

Leadership Conversation: Regenesys School – 9 September 2010

Good morning ladies and gentlemen

I'm indeed very honoured to be here this morning to share with you my thoughts on leadership. But first a bit about myself and the organisation that I lead:

My name is Timothy Nast, and I am the current Executive Mayor of MLM. I was first elected as a councillor in December 2000 at the age of 19 – I think I was the youngest councillor ever elected.

In my first term I was a part-time councillor and during that period I was studying a Bcompt (accounting and auditing) and completed my articles at a small audit firm in Vereeniging.

Whilst I have a financial brain, the one thing my articles did teach me was that I didn't want to be an auditor.

In March 2006 I was re-elected and became the Speaker of the Council – to my mind the youngest municipal Speaker ever elected.

I served in that position until April 2009 when I was elected as EM.

Now, Midvaal is a relatively small municipality situated in the south of Gauteng, and lies between Johannesburg and Vereeniging.

It includes areas such as Meyerton, Walkerville, De Deur, Klipriver, Randvaal, Henley-on-Klip, Suikerbosrand, and then a small town called Vaal Marina on the Vaal Dam.

It is 2000km² but only has a population of 100 000 residents.

The annual operational budget is about R480mil and the municipality has 580 staff members.

Midvaal has gone from zero to hero in the space of 10 years – and I say that with all the humility that I possess.

In December 2000 Midvaal was created from scratch out of 6 former local authorities.

All we had to start with were the buildings – there were almost no chairs, desks, computers, vehicles etc – there wasn't even a bank account.

The area was also considered a total loss.

Very few people were interested in living there, infrastructure was badly neglected, there was no investor confidence

and I remember that people used to queue at the municipal buildings to give their vacant stands back because values were so low that it wasn't worth paying the monthly rates and taxes on them.

10 years later – those stands that had no value now sell for anything from R300 to R700 000.

The area has received multi-million rand investments from companies such as Heineken, BSI Steel, Basil Read, Ferrero Rocher, Oprah Winfrey Leadership Academy for Girls, Greg Norman's Eye of Africa Golf Estate and many more.

In a recent survey conducted by the Gauteng City Region Observatory (Partnership btwn GPG, Wits and UJ) Midvaal was identified as the area in Gauteng that offers the highest quality of life to its residents.

Now, I'm not a very academic or philosophical person, and so my thoughts on leadership are very practical and relate to my own experiences.

What makes a leader?

I believe that a large number of people are born with or are able to develop certain leadership qualities but its not necessarily a combination of qualities that makes one a leader. So what does?

Is it not situations that make leaders? Or events?

I believe that the kind of leader required at any point in time is largely influenced by the situation that people – or an institution – may be in.

An example – Most of you should have heard of Mr Visagie of the AWB – ‘the Don’t touch me on my studio” man.

If we had to go back 25 years it highly probable that a person like Mr Visagie would have been the Executive Mayor of Midvaal and that I would never have dreamt of going into local politics and would probably then have stuck with auditing.

But the situation in the country has changed to the extent where Mr Visagie is now seen as a sideliner by the majority of people as opposed to a leader.

So surely, a part of what makes a leader is luck – being in the right place or situation at the right time.

On a bad day, when people ask me how I got involved in politics at such a young age my answer is that I happened to be in the wrong place at the wrong time.

Obviously just being in a place at a point in time isn’t enough – a true leader will be able to identify that a particular situation provides the opportunity to take up a leading role.

John F Kennedy identified his era as a time in American politics when voters would be more interested in what he said and did than what his religious beliefs were and so he went on to become the USA’s first catholic president.

Had he lived in the 1920’s that would never have happened.

The same is true for Barak Obama.

Now, once you have identified the situation that's where the first real test of leadership comes in.

Are you willing to take risk?

Being a leader involves a huge number of risks.

Reputational risk being a major one.

Risk of strain on your personal life and family,
risk of high stress and health disorders, risk of failure.

Leaders need to know how to identify risk, minimise it, and assess it to determine whether it is reasonable to take the risk.

