



# A Tale of Two Companies – Leadership vs. Processes

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A tale of two companies - companies “A” and “B” both worked in the same geographic region and industry. Company “A” had impassioned employees, enjoyed long term customer satisfaction, and consistently produced a good profit. Company “B” had hard working employees, yet only produced a profit in good economic times, had much lower customer satisfaction, spent a lot of organizational energy overcoming internal obstacles, and struggled in providing meaningful communications to its employees.

What might be the root of the difference between these two companies? Is the culprit substandard skills or poor hiring? Or inefficient internal processes? Bad systems, strategy or execution? The answer certainly could be any of these, but these are symptoms of a deeper root cause - weak leadership.

Weak leadership which leaves employees without clear direction, motivation, inspiration, encouragement, and ongoing development manifests itself in many inconsistencies and inefficiencies. Symptoms of weak leadership like internal confusion, employee apathy, and lack of accountability create issues that range from poor customer service to bad business strategy.

On the surface, this might seem at odds with research conducted by W. Edwards Deming, a twentieth century statistician regarded as the father of quality control, who found that 94% of performance problems are attributable to issues with strategy, systems, and processes and only 6% are attributable to performance of employees. Reinforcing these findings, Jeff Juran, a quality expert who authored the Quality Control Handbook, claimed that 85% of performance problems are attributable to causes other than the individual. I too can attest that when you put good people into business environments with obsolete systems, inefficient processes, or the wrong business strategy, even they will fail.

Knowing this, some would argue that the root cause issue between company A and B would be more related to systems, processes, or strategy than to skills and leadership. The question that can't be ignored however is how do systems, processes, and strategy become bad and remain that way? The answer of course is people. All issues can be traced back to people in positions of influence who ignored the symptoms, made poor decisions, or didn't invest when they needed to invest.

If you are in management or a position of influence in your organization, you are in a leadership position. The decisions you make, influence or ignore impact your organization's performance. The extent to which you observe, analyze, question, listen, decide, communicate, take action, and follow-up has a direct correlation with your organization's results.

Your organization's leadership competency and your collective ability to influence is the predominate predictor of organizational efficiency and effectiveness. Before you hire another individual into a bad business process or push someone to work harder to make up for a bad business strategy, assess yourself. Look in the mirror at your own leadership capability. Assess how well your organization's leadership is functioning. Hold everyone in a position of influence accountable. Don't let a near term focus on execution conceal a more serious problem with leadership. Sustainable business performance requires strong leadership at all levels.

If you have issues with systems, processes, and strategy, take action to remedy them. Don't simply put the burden on the people who execute them.