HRCOACH
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Leaders Aren't Found.

They're Built

2025

Current Challenges Facing SMEs in Australia

Employers across Australasia are navigating a tough post-COVID environment. Our data from the last two years highlights exactly what employers are struggling with – and more importantly, where the real opportunities for growth lie.

Our research draws on over 6,000 SME businesses and is reinforced by direct feedback from business owners and HR managers. The results are clear: the gap between average and great businesses comes down to how well they develop and support their supervisors, managers and leaders.

What The Research Shows

Over the past three years, our research has consistently revealed a common theme: businesses must prioritise retaining talent and developing internal capabilities.

This isn't surprising. Many businesses lost experienced leaders during the COVID years (2020–2022) and in the immediate aftermath. As a result, management teams are now carrying far less experience, at a time when employee expectations have never been higher.

This white paper is for you if:

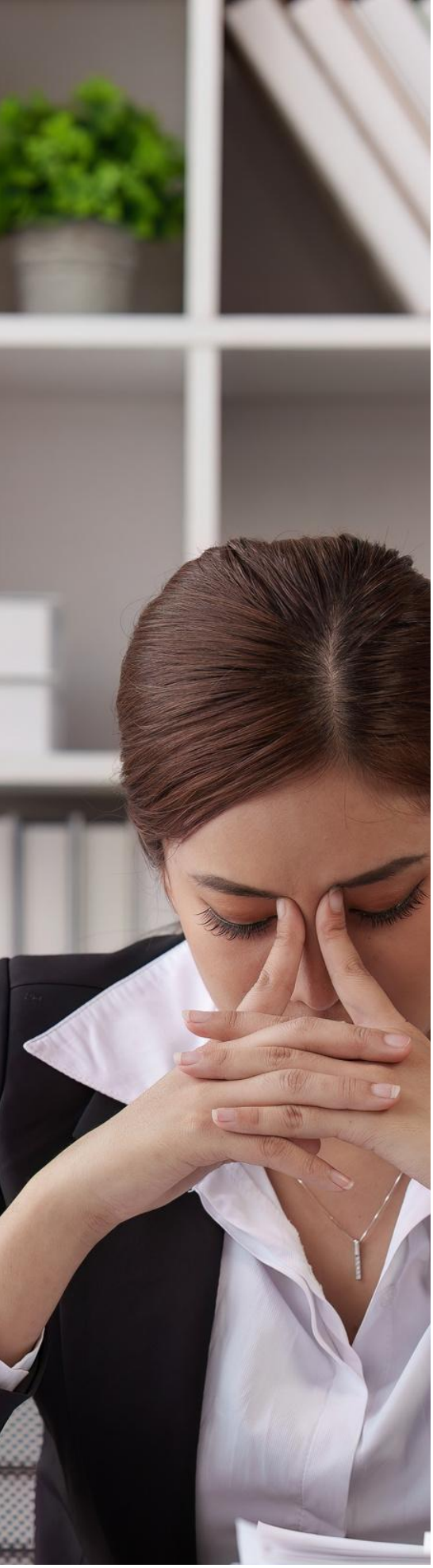
- You are a business owner looking to add more value to how you spend your time.
- You are part of a management team seeking ways to make your business more competitive and sustainable.
- You are a professional keen to understand what is frustrating Australasian business owners and managers right now.

The good news is that businesses that act now to address these leadership and capability gaps position themselves for sustainable growth.

What employees (and managers) are looking for now:



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Why Business Owners Can't Do It All

Business owners could try to meet all these expectations themselves. But doing so would pull them away from their core focus: building the business. Most can't reinvent themselves, take on every challenge, or deliver everything employees need.

That's why developing your managers and supervisors has never been more critical. Building internal capability spreads the load, meets rising employee expectations, and ensures the business stays aligned and sustainable.

The Essentials of Modern Leadership

After three decades working in and with businesses across Australasia, we believe there are eight essential leadership capabilities that managers and supervisors must master:

1. **Understand themselves** – including their natural strengths and blind spots.
2. **Understand others and adapt their approach** – improving delegation, motivation, and cross-functional collaboration.
3. **Demonstrate the behaviours of great managers** – consistently and in line with company culture.
4. **Performance coach each team member** – to unlock discretionary effort and drive improvement.
5. **Develop emotional intelligence (EQ)** – to manage their own emotions and respond effectively to others.
6. **Craft a clear vision, build alignment, and drive execution** – across their teams or departments.
7. **Get the right people on (and the wrong people off) the bus** – building high-performing teams.
8. **Align daily activity with strategy** – to gain a competitive advantage.

