapy. Went 25 years ago to work for people; management with, training and coaching in joining Schouten and Nelissen. Acts in the management in the board of SchoutenChina, till October 15 I act as CEO of SchoutenChina then this will be taken over by Jiang Qishi. I am member of the board of SchoutenGlobal the holding of all the Schouten activities. Now I am here as a coach of managers in their leadership.

So to night I act as a coach, and a trainer. A professional. Someone who coaches managers in their leadership. Helpful is my experience as a manager, as a leader myself. When I think on the development of managers or whoever to become a leader the following learning activities are important:

- **Reflecting** on concepts and practices in use (like the meaning of the first Chinese character of SchoutenChina)
- **Acting.** (Like the meaning of the second Chinese character of SchoutenChina: jump forward)
- **Evaluating the effects**
- And again: reflecting

*I will invite you to go into refectation and in mental activities. It is important for a leader now or a future leader to know him.*

This workshop will have four chapters. It could me more. Each highlights a behavioural topic important for leadership

## **Chapter one:**

So leadership is (one of) and a very crucial behaviour that guides the behaviour of other people in an organisation. No question about this. Available are a lot of thoughts; prescriptions; empiric research; strongly suggested guidelines coming form more closed thinking and believe systems; value based evaluations written down in many books which production does not stop. Cross through all this I invite you to take as a leading thought:

***A leader is the servant of the employees***

***A leader creates the conditions for the employees to be successful***

His **main contribution** is:

1. Brining up visions. When people bind themselves on that (or a adapted) vision, then he will contribute by
2. Setting goals, tasks and standards of performance;
3. Organising the work according to the experiences and talents of people;
4. Evaluate the results and
5. Invite people to learn and become better; and getting the wanted results.

His contribution is thinking.

**And in doing so the leader has to bring together**

- *The realisation of the needs of each individual,*
- *The advantages of working together in coming to results that are far more of quantity and quality than one person could reach*

Let us go into the perspective of: **the parts and the whole**. It is in the **heart of the contribution of a leader**. It is related to a basic concept for the personal individual motivation and to two basic organisational theories.

1. **Two basic motives in life are:**

- a. Realisation of my talents, my goals.
- b. I want to belong to...(an individual, group, community.)

Both must be realised in each life of an individual. When an individual is satisfied it is his evaluation to his standard. A general evaluation is possible and an evaluation of every act. No need that every act contributes to the realisation of both motives.

*Question:*

- *Which representation of these basic motives in life do you prefer?*
  - *The representation as one line with motives as two poles (opposites)?*

*My talents* ←-----→ *group*

- *The representation as two independent axes? And you can fill in all your behaviour*

*Realisation  
Of talents*



*Realisation  
Of belonging*

Evaluate for yourself:

*How is your general position now?*

*Is it satisfying for you?*

*Can you imagine behaviour of yourself that is loading high on one dimension (axe) and low on the other?*

Write down for yourself.

Ask several people, write down and ask them why.

**Lesson.** Situations can ask for different appropriate behaviour.

How good are you in evaluating a situation and choosing the behaviour that fits you best?

May be you have behavioural preferences over all situations and you have underdeveloped areas of actions. Do you want to keep it that way?

2. **There are two complementary concepts in use in theories on organisations.** All particular theories can be put in one of these basic concepts:

- i. Societal realities are build starting **from the smallest** units. In their search to realise their goals they make coalitions with other parts up for the time they share the same interest. Coalitied groups can make coalitions with other groups.
- ii. The other theory starts from the idea that **the whole** (the system) **pre-exists** and gives every part a place in the whole. The parts are evaluated on their contribution to the success of the whole.

I invite you to do **two mental exercises**. Follow the way of thinking of both concepts.

- First exercise

**Think from the parts to a whole.** There are fourteen people with different abilities that do not know each other. They want to become successful in the football competition. They asked you to become their leader. What would you do in this line of reasoning?

- Second exercise

**Please now think of the whole to the parts.** You are a leader and you have a concept on the system of a successful football team: the needed positions; the way everyone has to play and the needed playing together. You get fourteen people. What would you do in this line of thinking?

