LEADERS ACCOUNTING METHOD

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ABSTRACT

How valuable could be high level manager for the company or organization? What a difference would be extracted if that manager was taken off the organization? Leader basically makes systems engine work. He doesn't do the job himself. He leads all others to work and to move all the organization in a direction expected by stakeholders. Leader even doesn't need to extend the market share of the company. Someone else does the job for him, under his leadership and advisory. A good leader doesn't need to find the best solution for the problems. He is the one who hire right people who will solve the situation in the best way. So, what is the leader's job to do? He encourages people in the organization to use all their inner energy for the aims of the organization. So he is talking. First measurement for a good leader should be comparing the time he needs to make people act in the right way. Leader needs to learn the system in order to manage it. So the second measurement compares the time that he needs to influence into a complicated system. Next, leader is supposed to teach managers who will assist him to get the job done. Third measurement should be comparing the knowledge and experience he is able to transfer to younger ones and to compare the time he needs to do that. Fourth and most important measurement is popularity of the leader in and out of the company. Does he need a very strict hierarchy to influence to employees inside the company? Can he leads them by speaking directly to them? Similarly does the leader need a big and expensive advertising company for public relations? Can he improve the appeal of the organization just by talking directly to public, customers or stakeholders? Here in this study a calculation method to scale leader's effectiveness was represented.

INTRODUCTION

Selecting the best and most suitable CEO for the company or organization is crucial for almost all organizations all around the world today. How would that very critical selection made? How valuable could be the highest level manager for the company? What a difference would be extracted if that manager was taken off the organization or was simply changed with another one? All those arising questions merge into one that asks for what actually leader does for the company. Leader basically makes systems engine work. He doesn't do the job himself. He leads all others to work and to move all the organization in a direction expected by stakeholders.

Leader even doesn't need to extend the market share of the company. Someone else does the job for him, under his leadership and advisory. Of course some of the CEOs have ability to give the best strategic decisions. Just like Steve Jobs when he returned to Apple and boost creativity inside the company and popularity among consumers, some leaders can offer right strategy for the company by themselves. Some others work with research agencies to inspect the markets and to find the best way to fallow. Doing by himself sounds like talented leader, but it also costs time of that leader. Both considerations would be discussed.

It will be a choice of the leader to sense people by himself and to trust to his intuition and instinct about people or just simply to hire someone to do research about that. Innovation and entrepreneurship are most important values for a company and overall economy of a country according to Muhtar Kent in his speech at Economic Club of Washington in 2010. Economic impact of innovation on the company's profit could be seen at   Samsung's annual reports after their leadership decided to open company for innovative ideas. Here in this example it is very obvious that leadership of Samsung doesn't actually intent to do innovation or try to discover something, instead they welcoming innovative ideas coming from engineers and also from other employees.

A good leader doesn't need to find the best solution for the problems. He is the one who hire right people who will solve the situation in the best way. So, what is the leader's job to do? He encourages people in the organization to use all their inner energy for the aims of the organization. What leader does actually again? Leader is talking to people. He understands employees, their needs and what drives them to work hard for the aims of the organization. Then he puts everything together. Even better he hire someone to put everything together and use is time for the next project. Leader understands needs of consumers and cooperatives. Leader basically is talking to people preparing good canals for sustainable communication. Information flow should be dual way. He needs to know about every change in the organization, and needs to be sure that all employees and partners are aware of the aim and preferred strategies of the organization.

ENCOURAGE TO ACT RIGHT
First measurement for a good leader should be comparing the time he needs to make people act in the right way. How could acting in the right way be described? Basically doing what needs to be done. Considering that there is communication problem in the system where the canal from very bottom to very top is locked somewhere in the way, the first thing that needs to be done before move on something else is to discover lock point of information flow and then free the dual way of communication. If in that situation there are three candidates for taking the highest responsibility in the system, first thing to observe about them should be the time they spent to figure out the current situation about lack of information flow and their ability to encourage lower positioned mangers to change the system eve in expense of some authority power.

Detailed discussion should be done here to make it sharp and clear. Time is the most important value for human being and also for organizations. Competition among companies, states, teams and peoples is actually competition against time itself. If any competing group has infinite time they do not need to be in hurry to get the job done fast. They were competing in making better swords in age of medieval, competition was to have better engines at last century and nowadays the greatest challenge is to gather or spread information a minute before others. Every race is meaningful in its own time. Someone will find the solution for the situation anyway, and some others just can copy it. But then they will be always behind.

Problem about information flow could be solved by changing the rules of information flow chart. Some lower level managers might loose control over info passing them and flowing directly to upper level of management. It is obvious that it might cause some resistance from low level managers. This reorganization of the system could be a booster for overall system's competency, while might cause some unhappiness for lower level managers. Nevertheless, unhappiness would not mean loss of income. May be that change will arise the income of all level employees including unhappy low level managers.

