

The Executive's Three-Legged Stool: Management, Leadership and Governance

Work must be managed, people must be led and organizations must be governed. Finding the right balance among these three is a difficult, vexing and perplexing task. It is akin to keeping the seat of a three-legged stool horizontal while sitting on uneven, shifting ground. To keep the seat level, the legs must be adjusted. The adjustments that are required are determined by where you sit, by the shape of the terrain there and by the changes to that terrain. Balancing and integrating management, leadership and governance requires thinking through and integrating the requirements of the work, the needs of the people who do it and the nature of the system of authority to which all employees will be subject. The proper balance is difficult to determine and even more difficult to achieve because they overlap and must be integrated (see Figure 1). Consequently, some organizations are over-managed and under-led, others are over-governed and under-managed, and some are out of kilter in all three categories.

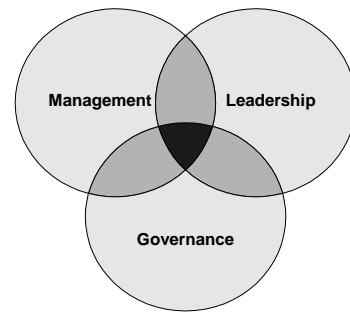


Figure 1 - Integrated & Overlapping Requirements

Management

Management centers on the work of the organization. It is concerned with performance at the level of the individual, with the performance of the larger processes in which the work of individuals is embedded and, through individual and process performance, the performance of organizational units and the organization itself. It is concerned with operational and financial performance. Management is concerned above all else with the design of work and work control systems; with the execution of those designs, that is, the building of work and work control systems; and, finally, with the operation, maintenance and improvement of the organization's work and work control systems. Management, then, is about *the art and science of designing, engineering, operating and improving the work and work control systems that perform the work of the organization.*

Leadership

It has been said that "Organizations don't do anything, people do." Whereas work is the proper focus of management, people constitute the focal point of leadership. People must be led, whether that takes the form of gentle guidance or firm direction. More important, people demand leadership and they demand above all else clarity of vision and direction in their leaders. As noted British management consultant and scholar Lyndall F. Urwick wrote almost half a century ago, "There is nothing which rots morale more quickly and more completely than poor communication and indecisiveness – the feeling that those in authority do not know their own minds."¹ Leadership is *the ability to influence the directions, goals and efforts of others through means that include but go beyond the simple exercise of authority.* It is the notion of authority that brings us to the third leg of the three-legged stool on which most executives sit.

Governance

Governance refers to *the means through which power and authority are exercised in an organization.* This includes the rules for and limits on the exercise of power and authority as well as the penalties associated with disregarding or abusing them. Power and authority are essential to the operation of any organization. Whether the governance mechanisms of an organization manifest themselves in a conventional hierarchy of an autocratic or bureaucratic nature or in a more self-governing democratic form or even in some semblance of the kind of federalist arrangement favored by Charles Handy² is immaterial. There must be some kind of authority system and it produces one form of power. Without authority, and without clear delineation of its limits, the rules for its exercise and the penalties for ignoring or abusing it, the organization, filled as it is with the most political animal of all, cannot be governed. Yet, the organization must be governed, even if "command authority"³ isn't available, else anarchy ensues and anarchy is intolerable in organizations that, by their very nature, are devoted to collective, cooperative human endeavor.

¹ "The Manager's Span of Control" (pp.39-47). *Harvard Business Review* (May-June 1956).

² "Balancing Corporate Power: A New Federalist Paper" (pp.59-72.) *Harvard Business Review* (November-December 1992).

³ "The Post-Capitalist Executive: An Interview with Peter F. Drucker" (pp.114-122). *Harvard Business Review* (May-June 1993).