

Exhibit 1.3 Comparing Management and Leadership

	Management	Leadership
Direction:	Planning and budgeting Keeping eye on bottom line	Creating vision and strategy Keeping eye on horizon
Alignment:	Organizing and staffing Directing and controlling Creating boundaries	Creating shared culture and values Helping others grow Reducing boundaries
Relationships:	Focusing on objects—producing/ selling goods and services Based on position power Acting as boss	Focusing on people—inspiring and motivating followers Based on personal power Acting as coach, facilitator, servant
Personal Qualities:	Emotional distance Expert mind Talking Conformity Insight into organization	Emotional connections (Heart) Open mind (Mindfulness) Listening (Communication) Nonconformity (Courage) Insight into self (Character)
Outcomes:	Maintains stability; creates culture of efficiency	Creates change and a culture of integrity

Source: Based on John P. Kotter, *A Force for Change: How Leadership Differs from Management* (New York: The Free Press, 1990).

Work for in America,” two of the recurring traits of great companies are a powerful, visionary leader and a sense of purpose beyond increasing shareholder value.⁴¹

Aligning Followers

Management entails organizing a structure to accomplish the plan; staffing the structure with employees; and developing policies, procedures, and systems to direct employees and monitor implementation of the plan. Leadership is concerned instead with communicating the vision and developing a shared culture and set of core values that can lead to the desired future state. Whereas the vision describes the destination, the culture and values help define the journey toward it. Leadership focuses on getting everyone lined up in the same direction.

Rather than simply directing and controlling employees to achieve specific results, leaders “align [people] with broader ideas of what the company should be and why.”⁴² Leaders encourage people to expand their minds and abilities and to assume responsibility for their own actions. Think about classes you have taken at your college or university. In some classes, the professor tells students exactly what to do and how to do it, and many students expect this kind of direction and control. Have you ever had a class where the instructor instead inspired and encouraged you and your classmates to find innovative ways to meet goals? The difference reflects a rational management versus a leadership approach.

Building Relationships

In terms of relationships, management focuses on objects such as machines and reports, on taking the steps needed to produce the organization’s goods and services. Leadership, on the other hand, focuses on motivating and inspiring people.