They don't only do this when deciding whether or not to take up a leadership role - but every crucial decision of their leadership life will involve risk.

George W Bush clearly did not assess all the risks in going to war with Iraq – and did not take the necessary actions to minimise it.

JFK did even worse when he decided to go to war with Vietnam.

Adolf Hitler clearly did not correctly assess the risk of America entering WW2 or of breaking his pact with the Russians.

The results of these incorrect decisions range from reputational to outright disastrous for the decision makers.

Of course, the converse, ie not taking any decision seems almost endemic in South Africa today. We have too many leaders who are too scared to take any major decisions and so too often problems just get pushed from one person to another.

Obviously I took a huge risk when deciding to stand as Mayor.

Risk that I would not be acceptable to my party, or my colleagues.

Risk that I may fail dismally as a Mayor and thereby run a good municipality into the ground,

risk that I would damage my own name and reputation for the rest of my life. Risk that I would lose all respect that I had built up over the years.

Risk that I would prove my sceptics right that someone as young as I should not be allowed to take up such a crucial leadership position.

Once I decided to take these risks I also decided that it was for me to prove my sceptics wrong – and the only way I could do that was through hard work.

I made it my mission to drive the length and breadth of Midvaal and assess service delivery in each and every area.

When you ask me today what are the road priorities in Midvaal – I'm able to tell you most of them because I've seen 80% of the road network.

When residents lodged complaints at my office I made it a point to go out and see for myself.

When people wrote to, or e-mailed the mayor – I made it a point to respond to them myself.

I speak to the media directly no matter how sticky the situation – not via a spokesperson.

In doing things like these – not only was I working extremely hard – but I was also obtaining something that all leaders must have – information. The more information I have at my disposal about things like the area, the residents, the complaints etc – the better the decisions I can take. The more good decisions I take the more I am respected as a leader.

It's as simple as that.

Almost 90% of the bad decisions I have taken were as a result of a lack of information.

So I have adopted the mantra of GO and SEE FOR YOURSELF. GET FIRST HAND INFO.

Too many leaders reached their desired position and then stop working hard. They have this idea that they have now arrived and it is time that other people work for them and they simply sit back and “manage”. Those kinds of leaders tend not to last very long.

Now generally, leaders enter the scene because they want to change the current situation.

They have a vision of what they think an organisation should look like and how it should operate.

When I was elected Mayor I went away on leave for a few days and returned with a very simple list of things I wanted to achieve per department.

They were shared and workshopped with senior management and adopted as our 2011 objectives.

Once a month we assess how far we are in achieving those.

By doing that it assisted everyone in staying the course – keeping focus.

One major risk I have is that I lose focus because of the day-to-day problems that take up my time.

And also – don't think that there aren't people who deliberately try to shift your focus away from your goals.

You can't solve all problems and focus on everything – do what you said you would and you will earn respect.

Right – we've got a vision, a plan, workshopped it to get buy-in, we are monitoring it everything seems ok and then a major crisis hits.

So what's new. I had to learn that crises and problems were going to be a part of my job. Leaders are supposed to be able to manage a crisis otherwise they shouldn't have been leaders in the first place.

So everytime one hits don't see it as a crises but as a part of your everyday job, but make sure your re-action to it shows that you are dealing with the matter.

An example – we all know of the recent oil spill in the Gulf of Mexi by BP. The whole world was up in arms, everyday there were news reports of oil damaging the environment and even President Obama went on site a number of times.

But the BP CEO was photographed sailing with his family around a lake on his yacht.

Not really how a leader should be seen when dealing with a crises.

If I was him I would have flown to the Gulf of Mexico, set up a temporary office for myself and spent two hours every morning assisting the clean-up teams before I got on with my other work.

The whole thing turned into a PR crises for BP and they had no option but to replace the CEO.

An example of a crises for me was the economic recession.

Within a few weeks of being elected I started realising that Midvaal was headed for a crash course.

