LEADERSHIP Excellence
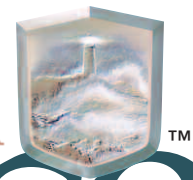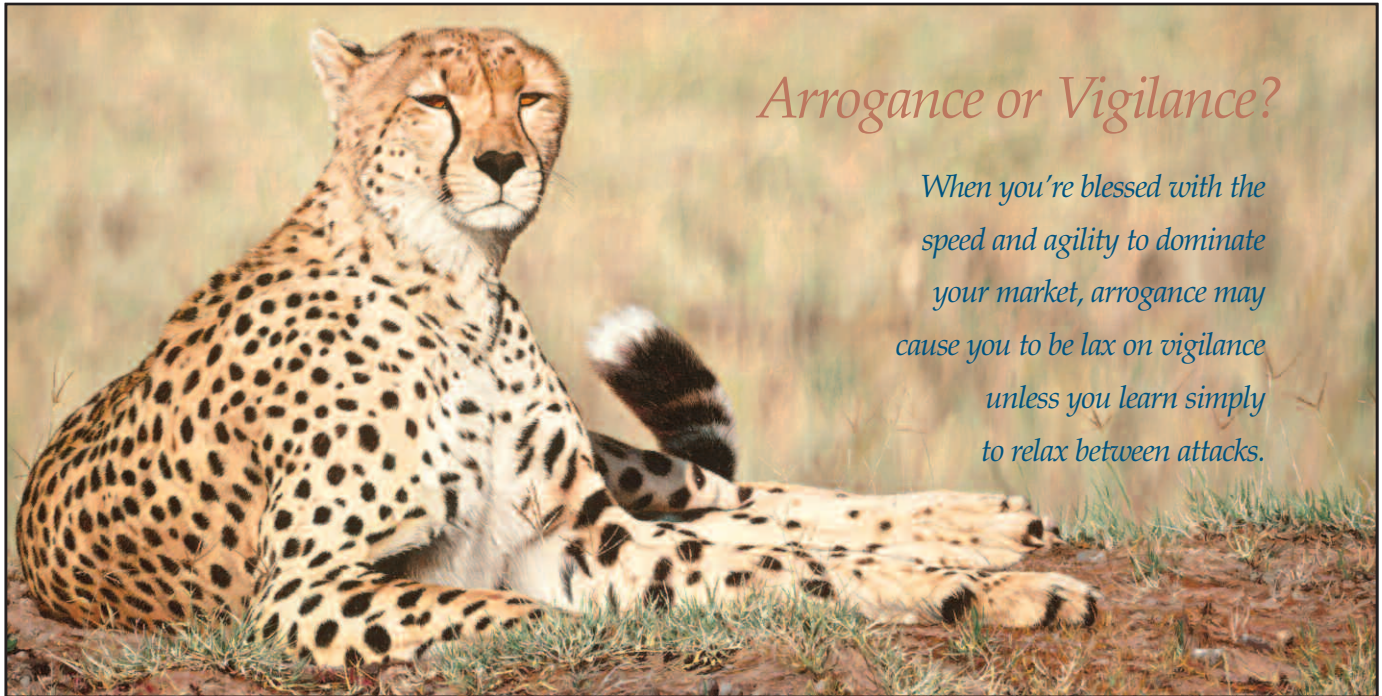
Warren Bennis's

THE MAGAZINE OF LEADERSHIP DEVELOPMENT, MANAGERIAL EFFECTIVENESS, AND ORGANIZATIONAL PRODUCTIVITY

Arrogance or Vigilance?

When you're blessed with the speed and agility to dominate your market, arrogance may cause you to be lax on vigilance unless you learn simply to relax between attacks.

On Peters, Bennis, and Excellence

We dedicate the issue to Tom, the magazine to Warren.

by Ken Shelton

As WE APPROACH OUR 25TH year of publishing *Leadership Excellence*, we dedicate this issue to **Tom Peters** on the 25th anniversary of *In Search of Excellence*. In many respects, Tom's coauthored bestseller in 1982-84 set the stage not only for the launch of *Leadership Excellence* but set in motion a 25-year renaissance of the field of leadership.

Unlike the old-school consultants—characterized by such rugged individuals as Deming and Drucker (virtual Old Testament prophets of boom and doom), Peters has stage presence. He explodes like a firecracker in the face of clunky corporate types (the "suits"). He salts his speech with adjectives, and peppers his prose with proper nouns.

He is a gunslinger who dares to name names—of both the best and worst. In writing, he champions the bold style, punctuated with caps and exclamation points (like a kid, he uses the whole keyboard); and in speaking, he mimics Shamu, the Sea World whale—meaning the first 10 rows get wet (with saliva and sweat).

Tom's a fighter pilot—a bright school boy, a sharp mind and wit, with an equally sharp tongue and blue-collar work ethic. He became the preeminent business journalist—the Carl Bernstein to Bob Waterman/Woodword). He paces and frets; he's openly passionate and opinionated. Still, among his mostly reserved and politically correct colleagues, he is unique in his courage to confront miscreants and go on record. He is, on the other side, profuse in his praise for excellence. He has come to personify the idea and the ideal of excellence— an aspiration (and perspiration) toward something higher and better, along with a deep and abiding discontent with the status quo (hence, his penchant for destruction).

I like Tom Peters. Why? He gets the purpose of life: to grow, to progress, to make a mark, to risk, to fail, to win, to be your best self.

When I asked **Warren Bennis**, the distinguished dean of the field, to comment about Tom for this issue, here's what Warren said: "Tom may have his faults (and he certainly has his critics), but he is blessed with extraordinary generosity of spirit—and that's not

Tom Peters

Warren Bennis

just a 'redeeming quality' in him, it's his defining trait. I know, from experience, that when I need his help, I can call him any time, anywhere, and he will respond within minutes; in fact, he'll likely show up in person. His insights on leaders and leadership are sometimes irreverent, but always on target. He has keen intellect and keystone ideas, and yet in his presentations he oft highlights the words and works of others. In truth, as much as he writes about *Me, Inc.,* the life and mission of Tom Peters is not about Tom. It's more about *We, Inc.* He's a closet collaborator who has moved the entire field forward. True, he *bothers* us, in the best sense, to spur us to excellence. This ideas of 'bothers us' came to me from a quote in Ray Bradbury's *Fahrenheit 451*. He wrote: 'We need not be alone. We need to be *bothered* once in awhile. How long has it been since you were really bothered? About something really important, about something real?" That is what Tom Peters is to our field of leadership. He is the *Supreme Botherer* of our field. He bothers us about a lot of *important* things, about a lot of *real* things. And that's about the best tribute I can bestow on anybody."

And in honor of Warren Bennis, we have decided to add his name to our *masthead*. Indeed, I like to think of Warren as our worthy *Headmaster*, a Mr. Chips, a master teacher and *Champion of Excellence*. And so we now make *Leadership Excellence* his signature edition, since all who contribute to these pages, follow in his democratic tradition of "endemic freedom."

Timeless Principles

I think back on my recent trip to San Francisco and a visit to *Ghirardelli*. They tag their chocolate with the line "Moments of Timeless Pleasure." The *Leadership Excellence* tagline might be: "Magazines of Timeless Principles" (and best practices).

While in San Francisco, I met with Jeff Snipes and Liz Becker of Ninth House. See their article on best practices (page 5).

I've selected articles for this issue using one criterion: Would Tom like them? **LE**

Ken Shelton
Editor since 1984

Full view of table of contents art.

Executive
Excellence
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Why Are You Here?

Practice your ritual experience.

by Tom Peters

I BELIEVE THERE IS NO excuse for any "business writing" that should be crafted any less carefully or aim any less high than a great novel or great inaugural address. After all, we do aim—day in and day out—to change the world via our human collectivities called enterprises.

I'm getting serious about Excellence again. The critical axiom is this: in order to lead effectively toward excellence, you must know yourself. Your core values must be examined. You simply must understand how you are understood by others. I suspect my return to excellence is akin to a *Roots* experience. (See following story.)

Don't forget why you're here! I recently met a young lawyer, Harvard trained, now putting in her time at a big firm. She observed how her life is just a whirl of mostly trivial activities. On the one hand, that's normal—part of the time-honored apprenticeship process. But it's true that in the midst of it all, you often lose sight of why you followed this hallowed path to begin with. I've heard doctors and other professionals say the same thing. Former Secretary of State George Schultz mused on how you come to public service with the highest of ideals, but "you get so caught up in the Power Game that you forget your worthy aspirations." God knows, on many a long plane delay, I've wondered the same thing. Alas, many CEOs get so caught up in the earnings game that they forget that they are meant to be of service to some worthy, Olympian objective.

I have a little ritual I follow to get back on track. I take a moment and skim either *In Search of Excellence* or my Stanford dissertation—and remember what I aimed to do in the first place (and how far I have strayed). Such reflection helps me re-center.

I suggested to my new lawyer acquaintance that she invent some like ritual. And I suggest the same to you. Ask yourself: "Why did I take this assignment, or choose this profession? Am I doing everything possible to hold to the principles that got me into all this? Is my time here up?" It's the ritual review rather than its form that's important. My suggestion: Do it every 90 days. Better yet, every evening!

Be serious about the little things that matter to your customers. Do you bend over backwards to go "beyond the book" to help customers? Do you open earlier than advertised? Are your envelopes the right size? The 25 companies that made *Business Week's* first "Customer Service Champs" list are very serious about the "little things." And you? Personally? Your team? Your company? How do you know?

For sure? What are you doing about it? Today? Now? "Big aims" (I believe in them religiously!) are plain silliness without the "little" things executed to perfection. ("Big" keys to "little" things: great hiring practices emphasizing "soft" factors, extensive and enjoyable training, fun, celebrations, routinely using words like "Wow," managers who are out and about.)

Suppose I work in sales in a 201-person unit. (Everybody is in sales.) Key #1: My Internal Customers are more important, long term, than my External Customers to whom I am officially making the sale. Goal: I want all 200 of my mates—in every discipline—working for *me!* Starting with my CEO!

