

Leadership development: the road to successful capacity building

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Abstract

This paper elucidates the increasing need to focus customs capacity building on sustainability, to reconsider our present knowledge and practices regarding the sequencing of reform and modernisation efforts, and to shift our emphasis towards a model that offers an ability to adopt, utilise, optimise and further develop the outcomes and results of development projects. Some parameters are central to the development process, particularly strengthening the ability of key individuals to lead, drive, manage, monitor and follow up the efforts to reform and modernise. Leadership is the crown jewel in this respect, since without strong leadership, there will be no development, and without development, no reform, no modernisation and no capacity will be built.

Purpose

This paper proposes a stronger focus on evolving so-called *soft capacity* to manage the more common capacity building bricks related to organisational development, business process re-engineering, technical assistance and the development of technology. By introducing a systematic approach to leadership development as a fundamental element of institutional building, the customs community can become a world leader in managing reform and modernisation.

Introduction

The concept of leadership is part of our history. We are now busy writing new chapters as we find ourselves living in the age of globalisation, an era of evolution. During the past decade we have seen more changes in the world than ever before in the history of our planet. Fifteen years ago we talked about the theory of globalisation, but we didn't realise what it actually meant. Now we know. Globalisation has been described as an enemy of the poor, which is simply not true; in fact, it is quite the opposite as has been stated by former Secretary-General of the United Nations, Kofi Annan: '... the main losers in today's very unequal world are not those who are too much exposed to globalisation. They are those who have been left out' (UNCTAD 2000, p. 2).¹

Today the world has become interconnected in more ways than have yet dawned on us and the transformation is more rapid than anybody could anticipate. A number of global crises have emerged and have contributed to the increase in the pace of change. The decade of crises started with international security following the 9/11 terrorist attack, followed by an international commodity price crisis, a global financial depression and more recently, a political crisis in the Eurozone. These crises have two things in common. They all started at the domestic or regional level and expanded to the international level, which is the essential consequence of globalisation. Secondly, they have all had an impact on the integration of the world economy, making the world more complicated and 'whichever way we choose to make a proper description of the core drivers of global change, we end up in the same overall consequence, complexity' (Lindgren 2012, pp. 51-2). This is a trend that will continue, as stated by Theodore Modis,

the US business analyst and physicist, ‘if the exponential growth of complexity were to continue, one week in 2025 would be as rich in milestone events as the entire 20th century’.²

What have we learned from these years? We can no longer solve our challenges at the domestic level, nor even at a regional level – we need global solutions. Global solutions require greater harmonisation and a need for international standards. However, international standards are only meaningful if and when they are properly implemented. At the end of the day, successful implementation can only be evaluated according to how it works at the ground level.

Capacity building, the key to customs strategies

One area where the changes driven by globalisation have the greatest impact is the global trade arena. We know from history that there is no progress without the development of trade, and that ‘trade is the only way for poor countries to become rich’ (Norberg 2001, pp. 125-58). The international trade system and supply chain is where Customs *per definitionem* works. That is its domicile and the consequences of globalisation exert powerful influences on its environment. As organisations, there is a need for customs administrations to build their capacity to meet these new challenges, both for today and for tomorrow.

Capacity building is about building an internal capacity to manage change over time, it is about having the institutional ability to continuously reform and modernise the state, its institutions and their respective functions.

For many years aid to developing countries has focused heavily on technical assistance and technology development, that is, it has had a technocratic emphasis. We built roads and houses, we drilled for water and created border facilities, all of it based on preconceived models and plans. We did not, however, necessarily hand over a locally independent sustainable capacity to enable the ongoing management of these facilities. When the projects were finished, the project team left. Capacity building moved to new projects, to new places.

In the course of the last ten years, however, there has been a paradigm shift towards real capacity building, looking at the needs of the recipient country, advocating ownership, building systematic processes, sequencing projects properly, developing infrastructure for capacity building, coordinating donor platforms, initiating implementation support and introducing measurement models for change management and development. Today we know how to conduct successful capacity building projects. We know what works and what does not. We build for the future.

The challenge we still face (the missing piece of the puzzle)

So why are not all capacity building projects successful? There is still one piece missing in the puzzle of how to increase the number of successful projects. The challenge we still face is to enhance the institutional ability to effectively utilise the outcomes and excellent results produced in development projects all around the world. We need to become better at building sustainable solutions that maximise the impact at the ground level. The problem can be boiled down to the moment when good projects are to be implemented and if, in fact, they are implemented, which unfortunately is not always the case, to at least preserve the good results in order to achieve short, medium and long term results.

We need to strengthen the ability to manage development projects, to manage the chance of success and the risk of failure. All reform and modernisation initiatives include an element of risk, but it is fraught with danger to do nothing. The trick is to manage and take calculated risks, but in many countries there is no culture of managing such expectations. Trial and error and pilot projects are unknown concepts which often means that it is better to not take any risks than to take a calculated risk, and without risk taking or true decision making there can be no reform or modernisation. What is critical here is the *human* aspect of leadership.

