



BUSINESS INSIGHTS FOR ACTION

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WHAT IS THE DIFFERENCE BETWEEN A LEADER AND A MANAGER?

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What is the difference between a leader and a manager?

Figuring out the distinction between leaders and managers might seem like an academic question to some, but getting the answer right has tremendous, real-world impact. In my last article, I discussed the fact that companies at every stage of their development require innovation, which I define as “finding new ways to create and capture new value.” This article makes a complementary point: that it is only leaders that can truly guide that innovation. The scarcity of true leaders combined with their irreplaceable contributions to the health and growth of a company explain why they command impressive salaries and bonuses.

People often confuse this distinction because managers in big companies run business units with hundreds if not thousands of people working under them. With so many people answering to managers, it’s easy to mistake them for leaders. What might help make the difference clear is to use a metaphor from the game of soccer.

Visualize a world-class soccer player running down the field with the ball, turning left and right, dribbling past players. Observe how often the player looks down to make sure that the ball is on his feet versus how often he is taking in the big picture: looking around at his competitors, his partners, the environment and the field. Running, dribbling and keeping the ball on his feet is necessary but routine: the great soccer players rarely look down at the ball. The Ronaldos and Beckhams of the world see what other players cannot — the “what if?” and “what’s next?” options ahead. Quickly and efficiently, for example, they can assess emerging situations: “What if I held the ball a second longer and then

lured the opponent to slow down, thus giving me an opening to sprint past him?” This kind of vision creates the next big scoring opportunity.

The same can be said for leaders who have figured out the necessary but routine processes of getting every-day tasks done in a business. While it is true that the leaders have many quotidian duties that are similar to managers, they are far more adept at seeing and imagining the field of play ahead of them. In contrast, managers spend most of their time watching the ball on their feet and do a good job of not losing the ball; however, they do not necessarily create new (scoring) opportunities. Leaders, on the other hand, have put systems in place to manage the day-to-day to avoid losing track of the ball. This gives them a significant amount of their time to look around for opportunities. The ability to look ahead and act in a timely manner to create new value is the hallmark of a company run by good leaders at any and every stage of a company’s evolution. Let’s look at some examples from two very different industries: communications and airlines.

In communications, Motorola had leaders such as ROBERT GALVIN in the 1970s and 80s that created an entirely new industry from the innovation of the cell phone. In the 1990s JORMA ORLLILLA at Nokia has made his mark not principally through path-breaking technologies, but by being an excellent fast-follower, making the company a stand-out at growth. In the last decade, Steve Jobs at Apple has not made his mark in creating new industries, but rather in transforming existing ones to create new value. The iPhone and the iPod marked great innovations in industries – the cell phone and music industries – that were decades old.

Looking back in history, the US airline industry featured some similar stand-out

leaders in companies at every stage of industry evolution. In the 1930s, Juan Trippe, the founding CEO of Pan American Airways, combined his shrewd lobbying skills and his relationships with airplane manufacturers to create a monopoly on international airline travel featuring service from the US to China – a feat that would have been impossible in the 1920s. Pat Patterson of United Airlines fueled tremendous growth of his company with innovative management techniques, such as locating its corporate, operations and maintenance headquarters in optimal geographic locations across the US in the late 1940s. And Herb Keller of Southwest Airlines in the 1970s helped to transform the model of an airline by offering and maintaining intra-state, point-to-point service at a lower cost than any of his established competitors.

All leaders have managerial skills and competences; however, not all managers have leadership skills. For this reason, there are many more managers than leaders. Managers typically have to deliver on a clearly defined planned based on an agreed allocated resources. Their decisions are mainly driven by timelines and data. As a result, managers optimize their performance by delivering on-time and on-budget. Leaders are managers with a huge difference: the additional ability to drive and lead innovation!

Business Insights for Action

Business Insights for Action is a collection of ideas generated through surveys, work with clients, education and workshops that provide unique insights. The objective is to demystify what it takes to make innovation real and to add practical and actionable ways to help practitioners and create the foundation to drive the next generation of thought.

About IXL

The Center for Innovation, Excellence and Leadership (IXL Center) was founded by individuals who previously led the Innovation Practice of Arthur D. Little, IMI and the Monitor Group. The mission of IXL Center is to (1) provide training for practitioners and managers to become high performing innovation managers, (2) develop and publish deep insights on the topic of innovation breakthroughs and innovation management, and (3) build a community of innovation thought leaders and practitioners. The IXL Center has locations in Boston, Dubai, London, Shanghai and São Paulo. The Center has strategic partnerships with Hult International Business School, Imaginatik, InnovationTools and Arthur D Little. IXL Center's faculty includes innovation leaders from companies like Motorola, Osram Sylvania, Natura, GEN3, Palladium Group and Arthur D. Little. For more information, please contact milagros.masini@ixl-center.com, call +1 857 212 3430 or go to <http://www.ixl-center.com>.