

## How Leadership Impacts Profit



BY GREG SCHINKEL

Greg Schinkel is a speaker, trainer and author as well as president of Unique Training & Development, Inc. Contact him at [www.UniqueDevelopment.com](http://www.UniqueDevelopment.com).

*“There is a widely believed myth that a tough, take no prisoners management style is the key to success. It only works in the short term.”*

At a gut level we know that leadership is important and necessary. It turns out that leadership isn't just a feel good thing. It drives the bottom line. Two interesting findings came from a study by Dr. Rob Cook of Human Synergistics International. He measured the correlation between profit margin and how constructive the culture of the organization was.

The first conclusion was that organizations with a constructive culture had sustained higher profit margins; in fact the more constructive the culture, the higher the profit margin and the more stable the profit over time. A constructive culture is one where there is a sense of achievement, challenge, growth, encouragement and humanistic relationships.

The second conclusion was that companies with aggressive cultures (very task/numbers driven without support/encouragement) had the most volatile profit margins. Some years it would go way up and other years it would come crashing down. You know the story...being aggressive can yield short term gains but in the long term, people burn out and leave and the numbers drop, often costing the aggressive manager his or her job.

There is a widely believed myth that a tough, take no prisoners management style is the key to success. It only works in the short term. Leaders are generally those people we admire for setting a clear vision, challenge us to reach full potential, make us feel that we play an important role and encourage us to succeed. much sooner.

### Every Challenge at its Root is a Leadership Challenge

In our regular client interactions we see obvious links between operational outcomes and the strength or weakness of the leadership. It shows up in sales, customer complaints, scrap/rework, project delays, supplier relations, grievances/complaints, past due

orders, waste, excess overtime, cost and profit.

With clients where we have measured employee attitude and satisfaction, there is always a link between the strength or weakness of the manager/supervisor and the attitude and satisfaction of employees. And while employee happiness does not always equate to employee motivation, it is fair to say that unhappy employees are not good for your company in terms of customer satisfaction and efficiency.

How constructive is the leadership culture in your organization? When you consider the managers and supervisors in your operation, is there a link between those with weak leadership skills and poor results?

### Action Items

- To get buy in from senior level decision makers, link leadership issues to the bottom line. Ask questions such as, "How much of that problem can be linked to leadership?" or, "It's no wonder Bill is struggling, did we ever give him training on how to be a good supervisor?"
- Confront the unacceptable leadership behaviours and offer either training or coaching. We've found that only a small number of leaders are unsalvageable. Most can be turned around.
- Measure your existing culture versus the ideal culture and develop a game plan to be more constructive.

What if the leadership issue rests with you... or your boss? If it rests with you, now is a great time to make a personal commitment to improve. If the problem rests with your boss, then take the path of making observations, asking questions that cause him or her to reflect or, if you have the guts, confront the issue head on in private.

IN



**Glow SALON**  
HAIR & ESTHETICS

**Season's Greetings**  
Men, Women & Kids Cuts  
• Styles • Up Dos  
• Hair Colour • Highlights

Specialized Salon Products from  
MATRIX • SCHARZKOPF • AMERICAN CREW • PUREOLOGY

GIFT CERTIFICATES AVAILABLE

250-9997  
3020 Dougall Avenue

VISA MasterCard American Express



**A La Mode**  
ladies fashions and accessories

Great Selection of Holiday Wear  
From...

Joseph Ribkoff  
Spanner  
Svetlana  
Jeanne Pierre  
Simon Chang  
Sizes 4 to 16

www.a-la-mode.ca  
52 Richmond St.,  
Amherstburg  
(519) 736-1475