

"Leadership is the greatest weakness in Swedish enterprises"

It is not the lack of creativity that is the largest threat to Swedish companies, it is bad leadership. This opines the debater Ulf Hall.



"Mediocrity is the biggest threat to the future of Swedish companies" writes Martin Ingemansson, Nordic Manager at Facebook, on SvD Debate 8/8. I would rather argue that the poor leadership of Swedish companies is what is causing the greatest harm. At the same time a developed leadership has enormous potential to strengthen Sweden's competitiveness.

In the long run each organization's survival is at stake. Customer needs, consumption habits, technology, competitors, entry barriers, suppliers - everything changes on the global market; sometimes at a furious pace. But management often focus on - and are judged by - the quarterly figures, and not on how they ensure the development and long-term survival. Do companies really know if they are on the right path? Financial metrics such as sales, net profit and operating margin is more of a glance in the rear-view mirror. Surprisingly often companies miss the fact that their customers are by far the most important asset and the source of a positive cash flow.

The fact is that senior managers and officers put as much as 80 percent of their time on things that account for less than 20 percent of a company's long-term value (Stop wasting valuable time. MC Mankins. HBR.). And as if this was not enough, management only spends three hours per month on strategic decisions. This fits all too well with the insights I have gained as a manager and consultant in major multinational companies, in small businesses and in my own, as well as through my current job at The Knowledge Foundation (KK-stiftelsen) where I meet both businesses, universities and colleges.

The strategic issues - vision, mission, values, business idea, and strategies - must be on the agenda. These strategies need to form the basis of decisions regarding investments and activities, the technologies to be developed, what to offer the market, how their competency must be developed, and so on. Without contact with the strategies and objectives, it is easy to miss the mark.

But how many organizations have actually made the strategic groundwork? Who has a clear vision and ensure that the company is on the right path? Who has analyzed their success factors, core competencies and need of skills, revenue streams and cost structures, who strategically control their production resources, who know their environment in terms of markets, clients, suppliers and competitors, and the economic, social, political and technological factors? How well do they know what customers want, and are they allowed to be part of the company's development? A capable management team has made this analysis. A poor has not.

Talent, skill, approach, attitude, culture and values play an increasingly important role in companies' ability to become and remain successful. It all boils down to people. Regardless how good the strategy or the intentions are, it is people who will implement them. According to some of Sweden's most successful leaders (whom I interviewed in the book "Ledstjärnor - 57 kvinnor om ledarskap", Natur och Kultur 2004; Guiding principles - 57 women on leadership), it is about creating a common

vision and direction, putting employees in the center, focusing on essentials rather than details, and communicating simply and clearly.

When Stora Enso analyzed the success factors and what makes employees "long-term healthy" - in contrast to long-term sick - they found that it was all about having a conscious organization with clearly defined goals, a creative environment, a consultative leadership and an open working climate. Which is: leadership and communication.

Communication and leadership are crucial. When I was Vice President Communication at Ericsson Telecom AB, we turned the threat of closure and big losses into an increase of sales to 37 billion SEK and billion kronor profits, by radically changing leadership and communication.

Businesses must take communication more seriously than they do today. It's not about the exact placement of the logo, colorful brochures or sending out as many press releases as possible. But it is to connect the communication with the things that contribute to the organization's success and long-term survival. It is about creating meaning and building confidence. It is not enough to have the best strategies, if those who should do the job - the employees - do not understand them or see how they themselves contribute to the whole picture. The fact is that everything a company does is part of the communication; it influences people's perceptions and builds the brand. All communication must be kept together, whether it is internal communication, mass media contacts, digital strategy, public affairs, advertising, trade shows, analyst relations, sustainable responsibility or sponsorship.

If companies develop leadership and communication further, and work much more professionally with the strategic issues than is done today, I can guarantee that Sweden's competitiveness will be strengthened.