Secret to Key #1? Big time investment! Screw the "traditional silos"—I plan to make everybody in every department *desperate* to make me successful with my External Clients and Customers. I want my mates to reap the pleasure and rewards of the relationship with "my" (now their!) External Customer. The customer is my mates who will surpass me in their effort to wow my end user-customer. Are you investing, like a deranged maniac, in your Internal Customers? Do all the folks in your unit work for you—and love it? Have you measured internal customer satisfaction?

How tight the reins? It's all about centralization vs. decentralization, Jefferson vs. Hamilton. Jefferson believed in "We the people." Hamilton said: Centralize. Have a strong executive. How much slack do you give your people? Do you keep the reins tight? Every person who makes it into the history books is, by definition, insanely disobedient—doesn't "buy the act;" has contempt for his-her "betters." But we tell our kids to "sit still, follow the rules, and behave."

The boss's job is the art—never science!—of dealing with the gyrating centralization-decentralization balance-tension. We see this in the imposition of "best practice" standards. I love best practices when they are available to learn from. I hate them when they demand mimicry. Unless you fanatically manage your enterprise, there will be an Axiomatic Drift Toward Centralization. How can you fight creeping centralization and corporate collapse! What are your precise procedures to stop the proliferation of originally sound-procedures-become-bureaucratic cancer? Have you exercised these procedures this week? Today?

This I believe! We call it bare-knuckle competition! We call it capitalism! We call it democracy! *Decentralization rules! Destruction rules!* It's time to destroy. "Change the rules before somebody else does." "Organize" for performance and customer satisfaction. "Disorganize" for renewal and innovation. Rant: We pursue preservation, but the old order is doomed. We value permanence, but "permanence" is the last refuge of those with shriveled imaginations. We practice change, but "change" is not enough!

I imagine a world where the idea of corporations that exist in perpetuity is considered so much nonsense—a world where the Urge to Merge is buried beneath the Drive to Self-Destruct (and to Re-imagine). A world where the timid goal of improvement (and the tendency to tinker) gives way to a Commitment to Destruction.

We must *destroy* the timid cubicle slave within—the one whose life is "celebrated" (or decried) by Scott Adams in *Dilbert*. We must destroy the barriers that keep us from taking but slight advantage of new technologies.

The myth of perpetuity. About the first thing you learn in Accounting 101 is the contrived "fact" that the corporation exists "in perpetuity." I find the notion *unspeakably* arrogant. What's true of companies is also true of individual careers: A truly Big Impact often comes in a remarkably short time.

Warren Bennis and Patricia Ward Biederman offer a trenchant observation: Great Groups don't last very long. The model of greatness comes to this: Make a Big Impact and then a Quick Exit. Transforming Leaders tend to wear their followers out.

America = Re-imaginings. This is not a time for building defensive castles and moats. America is all about destruction, all about restlessness, all about reinvention, and re-imaginings. That's why, about 400 years ago, we got "out of town"—that is, England. That's why, about 200 years ago, we again got "out of own"—that is, New England—and headed West. Many of us feel a similar restless urge today to destroy the identities of the past, to become once again explorers. To rip away the shackles of cubicle slavery. To take charge of our lives. To reinvent and re-imagine. It won't be easy, just as it wasn't easy for those brave families in their Conestoga wagons, heading across the dusty and dry plains, and then on to the virtually impenetrable Rockies and Sierras.

Rockies and Sierras. If there wasn't always gold at the end of the rainbow, there was almost always an opportunity for reinvention. A new start. A new you. I followed the well-worn wagon tracks myself, in 1966, when I left my East Coast home to go on active duty in the Navy, about 65 miles north of Los Angeles. I stayed in California for 36 years. When I finally came back East, I didn't have any trouble giving up California sprawl or California smog. But I had a lot of trouble giving up the *idea* of California. The idea of having made a new start, of having made myself up as I went along.

Color commentary. I'm trained as an engineer to think in logical terms: "It's black. It's white." But, as I've learned, in the real world, there's no relief from the tension between conservation and change, order and freedom. Does that mean we're cursed to live in a world of dreary gray? No! The alternative to black/white is not gray but Technicolor! Let a hundred colors bloom! **LE**

Tom Peters is president of the Tom Peters Company and author of Leadership, *from the* Tom Peters Essentials *series. Call 513-683-4702 or visit www.tompeters.com.*

ACTION: Recenter on your principles.

Swim Blue Ocean

C o m p e t i t o r s   d i s a p p e a r .

by Gabor George Burt

INNOVATION IS THE reigning buzz word. Markets are becoming less predictable, and traditional rules no longer apply. So the idea of innovation as the source of sustained growth takes center stage. Still, knowing how to best define, harness, and systemize innovation and how to incorporate it into a successful strategy is far more elusive.

The concept of Blue Ocean Strategy aims to fill this void. It provides an intuitive framework for creating uncontested market space and making the competition irrelevant.

The key is value innovation, the pursuit of superior customer value and lower cost. This perspective leads you to expand your definition of customers and to focus in on what they ultimately want. If your offering is nothing more than an imitation or incremental improvement over your competition, you'll only be treading water in a red ocean. But if you can distinguish yourself and deliver superior value, your competition becomes irrelevant. You will be in an uncontested blue ocean of compelling opportunities and uncontested market space.

Two Examples

Here are two examples:
Example 1. Eric "the eel" Moussambani. In the 2000 Sydney Olympic Games, a swimmer from Equatorial Guinea, Eric "the eel" Moussambani, qualified for competition not by meeting the stringent minimum time standard, but by winning a wild card entry randomly allocated to athletes from small, third-world countries who otherwise wouldn't meet the standards. The intent is to make the Olympics a world-encompassing event.

Eric gained instant superstar status by winning a heat where the other two swimmers were disqualified for false starts. Being exposed to a full-size swimming pool for the first time, and uninitiated in a diving start, he still managed to finish the 100-meter heat to the spectators' uproarious reception. Such a display of courageous dilettantism made him the sensation of the games, winning him global fame, celebrity invitations, and attractive promotional opportunities.

Why such raving success for the worst swimmer in Olympic history? Because he sidestepped head-on competition against his more qualified rivals, and gave spectators what they ultimately wanted: inspirational entertainment. And, he did this with minimal cost and investment. Eric learned to swim just six months before the Olympics. So, he came to personify the Blue Ocean Strategy: Make the competition irrelevant by offering superior customer value at lower cost. The term *Blue Ocean* suggests high-impact and successful strategic moves.

Example 2. Theodore Geisel, the creator of Dr. Seuss. Geisel's stories and characters redefined a segment of the book industry. In the 1940s, so-called "early readers" books designed to teach children to read only used the 223 words approved by the Dolch reading list. The books were boring. Dr Seuss stories set out to combine the best of early readers (their simplicity) and those of traditional fairy tales (entertaining story and moral message), while adding his trademark zany humor and illustrations to the mix. He created books that kids and adults love to read. This value innovation created new market space.

Blue Ocean Strategy does not require that you be best at what you do, or assume that you have capabilities others can't match. With the right target customers and strategy to serve them, anyone can create blue oceans. It is not about being best in every, or even in any one attribute, but having the best mix of attributes which leads to uncontested market space and high growth. Being relevant is far more important than being biggest or best.

So now ask yourself two questions:
• Who sets the standards and rules of competition in your industry?
• Do you take them as given, or continuously challenge and overstep them?

Breaking out of the accepted yet familiar market confines may seem frightening, but it is a rewarding process of continuous exploration. Are you ready to make the journey from Red Oceans to Blue? In the words of Andre Gide, Nobel Prize-winning author: "You can't discover new oceans unless you have the courage to step away from the shore." **LE**

Gabor George Burt is an expert on Blue Ocean Strategy and Value Innovation. Visit www.creatingblueoceans.com or email info@creatingblueoceans.com.

ACTION: Discover your own blue ocean.

Top Performance

Use best practices to progress.

by Jeff Snipes and Liz Becker

DEVELOPING CREDIBLE AND EFFECTIVE leaders is one of the best ways to boost performance, but it's also a major challenge, as organizations are constantly trying to crack the code on what makes for best-in-class leadership development.

Our *Leadership Index*—a study of *Fortune 500* leadership development practices, competencies, and impacts—revealed some new answers. By applying these best practices, you can accelerate your performance and ROI.

Our study was driven by the question: How do high-performing organizations develop leaders to achieve results? We focused on: 1) leadership development practices; 2) leadership behaviors; and 3) measuring development ROI.

Best Practices

While different organizations have different experiences and preferences with respect to growing their leaders, there are several shared best practices:

• *Make the leadership development system more "real-time."* Place emphasis on "experience" (over classroom training) and individualize development by bringing in the right skill sets at the right time.

• *Anchor the leadership development system in strategy.* And since strategies change and churn, put a premium on execution skills. Traits must mirror and keep pace with strategic challenges.

• *Align behaviors to strategy to create a core purpose for development.* Without purpose, development practices tend to become ends in themselves. Integrate development and strategy in many ways with the emphasis on specific competencies. Align the skill sets of leaders with business challenges. Leaders need the skills to launch, test, and revise strategies.

• *Gain management commitment, involvement, sponsorship, support, and visibility.* Executive endorsement lends credibility and elevates the experience of those being developed. Active participation by leaders as teachers, mentors, and coaches provides an even greater payback.

• *Use experiential learning or action learning to develop leaders.* By defining core challenges, or reviewing action-learning outcomes, senior leaders play a huge role in crafting development success.

• *Define desired competencies.* While desired competencies tend to be company-specific, four most impact performance: setting strategy, engaging talent, operating efficiently, and driving revenue.

• *Have a model in the form of critical*

knowledge, skills, and motivations. Integrate a core competency framework throughout the talent management cycle—from recruiting to selection to development to promoting and compensation.

• *Use the competency model to set behavioral expectations.* The model generates guidelines on how leaders should think, act, and interact. A competency framework helps define the culture. A more focused set of competencies is useful for developing leaders for each business unit. As the strategic demands change, priorities and competencies may shift.

