

Introduction

Communicative leadership to succeed and the Listening Leader to enact and shape

- Corporations have lost the confidence of their stakeholders, who no longer trust them.
- Those stakeholders can withhold the license to operate that corporations need to do business.
- This has a negative impact on both their sales and their attractiveness as employers.
- Enabling you to succeed in the radically new social media environment through communicative leadership and becoming a Listening Leader.

This book is about tackling all the traditional tasks of a manager in a totally new environment, by using a different attitude in order to enthuse stakeholders in today's markets. It examines the philosophy of running companies nowadays, truly embracing stakeholders' expectations and finding a more efficient way of leading businesses to higher performance and sustainable and profitable growth.

I believe that we are in the middle of an erosive process for capitalism, which not enough players within the system have acknowledged, so far. I fear that companies are losing public acceptance at a speed they do not fully realise – yet. There have been two major developments that challenge the business world and therefore also its traditional leadership models: the loss of confidence in business organisations and the empowerment of citizens and consumers by social media.

But don't misunderstand me: this is not a book about how to manage. This small premise was prompted by my wife, who has also had management responsibilities. There are already plenty of good management books. All business schools teach best management practices; they are part of the curricula of business administration faculties around the globe and most large corporations offer very good management training in their corporate universities and training academies. That's why this book deliberately omits some of the basics, such as how to lead by objectives, how to manage a budget, how to run the daily business of a team in a corporation. You can find excellent literature and plenty of it on what traditional management involves, how to make tough calls on underperformance or how to climb the corporate ladder in a traditional corporation.

This book is addressed to all those who have an active interest in business at large and in leadership, specifically CEOs and other C-suite members (the chiefs in the top management, all starting with a 'chief': executive officer, financial officer, operations officer, technology officer, communication officer etc.), line and staff managers in large and small companies, HR and corporate communication practitioners, as well as those consultants and researchers who are interested in questions of leadership.

Readers will be offered a book written in plain language, filled with personal stories of leadership, failures and successes. It is

not intended as an academic book, but it does take research into consideration. It should not bore you.

Who are we?

Emilio Galli Zugaro has been in charge of global communications at Allianz Group for 23 years, having previously served in politics and worked as an international reporter. Allianz, as shown by many indicators such as profitability and market cap, is the leading global insurance company with 140,000 employees working in more than 70 countries. It's one of the top five global asset management firms and is the largest institutional investor in Europe. Emilio now works as a business coach, mentor, author and consultant. He is Chairman of the change management company Methodos S.p.A. in Milan and Senior Adviser of FTI Consulting in Frankfurt.

Clementina, Emilio's eldest daughter, has a Bachelor of Science in Psychology from the University of Bath and a Master of Science in Work and Organisational Psychology from Maastricht University. Born in 1992, she is a representative of the millennial generation and will provide this perspective in each chapter (marked with a clementine fruit to echo her name). To do so, she has communicated with her network of other millennials to gather a broader range of 'generation' voices to challenge leadership. She has gained professional experience working in the Centre for Behavioral Finance, the assessment and development company SHL and the social media consultancy SoMazi.

The loss of trust in companies

In the past three decades we have witnessed a tectonic shift in the value of one of the most important commodities on the planet: trust. Some call it 'the trust meltdown'.¹ It affected all institutions alike but it was most visible in the loss of trust of people in the corporate world.

Edelman, one of the leading global PR firms, began to collect data from all over the world at the beginning of the twenty-first century, interviewing opinion leaders and decision makers and bundling their insights into the yearly Edelman Trust Barometer, a tool I have learnt to appreciate in the last decade.²

At the beginning of this millennium the big institutions (companies, governments, media) and their leaders lost their credibility edge to ‘the average person’ and the employees of a company, as well as to technical and financial experts. The normal employee of a company is more credible than the CEO of that company. And if you look at corporate information sources, the least credibility goes to the company’s website, almost as low as advertising or public relations. So far, no big surprises – at least, not for me. What is surprising, though, is that the credibility of the CEO is almost as low as that of his PR officer and, even more surprising, the highest credibility is held by the average employee of the company.

An old adage says that trust takes years to build and can be lost in seconds. This truism, translated into business language, means that it takes years and millions or billions of investment to achieve strong brand goodwill and in the nanosecond of the loss of trust by capital markets those billions can be washed away by a steep fall in company shares.

