Six skills required of a leader in difficult times

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Effectiveness, perseverance, optimism, generosity, audacity and bravery are the six key qualities required of a leader in difficult times, according to a new technical note by IESE Prof. Guido Stein.

The axiom, "What can't be counted doesn't count," has taken root among many executives. However, it is often the case that what most matters to a company are things that can't be measured, but which, when managed well, can translate into clearly quantifiable results.

This is the case with the six basic leadership qualities identified by IESE Prof. Guido Stein in a technical note: effectiveness, perseverance, optimism, generosity, audacity and bravery.

According to the author, there are three other fundamental qualities that any executive must develop in order to make it as a leader: cognitive intelligence, humility and the ability to lead by example.

Fundamental characteristics

"After so much focus on emotional intelligence, now is the time for cognitive intelligence," says Stein. In relations with other people, behavior is more important than mere sentiment.

Stein also believes that an executive ought to be humble, as well as constantly test his or her limits; there is always room for improvement, especially when it comes to personal development.

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Humility is also the best way of winning people over, because it is contagious. Stein says that the leader first has to become what he or she wants others to be, before demanding the same from them.

Anti-crisis skills

There are no magic formulas for effective leadership, but experience has shown that certain abilities help one to deal with and overcome situations of extreme uncertainty.

1. Effective problem solving. Good leaders ensure that those who work with them are competent and make the right decisions. The first step toward achieving this is being clear about one's aims. As Stein says, an executive is paid to get things done right.

2. Perseverance in overcoming problems. To get good results, you have to persevere while also keeping an eye on the big picture, i.e., not letting short-term objectives obscure all else.

3. Rising to the occasion. Executives must inspire their colleagues and subordinates. Under the right guidance, employees can learn the value of overcoming small obstacles before taking on the big ones.

People who don't crack in the face of adversity tend to keep their minds nimble -- an essential prerequisite in the fast-changing world of business -- as well as learn from their mistakes.

4. A generous, collaborative spirit. The classic business paradigm is win-lose or win-win. Stein expands on this to include a third dimension in which the gains of two parties benefit a third, which could be the client, the company or society. In other words, you and I win as they do, too. This is the essence of partnership, which requires a generous, collaborative spirit from business leaders.

5. Willingness to face up to the boss. Management literature often talks about how to manage and motivate your subordinates but not how to influence those who are above you in the hierarchy. The author urges audacity in this regard.

As the recent financial crisis has shown, too many financial managers were happy to swim with the tide, rather than voice their concerns about the direction their company was taking.

6. Having the guts to know when to quit. A leader has to know when to quit. When preparing for a new climb, mountaineers study the descent as much as the ascent. They know that

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accidents happen more often during the descent, usually out of tiredness, overconfidence or haste to get back.

In the world of business and politics, people often forget that what goes up must come down, often when you least expect it. Therefore, it's important to be able to step aside at the right time and not cling to a position of power.

These leadership skills can help to create a climate of trust, commitment and hard work, which will help support businesses through these trying times.

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