**The contribution of a leader** *is to create a goal for an organisation people can join and want to go for.*

If such a connection is no longer possible the organisation will fade away and people go for themselves. Alone and left behind they have to survive on their own. Is the connection too stiff and is hindering the individuals to realise their own goals the individual will die and the organisation too.

**Further dividing of work in parts** and organising these parts more separately with the help of machines (Taylor 1900) was a major jump in productivity of one worker. And of course it was tried to the extreme. Marx spoke of Delineation of the whole of a person of his work, his existence, when only one movement of his arm was used in a factory.

A story happened in Holland: In a robotised factory for automobile in Holland the people who had to supervise these processes were given a very small part of the process to watch. They became rebellious and started to destroy machines. They reorganised the guarding process: a group got the responsibility for a whole process with twenty different working processes.

**Too much importance on the whole can also have fatal consequences.**

The story of Putten. In Holland in 1944 during the occupation by foreign soldiers all inhabitants of a small village were taken into concentration camp. No one survived. This was surprising for there were no special reasons for this outcome. They did not get a special treatment, any firefights, nothing different in the treatment of other prisoners. The difference was in their behaviour as a group. These people were tied together in strict religious bonds. With rituals for all moments on the day. People were not allowed to change. There were individuals who wanted to adjust and survive: leaders made pressure on them together with members of the group. The build in

belief of the people "life is not possible outside the group" was so that no one dared to stand up and choose their own way to survive.

Shame is a learned feeling that is connected with the crossing of a societal border of correct behaviour. Sometime people are learned there is no way out of a shameful position. In these strong religious worldviews people often see one way out and that is committing suicide. The societal habit of saving face in public is a way out for the individual, also after a failure. Not being put out of society. Saving face can be a very healthy personal and societal practice. The same as forgiveness: a healthy human habit that fits the imperfectness of human nature. Healthy against the deadly pressure of perfectionism.

## Chapter two

### The role model of a good leader.

Some concepts to reflect.

But first: *I invite you to write down out of you're live the three actions a man or woman did to you and you evaluate them "you were leaded in a good way".*

The concepts I hand to you come from everywhere.

Some concepts:

#### 1. Bass:

- a. Inspirational influence in creating a future
- b. Intellectual stimulating by asking questions and setting high reaching standards; stimulates personal development
- c. Consideration for the individual differences

#### 2. Sina Guang:

- a. Hard working spirit (do not sleep to deep)
- b. Selfless devotion
- c. Standing up for conviction
- d. Fighting for the faith
- e. Loyalize to rightness (more than to people)

#### 3. Chinese managers say (in an extended research program.)

- a. Honesty
- b. Trustworthiness
- c. Integrity
- d. Balance between conservative and aggressive
- e. Vision far ahead
- f. Open to new ideas and constant try to improve himself

4. Rule by people can be more important than rule by law when the leaders are of high moral standard: integrity
5. Initiate change and carry out  
Not: a leader with the head of a tiger and the tail of a snake
6. A Good leader knows what works for the Chinese while learning from the West.
  - a. If you touch a heart she will devote to you
  - b. Rules and politics can make people to work hard, but can never win their hearts
7. In the Dutch book of Law is written that the leader of a business must behave as “a good father for his household.”
8. A good leader is  
Straight; Loves people; Knows people; lead them; encourage them  
(*Analects*)
9. Leader: organise the people as a group of volunteers (*Drucker*)
10. A group of young Chinese managers on a leadership course. A good leader is characterised by:
 

Integer	gentleman
Personal influence	ambitious
Energetic	foresight
Praises	assertive
Care full	taking opportunities

*Add to your list of ideas you want to take into your concept of a good leader.*

## Chapter three:

**Economic growth and the creation of wealth is stimulated by certain values and certain leadership behaviour**

### **Values that encourage economic health**

Encouragement of **performance improvement and excellence**

**Engaging people** in future planning; investment in the future; de laying individual and collective gratification

The acceptance of **uncertainty**

Encourage the individual binding on institutional rewards. Values the collective distribution of recourses and actions. **Individual performance in contribution to institutional goals.**

Practices in '**Speaking up**'. "**Opening up**"; and "**standing firm**"

Practices that encourage the development of **self-confidence** in own power and practical usefulness.

