



# Blueprint for Starting Business Networks:

*A Strategy for Rural  
Community Economic Vitality*

## Leadership

### Module V



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# Leadership

## Objectives

- ◆ What is leadership?
- ◆ Identify characteristics of effective business network leadership.
- ◆ Provide assistance identifying potential leaders and encouraging members to become committed leaders in the network.
- ◆ Challenges and solutions.

## Introduction

One goal of all business networks should be to develop effective leadership. Effective leaders increase group commitment, aid in group organization, and draw in new members. The four state study (for details of this study see Appendix I-A) confirms that network members recognize the importance of effective leaders. Approximately 91 percent of the network members stated that effective leadership is important or very important to their continued involvement in the network.

## What Is Leadership?

Leadership can be defined in many ways. Organizational scholar, Peter Drucker, states: "The only definition of a leader is someone who has followers." John Maxwell, in his book *21 Irrefutable Laws of Leadership*, states simply, "leadership is influence - nothing more, nothing less." For our purpose, we will look at leadership as "...a function of knowing yourself, having a vision that is well-communicated, building trust among colleagues, and taking effective action to realize your own

leadership potential" (Bennis and Goldsmith 1994).

Business networks are largely voluntary organizations that rely heavily on volunteer leaders. For this reason, we will focus on volunteer leadership. Leadership will be presented as having both the ability to influence others and acting as a "good citizen." Leaders are not just those individuals who are the acting president; leaders are also network members who serve on committees, coordinate projects, and attend and participate in meetings. These good citizens are very important to the continuing effective functioning and maintenance of the business network.

## Key Characteristics

Having a title such as director, committee member, project coordinator, president, or committee chair does not guarantee that the individual possesses the important qualities of a leader. Leadership is a quality of individuals not positions. The four state study identified important leadership characteristics from interviews with twenty-nine

different network directors. With no set description for a leader or leadership; sometimes, leadership is a situational experience recognizing that individuals have different strengths. For example, a committee chair may act as a leader in one situation but defer to



another committee member in a different situation (Hall 2002).

The essential skills they mentioned fell into five categories:

- ◆ Organizational skills
- ◆ Communication skills
- ◆ Ability to delegate
- ◆ Commitment
- ◆ Vision

**Organizational skills:** Part of being a leader involves the ability to maintain an orderly system. Strong organizational skills translate into good record keeping, follow up, and effective time management. For example, an individual in a leadership position who has an organized schedule and records can be much more articulate about the organization's purpose and services as well as much more prepared. Most importantly, an organized leader assists the

network to develop a vision and action plans. When asked what qualities a leader must have, the director of a small family farm association stated:

*“A leader must be able to set up meetings, get people to those meetings, and also follow up on what was talked about at those meetings [in order to meet] the goals laid out.”*

**Communication skills:** Leaders spend a large portion of time interacting with others. Leaders must communicate with current member and potential members, outside agencies and others. These interactions require good interpersonal skills which include the ability to listen to member needs and wants, and the ability to articulate what should be done. According to the director of a Minnesota association:

*“I think you have to be a good listener, you have to be a real people person and be able to juggle 14 balls at a time. I think you have to be someone who can roll with the punches, who enjoys just getting out and meeting people.”*

**Ability to delegate:** An effective leader possesses the ability to delegate and coordinate group members in order to complete both daily functions and the overall direction of the organization. Delegating tasks to other group mem-

bers also aids in the development of future leaders and helps to create a cohesive leadership team. The director of an Ohio chamber of commerce explains:

*“A leader must have to be able to delegate because otherwise, other members will sit back and expect you to do everything. It’s not that they can’t do it, it’s that they need the motivation to do it.”*

**Commitment:** Lack of enthusiasm and commitment will almost surely lead to apathy among members. The network



cannot survive without leader and member commitment. Furthermore, when a leader shows genuine enthusiasm and commitment to the network the group members become infused with enthusiasm themselves, which encourages more members to become involved. According to the director of a bed and breakfast association, commitment is key:

*“If some other occupation were to start an organization, I would caution them to be sure that they have a membership base that is genuinely committed, not just a rah rah, yeah, let’s do this. And after they do it, they say, oh, God, this costs money, this takes time, this takes commitment. So I think they need to look at not the immediate enthusiasm, but the long-range prospect of keeping involvement alive and meaningful. Do you have a long-term purpose, beyond just, “wow, this sounds neat.”*

**Vision:** A leader needs to be able to see “the big picture”. A coherent, inspiring vision can increase membership involvement and recruitment. The same director describes how vitally important having and sharing a vision is:

*“You have to have the vision. You have to feel it within yourself, number one. Number two, you have to communicate that vision to others. Number three, you have to observe their response to it. You’re not going to start an organization for very long by yourself. So you’ve got to understand their response, then you’ve got to feedback answers, you’ve got to be one who can give time, effort, blood, sweat, tears, money to develop that.”*

## Identifying Leaders

Identifying and nurturing new leaders is vital to network survival. This is typically accomplished by self-identifying or searching out.