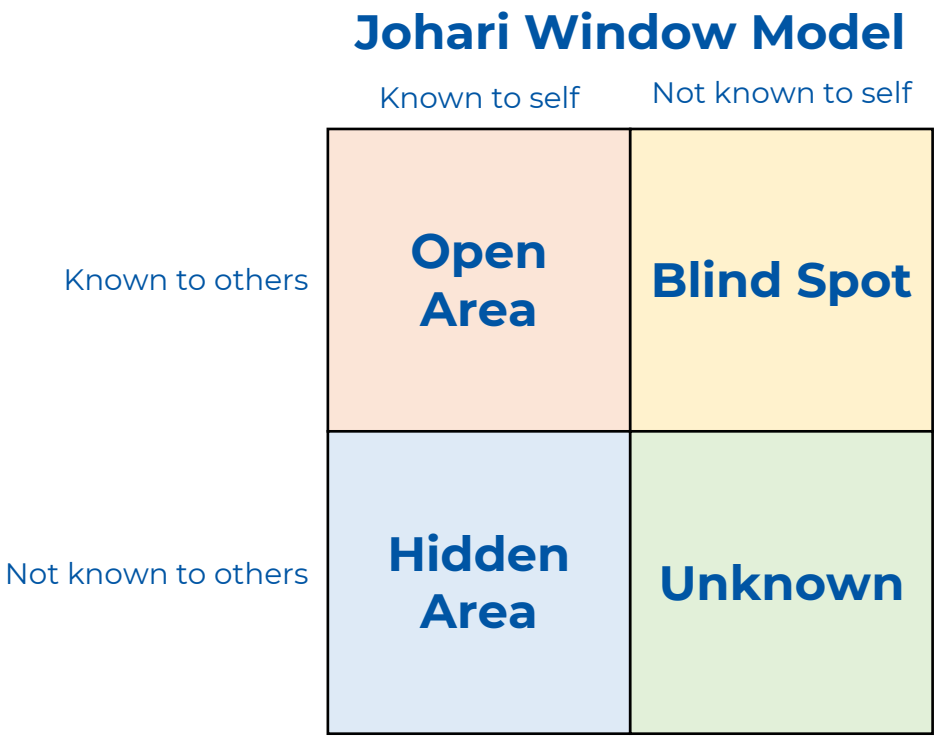
Let's explore each of these capabilities in more detail.

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1. Understand Yourself

Success often comes from hard work. However, what happens when working harder fails to yield results? For many managers, that signals the need to shift from effort-based to insight-based leadership.
This starts with self-awareness.

The Johari Window model explains how we each have known and unknown characteristics. Some are obvious to us, while others are only apparent to others, and some remain hidden to all. By uncovering blind spots, managers can unlock their natural strengths and develop where needed.



Improving self-awareness is the foundation of leadership growth.

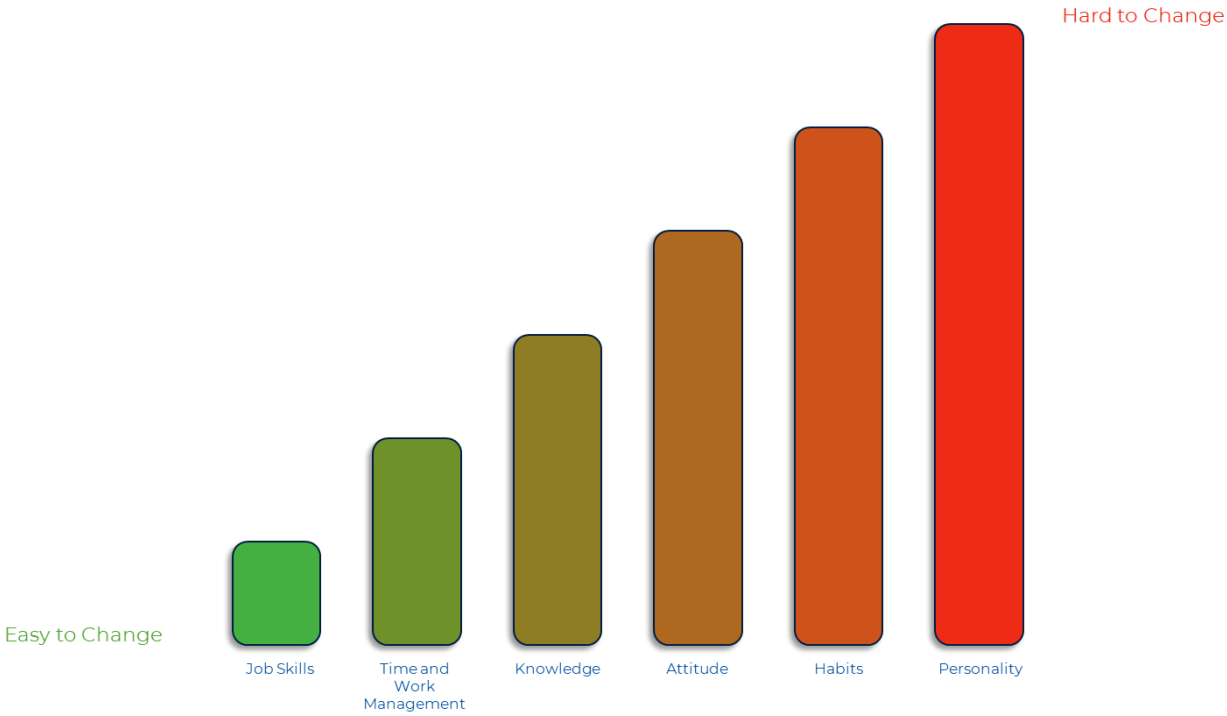
2. Understand Others and Adapting Your Approach

