

Notes for remarks by

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## **Leadership – An Organization’s Biggest Competitive Advantage**

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### *Introductory Comments: What Is Leadership?*

Thank you Lynne.

I would like to take a few minutes today to discuss leadership. I think it’s an appropriate topic, given the current widespread demand for more and better leadership. And given my audience today, which contains so many future leaders – of industry, government, academia and community.

Every organization wants and needs leadership, but what is it? Why is it important? And how can you develop leadership?

Let’s start with what is leadership? There are many definitions and scholarly attempts to characterize it.

According to business guru Stephen Covey, “Management is the efficiency of climbing the ladder; leadership determines whether the ladder is leaning against the right wall.”

Warren Bennis, noted author and authority on leadership, puts it another way: “Managers,” he says, “are people who do things right, while leaders are people who do the right thing.” Mr. Bennis has also defined leadership as “the capacity to create a compelling vision and translate it into action and sustain it.”

By and large, I think most definitions of leadership have the same core components. They involve setting a course, providing a vision, motivating good people to work with you, then giving them objectives to achieve, the tools to do the job, and the incentives to succeed.

Organizations everywhere today are concentrating on seeking leaders, not managers. Leaders are needed as agents of change to guide organizations to success. It’s not a matter of being trendy or progressive; it’s a matter of survival in a world marked by rapid change.

Leadership is seen as an organization’s key competitive advantage. And it has nothing to do with job description – it is now considered an essential component of all levels of the organization, not just for the CEO or the executive team.

Why is leadership important? For starters, its impact on the bottom line is dramatic. According to a study by Andersen Consulting, the stock price of companies perceived as being well led grew 900 per cent over a 10-year period, compared with just 74 per cent growth in companies perceived to lack good leadership.

The key to future competitive advantage will be an organization’s capacity to create the social architecture capable of generating intellectual capital. And leadership, according to Warren Bennis, is the key to realizing the full potential of intellectual capital.

Leadership is essential to shareholders and employees alike: not only for the sake of the success of the enterprise, but also for the individual development that contributes to and ensures that success.

In today’s business environment, there is a need for vision and inspiration, creative collaboration, co-leadership and relationship-building – all part of contemporary leadership, not just “management”.

### *The Characteristics of Leadership*

So what are the characteristics of leadership?

Most organizations have a number of criteria (either implicit or tacit) upon which they evaluate potential or emerging leaders. They usually include:

- Technical competence, meaning business literacy;
- People skills – the ability to communicate with, motivate, influence, inspire and understand people;
- Conceptual abilities – the ability to see the big picture and communicate a vision of the future;
- A proven track record of success;
- The ability to choose the right people – because leaders build leaders;
- Good judgment; and
- Character – because leaders build trust, and must be trusted.

Most definitions of the qualifications for leadership focus on these or similar characteristics. I find it interesting to note that you rarely see anyone derailed from top leadership because of a lack of business literacy or conceptual skills. It's usually because of lapses of judgment and questions about character. And it's judgment and character that tend to be ignored by those responsible for educating others, probably because they are arguably difficult or even impossible to "teach".

Just as the characteristics of leadership have changed over time, with "people" skills now becoming every bit as important as business literacy, so have "styles" of leadership.

Not that many years ago, leaders used to be selected for their power and authority.

Leaders today are likely to come out of a "political" framework that demands a tough, aggressive and skilled negotiator – someone who builds strong alliances.

A survey of 200 CEOs in Canada, for example, reported they view themselves as the "head coach" of their company rather than as the boss.

The leaders of tomorrow are going to have to be even more skilled as improvisers who can inspire and work through others.

### *Creating Leaders*

Are leaders born or made?

Leadership guru Warren Bennis believes that the basic competencies of leadership can be learned, but acknowledges the drive, motivation and desire of effective leaders is probably a genetic factor.

Executive recruiter George Madden clearly believes that leaders are born, not made, but what they do with their leadership birthright is largely determined by how they were mentored early in their careers.

I believe that on-the-job experience – learning from one’s peers and leaders at work and in the community – can hone a leader’s skills and abilities. And coaching and mentoring can help leaders increase their communications skills, their capacity for empathy, their people skills and self-awareness – all essential to today’s leaders.

But I also agree that great leadership requires a certain drive or spark that can’t be bought or taught. With the proper training and development, good leaders can become very good leaders.