• *Take a multi-dimensional approach by using various learning techniques and platforms.* Include classroom, online, and experiential learning activities. Use different modes of learning for different managers, locations, and context.

• *Create a flexible leadership curriculum.* Rather than mandate programs, embrace adaptability. Create fluid designs with just-in-time response elements and online and blended learning solutions.

• *Link development to real-time experiences.* Move leaders onto special projects, task forces, or initiatives to take on real problems or projects with immediate feedback and payback. Solving chal-

lenges serves as a crucible that forges relationships and networks, breaks down barriers, and accelerates synergy.

• *Rotate managers across disciplines, divisions and geographies.* Use rotational assignments with high-potentials.

• *Individualize leadership development.* Use executive coaches and 360-degree feedback to create unique initiatives—not linked to performance-appraisal.

• *Integrate leadership development with talent management.* Have programs for developing high-potential leaders and tracking turnover of those leaders.

• *Succession planning.* Build leadership bench strength by tying leadership development to succession planning.

Leadership Competencies

The *Leadership Index* identified four competencies that drive business results:

1. Setting strategy and direction. Forging, communicating, and executing a strategy in pursuit of a vision is at the core of leadership. Leaders set a strategic direction, get people on board, ensure the strategy is followed, make course corrections as needed, and ensure integration among business units.

2. Engaging talent to boost productivity. Leaders attract and energize others in pursuit of common goals. They identify high-potentials and coach people to excel. They provide feedback and support to maximize performance; identify and tap into the strengths of others; use influence to align people's energy toward the strategy; apply consequences for performance; bring in and develop the best people; and drive a culture of commitment.

3. Operating efficiently and effectively. Leadership skills should reflect core business pursuits. Exceptional leaders display practical, process-oriented management skills. They ensure systems and processes are efficient and effective, commit to making the best products and providing the best service, allocate resources effectively, ensure that people are highly skilled, and conduct timely cost-benefit analyses.

4. Generating revenue through a market focus. Great leaders drive financial results, focusing on short-term growth, by harnessing and creating favorable market conditions. They know what factors impact the business to maximize return. They keep a close watch on revenue and actively manage it to ensure financial goals are met—ensuring high customer engagement and then ultimately long-term growth stability.

ROI of Leadership Development

Few organizations have metrics to evaluate the effectiveness of their leadership development practices. Only half

monitor objective, quantifiable indicators of leadership effectiveness. Most measures relate to succession planning patterns—leader turnover and rates of leader promotion. Some also assess leadership knowledge and competency. A few organizations try to link leadership development and organizational outcomes.

Measurement ambivalence. Some feel that the evidence for leadership development is more anecdotal. Many people rely on indirect indicators of impact. Yet, quantifying the ROI of leadership development is the wave of the future.

Successful models. Leadership development is the key to achieving results: profit, revenue, earnings-per-share growth, profit-per-employee, employee engagement, and customer retention. Executive sponsorship, action learning, and blended learning are valuable when they lead to such outcomes; yet the path to results is indirect. Development practices improve the competencies that then influence outcomes. Effective leadership development systems accelerate the development and application of key leadership competencies. Tailor your leader development to the realities of the business, recognizing that strategies for growing leaders may shift with changing demands.

Four Components

The best systems have four components:
• *Action orientation.* They tend to be actionable and leveraged to real business solutions. Experiential learning and action learning are often cited as best practices.
• *Strategic focus.* Business strategy and leadership development are interwoven. The best development systems facilitate the execution of business strategy.
• *Integrated as a system.* The development of leaders should be linked with other talent management components—recruiting, selecting, and succession planning and performance management.
• *Multi-dimensional learning designs.* The most effective curriculums tend to incorporate a wide range of learning techniques and delivery mechanisms—such as online, experiential, classroom, or blended—that are real-time and real-life. *Real-time* practices emphasize specialized and customized learning programs targeted to the needs of individual leaders, and *real-life* emphasizes experiential and action learning practices linking leader development to business challenges.

Create an effective leadership system to accelerate the development of leaders and improve performance. **LE**

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ACTION: Improve your leader development.

To Develop Others, Start With Yourself

Openly develop yourself.

by Marshall Goldsmith

LISTEN TO WHAT GENeral Mills CEO Steve Sanger recently told 90 of his colleagues: "As you all know, last year my team told me that I needed to do a better job of coaching my direct reports. I just reviewed my 360-degree feedback. I have been working on becoming a better coach for the past year or so. I'm still not doing as well as I want, but I'm getting a lot better. My coworkers have been helping me improve. I'm pleased that my scores on 'effectively responds to feedback' are higher this year."

While listening to Steve speak so openly to coworkers about his efforts to develop himself as a leader, I realized how much the world has changed. Twenty years ago, few CEOs received feedback from their colleagues. Even fewer candidly discussed that feedback and their personal development plans. Today, many of the most respected chief executives are setting a positive example by opening up, striving continually to develop themselves as leaders. In fact, organizations that best develop leaders tend to have CEOs like Steve Sanger who are directly and actively involved in leadership development. That has certainly been my experience.

This has also been confirmed by research led by Marc Effron at Hewitt Associates, who put General Mills on his latest list of the top-20 companies for leaders.

Hewitt finds that these organizations tend to more actively manage their talent. They identify high-potential people, differentiate compensation, provide the right development opportunities, and closely watch turnover. Vital to these efforts is CEO support and involvement.

One of the best ways top executives can get their leaders to improve is to work on improving themselves. Leading by example can mean a lot

more than leading by public-relations hype. For example, Michael Dell, whose company made the Top 20 list, could have an attitude that says, "I don't really need to develop myself." However, Michael sincerely discusses his personal challenges with leaders across the company. He is a living case study from whom everyone at Dell is learning. His example makes it hard for any leader to act in arrogance.

Johnson & Johnson, tied for first on the top-20 list, has successfully involved its executives in leadership development. Its CEOs, formerly Ralph Larsen and now Bill Weldon, and top executive team regularly participate in various leadership-building activities. Having a dialogue with the CEO about his business challenges and developmental needs makes it a lot easier for employees to discuss their own business challenges and developmental needs.

Executive candor can even help turn around a troubled company. For example, Northrop Grumman CEO Kent Kresa inherited a company that had a poor reputation for integrity, a battered stock price, and reputation as one of the least-admired companies. His leadership team reversed the company's poor image and engineered an amazing turnaround. From the start, Kent led by example. He communicated clear expectations for ethics, values, and behavior. He was evaluated by the same standards that he set for everyone else. He consistently reached out to coworkers. He didn't just work to develop his leaders—he created an environment in which other leaders were working to develop him.

In the same way that CEO support and involvement can help companies nurture leaders, CEO arrogance can have the opposite effect. When the boss acts with arrogance and tells everyone else they need to improve, that behavior is copied. Managers then point out how others need to change. The end result: No one gets much better.

The principle of leadership development by personal example applies to all management. All leaders want their people to grow and develop on the job. When you work hard to improve yourself, you encourage the people around you to do the same thing. **LE**

Marshall Goldsmith is co-founder of Marshall Goldsmith Partners. Visit www.MarshallGoldsmithLibrary.com, email Marshall@MarshallGoldsmith.com, or call 858-759-0950.

ACTION: Start developing yourself.

Seven Deadly Traps

W o m e n   l e a d e r s   a r e   s u s c e p t i b l e .

by Dede Henley

WOMEN HAVE SO much to offer, so much pure potential and talent. Yet many of our skills remain untapped. What is in the way? To a certain degree, we are. Even those of us who are described as powerhouses of strength, imagination, and creativity often limit ourselves unwittingly. We do this when we fall into any one of seven deadly traps.

Trap 1. Being one of the boys. While women have asserted themselves over the past 30 years, we have made these gains tentatively. We've sensed that we were entering a territory not of our own creation. As though we had been invited into the boys' clubhouse, we believed that if we wanted to stay, we had better lie low, fit in, and get along. When we adopt a masculine style of dress and of relating to and managing others, we disconnect from our true expression and natural way of being. When we become one of the boys, we disengage from our authentic selves and lose sight of our most important work: our purpose, our calling. Tragically, we're then unable to offer our unique gifts. Our feminine circumspect view, our relational perspective, and our highly intuitive and creative input are silenced.

Trap 2. Playing the martyr: "I'll do it myself." Women excel at many things. We can juggle many tasks and multi-task. We can get just about any job done, no matter how tedious or onerous. The challenge that goes with our competence is the facility with which we become martyrs, feeling overworked and underappreciated. For centuries, we were taught that good girls made other people happy. If we didn't have something nice to say, we didn't say anything at all. We were encouraged to play along, play it safe, and avoid making waves. We learned that it was costly to speak up and speak out, to express our needs and desires directly. Yet to end our martyrdom and claim our sovereignty, we need to ask directly for what we want and need; give up the right to be right; make room for people to say no; and trust that others can make powerful choices for themselves.

Trap 3. Having no voice and no choice. Women lose power when we see ourselves as victims without choice. In truth, only one kind of complaining makes a difference: complaining for action or speaking out—taking your complaint to someone who can do something about it. If someone at work isn't pulling her load, talk to her directly. If your team is ineffective in meetings, create a new format for meetings that works for all. If your boss is driving you crazy, have a chat. If you can't discover an action that will resolve the situation, be still, calm, and silent. Retain your power.

Trap 4. Waiting for rescue. Years ago, I realized that I'd been waiting to be rescued. "Happily ever after" sounded so promising—surely I could find a shortcut to it! I was waiting for the perfect job, client, partner, and office to appear. I now realize that there are no shortcuts. Life unfolds slowly and in its own time. Waiting for rescue is another way of abdicating your power and sovereignty. To preserve your sovereignty, stop waiting for your life to turn out. Take one positive action, and then another. Get a handle on your finances, your weight, your relationships, your leadership team—now. Do work you love. Create the life you've been waiting for.