Once you understand yourself, the next challenge is understanding others. You could try to do it all on your own, but that quickly leads to burnout.

The reality is that only 5–8% of the workforce is likely to think the same way you do.

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This means effective managers must adapt their approach to connect with different personality styles. Miscommunication and disengagement often stem not from employee shortcomings but from a mismatch in communication styles.



Managers must shift from one-size-fits-all to personalised leadership.

3. Behaviours of Great Managers

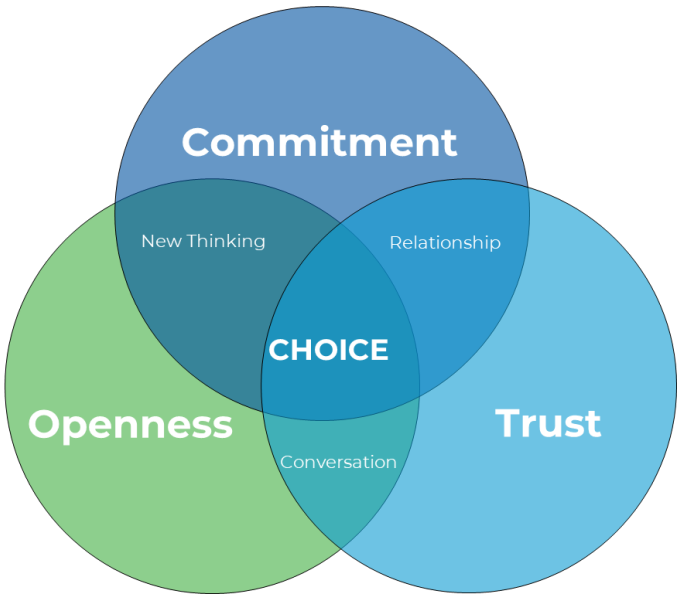
Since 2004, we've researched the behaviours of Australasian managers and found a direct link to company performance. Great managers consistently demonstrate:

- Self-motivation
- Quality communication
- Team leadership
- Business acumen
- Planning and organisation

And it's not enough for managers to think they do these well. Employees must experience these behaviours. Culture is what your people see and feel every day, and poor consistency in management behaviour can erode trust fast.

4. Coaching for Performance

Every employee plays a role in the success of the business. When managers coach effectively, they unlock discretionary effort and boost results.



Today's employees want to contribute to improvement and be heard. They disengage quickly when their ideas are dismissed without explanation. With pressures outside of work growing, legislation including the psychosocial risk framework and right-to-disconnect laws now formalise what high-performing businesses already do: maximise individual performance for business gain.

Trust is the foundation. Coaching requires open, ongoing dialogue – and a shared commitment to improvement.

5. Getting the Right People on the Bus

Jim Collins' research in Good to Great highlights that great businesses work hard to find the right people, and just as importantly, remove those who no longer fit.

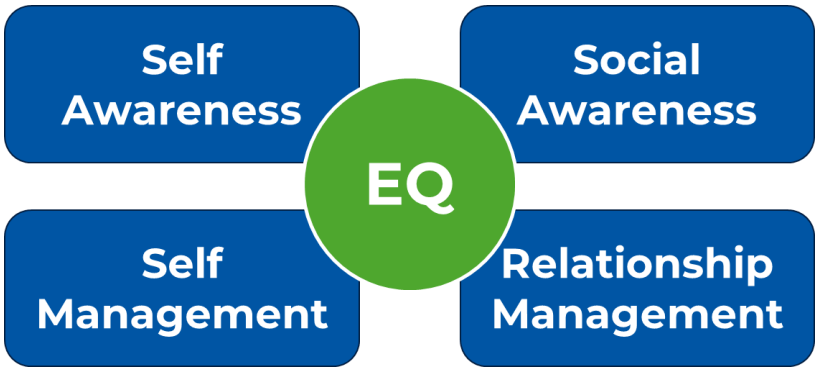
Hiring should be based on cultural fit, capability, and the ability to make a positive impact. And managers must be willing to take swift action to address underperformance.