Research also tells us what happens if people don’t trust a corporation. Well, 48 per cent of those who don’t trust a company would immediately stop buying their products and services and would advise their friends to do the same (see Figure I.1).

Figure I.1 Trust matters: Percentage who engage in each behaviour based on trust



Source: courtesy of Edelman

The empowerment of the individual by social media

Imagine an airline passenger whose guitar has been broken by the airport baggage handlers. Picture him trying to get a reporter from a national newspaper on the phone to voice his anger. And then imagine this reporter writing a big front-page story reaching out to, say, 200,000 readers. Believe me, it's pure fiction.

What is *not* pure fiction is the story of David Carroll, a singer flying on a United Airlines flight, who saw his guitar being broken by the baggage handlers and who then produced and posted a witty video on YouTube. The clip featured his newly composed song 'United Breaks Guitars', telling the story of one year of fruitless efforts to get the \$3,000 claim to be paid by United Airlines. So far, this video has been viewed more than 15 million times. This is without a journalist as a gatekeeper and with no chance for a United Airlines corporate communications officer to intervene and strike some smart deal with a reporter. David Carroll became the medium himself, without a TV station, a magazine or a newspaper.

TIME magazine started electing the 'Man of the Year' in 1927 and later it changed the name to the 'Person of the Year'. The Person of the Year in 2006 was 'You – Yes You – You control the Information Age'. *TIME* magazine acknowledged the emergence of the connected citizen who, simply armed with a computer, could embarrass politicians, corporations and governments.

Not only does it take just a second to destroy trust that has been built up over many years, it may also only take one person to trigger such an event. All that person needs is a smartphone or a computer.

If you take the two trends I just described, the conclusion is pretty straightforward. You have to connect to those who hold the power: the connected average citizens. The best channel through which to do so is not your CEO, your PR officer or journalists. You have to transform the only credible source of the company, its employees, into the most important source of the company. You need employees listening to stakeholders and

driving their expectations into the company in order to change the company and create enthusiasm with all stakeholders. Only enthusiastic employees, customers, investors and public and private communities will recommend you as an employer, as a leader, as a product and service provider, as a stock to be bought, and as a credible corporate citizen.

This is what communicative leadership is about. Communicative leadership needs Listening Leaders to achieve the goal of enthusiastic stakeholders.

What does communicative leadership mean?

When I started to conceptualise what I've been doing for quite a few years, I came up with the term 'communicative leadership', to describe both a new way to interpret and enact corporate communications as well as a new leadership philosophy. We used the term, stretching it until the German sense of order overcame my department in Munich and I was asked to define communicative leadership, 'klar?' Defining things is a very German habit. Most meetings start by defining what exactly is meant by the content to be discussed in that meeting. I couldn't hide any longer so I came up with the following definition of communicative leadership:

Communicative leadership is the corporate translation of empathy and active listening. It describes the ability of a company to become a truly communicating organisation with an empathetic and outside-in culture which is able to listen to all internal and external stakeholders in order to drive decision-making processes and therefore ensure a constant transformation and adaption process.

Today I would add the following:

This transformation process improves the strategy of the company by involving stakeholders and securing their support. This support translates into the license to operate for the company. Communicative leadership is applied by the Listening Leader.

The Listening Leader

The Listening Leader is a courageous captain who guides the perfect journey to change and success. To do so she must master the five arts of (1) information, (2) communication, (3) enabling people, and (4) empowering people to (5) manage change. The result will be for her to be able to shape a truly empathetic business organisation, striving to grow by the enthusiasm of its stakeholders, who recommend the company for its products and services, as a sustainable investment, as an employer of choice and as a good corporate citizen.

The ten commandments of trust

You can only embark on the journey to communicative leadership if you as a leader and your company as a corporation gain or re-gain credibility and the trust of the stakeholders. Let's look at how to achieve this goal.

Andreas Bittl was the assistant of the Chair of the Business Administration faculty at which I teach in Munich's Ludwig-Maximilians University. Poor Andreas had decided to write his PhD thesis on trust. Only because his professor, the Chair for Risk Management and Insurance, liked (and owed) him a lot, did he allow him to choose such an apparently exotic, 'philosophical' issue for a business administration thesis. So, one day I asked him to translate his theoretical dissertation into civilised language. I added my little grain of salt and we boiled down 300 pages of academic phrasing into the ten commandments on how to re-establish trust. I take full responsibility for the reduction from Andreas' (now a successful manager) IQ to mine.

