

# SUCCESSFUL LEADERS DON'T DRIVE SOLO

# LEADERSHIP PAIRS

## BEHIND HIGH OUTSOURCING PERFORMANCE



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Pick up any business periodical and you will likely find an article on leadership. Leadership is commonly defined as a social process in which one person enlists a group of people to achieve a common goal. Literally thousands of research articles on leadership have been published and nearly all of them focus on the situational factors, attributes, and/or behaviors of a single leader within an organization. Our recent research finds this view to be passé.

In today's modern world, business value is increasingly created by close, interorganizational collaborations. Our research\* on outsourcing performance increasingly finds that one leader alone cannot drive performance. Instead, we found that an effective leadership pair is key to driving performance. In the context of services outsourcing, a leadership pair comprises one leader from the client organization and a counterpart from the provider organization.



**"Leadership is practiced not so much in words as in attitude and in actions."**

— Harold S. Geneen,  
retired CEO ITT

## 10 BEHAVIORS OF EFFECTIVE LEADERSHIP PAIRS

IN OUR CASE STUDY RESEARCH, WE IDENTIFIED TEN BEHAVIORS OF EFFECTIVE LEADERSHIP PAIRS. THESE BEHAVIORS ARE:

1. **FOCUS ON THE FUTURE:** Each leader focuses on where the outsourcing relationship should go, not where the relationship was in the past or is in the present.
2. **TRANSPARENCY:** Each leader is open and honest about all operational issues.
3. **PROBLEM SOLVING:** Each leader seeks to diagnose and fix problems; he/she does not seek to assign blame.
4. **OUTCOMES FIRST:** Each leader always does what is best for the client organization.
5. **SPRIT OF TOGETHERNESS:** Each leader does not talk poorly about the other party but instead presents a united front.
6. **CLOUD WITHIN THEIR OWN ORGANIZATION:** Each leader has high levels of credibility, cloud, and power within his/her own organization.
7. **ACTION-ORIENTED:** Each leader acts swiftly to remove or work around obstructions stemming from people, processes, or contracts.
8. **TRUSTWORTHINESS:** Each leader is trustworthy and has good intentions towards his/her counterpart.
9. **PERFORMANCE:** Each leader is effective at managing this outsourcing relationship.
10. **CHEMISTRY:** Each leader enjoys working with his/her counterpart.

WE SOUGHT TO MORE RIGOROUSLY EXPLORE THESE TEN BEHAVIORS.

TO WHAT DEGREE DO CLIENT AND PROVIDER LEADERS EXHIBIT THESE BEHAVIORS?

ARE CERTAIN BEHAVIORS MORE IMPORTANT THAN OTHERS?

DO CLIENTS AND PROVIDERS SHARE SIMILAR PERCEPTIONS ABOUT LEADERSHIP PAIR BEHAVIORS?

TO ANSWER THESE QUESTIONS, WE SURVEYED DELEGATES DURING THE CUSTOMER-ONLY AND PROVIDER/ADVISOR-ONLY NETWORKING SESSIONS AT IAOP'S 2014 IAOP OUTSOURCING WORLD SUMMIT.

THE SAMPLE OF 139 COMPLETED SURVEYS COMPRISSES:

