

Leadership

Personal
Governance – 1

The Cornerstone of
Corporate Governance
and Leadership

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Amrop

Leaders For What's Next



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Personal Governance – 1

The Cornerstone of Corporate Governance and Leadership

Trust in leadership is an uphill struggle. The business press still carries too many tales of incompetence, negligence or even malpractice. In some cases, the lives of millions can be affected.

Other reports paint a grim picture of executives whose mental and physical health, private lives and values are collapsing under the weight of information and work overload.

How can senior managers make a change for the better in their own lives and, by association, in Corporate Leadership and Governance?

Via their Personal Governance, how can they take steps towards a more credible and widely-accepted form of governance as a whole?

We add the Personal Governance dimension to the existing concepts and rules of Corporate Governance. Because strong and sustainable Corporate Governance can only happen if the people in charge of organizations can demonstrate solid Personal Governance.



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This article series is based on 'Personal Governance als unverzichtbarer Teil der Corporate Governance und Unternehmensführung' – Fredy Hausammann, (Haupt Berne, 2007)

Introduction

The 7 building blocks of *Personal Governance* form a pathway for managers and leaders to create good *Corporate Governance and leadership*. In this 8-part series, you'll find concrete, practical and enriching ways to bring out the best in your team/s, your organization and even society as a whole.

It all starts with ourselves. By establishing a meaningful Personal Mission and set of values. By engaging in healthy self-reflection and continuous self development. By better managing stress, balancing our work and private lives and interests - and ultimately our reputation. This first article sets the scene. We set the context for Personal Governance and introduce its 7 Principles as the basis for effective Corporate Governance and leadership.

Benefits for Managers

The 7 principles of Personal Governance provide important keys to help executives shape their role. As it becomes ever more of a priority to achieve the best possible interplay between work and private life, the 'orientation framework' provided by Personal Governance can make it easier to handle role conflicts between those two worlds.

And a Roadmap for Organizations

Organizations need to establish the conditions most likely to nourish good Personal and Corporate Governance and create a sense of shared responsibility together with employees. Amongst these conditions, Personal Governance coaching is a powerful way to support reflection, learning and personal development.

New Concept, Deep Roots

Is Personal Governance anything new? Well, given its special characteristics and its close relationship with top management and Corporate Governance, we can cautiously say yes. In recent years, corporate and managerial social responsibility, management ethics and work-life balance have all been talked about at length.

Still, Personal Governance has very deep roots. It has a lot in common with 'self-care', a theme we can trace back to Ancient Greece. For Plato, self-care was a pre-condition for *moderation* in exercising power over others.¹

In the 1980's, the theme of self-care was taken up by philosophers such as Michel Foucault ('The Care of the Self'). Peter Senge also presents compelling arguments in 'The Fifth Discipline – the Art and Practice of the Learning Organization.' He defines 'personal mastery' as the discipline of self leadership and personal development.



¹Plato, Pseudo Platonic Dialogue of Alkibiades I.

Why Managers Matter

As the financial crisis of 2008 starkly revealed, managers, and particularly senior managers, have central social and socio-political importance. Via their behaviour, they set the course for economic development. The way in which they relate to their function, their contract, and their company can never be treated lightly. As such, the behaviour of managers is openly monitored - and judged - and inextricably linked with Corporate Governance.

Fredmund Malik is an Austrian Economist and business consultant. For him (we translate from the German): "The company is the only, (and therefore most important), social institution to create prosperity. It demands management. So management is the most important shaper, developer and directive organ of modern society - all the more so as state politics, in our global economic context, are pushing at national borders and have lost any effectiveness in answering the questions that matter the most. By inference, management is also the most important profession in a company. Almost everything depends upon the quality and conscientiousness with which the profession is practiced. High demands need to be placed upon management - and fulfilled."

There's no question about it. The societal influence of companies (large companies most directly, small to medium companies more indirectly), and therefore their managers (our so-called economic leaders) is enormous. Not surprisingly, that influence has been repeatedly seized upon in discussions about top management salaries.

Yet, in these statements, Malik is only dealing with the *commercial* aspects of societal health. As we have experienced, the role of companies and their management has also been dragged into the epicenter of world *events*, giving them an unprecedented social role and responsibility. Are supervisory and executive bodies sufficiently aware of their impact on society? Whatever the case, the conclusion is clear. Functions with this much influence on society need outstanding Personal Governance if they are ever to practice credible Corporate Governance and guarantee their positive effect on the world around them.

Via their behaviour,
managers set the course
for economic development
- with far-reaching social
and socio-political
consequences.