Here they are:

1. **Always set the example.** What would you think seeing your demure CEO after a town-hall meeting where he had sobbed, demanded blood, sweat and tears, and asked his employees to tighten their belts by two holes, reduce costs and yes, unfortunately also accept the lay-off of people, rushing off to the General Aviation Terminal, boarding the corporate jet,

snapping his fingers and asking the pilot to open a bottle of 1988 Krug Clos du Mesnil Blanc de Blancs and serving masses of Malossol caviar just flown in from Iran?

2. **Trust is based on a triangle made of competence, integrity and motivation.** Take away one of these elements and trust cannot be established. Or would you trust an insurance agent who acts with total integrity, is highly motivated to help you but unfortunately doesn't understand anything about insurance? Try to take out integrity or motivation and you'll see what I mean.
3. **EMMA.** An acronym created by the late Heinz Goldmann, a mythical figure in communication consulting. It stands for the four things you need to consider before entering any interaction with a stakeholder: an audience. **E** stands for empathy, the ability to step into somebody else's shoes. The first **M** stands for motivation. What is motivating? What drives your public? Do they want to learn, to make money, to build a network, to protect the environment? The second **M** stands for mentality. Who is your audience? Are they old, young, Germans, Aborigines, academically educated, healthy, disabled, male, female, Caucasian? **A** stands for analysis. Always analyse your audience. Find out as much as you can. If you can, ask directly and interact personally.
4. **Walk the talk.** Make your own position clear. Never lie. If you promise something, keep this promise. Don't commit to things you cannot fulfil. Remember that reliability is one of the main virtues of a leader and volatility may only be accepted for opera divas at a cocktail party not for leaders.
5. **Build and cultivate long-term relationships.** In many cultures family bonds, association with a tribe or a club allow us to establish trust quickly. In the business world interaction constantly occurs between people of totally different cultures. The only way for them to establish trust is to experience many fulfilled promises. Punctuality is one such test, a promise where respect can be immediately verified. It takes months and years to gain evidence of kept vows and commitments. More often, the more the proof of reliability has been given, the stronger credibility gets and trust can be established.

6. **Accept and admit mistakes.** The single most important thing parents can do to establish the self-confidence of their children and help them become strong adults is to be able to admit mistakes. Parents who pretend to be always right will never allow their child to grow confident. The same is true for politicians and business leaders who are unable to admit mistakes, understand and explain them and, if necessary, apologise. This is true strength.
7. **Have consideration and respect for partners, competitors and stakeholders.** When, in 2008 and later, US insurance giant AIG got into troubled waters, an American competitor bought advertising space to run a simple core message: 'Customers of AIG, come to us. AIG is in trouble, we are not, we're happy to welcome you as a client.' What a shabby thing to do, exploiting the stumbling of a competitor to humiliate them and gain business. Competition is absolutely necessary, but lack of style isn't. Not in order to gain trust.
8. **Accept regulation and feedback as necessary control mechanisms.** Who in a corporation longs for investigative journalists, internal auditors, visits by compliance officers, a spontaneous hello by regulators or, even better, a state attorney? Probably very few people. But would I ever propose eliminating one of these factors? Never! Because while I'm always looking at the glass half full, I am perfectly aware that there is an empty part in it, too. The evil of temptation that all people holding power have. The pressure of addictions that sometimes drives people into criminal acts. Or a simple joy of criminal energy, which also exists. To manage these very human shortcomings, we need control mechanisms and we also need real feedback on the important things we do.
9. **Say what you think and do what you say.** Don't try to manage different agendas, a public and a hidden one. Good managers are able to exercise their five senses to receive input *and* to focus on objectives. It is already challenging to consistently stick to an agenda. That's why it's better to simplify it as much as possible without losing the necessary depth. If you add an additional dimension, that is, a lie or a hidden agenda, you may confuse your priorities. And getting older it gets more

difficult to keep in mind different agendas. It's better to keep it simple and say what you think and do what you say.

