

## 20:20 hindsight in leadership

It is 20 years since the Karpin Report was issued to a mixed reception - what has changed in leadership and management since then? To recap, in 1991, the Australian Federal Government commissioned a comprehensive inquiry into what measures could be taken to strengthen management development and business leadership within Australian enterprises. The Industry Task Force, chaired by David Karpin, launched its report in April 1995. The Report was welcomed by government, but criticised in some quarters due to uncertainties about its definitions, its methodologies and the new thinking that crystallised into its 28 recommendations.

The Report foresaw the challenges of the 'Asia-Pacific century'<sup>i</sup>. When benchmarked against global counterparts, Australian managers were sorely lacking in essential skills. And this sorry state was the result of cultural, academic and business influences that needed to be addressed at a systemic level if Australia was to thrive in the 21st century. The Report recommended deep reform.

The Report found that good managers and leaders are a primary driver of better organisational performance. And this underpinned economic growth and workplace reform. Australia's GNP per capita growth rate was slipping behind USA, Canada and many Asian nations, including China, Japan, Hong Kong, Singapore and Korea<sup>ii</sup>. The Task Force noted that there were five challenges for Australian enterprise at the time<sup>iii</sup>, namely:

1. Develop a positive enterprise culture through education and training
2. Upgrade vocational education and training and business support
3. Capitalise on the talents of diversity
4. Achieve best practice management development
5. Reform management education

The 'new paradigm', as the Task Force called it, was essentially based on organisations being much more flexible and strategic through the development of managers and leaders. This included the harnessing of employee knowledge and competencies. Australian managers and leaders should be better prepared to perform, innovate and learn continually. Back in 1995, Karpin noted that future leaders should come from a diverse pool of talent, gender, and ethnicity and be highly capable in a wider range of leadership skills to be ready for rapid change in the new century.

With 20:20 hindsight we would have to say that Karpin was unduly criticised and rather insightful. Even though it was issued 20 years ago, the report's findings are possibly more relevant today than back in

1995. The Taskforce's predictions of globalised competition, technological development and information exchange have come to fruition.

Karpin acknowledged that Australian managers rated well against their global counterparts in functional skills, or technical knowledge, but noted huge gaps in a number of skills that must be bridged by Australian managers and leaders if we are to compete in the Asia-Pacific region and reach world's best practice. Significant skill gaps existed in:

- entrepreneurship;
- global orientation;
- management development;
- soft (i.e. people) skills;
- strategic skills; and
- management development.

In these areas, the Taskforce concluded that Australian managers had only reached 30-40% of the skill level typified by world's best practice.

Since the release of Karpin Report there has been some development in academic circles on management and leadership skills, focused primarily on the frontline management level. But has there been enough in Australian enterprise? One question we keep asking is did Australian business survive the global financial crisis in 2008 due to good management and leadership or due to the lining up of the planets with a strong pre-bust balance sheet, the resources boom, stable property prices, currency strength and accelerated growth in China? Of course there was, and still is, strong regulatory management in the Australian financial markets. But this type of management is very different to the range of management and leadership skills needed if the country is to grow and lead within the region.

The Karpin Report helped pave the way for thinking about management and leadership as a profession in itself. It promoted the concept of management performance as the effective wielding of competencies – skills that are used selectively, depending on context. Organisations began to think of 'managers' as practitioners of transferrable skills that could be effectively utilised in any industry.

The skill gaps noted by Karpin are still relevant today. But these gaps have actually widened and now there are more. With the business environment changing at a much faster pace today than in 1995, we have a bigger challenge.

Since 1995 there have been some monumental changes that started small but today impact our way of life every day. For instance, the first online banking service was introduced less than 20 years ago in Australia in 1997. Google was founded in 1998. Facebook was founded in 2004. The first iPhone was introduced by Apple in 2007. Much of the change in technology that significantly impacts most, if not all, business in Australia today was introduced within the last decade. Competition is now not only coming from global quarters but

from small business that is much more nimble, tech savvy and able to compete head on with larger enterprise.

A number of other global priorities have emerged. Environmental sustainability and corporate governance have become top of mind for most organisations. Technological advances have created more mobile workforces, driving the need for better information and knowledge management.

Are you or your managers and leaders well equipped to compete not only in the next twenty years, but also in the next five years given this pace of change underway?

After extensive experience, research and analysis, we have developed a holistic and practical reference guide, known as the Leadership in Action Framework (refer to the diagram). The LIA Framework assists business to identify those core skills and competencies required to lead in the 21st century.



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This Framework is now being used by business to develop leader performance and future capability.

The Leadership in Action Framework is used to assess, diagnose and develop the effectiveness of leaders and managers.

We understand that leadership skills alone aren't enough to drive high-performance results. Leaders must excel in the three Performance Pillars. These Pillars cover performance across management, leadership and professional skills to ensure balanced and holistic focus.

The Framework contains five Skill Branches that pull together the capabilities required to succeed in increasingly challenging leadership roles. The skill branches are successively applied, equipping leaders for the challenges of organisational roles as positions increase in span and accountability. It caters for the development of all leaders, guiding them through the initial skill branches required of the Team Leader, and working up to the full breadth and complexity of the Managing Director's role.

Within the five Skill Branches sit the 344 skills, competencies and behaviours that need to be developed in managers and leaders today to perform now, and in readiness for the future. The skill base of future leaders must be multi-dimensional and attuned to performance at an organisational level and individual level. Capability in these 344 skills and competencies will effectively develop organisational leaders for a rapidly changing business environment.

The Karpin Report envisioned the future leader as a highly educated, mobile, globally focused and results-driven individual. That leader would be capable of thriving in a high-pressure environment, delegating heavily, sharing information and highly collaborative. No longer predominantly white and male, but coming from diverse cultures and genders, the leader of the future would be fit to drive results in a much shorter time-frame. On reflection, we can see that the Karpin Report predicted the requirements of today's leaders with great accuracy. The Report's limitation has been in the implementation of its recommendations. A small proportion have been implemented by the government and academia, but it has been largely left to private enterprise and market forces to drive the development of individual leaders. If Australian leaders are to manage and lead in accordance with world's best practice, it is up to all of us to work our way there.

And if it is up to the organisation to 'grow its own' leaders, it is worth reflecting on whether the organisation's strategy can be brought to fruition by its existing leadership capability. As we advise our clients, it's far better to resource up to meet your strategy, rather than strategise down, limiting your strategy to fit your current capability. Work out what you need to do, and then plan what needs to happen to get it done. In 2015, we must be able to compete not only in Asia-Pacific, but on the global stage, as technology has brought the four corners of the world even closer together.



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<sup>i</sup> Enterprising Nation: Renewing Australia's Managers to Meet the Challenges of the Asia-Pacific Century. Commonwealth of Australia, 1995, p1.

<sup>ii</sup> Ibid, p5.

<sup>iii</sup> Ibid, p1