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# how to **lead**

The  
definitive  
guide to  
**effective  
leadership**

**Jo Owen**

International bestselling author

## **Praise for previous editions of *How to Lead***

*'I love this book. First it will inspire you and then you will believe you can be a better leader. A book for life.'*

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*'This book provides in-depth analysis and support with real examples. A must read for all leaders: private, public and third sector.'*

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*'How to Lead is a tour de force, ambitious but resolutely practical, covering all the key leadership bases through entertaining but accessible pointers and tips. It will be an essential guide to helping current and aspiring leaders take their organisations and teams to where they simply would have not have gone on their own – the very essence of leadership.'*

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*'Wonderfully clear, engaging, detailed and practical.'*

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There are still plenty of bosses who will assume that everyone who works for them is an X-type. They are highly controlling and demanding. They may not be fun to work for, but they can work their way up the career ladder. Y-types can be managed differently. They can be trusted to do their best as committed colleagues. Trust, empowerment and delegation take the place of control.

This exploration of the X and Y worlds is based on Douglas McGregor's *The Human Side of Enterprise* (1960), which remains a classic description of different types of motivation at work. Increasingly, much of the world is moving from X to Y. The cynical, untrusting world of the X-type is, perhaps, typical of the nineteenth-century sweatshop where uneducated masses were hired for their hands, not their brains. The bosses bossed and the workers worked. In some cases, the workers revolted and got exploited by tyrannical governments instead of tyrannical capitalists. In the West, the workers got educated. So, now we see more of the theory Y world, where workers work in offices and with their brains.

We need more than compliance – we need commitment. We need talented teams to work through the increasing complexity and confusion of modern employment.

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**“What works for the worker should also work for the leader.”**

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McGregor focused on the worker. But what works for the worker should also work for the leader. Although the world may be moving from X to Y, many managers feel much more comfortable in X mode. Look at the two types of management in the table and decide which you are. Also, decide which type of boss you would prefer to work for.

Although the world is moving to the trusting sort of Y-type leadership, there are still plenty of areas where you can find classic X-type management. In the gig economy, hard-pressed delivery drivers and warehouse workers have discovered that, when your boss is an algorithm, your boss is a tyrant. The algorithm does not care about you, your health or your family situation: it only cares about optimising your output.

Types of management

Management criteria	X-type manager	Y-type leader
Basis of power	Formal authority	Authority and respect
Focus of control	Process compliance	Outcomes, achievement
Communication style	One-way: tell and do	Two-way: tell and listen
Success criteria	Make no mistakes	Beat targets
Attention to detail	High	Moderate
Ambiguity tolerance	Minimal	Moderate
Political ability	Moderate	High
Preferred structure	Hierarchy	Network

Many people instinctively prefer the more inspirational Y-type leader. I have worked for both. The Y-type leader was much more demanding. They may forgive the occasional mistake, but, overall, their expectations are much higher. The X-type was a mean and nasty apology for a manager. But working for him was a simple matter of keeping your nose clean, doing what you were told and no more, and being blindly loyal and obedient. He expected compliance, not commitment. The Y-type expected commitment and would tolerate occasional non-compliance if that helped achieve a goal.

The catch is that both types of leader can succeed – in the right context. The X-type manager succeeds in a classic machine bureaucracy where the emphasis is on avoiding mistakes and achieving predictability and control. Systems integration houses, insurance companies and large parts of the public sector fit this style.

The Y-type leader fits where there is a need to change and adapt to different and uncertain customer and competitive pressures. This better describes creative agencies, entrepreneurial organisations

and professional service firms. The Y-type leader explodes in the X-type environment and vice versa. You have to find the environment where your style will work.

## Practical theories of motivation: part two

McGregor's X- and Y-types find an echo in Herzberg's two-factor theory of motivation. As a leader, he argued, you can motivate people in one of two ways. Pick the option below that you think works in your organisation.

### Option one

Make sure individuals have the status and title and terms and conditions they deserve. Pay for performance and pay a bonus for over-performance. Use hours, holidays, flexitime and family-friendly work policies to get the right balance of staff. This is classic rational management. It is the sort of thing that public sector unions like to discuss with public-sector employers.

The problem with option one is that this is a never-ending treadmill. Once someone has got the pay rise and the bonus, then they want the shorter working hours. Herzberg called these 'hygiene factors'. In practice, not only do they do little to motivate but they can be demotivators too. Bad pay and conditions demotivate but good pay and conditions are never sufficient to produce stellar performance.