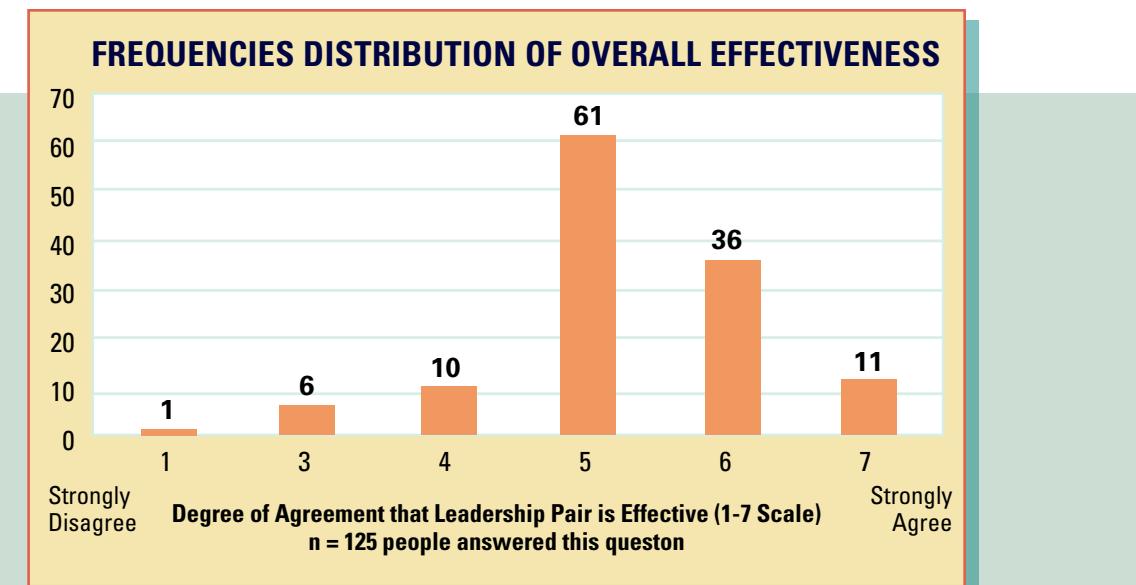
**72 CLIENTS, 51 PROVIDERS, 10 PROVIDERS/ADVISORS AND 6 ADVISORS.**

## HOW EFFECTIVE ARE LEADERSHIP PAIRS?

We asked each respondent to think of one particular leadership pair managing an outsourcing relationship with which they are familiar. We then asked respondents to rate on a 7-point scale the overall effectiveness of this leadership pair at managing the outsourcing relationship. The vast majority of the entire community (client, provider and advisor respondents) chose to rate a relatively effective leadership pair (see Figure 1). The mean rating for the effectiveness was 5.27. Clients thought of slightly less effective pairs with an overall effectiveness rating of 5.04. Providers thought of slightly more effective pairs with an overall effectiveness rating of 5.47.

Interestingly, even if the sample is skewed towards relatively effective leadership pairs, nevertheless, we are finding a lot of fairly effective outsourcing arrangements out there. Even better, we are finding quite a few highly effective outsourcing arrangements. This fits with our independent in-depth research on the subject that uncovers 20 percent of outsourcing arrangements as high performers. Our case studies also showed us that transformational leadership has a critical part to play in this.

**Figure 1:**  
Respondents Ratings of Leadership Pair Effectiveness



THE VAST MAJORITY OF THE ENTIRE COMMUNITY (CLIENT, PROVIDER AND ADVISOR RESPONDENTS) CHOSE TO RATE A RELATIVELY EFFECTIVE LEADERSHIP PAIR (SEE FIGURE 1).



**“Leadership is defined by results.”**

– Peter Drucker

## RATING THE TEN BEHAVIORS

To what degree do client and provider leaders exhibit these behaviors? We asked respondents to rate the extent to which they agree that the client leader exhibits each of the ten behaviors and the extent to which they agree that the provider leader exhibits each of the ten behaviors. All questions used a 7-point scale, with a 1 indicating strongly disagree and a 7 indicating strongly agree that the leader exhibits the behavior (see Table 1).

Overall, one can see from the aggregated data in Table 1 that respondents rated the ten leadership behaviors rather highly. When including responses from the entire community (clients, providers and advisors), the average ratings for the ten leadership behaviors of client leaders and provider leaders are over 5.0 on a 7.0 scale. Several other interesting inferences can be made from the ratings of leadership behaviors.

As indicated by the **GOLD CELLS IN TABLE 1**, the entire community rated the client leader's transparency, focus on outcomes, clout within the client organization and trustworthiness as statistically higher than the provider's ratings on these behaviors.