That is why leadership training and development is so important. Organizations today that are seeking to improve leadership at all levels of the enterprise must invest in their people from a leadership development perspective.

I am a great believer in the value of mentoring as a form of leadership development. Personally, I know I have benefited greatly from mentors who have helped me throughout my career.

The mentors we choose fill in the gaps that our parents and teachers didn’t fill in. One way or another we can all benefit from mentoring. We all come with certain potential and our environment shapes how that potential will be used. But mentors help us along the way. They guide us, they teach us, they are models for us.

In many ways, learning to be a leader is the same process as becoming a “complete” person.

That’s why community involvement is such a good training ground for leaders. It helps create well-rounded human beings.

I believe in community involvement and volunteerism because we all have an obligation to help each other and make this world a better place to live. But there are other benefits – including the fact that community involvement is one of the best leadership training grounds in the world. It provides a unique opportunity to work with and learn from a variety of talented people, who bring different perspectives, and different knowledge and skill sets to the table.

It's a form of learning in action. On-the-job education. Experience.

Much of what there is to learn about leadership isn't spelled out in business books or courses. It has to be learned on the job.

It sometimes involves trial and error. It always involves stretching out into new territory and taking on new responsibilities. And it always involves the very imprecise science of working with people and gaining an understanding of what makes human beings tick.

Don't get me wrong. I believe in the value of a formal education – the more the better. It's an essential starting point. But I also believe in life-long learning, and a big part of that is learning from experience, and learning from people around us.

The key to success is an open mind and a commitment to life-long learning. Our capacity to be effective leaders in a changing world will equal our capacity to learn. It's a never-ending process.

There are, of course, many approaches and models for developing leadership. These are shaped by our own unique experiences and circumstances -- the people we have met, the issues we've faced and the particular challenges of the organizations we work for.

From this experience, I have come to believe in a number of general principles which I consider to be essential for effective leadership. They are the elements I consider necessary for a solid foundation for leadership and they are what I would consider the leadership dimensions we espouse at Enbridge.

### *Principles of Leadership*

First of all, I believe that leadership truly does start with a vision of the future.

A lot of people can read research and trend reports and plan for the short-term. Real leaders have a vision that makes them successful in the long-term.

Of course, in pursuing our visions and our plans, we also have to be prepared to adapt and be flexible – which is the second principle.

As leaders, we can't expect to be right all the time. We must be open to change and prepared to let our plans evolve according to the changing environment and circumstances.

The third principle is the need to create an environment of trust. As leaders, we can initiate change and help motivate change. But we can't force change to happen, particularly in matters such as corporate culture. We need the co-operation of other people to make it happen.

We need to build a team, and influence the members of that team to work together for the common goal.

And that means communication, which is a huge part of leadership. Talking with people, not at them. Making sure everyone understands what is needed and what is to be done. You have to believe in what you say and you have to live by what you say.

That brings me to my next principle – walk the talk.

There will be times when we have to make declarations about important goals and objectives for the organization. In each and every case it will be critical to back our talk with actions.

And here's another thought: remember to involve and support your people.

Leaders must ensure that people have the environment and the tools to do their jobs. Our responsibility is not to micro-manage them. It's to support them; to remove barriers so people can realize their potential. They benefit and so does the organization.

### *In Conclusion*

So what can we conclude from all this? In summing up, I would say this: To be a successful leader, you have to balance many qualities and many roles.

At the World Petroleum Congress in Calgary two years ago, Sir John Browne, the internationally respected Group Chief Executive of BP, spoke about the importance of leadership. He said that, “Most of the best training for leadership is actually about developing people’s minds – so they know the questions to ask in all the different unexpected situations they encounter – and also so that they have a sense of how to listen – how to take advice and then how to come to a decision – often on the basis of imperfect knowledge. We need decisive people,” he said, “able to handle the ambiguity and uncertainty which are part of life.”

He also said that, “We need real human beings, each one of whom will deliver in a different manner – meeting the targets, working to common standards, but not dehumanized by a deadening uniformity.”

What you have learned here at the Faculty of Management will provide you with a solid foundation for becoming the leaders of tomorrow. But there is no guarantee of, or roadmap to, future success. That will depend on you; your perseverance and your will to succeed.

It will also depend on your commitment to life-long learning; to empowering and helping others; and to being “real human beings”.

Thank you.