10. **Treat others as you would like to be treated.** In corporate environments with very different cultural and religious sets of values it's almost impossible to agree on an extensive value set. I prefer to stick to the so-called 'Golden Rule'. The Fork Test story below may illustrate why.

These ten commandments to (re-)establish trust are the mantra of the Listening Leader, because the grease that oils the clockwork of good profits is *trust* – trust between stakeholders and the company, its managers and employees.

What would such behaviour look like in the real life of a young talent, a potential Listening Leader? Read this first story on the journey to becoming a Listening Leader.

The Fork Test

Years ago, Allianz used a bombproof system to select its highest C-suite potentials. Imagine in 1989 you were 29 years old, you graduated from an American Ivy League university, gained your PhD in Oxbridge, founded your first company which you sold with a large profit, you speak seven languages and you decided to join Allianz where you now manage a team of 130 people. Suddenly you receive a call from the PA of the Group CEO, somebody you've never met, who sits in the clouds of the Olymp, seven hierarchical layers above you. The PA invites you and your partner to a three-day stint in a farm owned by the company, somewhere in the beautiful Bavarian Alps. You are told nothing else, just the dates. Not why YOU have been invited and not your colleague next door. Not who is going to be there next to your partner, nor who the host is. Of course you imagine it's going to be the CEO, otherwise why would his PA be involved? You get nervous and you spend those three days in the beautiful countryside of Upper Bavaria, trekking, reading in the charming garden, being spoilt with excellent food from the regional cuisine. Then the final dinner comes and you find yourself with just nine other colleagues from all over the world with their partners.

Actually, who is the colleague and who is the partner? What you figure out is that there are also very senior managers next to the CEO and his wife. You get seated and the torture begins: you try to impress the C-suite member at your table. And now it dawns on you, why that smartass in your department hinted that you might have been invited to what insiders at Allianz called the 'Fork Test'. So you better behave well and show that you have manners and you thank your mum for having told you gazillions of times not to put the knife in your mouth. That dude from the audit department does it the whole time; you're sure he won't pass the Test. Then you're being sent to bed and the secret part of the Fork Test starts, one that we kept hidden from the candidates for decades. The best-kept secret at Allianz was that all the staff at the farm had a voice and a vote on the candidates at the debriefing session occurring after dinner: the gardener, the cleaning lady, the butler, the kitchen maid, the governor of the house. And if, in those three days as a guest, you had treated any of them in an arrogant way, you would have no chance of being promoted. And that bozo from the audit department who had been polite to all the house staff and treated everyone with respect would be a candidate for the C-suite, in spite of the fact that he put his knife in his mouth.

Because table manners can be taught, character can't.

The good candidate would convey her respect to every stakeholder, treat others as she would like to be treated, be empathetic and understand the motivation and mentality of the parties she interacts with.

Behaving accordingly to these three and the other commandments of trust in your everyday life as a professional will allow you to practise communicative leadership.

If communicative leadership is the art of perfect judo, leveraging the power of the stakeholders to succeed, the Listening Leader needs to train her body and mind with the ten commandments of trust and gain the skills that earn her the yellow belt of information, the orange belt of communication, the green belt of enabling, the brown belt of empowerment and finally, through her actions, the black belt of the Listening Leader.

Before we discuss what the role of the Listening Leader is in the greater scheme of communicative leadership, let me tell you my second story ...

'Cancel all the contracts with our insurer!'

Sabia was standing at the departure gate in Düsseldorf, heading to Munich, when she suddenly overheard a man close to her shouting into his cell phone. That was unpleasant enough. But much more disturbing was what he was saying. He was profusely complaining about Allianz, the global insurance company Sabia was working for in Washington. This man was furious about her employer. He was asking to cancel all contracts with Allianz immediately and to make sure they never did business with Allianz again. Sabia was so embarrassed; she looked down at her clothes trying to figure out whether she was wearing her sports jacket with a rather visible Allianz logo. She felt personally insulted by the man's description of the service. She'd known her colleagues for 15 years now and she was saddened that this customer had had such a bad experience. Sabia was determined to set the record straight. When the plane was in the air she unbuckled, looked for the man and introduced herself: 'My name is Sabia Schwarzer. I work for Allianz in the United States and I couldn't help but overhear your conversation on the phone. Let me say that my colleagues in Germany would be very shocked if they had heard you – just as I was. The company you described is not the company I know. Can I have your business card and do something about your problem?' The gentleman, a CEO of a mid-sized company insured with Allianz, was baffled. It took Sabia three days to leverage her internal network until – with the support of very helpful colleagues – she managed to pinpoint the problem, indeed a screw-up by her employer, to have the issue fixed and the customer informed about a very fair solution to his problems. Her intervention won Allianz the business back. Sabia was working in communications in the United States; she was not a key account manager, she was not in sales, she didn't work in industrial underwriting, she didn't even work for the operative entity insuring the Düsseldorf businessman. She could have ignored the scene at the airport, shrugged her shoulders and said, 'Well, it's none of my

