



CHAPTER 2

Leadership Effectiveness and Business Performance

The Primary Competitive Advantage

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Leadership effectiveness is a primary contributor to business performance and success. So, we know that effective leadership matters! Yet, leadership development is rarely on top leadership's radar. Rather, leadership development often struggles for attention and relevance among competing priorities.

The Authors' research adds to other research that collectively makes the case that leadership matters to performance. Specifically, The Leadership Circle which shows a 38% probability that improved leadership effectiveness translates into higher business performance. Zenger's research also showed that the impact of leadership was more than linear – the best leaders bring multiples of results over the average leader. And Jim Collins indicates that business returns were nearly seven times greater for high-leadership performers.

Finally, the authors make the point that it is not only individual leadership that matters, but collective leadership. Noting that the most effective leaders are experts at leveraging their interactions to create much more return than is invested – and the capacity to lead as a team is one of the most impactful leverage points.

Build common understanding of the chapter terms

- What is the impact of the Extended Leadership Team, and why is collective leadership an important area of focus?
- What are some of the factors that are indicative of a high performing ELT?
Examples: Alignment between vision and direction, agreement on key strategies, the ability to execute together, and quality of interaction, communication, honesty and trust.
- What is meant by the statement that “Leadership is a conversation”?
- (To hear from a couple of you) What is the real “take away” from this Chapter?
- Page 25 asks several “Taking Stock” questions (as is the case with all chapters). How can these questions be used with your clients?
- One of these Taking Stock questions is: “Would you follow you?” Any reactions to this question?
- What other questions can you be exploring with your clients on this topic?



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Explore the implications of the chapter concepts for leaders and organizations

- Why is it that most leadership teams function collectively well below their members' average intelligence? What are the implications?
- What can we be doing with the leadership teams we work with to make collective leadership the priority it deserves to be?

What is new for you? What does this change for you?

- The authors introduce a mathematical model they call the Leadership Quotient. With this model, scores above 1.0 indicate leadership as a competitive advantage. Scores below 1.0 indicate leadership as an organizational disadvantage. The authors indicate that if an organization doesn't know their Leadership Quotient, they probably are not putting enough attention on leadership. What kinds of questions should we be asking our clients as it relates to their collective leadership?

Examples: How effective is your key leadership, and how do you know? How does your leadership effectiveness compare to your competition? Etc.

Take-away Round Robin

- What is your key take-away from today? What action/change can you make?
- What are the key insights in this chapter as it relates to the leaders you support?