*Self-identification:* As the term implies, self identification involves a member voluntarily stepping forward to serve in a network position or work on a project. This is most likely to occur when members are excited about network goals and projects and believe their efforts will be effective. An atmosphere that welcomes new ideas and new leaders is essential in encouraging volunteers to step forward.

Engaging the membership with events and short term projects is one of the best methods for motivating both member participation and self-identification of leaders. A monthly newsletter is one project that allows members to achieve tangible results in a relatively short period of time. Other possibilities include organizing a workshop or creating a brochure for the network.



*Searching out:* Searching out new leadership is a proactive approach that involves identifying potential leaders and encouraging general members to step into leadership positions. Recognizing members who possess the following knowledge is a good way to begin:

- ◆ Knowledge of industry or general business knowledge
- ◆ Knowledge of running an organization
- ◆ Knowledge of member needs

Once members with these skills are identified, they should be approached and invited to get involved more actively in the organization.

## Developing Leaders

Developing leadership should be a central goal of the organization. By doing so, the organization will develop new ideas through continued leadership renewal. There are three methods of developing leaders: mentoring, hands on experience, and formal training programs. These methods are not mutually exclusive. Effective networks use all three.

*Mentoring programs* involve more experienced leaders teaching new, less experienced leaders the requirements, responsibilities, and techniques of serving as an effective leader. This achieves several beneficial goals. In addition to building effective new leaders, it helps establish trusting relationships between members which are necessary for ad-

vantagous resource exchanges. Exchanges of important information and the sharing of risks among business members, can only occur if members know and trust each other.

*Hands-on experience* involves leaders learning how to be effective through a process of trial and error. One way to do this is to allow a potential leader to be responsible for a small project, or a portion of a meeting.

*Formal training programs* refer to various leadership development programs and resources. New leaders can draw on leadership development books, workshops, programs, and consultants (for more details on leadership development programs see Appendix V-B). The network should pay the cost of the leadership programs.

## Challenges and Possible Solutions

In any given organization, problems in leadership may arise. Identifying and resolving these challenges is extremely important. Some potential challenges include:

- ◆ Inadequate training
- ◆ Leader incompetence
- ◆ Leader succession
- ◆ Clique formation

*Inadequate training* can result in dysfunctional operation of the organization. For example, there may be a dis-

connect between what the members' need and want and what the organization offers or there may be disconnect between what the organization claims as its goals and what it actually does. One simple method for overcoming challenges raised by inadequate training is regular ongoing leadership de-



velopment and occasional organizational assessment. Internally-led assessment can include regular surveying of member needs and wants; externally-led assessment can include hiring outside consultants to help assess the organization.

*Leader incompetence* is a difficult challenge. A common feature of voluntary organizations is the inability to pick and choose from a large pool of candidates for leadership positions. Under these circumstances, incompetent or opportunistic individuals may become leaders through default. To lessen the impact of incompetent leaders, the network structure should require regular officer succession with term limits or require regular leader variation as in type of business or geographic loca-

tions. Another option is to require ongoing training for those in leadership positions focusing primarily on strengthening leaders' weaknesses.

**Leader succession**, or lack of leader succession, can be a major problem. If an organization relies heavily on one member who has been in a position of leadership for a long time when the leader steps down, the change can be devastating and can distract the organization from pursuing its goals. The responsibility for leadership should be shared among all members and not left to a couple of good citizens to carry for years on end. New leaders can bring an infusion of new ideas and enthusi-



asm. For all of these reasons, leaders should be changed regularly according to orderly procedures outlined in the network's bylaws.

For example, an Iowa business network has a succession plan for all leadership positions. Their plan includes democratically electing leadership for two-year terms in which the past president

of the organization presides as an advisor to the current president and the executive board. This process ensures a smooth and orderly transition from one group of leaders to the next (for more details on planning leadership transition see appendix IV-C)

**Cliques** in leadership can be damaging to the organization's future. The potential for one group of individuals to dominate the organization is destructive because it may lead to the interest of the few overriding the interests of the entire network. This can also lead to the inability to recruit new members and retain old ones and an inability to recruit new leaders. One way to combat this problem is to create a formal organizational structure with rules that deny any one person or group from controlling or dominating the direction of the organization. This involves democratic principles for decision-making: one person, one vote, and term limits on officer positions. A second way is to encourage long time members to work with newer members. This creates an informal method of succession and relationship building to allow new and older members to contribute to the organization. Third, the network can establish formal and informal expectations of inclusion for all network members.

#### **Procedures and resources (see module V appendices)**

- ◆ *How to create an agenda*
- ◆ *List of programs and resources for leadership development*
- ◆ *Succession tools*

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