business.’ Instead, she took the initiative and gave her face to the anonymous corporation; she transformed herself into an ambassador for the company. That’s how she got the business back: by listening; by communicating; by taking action; by taking up responsibility. An able communicator, empowered to represent the company. Years later Sabia Schwarzer was rewarded for her courage and her years of top performance by being appointed new head of global corporate communications at Allianz Group, leading a department she renamed CoRe, Communication and Responsibility. She is a Listening Leader practising communicative leadership. This book will enable you to become a Listening Leader too.

What seems to be just a singular behaviour can become a corporate attitude pervading the whole company. This can only happen if there is a clear strategy to enthuse customers and, especially, with a clear performance indicator that allows the management to drive virtuous behaviour that translates into the enthusiastic recommendation from one customer to a friend or family member, creating an avalanche of profitable growth.

Let’s stop for a second on the concept of the recommendation of a company by enthusiastic stakeholders. There is a simple but very powerful idea behind this, an idea that helps us to tackle the challenge of the new world of lost trust and media-empowered citizens.

Recommendation by friends as the most acceptable growth path for business

One of the central issues being discussed around the world, from the Pope in his Encyclica ‘Laudato Sí’ through Ban Ki-moon and his UN Global Compact principles to Nobel Prize-winning economists and fertile think tanks on the planet is: Will economic growth continue? What environmental, social, political costs are we prepared to bear to sustain growth?

I don’t have the answer to these questions but I believe in one thing: the only growth that will be accepted nowadays is the one that the trusted ‘average person’ will allow. It won’t be the growth

steered by central banks, governments, capital markets, corporations or trade unions. All of these institutions have suffered from loss of trust. People around the globe do not fully trust the establishment any longer, in spite of all the intelligent and responsible people employed by these very institutions.

Growth through word of mouth between people who know and trust each other will be the only accepted one. It is commonsensical, almost too easy to describe. And it's almost as easy to say as it is difficult to practise.

I have chosen to illustrate this point through the key performance indicator Net Promoter Score (NPS), measuring the willingness by customers to recommend your company to friends and family. It will be mentioned throughout the book and detailed further in Chapter 1 on Information and Chapter 7, 'Away with corporate communicators?'

Some smart people at Bain & Company, Boston, led by now Director-Emeritus Fred Reichheld, found out something apparently trivial at the beginning of the millennium: that the answer to one, very simple question, The Ultimate Question, would allow a company to predict its profitable growth through the willingness to recommend the products of a company, measured with an indicator called NPS.³

Is this a good reason for companies to divest from governmental relations, investor relations, fire the CEO, the whole communications department, the marketing and advertising people, salespeople and web designers?

Maybe. Find out more about the fate of these communications professionals in Chapter 7.

Has the certificate of death been filled in for governments, central banks, global finance and companies?

Of course not. These organisations are very powerful and they can determine the fate of corporations in spite of the fact that they have lost credibility. But because they lost credibility their fear of difficult decisions has grown and they increasingly chase consensus, and are starting to listen to the voice of the average citizen, the voter, the small investor, the consumer, the responsible and the environmentally conscious citizen.

It is all about regaining the trust of the average citizen and any way you turn it you need a trusted source to support your business. You need the support of your stakeholders to thrive as a company. But your weapons are getting rusty; the bullets of public relations fly only a couple of centimetres and no longer have any impact. The arrows of marketing and advertising are made of straw and wouldn't harm a soul. It's the word of your family member that matters, supported by independent and authoritative experts from academia and NGOs – the last remnants of the remaining credible institutions.

Personal, trusted recommendation is a growth factor that most would subscribe to.