### **Leadership practices**

Vision bringing, rooted in **values** (integer); high **performance demanding** of him and others.

**Involves others** in making decisions

Is **supportive; considerate**. Has compassion and can be generous

**Connecting** the personal competences, personal need with the goals of the company, the organisation. People are willing to connect themselves to collective goals.

Question:

Look at the reality of your company. The reality of you: own being a leader.  
The reality of your concept of the world.

*What do you see?*

*Where do you fit with this concept?*

*Where not?*

*What are your questions for further search?*

Into depth on the concept of **uncertainty**. Well we all know that too much uncertainty on to much areas of life for a long time is not a good situation. Imagine that you have to invent every morning again what clothes are, how to walk a stair, how to cross a street? No it is good to have habits in our life we can depend on. Habits that help us act automatically. By this we get energy free to get into new things. Nature helped us all ready by letting a lot of body processes out of control, or marginal in control. We all know that to renew, to learn, to develop, to reach to a new situation it is necessary to go into the uncertain. Asking a girl for a date. A travel through unknown territory. A meeting with unknown people. Giving a lecture for unknown people. So at certain moments predictability is good and necessary. Also in certain areas over long time. In Logistic procedures. In Financial procedures. In law. On other moments the not knowing what to expect is a favourable situation one can choose to be in.

What can happen in a personal life and in an organisation is that the planning, predictability becomes so strict so overwhelming that one forgets that rules and procedures never are perfect. That rules always do not account for a lot of situations. These situations are out of sight. Till: they cannot be ignored any longer. The rules, the behavioural habits, organisational habits, only fit a smaller, smaller part of reality. A rethink, a step in the unknown is needed. Often started with the sentence: "what we did was good, but we cannot go on like this. We have to think every thing over new. We do not have the answers. Let us fade away all our certainties".

What also happens is "keeping every thing open, all the time" In personal life no commitments with strict consequences are taken. An organisation will never start. Someone stays on pioneering for himself. Inventing everyday new details for his never ending project. You know the stories of companies started with the cooperation of two people: the inventor and the entrepreneur. They both build together successful companies (Philips). An organisation needs predictability. Clients want to know that the suppliers exist tomorrow. The clients want after sales support. In the interdependence of goods and services and of rules a high level of predictability is required. It is good that strict financial and marketing plans accompany good ideas. The plans are not the world: it is necessary to be able to say: "we went into all the possible scenarios and we know now the opportunities and the risks. We choose."

So at different moments in a company, in a personal life and in a society the accent can be on: looking for new, leaving the known answers. And on an other moment: let us make rules. Let us behave predictable. In an organisation this marks the change from the pioneer period to the focus on realisation of targets.

*Questions:*

- 1. In your personal life: where is most focus on now: exploring new areas, leaving old habits behind; or stabilizing areas in life with predictable patterns to be able to focus on other areas.*
- 2. In your organisation: what is needed in the coming three years for the organisation you are in?*

**Reducing uncertainty.** The mechanism to reduce uncertainty is feeding back the consequences of an action to the steering system that decides what to do next. Go on with the action of change. So feedback is a very important mechanism, not only in machinery. Every engineer knows. And also in human interaction.

As a teacher for students in singing said: no one can hear her own voice so you need a coach. A coach guides start with giving feedback.

*Questions:*

- 1. In your work how good have you organised the feedback on you performances? How often? With known standards of performance? How good are you in receiving feedback?*
- 2. How good are you in giving feedback? Do you give it often? Immediately after a performance or do you wait three month to give a general overall not detailed feedback?*

**Tolerance of uncertainty.** You know that when you have big ideas that last tree to ten years to realise do not get started at all when you want all possible problems solved before you set one step. So long-term goals realising needs a tolerance for uncertainty. What me makes more tolerant to uncertainty is:

1. When I have a lot of experiences that I am able to find new solutions in unknown situations. I can be confident in my own ability to find a way out. So building this confidence in people helps people to be able to have a tolerance for uncertainty. One of the mechanisms that help us is the detailed positive feedback on our actions. Leaders help the confidence in the company grow by putting value on the good performances in output or in process.

2. 2. When I now that in the learning is making failures normal. When I know that my collages expect me to make failures. Only once. Like the saying goes: “the gem cannot be polished without friction like a man cannot be perfected without trails”. Or as a friend consultant said about his style of coaching “I want to be as sand between the bottoms”.

With long-term goals a higher tolerance to uncertainty is needed. And at the same time the detailed feedback is needed in between to evaluate the road to the far reaching goals. That is why the management give a far-reaching vision and in between detailed performance to mark the way to the desired state. The leader seeks to combine the far-reaching vision with the day-to-day work. Some solutions:

- a. The Boston Consulting group gives as advice for investment: choose those that have direct results and in the future a better position in the market;
- b. A regatta sailor has to evaluate all the time: “am I going for a better position in the end now by choosing for speed or do I reach a better position in the end by now sailing “high”
- c. For the development of business in China they say: invest a go for the long term. Start counting all the money that comes in and try in five to ten years to have a profit out of the ongoing operations.

*Questions:*

- *How high do I assess my tolerance for uncertainty?*
- *How confident am I over my ability to find solutions in the future?*

## Chapter four

### Change

In preparing this lecture I asked myself: “what is the most important message about leadership in China now ”?

And filling myself with this question I threw the three coins six times, noted the values and looked in **the I Ching** (the book of Changes) for the synchronicity. “**In the lake is the fire,**” says the picture.

“Times are changing and so the demands change. The task of the leader is to keep the trust of the people and prevent excesses. The Leader put the goal of the community up front” He will keep the trust of the people when there real needs are satisfied.

**You cannot manage change:** *Drucker.*

You can create change by looking for opportunities and opening up new perspectives.

The lesson in the book: "winning without fighting" of *Sun Tzu* the leader hands on **new perspectives** when the people themselves are caved in their perspective and are not successful any more.

An important factor for ongoing living of organisations is **a tolerance for failure**. As it is for an individual. When the reactions of failure are severe negative no one will ever try anything new, so there will be no renewal and progress.

Questions:

*Rate the tolerance for failure by your self;*

*Rate it to other people.*

*And in your company*

*How do you react to other people when they fail?*

A story of a Dutch company where the management wanted change but when the opportunity came they did not go on. They had the tail of a snake. In years the system developed that each year when the results of the company as a whole were good, everyone got an equal bonus. The management wanted change. They wanted the opportunity to give some high bonuses and others nothing. The directors started negotiations with the unions. And they succeeded. The general bonus for every one disappeared and the opportunity to give different bonuses as open. What happened? The management gave almost everyone the same bonus only in 5% they highered or lowered their general standard.

**Change is opening up the perspective of thinking for the one who are caught in their own perspectives.**

A story of a leader who was caught in his perspective and by not opening up kept caught in a thinking loop.

One of these habits that create a misunderstanding is thinking that someone else knows what you want without telling and expects the other to act accordingly.

This happens all the time in the relationship between a beginning manager and a new employee. I outline the story for you.

A beginning manager writes down a job description for a task he likes to be performed by some one else.

A candidate applies and gives a good show in the interview. I can do everything that is written in the description. The manager is happy. He solved a problem.

The candidate starts in the job in a way he is used to. The manager does not look careful for what the new worker is doing because he knows what to do. Occasionally the manager sees the new worker. And what he keeps in his memory are the things the worker does not right. After a week in the head of the manager the list is growing, and growing. After two weeks the list is longer and heavier. The worker is happily doing the way he is used to. Greet the manager. The manager greets the employee on the outside and inside a volcano is growing. A burst is coming. And then, for the worker out of the blue and for the manager as a relief the words are said `you do not do what I expect you to do, you are fired`.

The manager blames himself for not having done the interview well enough. The employee blames himself for not being able to come up to the unknown expectations of the manager.

Someone else, who looked from the outside to the behaviour of the leader, confronted the leader with his behaviour.

The leader understood and learned: when you send one in to battle without preparations you send him into death

. Question:

*Do you look for reflection?*

*Do you ask other people to listen to your story and give their opinion?*

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