As indicated by the **GREEN CELLS IN TABLE 1**, the entire community rated only the provider leader's spirit of togetherness as greater than the client's. Our case study research also found providers are much less likely to speak poorly about a client's behaviors while many clients feel free to discuss a provider's shortcomings.

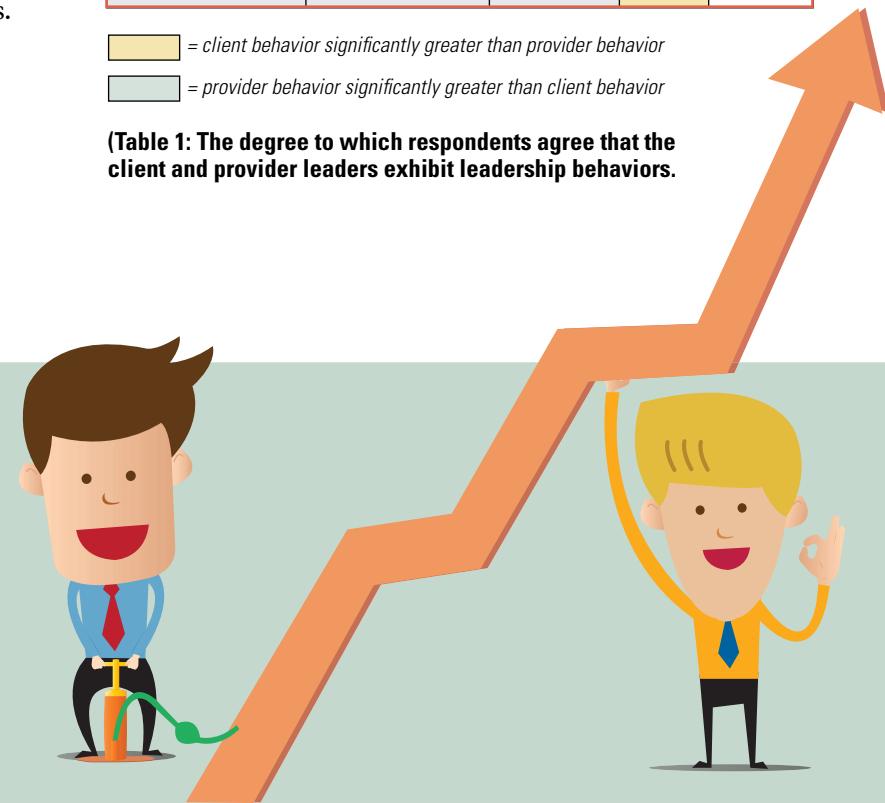
OUR CASE STUDY RESEARCH ALSO FOUND PROVIDERS ARE MUCH LESS LIKELY TO SPEAK POORLY ABOUT A CLIENT'S BEHAVIORS WHILE MANY CLIENTS FEEL FREE TO DISCUSS A PROVIDER'S SHORTCOMINGS.

		Who is rating the behaviors?		
		All Respondents clients, providers, advisors	Clients from networking session	Providers from networking session
<b>Focus on the Future</b>	Client-Leader	5.2	5.4	5.0
	Provider-Leader	5.2	4.7	5.7
<b>Transparency</b>	Client-Leader	5.4	5.7	5.0
	Provider-Leader	5.0	4.4	5.6
<b>Problem Solving</b>	Client-Leader	5.1	5.4	4.6
	Provider-Leader	5.2	4.8	5.7
<b>Outcomes First</b>	Client-Leader	5.7	5.8	5.6
	Provider-Leader	5.0	4.4	5.7
<b>Spirit of Togetherness</b>	Client-Leader	5.1	5.2	5.1
	Provider-Leader	5.3	5.1	5.7
<b>Clout with Organization</b>	Client-Leader	5.6	5.6	5.7
	Provider-Leader	5.3	4.8	5.8
<b>Action-Oriented</b>	Client-Leader	5.4	5.5	5.3
	Provider-Leader	5.3	4.8	5.7
<b>Trustworthiness</b>	Client-Leader	5.7	5.7	5.7
	Provider-Leader	5.4	4.8	6.0
<b>Performance as Individual</b>	Client-Leader	5.4	5.4	5.2
	Provider-Leader	5.4	4.9	5.7
<b>Chemistry</b>	Client-Leader	5.5	5.3	5.6
	Provider-Leader	5.4	5.1	5.7