The right act is very obvious. It is not that important if leader or one of the candidates for the highest leadership is one who discovers the solution. That could be made by professional advisor of the leader whose job is exactly finding solutions for system's problems. Having a good team that helps to get the job done is great. The value of the best leader is to have ability to make lower level managers to understand and even better to believe in solution of the information flow problem. The best leader is the one who make them believe in the shortest time. Fats improvement of organization is sometimes matter of existence.

INFLUENCE IN ALL CELLS OF THE SYSTEM

Leader needs to learn the system in order to manage it. So the second measurement compares the time that he needs to influence into a complicated system. Bright, brilliant and sharp young entrepreneurs competing for leadership need to be observed while are taking over a new duty that brings more responsibility. Enlarging the system brings more complicated problems to solve, that have more constrains and inputs. That is just like trying to solve a problem that has lots of unknowns. Knowledge about interconnections about different unknowns is essential in order to get the parts together and find the best combination to solve the system of unknowns. It might sound very ugly but it is not. The fastest way of achieving success is decreasing number of unknowns.

What is caused by what? What brings other thing? What is connected to the next step? Leader needs to have knowledge about every detail about the system that he is trying to control. That definitely doesn't mean that he needs to touch to every detail. It is better to let people do their job that they are hired for. But leader should be able to observe all the system with all its details.

It is critical to mention about boundaries of levels of management. There should be limitations on high level managers, low level managers and also other employees. The CEO should not be the one who would explain to the doorman what to do at every five minutes. A four star general should not to be the one who tell exactly when an armored unmanned aerial system should destroy a specific target. The highest level leader should present an agenda or a checklist to explain all others how to act in different situations, and then let the operationals to do their job on the field. In other hands the leader is responsible of all results gathered at the end of operations.

Again time is the most critical value for the organization. The one who needs the shortest time to be aware of every detail in the system is one of the right candidates for taking the highest responsibility.

TRANSFER KNOWLEDE TO NEXT GENERATION

Board of directors would like to see that next generation leaders are ready to take over just right now. The leader's next duty is to prepare successors for the responsibility they will take, and to make sure that sustainability of the system and brand will remain even stronger than it is now. Leader is supposed to teach managers who will assist him to get the job done. Third measurement should be comparing the knowledge and experience he is able to transfer to younger ones and to compare the time he needs to do that.

The one who has the best knowledge might not be the one who can transfer that knowledge in the best way to next generation. Teaching skills is something different than managing skill or engineering skill or any kind of operational abilities. Technical skills are notions of a person that needed to do the job individually or in a group. However, leader is the one who is not supposed to do the job by himself. Important thing here is to hire right employees with right skills, teach them

what to do and how to do and then step back and let them do their job while taking a chance to take an overall look at the whole system.

It would be painful for leader trying to explain what to do and being unsuccessful all the time. It would me more painful for the employee to work with a boss who can not explain what he wants or how he wants the job to be done. It would be more painful for both the leader and employees to spend enormous time trying to share ideas and ending up with almost nothing, meanwhile blaming other side being idiot.

That would happen if knowledge transfer is unsuccessful. Sharing novel ideas and transferring knowledge and experience is extremely critical to make system work as whole part. Time is very important for leader. He needs to be able to drop over some responsibilities to lower level managers and use his time for new acquisitions.

What if leader is not a good teacher? Is that important if organization is not a school? That could be discussed here. But key point here is to set leader free of many duties that could be done by other, and give him time to think more strategically on how to make company bigger and more successful. Main idea is to free leader as much as possible and to let him to influence any time just when is essential.

Those who are mentally and technically able to free themselves in the shortest time have competence to be the best leader for the system.

PUBLIC INFLUENCE
Fourth and most important measurement is popularity of the leader in and out of the company. Does he need a very strict hierarchy to influence to employees inside the company? Can he leads them by speaking directly to them? Similarly does the leader needs a big and expensive advertising company for public relations? Can he improve the appeal of the organization just by talking directly to public, customers or stakeholders? Public influence or effective speech ability should be the most important measurement that could be taken about a leader.

Few of popular CEO's speeches could be examined shortly as examples for this study. Larry Page's talks could be taken in first place. It is not necessary to copy whole speeches here. Examining his talks would present basically that he is simple, clear, understandable and very proud of the job done by Google team. Simplicity offer opportunity to influence a very large mass of audience. Not using complicated or extraordinary phrases, being direct, sharp and clear prevents narrowing or cutting down the number of people who actually get the information delivered by the speech.