Trap 5. Peace at any price. Preserving the peace at any price is another way in which we sacrifice sovereignty. We may go out of our way to please others, withhold honest feedback, or try to make things okay that really aren't. Pleasing others, regardless of the cost, holds us back. We give up what is most important to us to keep the peace. This peace-at-any-price trap is an outgrowth of what most women learned as girls: "Be nice. Get along. Avoid conflict." You may need a new set of "boat-rocking" skills. Identify what you are afraid to do at work. What conversations do you avoid? What could you say that would change things? Share your thoughts truthfully. Speak more spontaneously. If you make a mistake, you can clarify or apologize later. Look for win-win solutions. What solution could you and someone else create together?

Trap 6. Hurry, hurry, hurry! We are addicted to speed. We want everything now. E-mail enables you to send messages to thousands of people with a single click. Cell phones enable you to talk in the car while waiting for your fast-food lunch. It's the era of online banking and fast profits. We can do just about anything in a hurry, and we're increasingly impatient. In our headlong race toward our goals, we often rush past inspiration and creativity. We don't innovate; we simply start running—so busy getting from point A to B that we forget why we're going there in the first place. The challenge is to create a life/work structure that supports your natural cycles. Doing so may mean letting go of the obsession with time, and the myth of control. It may mean that by shifting a dead line, you throw yourself a life line.

Trap 7. Self-protection. You relinquish the privilege of leadership when you take leave of your true source of power and influence, abandon your followers in the name of self-protection, and become more concerned about staying safe than about providing clear direction and grounding for others. When you are threatened, frightened, angry, anxious, or overwhelmed, you are thrown from your position of leadership. To become aware of your blind spots, those things that other people readily perceive about you, seek input and feedback from others. Identify your self-protective strategies and consider what results they produce in the lives of others. Then choose an empowering response, one that will better serve yourself and others. **LE**

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ACTION: Avoid the seven traps.

Master Leaders

You can't give what you don't have.

by Tom Hopkins

THERE WAS NEVER A master who wasn't first a dedicated, disciplined student. So, if you're a leader, I ask you: how much time you are investing as a student of leadership skills? Are you studying great leaders or leadership principles? If not, start now.

Reading *Leadership Excellence* is a great starting point, but to succeed as a leader, you'll need to develop the skills of leadership. So many people "wing it" for years with some success, but they don't master the art and science of leadership. In some cases, they think they are natural-born leaders. I don't believe in such a thing. No woman in the delivery room has ever said, "Look, it's a natural born leader."

Too often leadership development opportunities are missed because people don't set their sights on leadership. Also few companies send people to "Leadership School." You may need to develop your own curriculum. That's what leaders do. They forge ahead on their own. They are self-starters. Leadership training is two-fold. First, you read, watch and learn. Second, you apply, act and do.

Before you start any leadership self-development, analyze where you are today. You want to know where you are before set a course to a new destination. Ask yourself, how did I get here? How did I become the leader I am today? Are you in a leadership position because you were the one who stepped up at a time of need? If so, why did you do it? Do you like the recognition? Or, do you enjoy leading others and being involved in their success? The difference is critical. True leaders enjoy seeing others achieve greatness, both as individuals and as a group.

Were you recognized as a leader by someone else or told that you have "leadership abilities?" If so, who told you and what was their motive? In many instances, leaders are needed, and anyone who volunteers has a chance to run with the program.

So, what is the essence of leadership? I've had the good fortune of sharing the stage with some of the greatest leaders of our time, like General Norman Schwartzkopf. Being a dedicated student of leadership, I asked the general for a definition of a great leader. He replied, "A great leader is an average individual who is extremely well-prepared when an incredible event occurs."

You don't have to be superior of mind or body to achieve great things. The key to developing great leadership abilities is in what you learn as you experience the adventure of life. It's all a matter of preparation and application. Regardless of what you're doing in life, you're either leading or following at all times. At times you take the lead; other times you follow. What makes leaders different from followers?

L - Leaders fall in *Love* with what they do. If you don't love it, you won't put forth the effort the position, cause, job, or situation deserves.

E - Leaders are *Enthusiastic* about life, their jobs, their organizations, and the people they lead.

A - Leaders have the right *Attitude* about the goal or objective. Attitude is everything in leadership.

D - Leaders have a strong *Desire* to learn about their situation and the needs and desires of those they lead.

E - Leaders *Emulate* other great leaders. They read stories where leadership skills are displayed, and they read biographies of great leaders.

R - Leaders have earned the *Respect* of the people who are following them. And, they treat that respect like the unique treasure it truly is. They praise and laud others when they see leadership demonstrated in situations.

S - Leaders enjoy the *Success* leadership provides. Each success helps lay the foundation for the next.

H - Leaders are *Humble* about their success—pleased with the result, but always open to learning more. They seek recommendations for refinements.

I - Leaders have *Imagination* to envision their next position of growth.

They carry forward lessons learned.

P - Leaders develop a *Passion* for life, the goal, the project, or organization and their part in it. Followers can tell whether or not you're passionate. If you're not, why should they be?

Success in life requires leadership. Seize opportunities to develop and display your leadership skills. Make your followers believe that you possess knowledge of the situation, wisdom to cope with the unknown, determination to see things through to a positive end, and moral force.

• *Knowledge* of the situation you're involved with must be acquired on the scene. You need to be quick on the uptake and accurate in your analysis.

• *Wisdom* comes from study of facts and assimilation of experience (or from learning from the experience of others). Wise leaders share their understanding with trusted advisors to ensure they have a clear picture in mind before setting the goal and firing up the followers.

• *Moral force* springs from an inner commitment to greatness. One example is Alexander the Great. Alexander led a forced march across a hot and desolate plain for 10 grueling days. On the 11th day, he and all soldiers with him were near death from thirst. Alexander pressed on. At mid-day two scouts brought him what little water they had found. It barely filled the bottom of a helmet. Their throats burning, Alexander's men watched as Alexander turned the helmet over and poured the water on the hot sand. Then he said, "It's of no use for one to drink when many thirst." He raised himself up as an even greater leader by putting himself in the same situation as his followers. He gave them something every one of them needed: *inspiration*.

Your followers are always watching you to see if you display favoritism; if you raise yourself up on a pedestal; if you're fair; if you make wise decisions; if you understand the needs of the situation. Any lack makes you suspect and could easily cost you and your cause, company, or organization the battle. Become a student of leadership skills. Read. Watch. Learn. Then, act. **LE**

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ACTION: Be a student of leadership.

Strategic Innovation

Gain breakout performance and growth.

by Vijay Govindarajan and Chris Trimble

SUCCESSFUL INNOVATION IS BASED ON both an idea and the execution of the idea. Strategy used to be about protecting *existing* competitive advantage; today it is about finding the *next* advantage. Every strategy starts to decay the day it's created. Learn to create and execute strategies that give you this *next* advantage for managing new realities.

Strategic actions fit into three boxes: *Box 1* is all about managing the present and improving the current business; *Box 2* involves selectively abandoning the past; and *Box 3* contains the keys to creating the future. The Box 1 challenge is to secure immediate profitability. You need to open Boxes 2 and 3 to gain breakout performance and growth and to sustain market leadership.

Leaders must balance the demands of managing the present and creating the future. Excel at delighting core customers (Box 1) and secure the future by launching high-growth potential, transformative brands (Boxes 2 and 3).

Globalization is opening doors, customers are more empowered, the population is aging in the developed world, and the middle class is rising in the developing world. Such forces create non-linear change. Old assumptions are no longer valid, and strategies need reinvention because they are quickly imitated. The only way to stay ahead—the only way to capture emerging opportunities—is to innovate.

Maximizing profits from existing businesses (Box 1) is important, but leaders also need to see that the life of any business is finite and build for a future. Many companies ignore Boxes 2 and 3 until it is too late. How can you avoid similar declines and build breakthrough new businesses?

Ideas are not enough. Most leaders can generate breakthrough ideas—they just can't execute them. Which company is likely to achieve better results— the one that generates six breakthrough ideas but executes none, or the company that executes one great idea? Even the best business plan for a breakthrough idea is guesswork. In Box 3, it is not the company with the best initial strategy that wins—it is the company that learns the fastest. Rule 1 is this: the idea is only the start.

Four Types of Innovation

Most leaders don't know how to get from idea to profitability. How can you best manage innovation? Empower

employees. Encourage initiative. Cultivate risk-taking. There are four types of innovation, and each requires a different managerial approach:

• *Type 1: Strategic innovations.* These include innovations in process or product but always involve unproven business models. Innovative strategies alone—without changes to either the underlying technologies or the products and services sold to customers—drive the success of many companies, such as IKEA and Southwest Airlines. Strategic innovation differs sharply from three other categories of innovation:

• *Type 2: Continuous process improvement.* This involves small investments in incremental process innovations. This is typical in Six Sigma programs.

• *Type 3: Process revolutions.* These improve processes in leaps—say, a 30 percent increase in productivity—by implementing major new technologies.

• *Type 4: Product or service innovations.* These creative ideas do not alter business models. Consumer product companies such as toy and game manufacturers excel in this innovation.

The four types of innovation require different managerial approaches, since they differ along three dimensions: the expense of a single experiment, the time frame over which results become apparent, and the ambiguity of results. A single process improvement is inexpensive, and its effects are quickly evident and measurable. Process revolutions cost more and take longer. Major product or service innovations usually involve more capital—a string of failures could sink a corporation—and results may remain uncertain for years.

These differences in expense, time frame, and uncertainty factor into such decisions as who should lead and participate in an innovation initiative, how resources should be allocated, how progress should be assessed, when the plug should be pulled.

What Can You Do?

You can buy your way to growth through bold acquisitions, but that strategy rarely benefits stakeholders over time. Generating growth from within— organic growth—is the more robust strategy. As companies age, growth within established markets comes only at the expense of other entrenched competitors, and it is never easy to buy market share. So, strategic innovation soon becomes the most attractive option. Companies that execute strategic innovation can deliver breakthrough growth and generate new life-cycle curves.

Companies that develop capability for strategic innovation early delight investors with sustained growth and surprise competitors by changing the rules of the game. Most companies are satisfied with their business models until they stop growing and performance suffers. Strategic innovation then becomes a matter of life and death. In an unpredictable environment, all glory is fleeting. If you dismiss the threat of a revolution, you walk a perilous path.

Through strategic innovation, you can stay ahead of change; you can create change. You can pile new successes on existing ones. You can create, grow, and profit from new business models. The notion that the essence of strategy is to maintain stability has given way to acceptance that stability is illusory. Modern strategists do not seek to build and defend a competitive advantage from change. They recognize that to stay ahead, they must look for new markets and sources of competitive advantage.

Forget, Borrow, Learn

A new company (NewCo) spawned by an established company must forget its formula for success and way of

doing business. NewCo must forget CoreCo's assumptions about why it wins, borrow CoreCo's assets, and learn how to make a profit in its uncertain market. What NewCo must forget and learn are mindsets, assumptions, and decision biases. NewCo borrows assets with concrete value—such as brands, manufacturing capacity, sales relationships, or technical expertise.

There's always tension between forgetting and borrowing. Too much borrowing creates too much interaction, and gives CoreCo too much influence. And forgetting is a prerequisite to learning. If NewCo clings to CoreCo's success formula, it can't discover how to succeed in its own unique environment. The only way to forget, borrow and learn is to alter the policies that influence behavior—the organizational DNA.

Strategic innovations enable companies to create new futures. These new business concepts alter the answers to the questions that define a business: Who is the customer? What do they value? How do we deliver that value? Such breakthrough ideas require an approach that strikes a delicate balance. With a distinct-but-linked approach, even the most tradition-bound organizations can get beyond just ideas. They can build new businesses of the future by forgetting, borrowing and learning.

In creating new lines of business from within, leaders must rethink old practices. Leaders often struggle to innovate because they can't forget. Success in forgetting is more likely when leaders make six choices: *1. Hire outsiders.* Only outsiders placed in influential positions effectively question orthodoxy every day. *2. Have NewCo report to a high point.* NewCo's supervisors must think long term. They must not be fully absorbed in CoreCo's daily business imperatives. 3. *Rebuild relationships* between major functions such as marketing and manufacturing. *4. Build a new dashboard.* CoreCo metrics likely have little to do with NewCo's performance. *5. Focus on learning.* Evaluate NewCo's leader based on his or her quality of decision-making and speed of learning. *6. Create a new culture.* Examine deeply held beliefs about what makes CoreCo a success, and recognize that NewCo may need a culture grounded in different success factors.   **LE**

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ACTION: Forget, borrow, and learn.

Humble Leaders

They get great organic growth.

by Edward D. Hess

EVERY LEADER STRIVES for more organic growth—more customers, revenues, and operating efficiencies. Organic growth creates earnings the old-fashioned way—not through accounting elections or valuations, financial engineering, structured transactions, related-party transactions, nor the acquisition of revenue through mergers and acquisitions.

Having studied high organic growth companies that consistently outperform their competition, I find that organic growth is not just a strategy—it is a system.

You might expect that high organic growers would have better talent, better strategies, unique products or services, be the lowest-cost provider, have visionary leaders, be most innovative. Yet what I find common across high organic growth companies are six keys:

1. An elevator pitch business model which is understood by all employees;

2. A small company soul—companies structured and cultured to be entrepreneurial but with strong central controls over quality, risk, and capital;

3. Measurement maniacs—these companies measure many financial, operational, and behavioral metrics daily and weekly, with transparency, frequent feedback, and the alignment of measurements and rewards;

4. Highly engaged workforces with high loyalty, retention, and productivity;

5. Homegrown, humble leaders who are passionate operators intimately involved daily in the details of execution;

6. Technology and execution champions.

You may know many companies that do some of these six keys well. The difference is that the best companies do all six well. They have created an internal growth system that is consistent, linked, and self-reinforcing across cultures, processes, HR policies, and measurement and reward systems.

I did not find among the leaders I studied great visionaries or highly charismatic leaders. Nor did I find many MBAs from the top schools. What I did find are humble people who primarily spend their entire careers at their companies working their way up from the line to the top. And they do not forget where they came from. They are primarily operators, not financial or marketing types. They are passionately involved in the details of the business—not focused on Wall Street. They are paranoid—not about globalization or competition—but about complacency, hubris, and arrogance. They fight these deadly killers by devaluing the elitist trappings of executivedom. Most have no corporate jets, no executive dining rooms, no special parking places, no big offices.

What I found is best evidenced by three statements: Brad Anderson, CEO of Best Buy, stated: "Our customers are kings and queens, our employees are royalty, and headquarters employees are servant leaders." Jim Quinn, president of Tiffany & Company, said, "There is only one star here, and it is Tiffany." And Phil Tomlinson, CEO of TSYS, stated: "Leaders serve employees, and employees serve clients."

These leaders follow simple principles: take care of your people, lead by example, always do what is right, follow the Golden Rule, and eat with the troops. They know that inconsistency and hypocrisy destroy trust. They're aware of the message sent by their office design, dress, demeanor, and access. They stay out front and in touch with employees and customers.

To lead, you can be a quiet person, low-key, and soft-spoken. You need not be "larger than life" or "fill a room" when you walk in. Most great leaders are authentic, humble, and true stewards. They give credit to their employees and note the role of timing and luck. They avoid publicity. They want the focus to be on their company, not on them. They understand: "It is not about me—it is about them."   **LE**

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ACTION: Emulate authentic leaders.
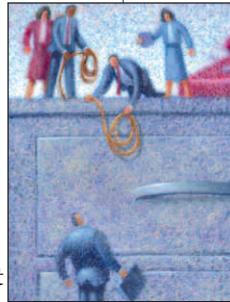
Governing Values

The essence of great leadership.

by Bowen H. McCoy

WHAT'S MORE IMportant—a great leader or a great system of rules and rewards? The best organizations have both. We all wish to be part of a virtuous organization where we can live out our values, but we tend to do our best work when there are also fairly administered rewards and sanctions for missing the mark.

In their book, *In Search of Excellence*, Peters and Waterman call these "tight/loose" organizations, as individuals enjoy considerable autonomy around a set of fixed and enforced core values. These values both restrict us and stimulate our independence just as a trellis both restricts and supports the growth of a vine. *Trellis* is the Greek word for *rule*.

The supreme task of a leader is to identify the values of the culture and embody them visibly and willfully to inspire others. Achieving this when confronting daily decisions is more important for a leader than announcing grand credos or codes of conduct.

What guides most people in their choices of how to conduct themselves at work? Most people follow the laws and customs that society or their work culture has deemed acceptable. However, cultural norms change over time. Think of changes in our attitudes toward smoking, dress code, sexual behavior, or the treatment of women and minorities. Think too about the great swings in laws and regulations concerning insider trading, monopolistic behavior, price-fixing, and the payment of taxes on wages of part-time help. If you live to the limit of what society may tolerate at the time, you may end up in jail.

We need to distinguish between the law—a set of ever-changing and evolving cultural norms—and ethics, anchored in our deepest values.

Successful leaders have faith in themselves, a love for people, and passion for the deeper values of the enterprise. Such leaders have the emotional maturity to deal with anxiety and change. Faith helps leaders find self-confidence and hope for the future.

We are governed by a set of moral codes and by the great commandment: to love God with all our heart, mind, strength and spirit, and to love our neighbors as ourselves. This commandment takes us out of our preoccupation with self into a self that is in harmony with its communities.

Values may also come through a deep-seated humanism evoked in great literature, art, music, or nature. Art and nature can provide deep discernment and detachment. To achieve it, we must lead a balanced life and create time to be alone, to meditate,

and to get away from stresses. Dante wished that we read his great poem, the *Divine Comedy*, on four levels: the surface level where Dante and Virgil go through hell and purgatory and then Dante meets Beatrice in heaven; the allegorical level where Dante creates meaning out of mythology and popular heroes; the moral level of law and custom; and the level of the ethical, spiritual and religious. All of us move in and out of these levels. The fourth level is where we attain our deepest values, and gain our deepest love.

Each of us is a moral agent, with great potential for good—and evil. We easily give this moral agency up to our employers and co-workers, failing to act responsibly. We wait for someone to tell what the answer is, or what the rules are, instead of deciding for ourselves. By contrast, a great leader takes moral risk, and at times may harm others by trying to do the right thing. A great leader asks, Does my presence enhance or diminish the moral culture?

We want rules to help us sort out such quandaries, but rules leave out context and moral intuition. They reduce our values to the lowest common denominator. No wonder we have lost faith in our institutions. Trust is binary. We do not trust someone half the time. We either trust them, or we do not. Once we pass this tipping point and lose trust, we must earn it back. In the *Divine Comedy*, Dante puts leaders who betray the trust of constituents at the deepest level of hell.

If we can't develop trustworthy leaders, we can't remain hopeful about our future. Trust is the quality most sought in leaders. Of course, trust-based leaders can commit errors of judgment: They may lie or take actions that harm others. Residual trust remains long after it is no longer warranted; then it can disappear over night.

Trust-based leaders create a culture where they and their associates can be forgiven their errors and try to do better the next time. Their mythology is shaped not so much by never telling a lie, as by when they dig in their heels and stop lying. Where they take a stand defines their character and their perception by others. A measure of leaders might be: do they enhance trust in the enterprise—or detract from it?

We are tempted to shade the truth in order to protect others or glorify ourselves. Where do we decide to tell the truth, no matter the cost or risk of embarrassment? Truth-telling becomes a matter of self-discipline and habit. Practices become self-reinforcing.

Great leaders know who they are. They try to live out their leadership role in all that they do. They live intuitively. They take risks in order to do right by stakeholders. They have the courage to go against the grain of bad practices. When they are on the scene, there is less pre-texting, backdating stock options, irresponsible compensation, or other examples of following conventions at the expense of ethics.

Taking time to nurture your deepest values can give you the courage to go against a crowd swayed by incremental bad practices. You need a steady, reliable fixed point to guide you to do the right thing. Ethics can then become creative and improvisational. You can have ethical awareness and imagination. To restore confidence, spend more time reading the *Divine Comedy* and less time on Sarbanes-Oxley. **LE**

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ACTION: Live out your leadership role.

Accountability

Payoffs are impressive.

by John R. Patterson and Chip Bell

ACCOUNTABILITY IS BOTH THE SWEET spot and Achilles heel of most leaders. Leaders learn early the importance of holding employees accountable for results. Despite its downbeat reputation, accountability, effectively executed, remains the keystone for trust between leaders and employees, employees and customers.

Trust binds relationships. Without trust, leaders can't deliver the service that fuels customer loyalty. Trusting customers communicate their hopes and aspirations, not just needs and expectations. Customers who trust are more apt to become advocates and offer candid guidance for improvement, more tolerant of mistakes, and responsive to service recovery.

Customer trust is created and sustained by an accountability culture. Customers form perceptions of service by interacting with employees who learn how to treat customers from the way their leaders treat them (a.k.a., LoyaltyMakers). Their actions either drive or destroy the quality of service that yields customer loyalty.

How can accountability help leaders develop a culture of trust? We share this story from Chip's teenage years.

*   *   *   *   *

Ray Bell was shy and conflict-averse. At 14, his son, Chip, was the opposite. Calm conversations about chores quickly escalated into chaotic confrontations complete with slamming doors. Father-son quarrels were painful for both—Ray fought in his least comfortable arena; Chip fought for the rebellion of adolescence.

Then, Ray decided to stop being detention officer and let Chip decide the consequence of his work solely by his performance. Each week chores were discussed and expectations clarified along with the consequence for good, poor and non-performance. Ray supplied resources and then kept his promise to deliver the consequence.

If Chip did all his chores in sync with expectations, he got to go to the movies; if he did not, he had to stay home on Saturday night. No more uproar, just clear expectations, fair consequences, helpful support, and assurance that consequences promised were consequences delivered.

*   *   *   *   *

Like the "before" Ray, leaders dread the performance appraisal aspect of accountability because it often turns into hurt feelings, uncomfortable conflict, and smoldering hostility. Following the example of the "after" Ray provides a method for leaders to help LoyaltyMakers put in the discipline to their own performance.

The Accountability Path

Accountability has four parts:

1. Set clear expectations for outcomes. You only get the best from LoyaltyMakers if you expect the best. Creating "buy-in" is vital to delivering the expected results. LoyaltyMakers who participate in developing expectations have stronger commitment to achieving those expectations. While expectations must be determined by leaders at times, involvement should be the rule, not the exception. Involvement includes conversations to agree on performance outcomes. If LoyaltyMakers doubt the reasonableness of expectations, you need to discuss these and agree on how results can be better achieved. Communicate both the rationale and importance of expected outcomes, leaving the "how" for LoyaltyMakers to discern.

2. Have frequent "check in" conversations to stay on track. Feedback is crucial to assisting LoyaltyMakers to a successful outcome. The frequency of feedback either makes or breaks effectiveness. Make performance discussions a habit. If feedback conversations occur monthly, they become more comfortable for both leader and LoyaltyMaker. Future-stating—a conversation in which leaders graphically state what future success will look like—helps LoyaltyMakers achieve their expected outcomes. State: "If expectations are realized, this will have happened." Start with the desired destination, work backwards, and agree on the action steps needed to achieve the future state. Develop touch points and "check in" conversations to examine the path traveled to date (versus plan) and settle on course corrections to ensure arrival at the future state.

3. Give candid feedback for growth. To give feedback that stimulates growth, energizes excellence, and helps LoyaltyMakers know how to enhance performance, take these four steps:

• *State the rationale for feedback.* Help people make sense of the feedback. Lace communications with language that says: "I care about your effectiveness."

• *Create a climate of identification—"I'm like you."* Enhance the LoyaltyMaker's receptivity to feedback by creating a climate of empathy. Avoid "should's" and "oughts." Let facts guide your feedback. Your tone is that of a thoughtful partner, not a controlling parent.

• *Recommend a "cancel-out" action.* When feedback focuses solely on the past, it triggers defensiveness. If focused on the future, feedback communicates promise. Instead of focusing on what the Loyalty-Maker *should* have done, help channel the Loyalty-Maker's energy toward what can be done to be more effective.

• *Share optimism and communicate support.* The communication of the expectation of success can turn LoyaltyMaker hesitation into an enthusiastic attempt. Leader optimism about the odds of improvement lends encouragement and support. Be a resource to help the LoyaltyMaker improve.

4. Establish fair consequences for great performance, poor performance, and non-performances. Accountability is reinforced by consistently applying fair consequences for performance. When results are less than expected, LoyaltyMakers expect negative consequences—and they expect positive consequences for exceeding expectations. When either fails to be delivered, trust is weakened and LoyaltyMakers risk drifting toward mediocrity. When there are only consequences for poor performance, fear becomes an insidious aspect of the culture, and responsible risk-taking becomes extinct.

Effective leaders build a climate of trust and generate the quality of service that drives customer loyalty. **LE**

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ACTION: Hold people accountable.

Transformation

What is the leader's role?

by Carolyn B. Aiken and Scott P. Keller

TODAY YOU CAN'T SETTLE FOR INCREmental improvement; you must undergo performance transformations. What should the CEO be doing? The nature of the CEO's role will be influenced by the magnitude, urgency, and nature of the transformation; the capabilities and failings of the organization; and the personal style of the leader.

The role of the CEO in transformation involves four key functions:

1. Make the transformation meaningful. People will go to great lengths for causes they believe in, and a powerful transformation story will create and reinforce their commitment. The impact of the story depends on the CEO making the transformation personal, engaging others openly, and spotlighting successes. Transformations require extraordinary energy: employees must rethink and reshape the business while continuing to run it. Where does this energy come from? A powerful transformation story helps employees believe in the effort by answering their big questions—how the transformation will affect the company and how it will affect them. The story's impact will depend on not just having compelling answers but also on making things personal, engaging others openly, and spotlighting successes as they emerge.

CEOs who personalize the story of the transformation unleash more energy. They share the answers to such questions as "Why are we changing?," "How will we get there?" and "How does this relate to me?" They include experiences and anecdotes to show that obstacles can be overcome, and they prompt people to infuse the story with their own meaning.

2. Role-model desired mind-sets and behavior. Successful CEOs embark on their own transformation journey and serve as chief role models. Their actions encourage employees to practice the new behavior and mind-set. Every move leaders make, everything they say, is visible to all. They must lead by example, since employees will weigh the actions of the CEO to determine whether they believe in the story.

Typically, a personal transformation journey involves 360-degree feedback on leadership behavior specific to the program's objectives, diary analysis to reveal how time is spent on priorities, a commitment to a few personal transformation objectives, and professional coaching toward these ends. The process is most powerful when executive team members pursue their transformation journeys individually but collectively discuss and reinforce their
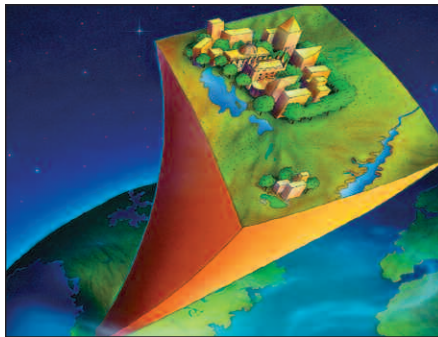
objectives. The quickest way to send shock waves is to conceive and execute symbolic acts signaling to employees that they should behave in ways appropriate to a transformation and support these types of behavior in others.

3. Build a strong and committed top team. CEOs must decide who has the ability and motivation to make the journey. Sharing a meaningful story and modeling the right role helps to get the team on board, but it is also vital to invest time in building that team.

Assess the abilities of team members. Seek input from objective third parties. Map members on a matrix with "performance" on one axis and "modeling desired behavior" on the other. Those in the top-right box (desired behavior, high performance) are the stars; those in the bottom-left box (undesired behavior, low performance) should be motivated, developed, or dismissed. When action is taken to either improve or remove managers in the box of "undesired behavior, high performance," members know role-modeling and teamwork matter.

To know when to intervene with strugglers, reflect on these questions: Do team members know what is expected of them? Is the CEO serving as a positive role model? Does everyone recognize the downside and upside of doing what is required? Have struggling team members received a chance to build the needed skills? If the answer is yes, decisive action is justified. Taking public action makes people carry their load.

With the right team in place, members need to agree on what they can achieve as a team, how often to meet, what transformation issues to discuss, and what behavior the team expects (and won't tolerate). Summarize these agreements in a team charter and use the charter to keep the team on track.

4. Get personally involved and relentlessly pursue impact. There is no substitute for CEOs getting personally involved when financial and symbolic value is at stake. Energy—collective motivation, enthusiasm, and intense commitment—is a vital for transformation. CEOs must ensure that important decisions are made quickly—without sacrificing the value of collective debate—and sow the seeds of a culture of candor and decisiveness. Leaders must also help resolve difficult operational issues and define the roles people play. CEOs who give only lip service to a transformation will find everyone else doing the same. Those who fail to model the desired mind-sets and behavior or who opt out of vital initiatives risk losing focus. Only the boss can ensure that the right people spend the right time driving necessary changes.

Sharing success stories crystallizes the meaning of the transformation. Identify people who serve as examples and highlight their achievements. Focusing on errors generates feelings of fatigue, blame, and resistance. Emphasizing strengths and successes taps into creativity, passion, and the desire to succeed.

In reviews, compare the results of the transformation with the original plan, identify the causes of deviations, celebrate successes, help fix problems, and hold leaders accountable, both in activities (are people doing what they said they would?) and impact (will the program create the expected value?).

The CEO also ensures balance between near-term profit initiatives that deliver performance today and organizational-health initiatives that build the capacity to deliver tomorrow's results.

CEOs can best lead a transformation by performing these four functions. **LE**

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ACTION: *Perform the leader's role.*

Magnificent Seven

L e a r n   f r o m   t h e m   a b o u t   l e a d e r s h i p .

by BJ Gallagher

FIVE YEARS AGO I wrote a book entitled *Everything I Need to Know I Learned from Other Women.* Some of my male professional colleagues asked, "Didn't you learn anything from me?" So, to set the record straight, I'm using the occasion of the 25th anniversary of *In Search of Excellence* (Peters and Waterman) to confess: "Everything I Need to Know about Leadership I Learned from Men." Though politically incorrect, it's true. In the past 25 years, my leadership lessons have come from males—whom I call "The Magnificent Seven."

• **Tom Peters.** When I first came into the field in the early 1980s, Tom Peters was at the top of the best-seller lists with *In Search of Excellence.* Those were heady days for consultants and business authors. Suddenly business was sexy. Tom Peters cut quite a figure on corporate stages—pacing back and forth like a caged lion, gesticulating wildly, delivering his shock-and-awe message in staccato bullets. Tom jolted the corporate suits awake with his message that "common sense isn't so common." He earned an enthusiastic following of true believers who began seeking excellence. From Tom I learned that the secrets to success are hidden in plain sight—liberating employees from the chokehold of bureaucracy, thrilling customers with over-the-top service, and reaping rich rewards from mastering the basics.

• **Ken Blanchard.** Around the same time, a kinder, gentler figure was also on the scene. Ken Blanchard (aka *The One Minute Manager*) was as homey and warm as Tom was bombastic. Ken was a teddy bear of a man, spinning folksy tales that touched your heart as well as your mind. Ken taught me that being a good leader is simple, but not easy. It is first and foremost a spiritual job—and a good CEO should be called the Chief Spiritual Officer and embody the values, vision, and ethics. Ken brought heart and soul to the job of leader.

• **Warren Bennis.** Bennis was the leadership expert I met before any of the others. He was a distinguished business professor at USC, where I was also working at the time. One day I heard through the grapevine how Dr. Bennis had challenged USC's Board of Trustees at their meeting in Palm Springs. He ended his remarks to the trustees by announcing vehemently that "The problem with this university is that it is over-managed and under-led!" Oh, how I wish I'd been at that meeting! Warren's ability to speak truth to power set a powerful example for me, one which I followed

on many occasions. Not having tenure, however, I didn't always fare well when standing up to the powers that be.

• **Warren Schmidt** was "the other Warren" that I met at USC. He was a professor of Public Administration, having defected from UCLA. The fact that Warren could easily move from one cross-town rival to another, and from teaching about the private sector to the public sector, indicates his multi-faceted perspective and his amazing versatility. He coauthored the *HBR* classic, "How to Choose a Leadership Style," wrote a parable called "Is It Always Right to be Right?" and adapted his parable into an animated short film that won an Academy Award in 1971. This talented, creative leadership expert became my inspiration, my mentor, my good friend, and ultimately, my colleague and collaborator on four books.

• **Peter Drucker** was the experts' expert—the father of all leadership gurus and grandfather of the rest of us. I never met him in person—but I've heard many stories! His reputation made him seem larger than life; his wisdom and insight spread far beyond those who worked with him. Drucker wrote many wise things about effective organizations, one being: "Organizations need two kinds of people—bureaucrats and lunatics. The challenge is, how do you get them to work together effectively? You need bureaucrats for administration, but you need lunatics for innovation. Innovation never comes from bureaucrats, who often try to change the lunatics or force them out." I quote Drucker when I remind managers, "The very person who annoys you the most may be the person you need the most!"

• **Will Schutz** was the most eccentric leadership expert who influenced me. I met him at Esalen Institute in Big Sur, where he was teaching a seminar. Will was in his element there—a pioneer of the human potential movement.

Will used a metaphor that stuck with me: When two or more people come together, their interaction often looks like a game of ping-pong, but all the while there are bowling balls rolling back forth under the table (these balls are what's *really* going on with people—their hopes, fears, anxieties, dreams, secrets, worries, aspirations). The more people can "go bowling" with one another—the more they can tell the truth about what's really going on—the healthier their relationships. The leader's job is to lead by example, to "go bowling" with people, and create a culture in which "bowling" (truth-telling) is the norm.

• **Peter Block.** I learned much about leadership—and followership—from Peter Block, arguably the funniest of the Magnificent Seven, with his wry, self-effacing, often sarcastic humor. Peter often strikes me as a wise Buddhist master, with his nuggets of wisdom sounding like ancient *koans*, or riddles—like "The answer to 'how?' is 'yes.'" We wonder, "What did he mean by that?" Peter, like any wise teacher (and great comedian) knows that timing is everything. And he laughs along with us as we laugh at ourselves. He sees the lunacy in human behavior. He reminds us that the best place to look for solutions to problems is in the mirror.

I am grateful to this Magnificent Seven for all they've taught me about being an effective leader and person.

I hope that in another 25 years, I can write about a new Magnificent Seven—seven magnificent women! **LE**

BJ Gallagher is coauthor of A Peacock in the Land of Penguins *and* Yes Lives in the Land of No *(Berrett-Koehler).* www.yeslivesinthelandofno.com *or bbjjgallagher@aol.com.*

ACTION: Identify your leadership mentors.

Fostering Innovation

D o i n g   r i g h t   b y   d o i n g   w r o n g !

by Abhay Padgaonkar

RECENTLY, I ATTENDED an improvisation workshop for 10-year-olds at a piano camp. The clinician was teaching children that the only rule was that there were no rules! The children were asked to play in a given rhythm ("ostinato"), but the notes, order, and even the octave didn't matter. They could "just make it up."

A look of horror came on the faces of these talented youngsters. After encouragement by the teacher, however, they made some beautiful music together. Picasso once said, "All children are artists. The problem is how to remain artists once they grow up."

That's the dilemma companies have when it comes to innovation.

As children, we are told: "Do the right thing. Color inside the lines. Show good manners. Use correct grammar." We earn good grades by making fewer mistakes. We learn to avoid mistakes, and made to feel ashamed, embarrassed, apologetic, and guilty when we "screw up." The result? We fear failure.

When we grow up and gain experience, we re-learn what Charles F. Kettering discovered: "You'll never stub your toe standing still. The faster you go, the more chance there is of stubbing your toe, but the more chance you have of getting somewhere."

Mistakes are part of learning and innovation. Mistakes are better teachers. "Success is a lousy teacher," notes Bill Gates. "It seduces smart people into thinking they can't lose."

The Comedy of Errors

According to Atul Gawande, "When things go wrong, it is usually because a series of failures conspires to produce a disaster." For example, an investigation into the fatal truck bomb strike on the U.N. headquarters in Iraq indicated a lack of clear leadership, deliberate defiance of regulations and recommendations, turf battles, dysfunctional systems, and bureaucratic procedures.

As organizations increase in scope and size, they become more bureaucratic, internally focused, intolerant of mistakes, and incapable of learning from them. Yet, they aspire to retain the spirit of innovation.

Large organizations comprise a complex system of people, structures, products, processes, and technologies. According to James Reason, "latent errors pose the greatest threat to the safety of a complex system." He defines active errors as those committed by the front-line operators. Latent errors "are likely to be spawned by those whose activities are removed from the direct control interface."

Organizations have a typical response when there is a failure: denial, deflection, blame-game, fault-finding mission, search for scapegoats, and punishment of innocents. This response emanates from the fact that we are trained to fear failure. Paul C. Nutt writes: "Debacles highlight blunders." He traces the failures to the actions of decision-makers and notes: "Blunders that lead to failure stem from using failure-prone practices, making premature commitments, and spending time and money on the wrong things."

Rather than playing the blame-game, leaders need to encourage honesty and openness.

Consultant W. Edwards Deming's advice was to drive out fear: "Many people are afraid to ask questions, even when they do not understand what the job is or what is right or wrong. So they continue to do things the wrong way, or not do them at all. To improve quality and productivity, people need to feel secure."

Simply beating people on the head does not eliminate the latent root causes of failures. Leaders need to look in the mirror to see how the decisions they make may introduce latent errors upstream that set people up for failure downstream. They need to overcome the resistance among management to hold themselves up for scrutiny.

Making Deliberate Mistakes

While executives "know" what needs to happen for innovation to occur—flexibility, decisiveness, risk-taking—"doing" it is a whole other proposition. Paul J.H. Schoemaker and Robert E. Gunther note: "Although people need to make mistakes in order to improve, they go to great lengths to avoid anything resembling an error. In most companies, mistakes are seen as defects." This mode of thinking goes to the core of a culture.

A culture of innovation nurtures fearlessness. Leaders need to drive out fear, accepting that experimentation will lead to errors and that errors are learning experiences. Rules and regulations may enable smooth operations, but become constraints and obstacles that choke off innovation. To encourage innovation, leaders must identify, call out, and root out the innovation-busters in the culture. They should challenge "common wisdom," set the tone, and reward those who challenge long-held, rigid assumptions in a constructive and systematic way.

Paul J.H. Schoemaker and Robert E. Gunther extol the virtues of making *deliberate* mistakes: "Managers need to make mistakes *knowingly* when the potential gain greatly outweighs the cost, when the same decision is made repeatedly, when the competitive environment has changed, or when there are many solutions to a complex problem." You can decide between smart mistakes and dumb ones by identifying assumptions, selecting assumptions for testing, ranking the assumptions, executing the mistake, and learning from the process. When innovation is a high priority, leaders need to instigate learning by making deliberate mistakes.

In August 2006, NASA picked two companies, both recovering from failures, to develop a new commercial spaceship that would resupply the International Space Station. Scott Horowitz, NASA's exploration chief, said, "In some cases, failure is good thing to have on your record because that learning is behind you."

Innovation begins with creating a culture that encourages making deliberate mistakes—and then learning from them.　　**LE**

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ACTION: Heed the lessons of failure.

Mentoring Culture

H a v e   h a p p i e r   p e o p l e .

by Lois J. Zachary

EXECUTIVES WHO DO not learn and promote learning end up managing, not leading. Great leaders serve as role models of learning, mentoring emerging leaders and establishing a mentoring culture. It is a smart way to enhance personal connections and maintain vitality. Effective mentoring can improve retention, build morale, increase commitment, accelerate leadership development, provide career development, reduce stress, build teams, and facilitate learning.

Eight Hallmarks

A mentor culture has eight hallmarks:

• *Accountability.* The culture supports mentoring and supplies a means for providing feedback, evaluation, and benchmarking. Clarify roles, goals, and responsibilities; manage expectations; and encourage accountability.

• *Alignment.* When mentoring is aligned within a culture, it is not perceived as an add-on. A shared understanding and vocabulary of mentoring practice should be a natural fit with the values, mission, and goals.

• *Communication.* Identify stakeholders and the key messages that need to be communicated to them by certain people at certain times. Get feedback about what is working to ensure a constant flow of information for making process improvements.

• *Demand.* People are enthusiastic about participating in mentoring relationships. When partners complete learning goals, they seek mentoring relationships to work on new goals. Mentors become mentees, and mentees become mentors.

• *Education and training.* Integrate mentoring into the training and development agenda, and add "next-step" education and advanced skills training for mentors. Networking and support groups meet to exchange best practices and promote peer learning.

• *Multiple mentoring opportunities.* Encourage formal and informal mentoring: group mentoring, long-distance mentoring, cross-cultural mentoring, e-mentoring, one-on-one mentoring, and mentoring networking sessions. Make chat rooms, web sites, and videoconferences accessible.

• *Safety net.* Counsel and support are available for mentors and mentees. Confidentiality is honored, and positive outcomes are reached, even when mentoring relationships don't work out.

• *Value and visibility.* Leaders raise the bar for themselves. They go first, share their stories and best practices, and encourage mentoring excellence. Champions seek resources and tools to increase their effectiveness.

Whether through e-mail, personal contact, role modeling, posters, or conversation, advocacy for mentoring happens all the time. Celebrating milestones or bringing closure to a relationship or a cycle of mentoring creates value. It's a chance to expand knowledge, share learning, align the culture, honor achievement, provide incentives, and reinforce the vision.

A mentoring culture requires an infrastructure to implement mentoring in a coherent, comprehensive, and conscientious way. Leaders put in place the resources, human and financial; ensure proper budgets and time; ensure mentoring "has a home" (someone "owns" it); guarantee sponsorship; and task certain individuals with communication, training, coaching, support, and administration, and they engage in mentoring relationships.

Sustainability: Key to Success

Mentoring cultures have four traits:

• *Flexibility.* Flexibility is built into mentoring processes to avoid gridlock caused by procedures and protocols.

• *Ownership.* Creating a home, providing scaffolding, and committing to mentoring fosters ownership. The players may change, but the integrity of the process must remain intact. Mentoring cannot be the pet project of a few individuals. While an executive may "sponsor" mentoring, it must reside in a development function.

• *Clarity.* When everything gets called mentoring, the integrity of the concept is violated. Mental models drive how organizations design and implement mentoring. Clarify the concept—what it does and does not mean, and its underlying assumptions.

• *Feedback.* Requesting, receiving, providing, accepting, and acting on feedback are integral to the culture. Feedback provides appropriate support, challenge, and vision.

A mentoring culture promotes growth. It enhances the learning: leverages energy; better utilizes time, effort, and resources; and enriches vibrancy and productivity. The skills of mentoring strengthen relationships as people feel more connected.

A mentoring culture creates standards and best practices. Make mentoring a cultural competence so that it informs the way business is conducted.

Embedding mentoring in a culture:

• *Establishes ownership.* It assures that mentoring is vested in the many rather than the few. People feel a sense of ownership and responsibility and hold others accountable.

• *Promotes shared responsibility.* The success of mentoring is explicitly linked to the wider strategic agenda.

• *Maximizes resources.* Duplication of time, effort, and dollars are minimized.

• *Maintains integrity.* Cultural integration helps maintain the integrity of the mentoring by assuring readiness, opportunity, and support for mentoring.

• *Facilitates knowledge utilization.* Integrate new learning and leverage knowledge gained from mentoring.

• *Supports integration* of key processes. Competencies, such as feedback and goal setting, improve performance.

• *Creates openness* to learning through mentoring. People trust mentoring because they know it is a valued practice and see it demonstrated daily.

• *Shortens ramp up time.* Cultural congruence facilitates the creation of a mentoring culture because there is always readiness in the culture.

Mentoring helps maximize knowledge to accelerate learning. It facilitates leadership development and builds relationships of head, heart, and soul. **LE**

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ACTION: Create a mentoring culture.

CEO-Chairman Debate

A c e   o f   H e a r t s   o r   K i n g   o f   D i a m o n d s ?

by Curtis J. Crawford

THE ROLES OF THE CEO and board chair are different. The CEO is responsible for leading the company's management, whereas the board chair is responsible for leading the board. However, one individual often holds both positions.

When the CEO also chairs the board, the CEO functions as his or her own supervisor. Combining the two roles is not viewed favorably by some investors and industry pundits. When directors function as mere rubber-stamp surrogates of the CEO, the risk posed by this structure, especially in a climate of shareholder activism, is significant. Thus, the wisdom of combining the roles of CEO and board chair is now a matter of contentious debate.

Those who believe that companies function best when CEOs also take on the board chair's role, hold that the dual CEO/chair role bridges companies and their boards. A great CEO is accountable to the board and earns board support through excellent performance. A CEO who chairs an energetic, highly enlightened board fosters constructive dialogue and debate among members and encourages them to engage in meeting challenges. A dual CEO/chair who wants to work with an effective, independent board certainly can create one.

Some governance advocates fear that the CEO who serves as board chair compromises the board's primary functions—assessing the CEO's performance and compensation and replacing the CEO when necessary. They argue that combining the positions assigns too much power to a single individual, which may choke dissent and diverse perspectives.

In the case of an apathetic board whose members don't know much about their own duties and don't care to know more, such concerns are well founded. However, in the case of as an "enlightened board," directors actively inform themselves and energetically fulfill their tasks, such fears amount to an unfortunate condemnation of the intelligence and integrity of

directors quite capable of carrying out their responsibilities with or without the concurrence of the chair.

The willingness of an enlightened board to objectively carry out their duties when their leader happens to be both CEO and board chair is evident in many high-profile cases, including AT&T, GM, IBM, and HP. The best examples of performance management and succession planning by boards, however, are rarely featured in the business press because they are accomplished with minimal disruption to the corporations.

Gone are the days when directors function mainly as deferential employees of the CEO, and the CEO is largely unsupervised by the board. In contrast to a low-energy board that tolerates director apathy and ignorance of the company's activities and directors' duties, an energized and effective board expects each member to contribute intelligent, active leadership. Fortunately, energy can be transmitted, and transforming a lethargic board into an energetic one is possible if the ineffective board attracts into its ranks someone who cares about the company and wants to make a difference in it.

One big challenge of the board is monitoring the activities of the CEO who boasts an impressive performance record. Few shareholders care about CEO supervision when they are earning great returns on their investments; thus, CEOs who consistently deliver exceptional shareholder value can reign with supreme control over their board. Even so, directors must commit to leading the governance process, not merely participating in it.

Activist shareholders and enlightened boards, with help from federal law and various agencies, are setting a trend toward splitting the CEO/chair position and providing independent leadership for independent directors in the form of a position called lead or presiding director, whose responsibilities provide a check on executive power. The lead director is chosen

from the independent outside directors to create a balance in the boardroom and to partner with the CEO. He or she has responsibilities that provide a check on executive power and work with the CEO, when selecting board committee members and chairs, helping to set agendas for board meetings, ensuring that directors receive adequate information, and facilitating the board meeting process.

To oversee effectively the management of a company, a board needs power, and splitting the roles of CEO and board chair is one way to strengthen the board's independence and prevent the CEO from acquiring too much power. However, no universal formula is available for determining whether or when the roles of CEO and chair of the board should be separated. Separation may work well in some situations but not well in others. The board should determine whether to combine or separate the roles.

When a company has a strong, seasoned, effective CEO and is governed by a more traditional, more passive board, the CEO and board chair positions should be combined. In such a case, the board is unlikely to have the strength or willingness to lead, and the CEO must provide leadership to the board. These circumstances indicate that it is time to begin developing an enlightened board of directors by attracting people to the board who are strongly interested in the corporation's success and have the energy and ability to learn and lead. Despite whatever transitions, crises, or power struggles are in play, the board remains responsible for the company's ultimate success.

I have experienced every type of board leadership role, and in my experience, whether the CEO and board chair roles are combined is situation-driven and company-specific. If each director exercises his or her responsibility, the chair will remain in check whether or not he or she has the role of CEO. Only irresponsible directors allow a chair to rule the board. Enlightened directors are neither weak nor apathetic. They are capable of dealing with any chair. If they are not, they should not be serving on the board. **LE**

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ACTION: Evaluate your CEO's role.

Selecting a Leader

D o   y o u   k n o w   w h a t   y o u   w a n t ?

by David Maister

IF YOU READ ARTICLES on the desired qualities of a CEO, you can get very confused. The list of character traits, attitudes, and skills seems endless, and many desired characteristics often conflict with each other.

For example, you might want your leader to be active externally (dealing with clients, shareholders, media, and community) and be active internally, readily available, motivating people and managing the firm's affairs. The message is mixed. The situation is made more difficult when you recognize that the "right" leader is context-specific. It depends on the firm, needs, and readiness to change. The best leader may not be the person who is "best" in an absolute sense, but the best for this firm, in this situation, with this ambition, right now.

For firms that run on "partnership" principles, the bar is raised even higher. The choice of a new leader in a professional firm usually requires taking into account the preferences, desires, and ambitions of the partners.

This is not just about being democratic, participative, or consultative as a matter of principle. It's about ensuring that there is a "fit" between the leader chosen and the people's readiness to follow. I often see leaders criticized, resented, and made ineffective by being judged on aspects of the role they were not chosen to perform.

When thinking about appointing a new leader, I suggest that you first discuss what you seek in a leader, so that the weight given to competing virtues can be discussed dispassionately, and not be excessively influenced by the candidates involved.

If you first discuss criteria, an unknown candidate, not previously considered, might emerge. