# Management vs. Leadership

## Comparing Management and Leadership

|  | Management | Leadership |
|---|---|---|
| Creating an agenda | Planning and Budgeting—establishing detailed steps and timetables for achieving needed results, and then allocating the resources necessary to make that happen | Establishing Direction—developing a vision of the future, often the distant future, and strategies for producing the changes needed to achieve that vision |
| Developing a human network for achieving the agenda | Organizing and Staffing—establishing some structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority for carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation | Aligning People—communicating the direction by words and deeds to all those whose cooperation may be needed so as to influence the creation of teams and coalitions that understand the vision and strategies, and accept their validity |
| Execution | Controlling and Problem Solving—monitoring results vs. plan in some detail, identifying deviations, and then planning and organizing to solve these problems | Motivating and Inspiring—energizing people to overcome major political, bureaucratic, and resource barriers to change by satisfying very basic, but often unfulfilled, human needs |
| Outcomes | Produces a degree of predictability and order, and has the potential of consistently producing key results expected by various stakeholders (e.g., for customers, always being on time; for stockholders, being on budget) | Produces change, often to a dramatic degree, and has the potential of producing extremely useful change (e.g., new products that customers want, new approaches to labor relations that help make a firm more competitive) |

## Creating an Agenda: Management vs. Leadership

| | Management:<br>Planning and Budgeting | Leadership:<br>Establishing Direction |
|---|---|---|
| The primary function | To help produce predictable results on important dimensions (e.g., being on time and on budget) by planning for those results | To help produce changes needed to cope with a changing business environment (e.g., new products, new approaches to labor relations) by establishing a direction for change |
| A brief description of the activity | Developing a plan: a detailed map, put in written form if it is complicated and hard to remember or communicate, of how to achieve the results currently expected by important constituencies like customers and shareholders, along with timetables of what must be done when, by whom, and with the costs involved; doing so by means of a deductive process which starts with the needed results and then identifies the necessary steps, timetables, and costs | Developing direction: a vision which describes key aspects of an organization or activity in the future, along with a strategy for achieving that future state; doing so by means of an inductive process of gathering a broad range of information about the business, organization, or activity, answering basic questions about that domain, testing alternative directions against that understanding, possibly experimenting with some of the options, and then choosing one |

## Developing a Human System/Network for Achieving Some Agenda: Management vs. Leadership

| | Management:<br>Organizing & Staffing | Leadership:<br>Aligning People |
|---|---|---|
| Primary function | Creating an organization that can implement plans, and thus help produce predictable results on important dimensions (e.g., costs, delivery schedules, product quality) | Getting people lined up behind a vision and set of strategies so as to help produce the change needed to cope with a changing environment (e.g., new products, new approaches to labor relations) |
| A brief description of the activity | A process of organizational design involving judgments about fit: what structure best fits the plan, what individual best fits each job in the structure, what part of the plan fits each person and thus should be delegated to him or her, what compensation system best fits the plan and the people involved, etc. | A major communications challenge: getting people to understand and believe the vision and strategies by communicating a great deal to all of the individuals whose cooperation or compliance may be needed to make that direction a reality, and doing so in as clear and credible a way as possible |

## Execution: Management vs. Leadership

| | Management:<br>Controlling & Problem Solving | Leadership:<br>Motivating & Inspiring |
|---|---|---|
| Function | To minimize deviations from plan, and thus help produce predictable results on important dimensions | To energize people to overcome major obstacles toward achieving a vision, and thus to help produce the change needed to cope with a changing environment |
| A brief description of the activity | Monitoring results versus plan in some detail, both formally and informally, by means of reports, meetings, and other control mechanisms, identifying deviations from plan, which are usually called "problems," and then planning and organizing to solve those problems | Satisfying very basic but often unfulfilled human needs—for achievement, belonging, recognition, self-esteem, a sense of control over one's life, living up to one's ideals—and thereby creating an unusually high energy level in people |

## Management and Leadership Roles

| | Management Roles | Leadership Roles |
|---|---|---|
| Purpose | To create management processes, and thus to help produce predictable results on important dimensions. | To create leadership processes, and thus to help produce changes needed to cope with a changing business environment. |
| Number | Usually 10-20% of the total jobs in an organization. In general, the more complex the operation, the more managerial roles. | Can vary enormously: 1–50% of the total jobs in an organization depending upon how much the operation needs to change. |
| Content | So called "line–management jobs" deal with all three aspects of management (planning, organizing, and control) for some domain. "Staff–management jobs" sometimes deal with only a limited piece of the overall process (e.g., budgeting or executive compensation) within some domain. Overall size of jobs can vary greatly from big to small. | Can vary enormously. Some will focus on all aspects of the leadership process for some activity or organization. Others will focus on a single aspect of the process (e.g., direction setting, or even one aspect of direction setting). Overall size of jobs can vary greatly from big (L) to small (l). |
| Assignment | Roles tend to be assigned to people as a formal part of the management process itself. People with management roles can also have leadership roles that are bigger or smaller than their management jobs. | Roles tend to be assigned or assumed by people in a more informal way and tend to be more fluid or changing. People with leadership roles usually also have management roles. |