Speeches of Muhtar Kent, Chairman and CEO of Coca Cola, are full of confident and are concentrated on some specific social issues that are related to billions of people living on our world. He is not talking just about profit. He is talking about our problems and about solutions; meanwhile he is making the Coca Cola a part of solutions of our problems. He is placing that big company as a problem solution partner in our lives. He is changing the simple reality that Coca Cola is just a beverage company. He is removing consumer and seller relation and replacing it with a partnership where the consumer is in the middle of everything. That makes each individual listener to feel valuable and important. Connecting company and its products is easier after that point.

Undoubtedly another good speaker was Steve Jobs. His simple and a little bit arrogant talking style was concentrated on terrific specs of new fabulous product. He was very excited to introduce every new product by himself. He liked to concentrate on details that make that product so wonderful and how it would change our lives very soon.

Many speeches could be investigated here, but it is not a speech study. However, the last part of that study was concentrated on time needed to influence masses. It should be very obvious that those who are not able to affect public positively about the organization they represent are just out of the game. They're not competent. Time pressure over organization should be discussed again. There is no need to somehow narrow the potential audience. We live in a knowledge and information era, and in this era almost all population of the world is potential audience for international operating organization or companies even for smaller ones. If there is a crisis in Syria no one can say that it is a conflict among some small groups and is not a business of others. If there was a problem in Mexico Gulf people all around the world would have some feelings about BP which is one of the biggest oil companies of the world. If there is a popular song blossomed from South Korea millions from all around the world would be happy to sing and dance with that.

Potential audience is almost seven billions. Time available to show up and talk on TV or deliver information through web is a matter of minutes. Whoever is ready to show up, take responsibility and change feelings of that audience about company in positive direction in the shortest time period, he or she is ready to take over all control and responsibility of the whole system.

METHOD
Here in this study a calculation method to scale leader's effectiveness was represented. The first part of method was related to choosing the best candidate for the leadership. Four measurements related to aspects of future leaders were introduced above. All of them were accounted for time. There are four time variables related to achieving success in four different areas. Level of success was not investigated here. Moving from static situation to acting, reaching full influence through whole system, transferring all needed knowledge to successors and converting negative thoughts of audience to positive were addressed as success. Combined time "t_{comb}" was calculated as shown in equation1, where t_1, t_2, t_3 and t_4 were time variable related to each measurement.

$$\frac{1}{t comb} = \frac{1}{t1} + \frac{1}{t2} + \frac{1}{t3} + \frac{1}{t4} \qquad\qquad \text{Equation 1.}$$

Equation 1 could be used for choosing one of the candidates for highest level leadership. It is very obvious that the one who has the least t_{comb} is the strongest candidate for the position according to the methodology presented here. However, final decision is up to the board.

Extracting the value added to the company or organization by the leader is complicated function. Results of such that function will be a guess. The afford spent to calculate that result would be a try to get the best guess. It will be never a deterministic calculation due to too many uncontrolled inputs. Criteria of success should be addressed mathematically. Statistics of those criteria should be collected and inspected. Quantitative data for many fields could be collected.

Total sales of a company, net annual income, number of new consumers, rate of inflation, rate of unemployed people, number of people newly connected to the social network, rate of crime in a

territory could be chosen as field of success.

Increase or decrease rate of each field could be taken as criteria of success for a specific time interval. Rate of the change itself could be considered as acceleration of the movement. Acceleration in positive direction, like acceleration of increment of periodic net income or deceleration in negative direction, like acceleration of decrement of change of rate of unemployed people is expected success of the leader.

Net affect of the leader needed to be diverted from conjectural bias affect. Conjectural bias affect could be extracted by investigating global movement of the specific area.

Application of that method was presented in the example below.

Qa, Qb, Qc … Qn are collected data sets of different independent systems which in total represent global quantitative data set of a field for a specific time interval. Calculating of the global bias was shown in equation 2.

$$\gamma = \sum_{1}^{Nglobal} \frac{1}{Nglobal} \left(\frac{\partial Qa}{\partial t} + \frac{\partial Qb}{\partial t} + \frac{\partial Qc}{\partial t} + \dots \frac{\partial Qn}{\partial t} \right)$$
Equation 2.

In equation 2, γ is the calculated global bias and Nglobal represents number of systems. Assuming that the leader who was inspected was leading system A where related data set is Qa, calculation of net leaders affect on that system was presented in equation 3.

$$\alpha = \frac{\partial Qa}{\partial t} - \gamma$$
Equation 3.

CONCLUSION

Leaders accounting method was investigated in this study. Importance of setting the leader free of contemporary duties and letting him to think concentrated on the aim and strategies was expressed. Four measurements; ability to encourage others to act right, influence in whole system, ability to teach successors and public influence were introduced as measurement for choosing the right leader. Mathematical model to extract value added to the system by current leader was presented. Success of the current leader would be publicly obvious in many situations; however, choosing the next leader is final decision of the board.

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