The concept of building so-called ‘soft capacity’

Even though we have travelled a long way in the world of development during the past few years there remains, even in the customs world, a maintained focus on the development of models and systems. We have moved away from stand-alone training and technical assistance, and technology is today acknowledged as an enabling element rather than the solution to all problems. Having said as much, the ‘top ten list’ of capacity building requests this year is targeted towards systems and models. This is understandable and there is nothing wrong with starting an Authorised Economic Operator (AEO) program, developing a risk management system or implementing a single window solution. In fact, these models are necessary key components of a modern customs administration. It is however equally important to evolve the human component alongside the system developments. We could call this parameter ‘building *soft capacity*’, meaning building capacity to manage and handle the outcome of new models, hardware and infrastructure. The soft capacity component includes areas such as recruitment of staff based on updated profiles, increasing the professionalisation of customs work, creating a career development program, education through lifelong learning strategies and leadership development.

The whiff of success

It is common knowledge from the significant number of diagnostic studies, implementation activities, monitoring actions, projects and follow-up missions that the most important factors upon which successful capacity building depends are ‘political will’ and ‘leadership’. There simply must be political will for change, and if/when this is the case, true leadership to drive reform and modernisation at the ground level is needed. We need to build and foster these requirements for change. A solution for the first parameter is to offer support upon the condition that political will for change exists. This is the way in which most multilateral organisations have been approaching capacity building for decades, which leaves us to address the topic of leadership development. In far too many customs administrations around the world, leadership development is underestimated, badly structured and organised or even non-existent. This, in fact, is not something that only applies to developing countries as many customs administrations in the developed world also face the same challenges. Having said that, the consequences for emerging economies in this respect are often more severe. This is of course not good enough when facing a world in transformation through globalisation.

We have for a long time been conscious of the fact that both the support from top management and commitment at the mid-managerial level are vital factors for successful day-to-day operations, as well as for change and development processes. Efficiency and integrity start at the top. Good leadership holds the key to the results of an organisation. A world of increasing demands, often combined with diminishing resources, will force all managers to acquire appropriate competencies, skills and education. This calls for a modern systematic and holistic approach to leadership development, specifically tailored for customs management purposes. While some leadership abilities, skills and knowledge are generic, there are other elements of leadership that are and have to be, organisationally specific. In this regard, several parameters set the customs service apart. Being a public sector agency with close links to business is one matter; the crucial role it plays in world trade and international logistics flows is another.

How to find the way forward?

We need to prioritise support for holistic leadership development early in the capacity building process. We need specific standardised models to recruit, foster and support staff at the management level, to enable officers to become customs leaders ready to face the challenges of a globalised world. There is a need for elements of leadership development to be included in all customs capacity building projects. We also need to sequence our development projects differently. While HR-related activities, together

with education and training, are usually planned for the later stages of capacity building projects, we need to introduce systematic leadership and management training at the beginning of major reform and modernisation projects, to enable organisations to gradually merge new initiatives and project results into their day-to-day operations and utilise the new options in an optimal way. This could, as suggested, be called building *soft capacity* to manage the more traditional parts of a modernisation process which are still necessary to obtain the holistic overall results of organisational development. It is time to bring about this shift now; it is time to introduce the new paradigm for capacity building, focusing more purposefully on the human factor.

How do we systematically develop customs leadership?

Some multilateral organisations, for example the World Customs Organization (WCO), have recently introduced leadership development programs. The WCO has, together with academia, developed a leadership module based on the PICARD professional standards.³ This leadership module is used in the WCO Fellowship program and also as a stand-alone capacity building module offered for customs administrations. Several WCO projects in Africa use this initiative, supported by donors like the World Bank, SIDA and the Finnish Government. Other organisations are considering introducing and sponsoring leadership development as a component of customs capacity building, but there is still a long way to go. We have started to see some important initiatives, but it is not enough. Not in a million years. It should be recognised that leadership development is more than just education. To be successful over time, there needs to be a more systematic approach, including a lifelong learning cycle of leadership development.

The leadership stairway

An organisation is only as good as the people running it. Leadership is about coaching people to act like a team, believing in and striving to achieve a common goal. Leaders are role models, and it is very true that people follow the example of what we *do*, rather than what we *say*. According to Stephen Covey, ‘most people think of leadership as a position and therefore don’t see themselves as leaders. Making personal leadership a choice is like aspiring to the freedom to play the piano. It is a freedom that has to be acquired – only when an individual realises this leadership can become a choice’ (Covey 2007, p. 28).

The customs community, and others involved in customs capacity building, need to focus on and prioritise building a leadership culture that can manage the new environment that we are already facing in world trade today. We need a systematic approach to leadership development and we need it badly. I have, during the last year, interviewed some of the most successful leaders and acknowledged academics of the customs world and they all bear witness to the need for a systematic approach to leadership development.