This growth through recommendation generates *good profits*. A good profit is when the customer is happy to pay the price for the product. A bad profit is a profit extorted from the customer, albeit in a legal way. Take, for example, a telephone company where you have a one-year contract with a special discount for calls made out of your home town. Now your employer offers you a job in another town and you move. The first thing you do, after having put your books on the shelves in your new apartment, is to call your telephone company X and ask to switch the home-base from your old town to the new one. But they insist on the wording of the contract, stating that you had signed on for one year in your old town. You decide you hate them. You pay until the contract expires but there's another thing you do: speak about your experience with all your friends, 'real' and Facebook friends, too, swearing at the telephone company X. And there's one thing you never do again: business with that telephone company.

The money company X has made in the last month of your contract are bad profits.

Let's briefly recap: the companies as such (and also their CEOs) have lost the trust of their stakeholders. The most credible sources are average citizens and independent experts. Within a company the most trusted source is the average employee. The credible actions of the single employees translate into the company being recommended or not. The willingness of the customers to recommend the company can be measured. It is an indicator for good profits and therefore the future growth or lack

thereof. Every employee is a credible spokesperson for the company and can drive or destroy growth with his or her behaviour.

If this is the case, and there's too much evidence for this to be ignored, the real question is: How then do you enthuse all the stakeholders, from your employees to your investors, the regulators, media, NGOs and the general public in this new world? And the answer is: through communicative leadership. By becoming a Listening Leader.

Don't be impatient – this is a journey. We learn through change and don't need to get lost. Every manager can become a Listening Leader. Every manager interested in having a career can draw the full benefits of this book, even more so if the company is in keeping with this philosophy and the more our reader is.

The purpose of this book is to help you succeed, to perform better and find a viable growth into a kind of leadership that is accepted by your immediate environment, including your private network. Growth of a business through the enthusiastic support of its stakeholders is a transparent game, challenged daily but resting on the pillars of trustworthy relationships with all those who have a say in the company's fate, insiders as well as outsiders.

Waiters in a steak-house?

We use the term *stakeholders* throughout this book. Who are they? For the sake of simplicity we cluster them into four groups: customers, employees, investors and society at large. We are fully aware that every company has dozens, even hundreds, of stakeholders. Agents, brokers, suppliers? They are both customers of the company as well as staffing the company's sales efforts. Neighbours? They are part of society as well as regulators, politicians, non-governmental organisations (NGOs), academia and all citizens interested for one reason or another in your company. We often find multiple stakeholders; I have been one myself for more than two decades: in my corporate experience I was an employee, a shareholder, I bought my company's products and pay taxes in the country where my former employer pays taxes.

The awareness of and the knowledge about our stakeholders, whatever we do in business, is highly relevant to achieving success.

Sometimes companies don't know their stakeholders. A cosmetic firm which carried out stakeholder analysis was surprised to find out that they were totally unaware of one of their top stakeholders: the community of hundreds of teenage make-up consultants running their own YouTube channel or blog, crucially important opinion leaders for the company's millions of young consumers.

Identifying and knowing your stakeholders is a key task for every leader. The map of stakeholders lies at the beginning of the journey to become a Listening Leader. You can identify them by asking yourself: who has an impact on my working life? It's your boss and your staff – that's clear. What if I don't have any direct contact with my company's customers because I work in accounting? Then my customers sit within the company: in all the departments my team interacts with. Find the time to map your stakeholders. The best sources are the stakeholders you already know. Ask them. If you have a corporate communications department, check in with them on this issue. There may be crises coming further down the road: you'll need to know who your stakeholders are. A new strategy could be developed for the company: your stakeholders should know about these developments. Your stakeholder map is like your Whatsapp group. It's your rolodex, your business version of your Facebook friends. Ideally you could press an icon on your smartphone and reach out to all of them. To do this, you have to find out who they are.

The ideal set-up of a company to fully benefit from communicative leadership

After establishing who your stakeholders are, next is to check whether you happen to work in the ideal company within which to rise to Listening Leadership or whether you have to change things from within, because your company isn't there yet.

Should you need to look for a company that has the right prerequisites for communicative leadership, here are some criteria:

- Does this company have a *clear vision*, a *strategy*? What makes it different to others? And, most important: Can people in the company relate their specific tasks to the strategy?
- Does this company have *leadership guidelines*, leadership values or – even better – a specific leadership vision?

- Does this company have one or, at most, two *KPIs for every stakeholder* and does it *link management compensation to all stakeholder needs*?
- Does this company *report* its achievements and failures in addressing not only its financial challenges but also its success or lack thereof as employer and in recruiting staff, in customer satisfaction or recommendation, and as a corporate citizen at large?

If the answers to these questions are all 'yes', this company is a likely candidate to adopt the concept of communicative leadership. In other words, if you want to succeed and choose to do so by becoming a Listening Leader, such a company is the ideal environment for you.

Why is a framework of this kind necessary to allow communicative leadership? This is because the true impact on profitable growth of a company is only possible where there is a minimum consensus on success of the company, being the fair distribution of enthusiasm between all the stakeholders and not just one or two.

The crises that threaten companies can be caused by any stakeholder: a boycott by customers can threaten a company's survival; a sale rally on your stock by investors can start the quick death of a corporation; regulators can revoke the company's license to operate; a walk-out of talents can kill the growth engine of a company. Threats can come from all directions and they are quick to cause perennial damage. But there are opportunities, too, potentially initiated by stakeholders. The company has to have a sensitivity, an awareness of the potential threats and opportunities coming from *all* stakeholders.

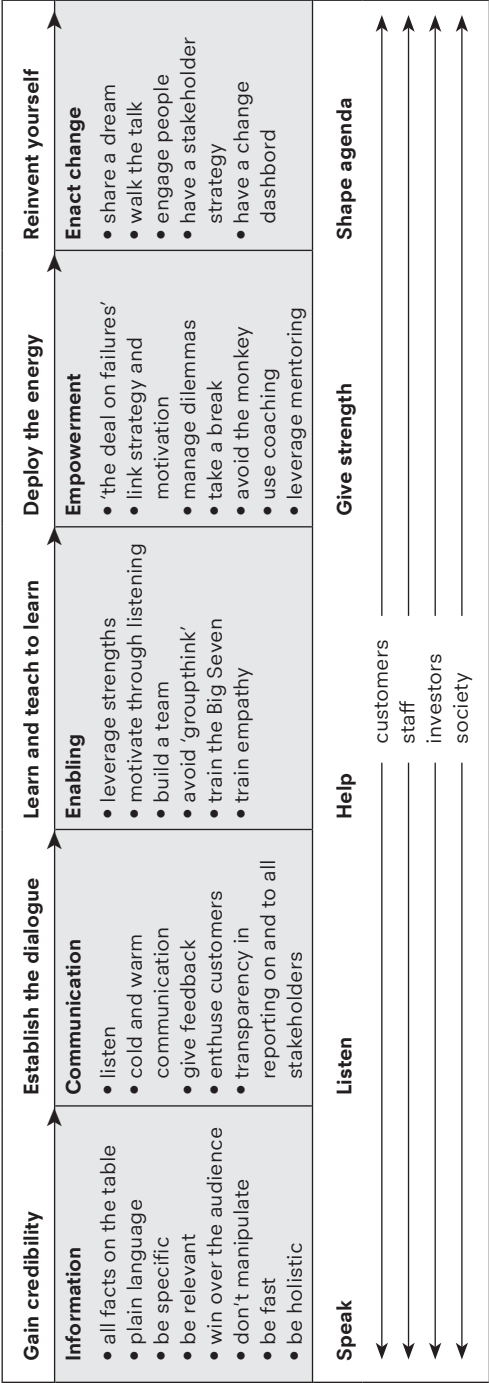
This is the necessary pre-condition to engage on the journey of communicative leadership. Only then can a leader tap the potential of her stakeholders to help drive the business.

The journey to become a Listening Leader entails four different achievements (Figure I.2), detailed in the following four chapters of the book:

The Listening Leader has to be credible – this can be reached through first-class **information**.

The Listening Leader has to be able to constantly manage the dialogue with stakeholders – top-notch **communication** will allow her to do so.