As a small and relatively new municipality we didn't have the cash reserves like most other municipalities.

If we carried on spending at that rate we had about three months to go before we would run into problems with paying Eskom, Rand Water and salaries.

That would of course be exactly what our political opponents would have wanted and, despite the fact that I was a new Mayor – I would be blamed for running the place into the ground in a record time.

The other thing I had to consider was that if I drastically cut expenditure it would impact on visible service delivery and it wouldn't be long before people would see the difference and blame it on the new mayor.

What did we do?

- 1) Arranged an overdraft to buy time. (Within 2 months we almost maxed it out)
- 2) Designed a daily cash-flow report to see what was received, payed and what was payable, and this info was critical in taking daily decisions on what we could and could not do.
- 3) Realised that no matter how hard I, and the rest of the senior management tried to manage the finances we would never succeed unless we had the full understanding and buy-in from all 580 staff members.
- 4) Arranged to meet with all of them, different sections every morning for three weeks.
Explained what the recession was, how it came about and how it affected Midvaal.
I explained that budget cuts were inevitable and that internal costs would be first. Call it luxuries, or nice to haves such as overtime.
I also put a challenge to staff - every dept should assess all its functions and find a way to perform them cheaper, more efficiently, but at the same high standard.
- 5) Look at the small things – don't leave lights on, fix leaking taps, don't buy a pen for R20 when you can get one for R5 etc.
- 6) Lastly I made a deal with them. I explained that there was a real risk that there would not be money to pay their salaries on time and that it would have dire consequences for them and their families. If they did everything they could to save money I would make sure that they would get their salaries on time every month – no matter what.

7) And of course I made sure that the Councillors and senior staff set the example. No more sit-down meals after council meeting, no new furniture, the new Mayor couldn't re-do his office, couldn't buy a new car or employ new staff. Conferences and entertainment votes were slashed by more than a half, and the performance bonuses of senior managers were not paid until I was satisfied with the cash flow.

One of the saddest things with the recent public sector strike is that senior politicians and government officials have made no visible attempts to save money on travel, accommodation and staff costs yet ordinary workers are told that the state cannot afford an 8,6% increase.

Perhaps if the govt had implemented strict austerity measures a year ago, and stuck to them – workers would have been more understanding of the situation.

Because in Midvaal it worked. By and large most staff bought into the idea. Work that was always outsourced was suddenly now done in house. People learnt new skills and took on new jobs without expecting more pay. And I made a point of it to highlight, thank and encourage staff members that went out of their way to save money.

As at today Midvaal is not in overdraft, we have investments to fully fund our capital expenditure over the coming months and visible service delivery wasn't affected. In fact, last year we undertook our biggest road maintenance programme since Midvaal was established and we have achieved 90% of my 2011 objectives many months ahead of schedule.

I have been back to all staff again this year and thanked them for their passion and commitment. I must be honest, I never thought that municipal staff would re-act so positively to budget cuts, learning new ways of doing things and thinking out of the box.

And therein I've learnt my most important lesson to date. The crux of my job is to lead people in such a way that they are motivated and encouraged to explore their own potential.

My job is to make sure that they take ownership of their jobs, their depts. And the municipality as a whole.

I believe the quote is:

“Great leaders enable ordinary people to do extra-ordinary things”.

I hope that one day when I leave Midvaal people will remember me as a leader that challenged others to be better people.

Although I haven't expressly mentioned the term Emotional Intelligence (EQ) – everything I've mentioned above, from identifying a situation right up until empowering people, is linked to the concept.

My last two points, I believe, are crucial to a leader displaying the ultimate in EQ.

- 1) Know when to admit you are wrong, say sorry and get on with your job.
- 2) Know when it is time to leave. For most large organisations I believe that a top leader should be there for no longer than 7 – 10 years. Leaders become complacent, situations change and organisations constantly need a boost of new ideas if they are going to survive in the modern and fast-changing world. Spare yourself the embarrassment and leave on a high before you get pushed out.

And I just hope that I'll be able to figure it out when the time comes.