= client behavior significantly greater than provider behavior

= provider behavior significantly greater than client behavior

(Table 1: The degree to which respondents agree that the client and provider leaders exhibit leadership behaviors.)



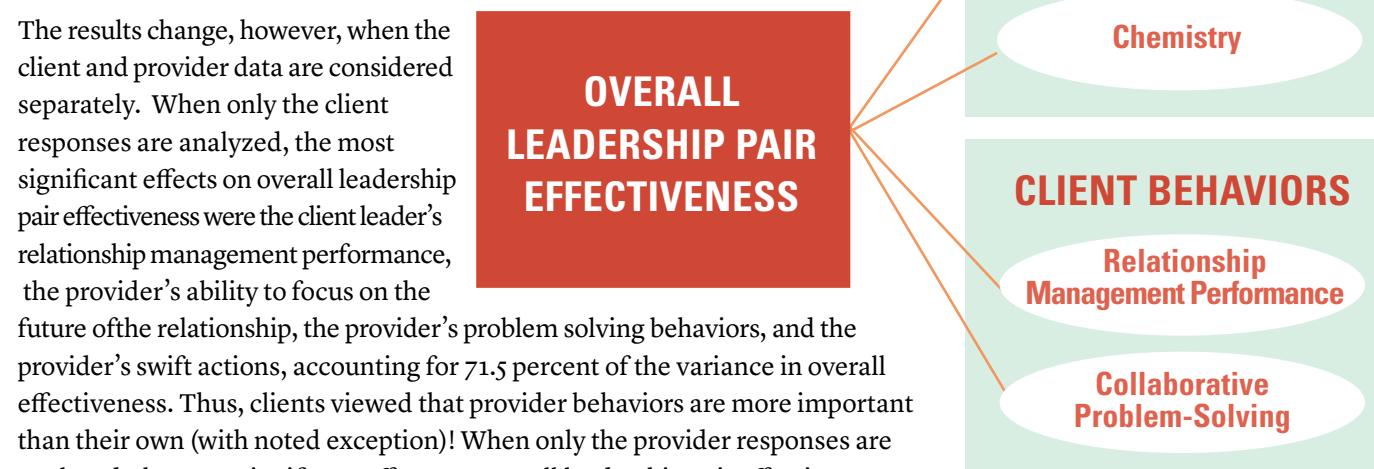


**"Trust and good relationship management at the executive level are the most important factors in performance."**  
— Advisor respondent

## LEADERSHIP BEHAVIORS THAT DISTINGUISH PERFORMANCE

Were particular behaviors rated more critical to achieving high performance? Yes! When including the responses from the entire community (clients, providers and advisors), four leadership behaviors had the most significant effects on overall leadership pair effectiveness. These were the provider leader's trustworthiness and chemistry and the client leader's relationship management performance and problem-solving behaviors (see Figure 2). This tells us that the entire community thinks the leadership behaviors are not equally important for clients and providers.

The entire community believes that provider leaders need to decisively show good intentions towards his/her counterpart and must truly enjoy working with his/her client counterpart. Client leaders need particularly strong relationship management capabilities and a truly collaborative approach towards solving service issues rather than merely assigning blame on the provider.