Figure I.2 The journey of communicative leadership



*The Listening Leader has to discover the energy of the stakeholders, groom it and grow it – **enabling** the stakeholders, foremost learning and teaching to learn, is the name of the game.*

*The Listening Leader has to deploy the power of the team and prepare for action – the Listening Leader delegates, hands over responsibilities, coaches driving an impactful **empowerment** of his people.*

*The Listening Leader has to shape the agenda and get ahead of developments – the ability to drive managerial **action** according to these principles of communicative leadership allows the Listening Leader to anticipate developments and shape the agenda, actively involving stakeholders and making them embrace and own the change.*

The purpose of the five steps of communicative leadership is to prepare the whole company for self-managed action in a clear common framework, with the goal of creating profitable growth. Self-managed action by enabled and empowered employees multiplies the impact. The involvement and participation of all stakeholders in the company's strategy and actions creates a community that will support the company's public acceptance and allow the company to be granted a license to operate and to thrive. It may well become an issue of survival for every company. The only true way for a company to avoid life-threatening crises is for it to be in tune with the stakeholders and constantly work to deserve their enthusiasm. This creates the resilience that allows a trusted company to live a long life. And to achieve this very ambitious goal every hand is needed on deck: every single employee, every single manager – led by Listening Leaders.

There is a good story told in the Book of Kings (Chapter 3) and it seems to fit this book perfectly, whether you are religious or not:

The Lord appeared to Solomon during the night in a dream, and God said, 'Ask for whatever you want me to give you.'

Solomon asked for a discerning heart to govern the people and to distinguish between right and wrong.

God was pleased that Solomon had asked for this. So he told him, 'Since you have asked for this and not for long life or wealth for yourself, nor have asked for the death of your enemies but for discernment in administering justice, I will do what you

have asked. I will give you a wise and discerning heart, so that there will never have been anyone like you, nor will there ever be. Moreover, I will give you what you have not asked for – both wealth and honour – so that in your lifetime you will have no equal among kings. And if you walk in obedience to me and keep my decrees and commands as David your father did, I will give you a long life.’ So, Solomon got a discerning heart and the riches and long life.

(Book of Kings, Chapter 3)

So, Solomon got a discerning heart *and* the riches *and* long life. Think about it – it may be the right metaphor for the Listening Leader.



Introduction: a millennial’s viewpoint

Business and leadership books are mostly written by white middle-aged men. And there’s one good reason. Having dominated the upper echelons of business, academia and society at large, there are many of them with experience and knowledge to share. However, they are not the only ones. Thankfully, the world is changing and shifts are occurring regarding the diversity within companies and in other corners of society. It is immensely important to engage in conversations with each other in order to create richer knowledge together. It can add different perspectives and approaches to create a wealth of resources. One plus one equals three. I am here, a millennial woman, to wave the flag for my generation and the discipline of psychology within the context of corporate leadership.

What defines millennials?

Millennials already make up a big portion of the workforce today, and will grow exponentially within the next decade, permeating all levels and areas of business and society.⁴ So, in order to understand the future of companies, we should look at what makes millennials different from previous generations.

Unlike previous generations, we don’t have a unifying social revolution (such as the Vietnam war or the 1968 riots). Partly

therefore, more than any previous generation, we are individualistic. Unlike previous generations, our communication and opinion sharing is online, global, instant. We know a little about a lot of things, often superficially.

Having grown up with societal circumstances shaped by the efforts of previous generations, we do not understand why certain things are still 'issues' (e.g. sexual orientation) and why other, infinitely more important things, are not taken seriously enough (e.g. the well-being of our planet).

Put your money where your mouth is: are companies and leaders really credible?

This is why, in our view, purpose must permeate every inch of the company. When we have the choice of working with like-minded people we should and we do. As the rise of start-ups attests, when this choice is not there, we create it. Of course there are limits to indulging these aspirations, yet there are also many unnecessary obstacles, which stem from previous conditions that no longer apply. Removing those barriers should be a no-brainer, yet often we as humans like to sit on what we know, defending it against all reason purely out of unfamiliarity with the new. But the new is not so new. There is simply a reorganisation of priorities and sensitivity for important issues, ranging from the responsibilities of businesses in the larger community, to the appreciation and nurturing of employees.

The challenger

My role here is to challenge assumptions and to provide complementary comments by reacting naturally to my father's ideas, as a female millennial labour market entrant with a psychological point of view. The same way it has, many times, occurred over a glass of wine or milk, depending on the period of time, over the past two decades.