Despite this, many organisations still use pay and bonuses as a substitute for management or motivation. Pay discussions sound very managerial: senior executives sit round a table discussing people (like managers should) and performance (like managers should) and make decisions (like managers should) about money (very managerial). And at the end of several hours in a sweaty room and locked in mortal combat over the bonus scheme, they successfully irritate everyone. Pay a successful trader or fund manager a £100,000 bonus and they may promptly resign (after the money is in

their bank account) when they find that one of their peers has received a £120,000 bonus. From the company's perspective, the bonus, in theory if not in practice, measures the worth of an individual's contribution. From the individual's perspective, it measures their worth against their peers. No one likes being told that they are worth less than someone else, especially if they have the city-sized ego of a trader or fund manager.

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**"No one likes being told that they are worth less than someone else."**

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## Option two

Focus on the intrinsic rewards, recognition and value of the job, creating a sense of community and belonging. This can achieve exceptional results at exceptionally low cost. Many vocational careers, such as the army, teaching and academia, pay poorly but can attract exceptional talent and achieve exceptional results. Some of the best and brightest graduates go off to work as underpaid researchers for politicians or work for peanuts in the glamorous world of the international auction houses.

The choice between these two options goes to the heart of current discussions about stress, employee protection and regulation. The received wisdom is that employees need to be protected by regulation from the harsh winds of the marketplace. Flexitime, family-friendly policies and shorter working weeks are all part of this trend. There are few people who would want to reverse this. The public sector sets the best practice example in terms of working hours, flexitime and being family friendly. It also suffers by far the highest rates of absenteeism, sickness and stress-related complaints. Focusing on option one may be important, but, in the case of the public sector, it is clearly not enough to motivate staff.

Conversely, it is clear that many people are quite happy to seek out what appear to be stressful careers. The modern professions, from accounting to law, consulting and finance, all put new graduates through sweat-it-out apprenticeships. And they are overwhelmed

with demand for positions. These are classic option-two-type careers: the hours may be antisocial and the demands may be extreme, but the opportunities are great. If people see that they are doing something worthwhile in an organisation that has prospects and they have some control over their future, that goes a long way to making up for the lack of an on-site organic coffee bar.

But put someone in an organisation under siege (much of the public sector), with limited career prospects and limited autonomy, and the only sources of motivation are essentially option-one-type bribes: more money, easier conditions. This is fertile ground for strikes and conflict.

For the leader, this contrast between option one and option two is critical. The easy way out for all leaders is to go down option-one routes: more money, easy terms. The motivation lasts as long as it takes for the bonus to hit the bank account. The harder route, but the one that sustains motivation longer, is option two: give people meaningful work, create a sense of belonging, opportunity and recognition, and you are more likely to motivate. The cynics will argue that you will be able to exploit people better – more work for modest pay.

As a leader in the middle of the organisation, there is not much you can do to change option one. You have to make the most of the hand you have been dealt by the organisation. You have to deploy some of the motivational skills in option two.

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**“Create a sense of belonging, opportunity and recognition.”**

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## **Teach First: making a motivational offering**

At first sight, Teach First had, perhaps, the least attractive recruiting proposition ever devised for top graduates. It asked them to do two years’ teaching in the most challenging schools in the country with some of the most disadvantaged children. They received six weeks’ training, which meant giving up any chance

of a holiday after graduation. They would be paid about half what they would receive if they joined a top-flight consulting firm. Teach First lacked the prestige of the big recruiters. It was a start-up – no one had heard of it. It was a charity. It had a tiny budget.

In its first year, more than 5% of Oxbridge and Imperial final-year undergraduates had applied. At the time, no graduates from these universities were teaching in the target schools. Since 2014, it has become the number one graduate recruiter in the UK. Dropout rates are low and the enthusiasm of the new teachers is high, despite the huge stress and challenges they face on a daily basis.

Why should high-flying graduates be motivated to join such an unlikely scheme, against better-paid offerings, and why did they feel motivated to stay in the scheme even after the reality of working in the challenging schools became clear?

The good news is that there are graduates out there who have strong social values. Teach First gave them a chance to make a worthwhile contribution. But that was never going to be enough. They may have hearts, but they also have heads. Teach First is designed to develop graduates into leaders of the future. It gives them far more practical experience of core leadership skills, such as motivating, influencing, dealing with conflict and surviving adversity, than any amount of staring at computer screens will do. Trading bonds or writing reports may make money, but, at the end of two years, it will be the Teach First participants who are prepared for leadership, not the highly paid galley slaves chained to their computers.

To make this promise credible, many top recruiters in consulting, investment banking and law support Teach First. The participants do not get huge pay and they do not get lengthy holidays. They do very poorly on Herzberg's option one route: good money and easy hours. They do very well on option two: they have a meaningful job, they have real prospects, they are highly recognised and they are given high autonomy and responsibility. Option two is very hard work for the employer and the employed. It can have dramatic results.