Whatever poor behaviour is tolerated becomes the new standard. And the best people notice when managers don't act.

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6. Emotional Intelligence in Action

Technical skill and IQ matter, but emotional intelligence (EQ) is what defines great leaders. Daniel Goleman's model of EQ includes:



Managers who master these areas handle conflict more effectively, support team well-being, and foster a culture of trust.

EQ is challenging to teach, difficult to measure, and most challenging to maintain. But it pays dividends in every leadership interaction.

7. Vision, Alignment, Execution

Whether you lead 5 or 500 people, leadership comes down to three things:



Most managers are strong in one or two of these areas. However, truly effective leaders deliver all three. And each step requires different skills.

The Work of Leaders framework enables leaders to build capability across vision, alignment, and execution in a structured and practical way.

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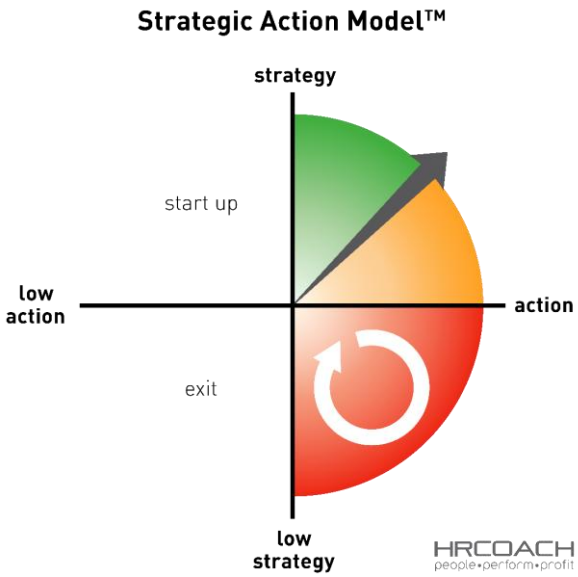
8. Aligning Activity with Strategy

Our research with over 6,000 Australasian businesses shows that only 22% operate in the high-alignment quadrant. These businesses:

- Link daily activity to strategic goals
- Finish what they start
- Gain a 10–20% productivity advantage over competitors

48%
of businesses are busy being busy

Meanwhile, 48% are in the red zone – chaotic, misaligned, and at risk of losing key people. Over time, misalignment leads to lower profits, disengagement, and eventual market exit.



Alignment isn't a buzzword. It's a bottom-line business decision.

6,000
businesses studied

18%
difference between high and low performers

809,190
data points included in the study

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Self-Assessment: How Does Your Business Compare?

Use the checklist below to evaluate your business across the eight essentials. Rate each statement from 1 (Never) to 4 (Always).

Area	Statement	Never (1)	Sometimes (2)	Usually (3)	Always (4)
Self-awareness	Managers understand their strengths and work to improve on their challenges.				
Delegation & Motivation	Managers consistently delegate, motivate, and manage up and sideways.				
Management Behaviours	Managers consistently demonstrate the five key behaviours.				
Coaching	Managers coach every team member regularly and effectively.				
Team Management	Managers address poor fit and maintain strong team standards.				
Emotional Intelligence	Managers continually develop their emotional intelligence.				
Vision & Execution	Managers communicate a clear vision, build alignment, and execute.				
Strategic Alignment	Daily activity is aligned with strategy.				
	TOTAL				

Results benchmark:



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Practical Solutions for Building Leadership Capability

Development Need	Recommended Solution
Understand self	DiSC® Management assessment and development workshop
Understand others	DiSC® Management assessment and development workshop
Management behaviours	STAR Workplace or Fusion behaviour assessment and Great Managers workshop
Coaching framework	Implement a structured performance coaching program for all managers.
Team assessments	Use Career Monitor assessments and create tailored development plans.
Emotional intelligence	Start with Genos EI self-assessment, followed by a 360-degree development program.
Vision, alignment, execution	DiSC® Work of Leaders assessment and workshop
Strategic alignment	STAR Workplace assessment and HR plan implementation

By focusing on these essentials, you build a leadership team equipped to grow your business sustainably – and take the pressure off yourself.

Future leaders aren't found. They're built.

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Plan Perform Prosper

HR Matters

Tweak HR
RECRUIT MEASURE COACH TRAIN

mind your Ps
People Productivity Potential

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About HR Coach

HR Coach Australasia consists of an Independent Member Network delivering human resource and strategic alignment solutions to businesses.

HR Coaches work with businesses to establish and maintain the link between People and Business Strategy to improve performance and profitability. HR Coaches have researched the Australasian small to medium business sector for over twenty years. They use this research, patented tools, and methodologies to deliver practical, timely, and effective solutions for businesses.

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