There are many options and different ways to move forward in this respect, but any model in this context needs to include a systematic step-by-step approach with a number of key components shaping a leadership stairway to successful management. The following six steps should (at least) be included:

Step One: Recruitment of talent

The recruitment process is essential to finding the talents necessary to manage a complicated and challenging business, namely the customs service of today and tomorrow. We need to identify, constantly develop and review our competence profiles, the necessary requirements and skills to attract and select talent in global competition.

Step Two: Career planning for managers

We not only have to find ways to attract the best talent for management but also need to retain them and offer development, long-term learning and career opportunities. We must introduce career planning, fast-track development programs and different ways to offer project management work and international opportunities.

Step Three: Leadership education

As a leader and manager you need the necessary education to be ready to face the challenges of decision making. Professional standards and best-practice models based on academic research and experience are available for all customs administrations to employ. The fact is that every customs administration in the world stands in need of developing a strategy on how to introduce lifelong learning in their organisational DNA.

Step Four: Trial and error, the practice of decision making

Many people say that we are born leaders, and if we are not – then we can never become any good as a leader. I do not adhere to that view. I believe that leadership and management are about talent, education *and* practice. We don't expect a boy that can run fast to break the 100 metres world record in track and field without training and practice, but we do expect people to lead and manage organisations without experience and practice. Malcolm Gladwell, the British-Canadian author, in his book *Outliers*, has presented research about what makes people successful (regardless of profession or office) demonstrating that it is a combination of talent and practice. Gladwell writes that the common dominator among successful people in business, sports, culture, or in any arena, is the ability 'to practice the skills more than 10,000 hours to become great' (Gladwell 2008, p. 41). This also applies to leadership and management. We need to practise to become proficient, as the old saying 'practice makes perfect' tells us. We need to practise more to become better; we need to practise more than anybody else to become great. For managers, practice means making decisions. So it is essential for managers to be in positions where they make decisions, evaluate the outcomes, and learn from the results. The decision making needs to be exercised in an environment of sound leadership culture. Working as an operational manager improves the skills of decision making and enables the individual to gain the experience necessary to move to higher positions in a day-by-day learning-by-doing manner.

Step Five: Mentors – having one, being one

Mentoring, meaning supporting and fostering another individual in a personal development relationship, has become more popular in recent years and it is an important part of leadership development. A more experienced and skilled person helping a person with less experience and knowledge, and giving guidance using his/her own experiences, is a typical capacity building exercise. Mentoring is more than just answering occasional questions or providing help as the need arises. It must be a structured, continuous relationship of learning, dialogue, and challenge. It is very valuable both having a mentor and being one.

Step Six: Taking the executive leadership challenge

W.G. Bennis quipped that 'Managers are people who do things right and leaders are people who do the right thing' (Bennis 2003, p. 20). During a management career, the leadership of an individual is tested many times. After practising management on different levels of an organisation, step-by-step, learning through everyday decision making, it is time to take the last leap to executive responsibility for an organisation, small or large. The important thing is to have courage, to search for leadership challenges and to strive for executive leadership by exercising the experience from the management career, continuing to develop, climbing the leadership stairway towards a platform where it is incumbent on leaders to make a difference, aiming at creating a better world.

For each of these six steps there are a number of known practices and models that are successful and that can be used as tools and instruments to build capacity and foster leadership in Customs.⁴

Conclusions

To sum up, it is time to start promoting the leadership development element of capacity building as a requirement for successful reform and modernisation. If we are serious about building sustainable capacity for the customs community, we need to become better at supporting leadership development. International institutions need to follow the existing examples in acknowledging the importance of the leadership parameter and they need to step up their efforts by developing systematic, holistic models and standards in this field. Donors must be encouraged to support organisations like the WCO in their efforts to build what I have termed *soft capacity* and the donor community should demand inclusion of leadership development in development project proposals, by funding leadership development as a vital part of all customs reform and modernisation projects. We all need to realise that leadership development is not simply education, just as capacity building is not merely a matter of training and technical assistance. Neither is leadership a given talent that you have or don't have. Customs leadership is a profession in itself, consisting of talent, generic skills, office-specific knowledge, education and on-the-job practice, to take decisions and learn from the experience.

It is time to take the next step in capacity building, acknowledging the leadership parameter, updating the capacity building paradigm and introducing a new generation of support.

We need a stairway to successful leadership development and maybe this paper can be the first step. Who will take the next one?

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Notes

- 1 Comments made by former UN Secretary-General Kofi Annan in his speech at the UNCTAD Conference held in February 2000, soon after the demonstrations against the World Trade Organization.
- 2 Quoted in Lindgren (2012).
- 3 PICARD stands for 'Partnerships in Customs Academic Research and Development' which is a structured cooperation between the World Customs Organization (WCO) and the International Network of Customs Universities (INCU) to foster professionalism in Customs, and research and development in the areas of customs and trade. Under the PICARD Programme, INCU and the WCO have developed international standards of recognition for customs-related education which provides WCO recognition to qualifying curricula and graduates.
- 4 Editor's note: Lars has written about some of these practices in his upcoming book, *When elephants fly: customs leadership and management in a globalised world*.

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