The results change, however, when the client and provider data are considered separately. When only the client responses are analyzed, the most significant effects on overall leadership pair effectiveness were the client leader's relationship management performance, the provider's ability to focus on the future of the relationship, the provider's problem solving behaviors, and the provider's swift actions, accounting for 71.5 percent of the variance in overall effectiveness. Thus, clients viewed that provider behaviors are more important than their own (with noted exception)! When only the provider responses are analyzed, the most significant effects on overall leadership pair effectiveness were the client's enjoyment of working with the provider counterpart (chemistry) and the client's problem-solving behaviors.

Thus, we found the opposite result: Providers viewed that client behaviors are more important than their own. Where one stands depends on where one sits.

Thus, the interesting thing about this survey data is the differing perceptions when clients, providers and advisors rate leadership pairs, though we tended not to find this difference when looking at really high-performing leadership pairs in our case study research. The reason, as we discuss below, might be a missing attribute we need to assess explicitly – namely empathy.

## A CALL FOR MORE EMPATHY

As evident in Table 1, when only the client responses are included in the analyses, we found that clients rate the client leader significantly higher than the provider leader for nine of the ten behaviors. When only the provider responses are included in the analyses, we found that providers rate the provider leader significantly higher than the client leader for seven of the ten behaviors. Neither community significantly rated the other higher on any behavior. Several explanations are possible. First, the respondents might have been rating a leadership pair for which the respondent is one of the leaders. Human nature would likely see one's own behavior as superior to the counterpart's behavior. Second, if respondents picked a leadership pair that excluded themselves, respondents might naturally empathize more with their own communities.

Research finds that human beings are more able and willing to empathize with those most similar to themselves and may thus rate the behaviors higher for those whom they feel more empathy. This finding is so compelling that going forward, we aim to add an eleventh leadership behavior:

**11. EMPATHY:** Each leader understands, is aware of, and is sensitive to the counterpart's feelings, thoughts and experiences.

## HOW EFFECTIVE IS YOUR LEADERSHIP PAIR AT DRIVING OUTSOURCING PERFORMANCE?

We are developing our findings as a diagnostic tool. We are clear that leadership pairs DO make a critical difference in outsourcing. In a forthcoming book, we illustrate how this can be the case and give many examples of transformational leadership pairs in action. For the moment, a leadership pair can use the 11 behaviors as a diagnostic tool to assess the overall effectiveness of the pair in managing the outsourcing relationship. If each person assesses the 11 behaviors independently, results can be compared and divergence of opinions will prompt an honest dialog about the state of the relationship and which behaviors need to be improved going forward. Initially an experienced coach or advisor might be needed to facilitate the dialog, but one of our findings is that leadership pairs that are successful become quickly self-sustaining.

The author's research on leadership pairs was based on case studies and findings are published in Lacity, M. and Willcocks, L. (2013), <http://sloanreview.mit.edu/x/54316> "Beyond Cost Savings: Outsourcing Business Processes for Innovation," Sloan Management Review, Vol. 54, 3, pp. 63-69; Lacity, M., and Willcocks, L. (2013), "Mastering High-Performance: Transformational Leadership" available at: <http://www.umsl.edu/~lacitym/LacityandWillcocksTransformationalLeaders2013.pdf>; Willcocks, L., Lacity, M., and Craig, A., (2013), "Sourcing Leadership," Professional Outsourcing, Issue 14, pp. 22-25. ss.



**"Failure to empathize with the counterparty's issues inhibits leadership pair effectiveness."**

— Provider respondent

## ABOUT THE SURVEY SAMPLE

We gathered 139 completed surveys during IAOP's client-only and provider/advisor-only networking sessions. Clients represent 51.8 percent of the sample and providers/advisors represent 41.8 percent of the sample. The average tenure for the leadership pair being assessed was 4.14 years, with 69.1 percent having been leaders for fewer than five years. Thirty-three leadership pairs have been together for more than five years. The leadership pairs were primarily managing outsourcing for one functional area, most frequently an information technology outsourcing or call center account.