Personal Governance is a form of self steering and permanent personal development. It takes account of a person's individual and carefully-considered needs, abilities and preferences within his or her private and professional spheres.

Personal Governance is aligned with a Personal Mission, one that takes equal account of private and professional goals and is based upon these.

Welcome to Personal Governance

In summary, Corporate Governance has central, social importance. Many, if not most, people have been directly affected by the successes and failures of large private and state-owned businesses on an emotional, financial or even existential level. As a vital part of Corporate Governance and the focus of our series, it's now time for us to unwrap the concept of Personal Governance.

1. Personal Governance is a beacon for the way in which we lead our lives and organize our private CV.
2. It is a psychological contract with ourselves. This contract implies expectations regarding our actions and commitments. An important corollary – playing a key role in Personal Governance - is the psychological contract between company and employee. This regulates mutual expectations in a way that goes beyond the formal framework of the employment contract.
3. Personal Governance is aligned with a Personal Mission, one that takes equal account of private and professional goals and is based upon these. Our Personal Mission also covers social and or political engagement.

Personal Governance – Beacon, Contract, Mission

In summary, Personal Governance is a conscious, strategic and operative/situational form of self steering and permanent personal development.

It is based on 7 principles which are all equally important when it comes to managing our private and professional domains.

The 7 Principles of Personal Governance – Code of Best Practice



You may know an executive with highly-developed Personal Governance. You may be one. If so, you may recognize some or all of the following distinctive characteristics. These have to do with value orientation, attitudes and behavior.

- I Life Plan and Goals:** A Personal Mission within easy reach, serving as a common thread and ‘Leitmotiv’ (theme)
- II Ethical Behaviour:** High awareness of their personal value system and ethically-responsible action principles
- III Self-Reflection:** High capacity for self reflection, self assessment and self regulation:
 - They opt for functions in which they can best express their strengths and preferences, avoiding (or clarifying) role conflicts (clashes between private or professional roles)
 - They are aware of the most productive use of their time, allocating their energy accordingly
 - They regularly reflect upon and check their behaviour. For example via coaching, peer coaching and feedback
- IV Dealing With Stress:** Knowledge and recognition of personal stressors (destructive causes of distress [negative stress]) and awareness of the right (work)load for themselves and for others:
 - Coping strategies (ways to overcome problems and diminish load) are close at hand and are situationally deployed, checked, adapted and, when necessary, effectively substituted
 - They are able to reach out for help in difficult situations – via coaching, professional/personal consulting, etc.
- V Personal Development:** developing (self, others) via “éducation permanente”
- VI Personal Interests and Passions:** Strong fields of interest and passion outside the scope of his/her professional responsibilities:
 - They can experience “flow” experiences (Mihály Csíkszentmihályi) or “selbstvergessenes Weggebenensein” (Hans-Georg Gadamer) - a state of complete immersion in an activity
 - They visibly and skilfully stake a claim on their personal space and time
 - They make space for political and/or social engagement
- VII Reputation:** Alertness to their personal reputation and that of their company.

Working With the Principles – Adopting and Adapting

How can we make the step from recognizing the 7 Principles of Personal Governance, to really anchoring them in our daily practice and behaviour? As we'll discover in our series, the 7 Principles are neither definitive nor conclusive. We should constantly adapt them to our fresh experiences and discoveries. We should put them in a situational context, taking account of our personal needs and our current, individual 'reality'.

As such, the Principles are intended to act as a 'working paper.'

This brings us to another important point. It might seem as if compliance with the 7 Principles will turn us into superheroes. Not only will we achieve a perfect balance between all facets of our professional and personal lives but we'll make an active contribution to the common good! However, this perfect (and probably rather restless) person would find almost no time for the all-important passive regeneration which is handled in Principles V and VI.

Finally, the conditions within each Principle don't all need to be fulfilled simultaneously. In any case, this is impossible. In the course of our lives, it's a question of striking a balance, taking individual Principles into account to a minimal degree, without accumulating a mass of demands and creating overload.

What's Next?

So far, we have presented the case for Personal Governance, provided definitions and introduced the 7 principles of a Code of Best Practice. Each of these Principles, with its leading questions and vital signs - will be unpacked in this series.

In our next article, we start with the Personal Mission. What does a Personal Mission really mean? What key questions do we need to ask ourselves from a managerial and organizational perspective?

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About Amrop

With over 70 offices worldwide, Amrop is a trusted advisor in Executive Search, Board and Leadership Services. Amrop advises the world's most dynamic organizations on finding and positioning Leaders For What's Next: top talent, adept at working across borders in markets around the world.

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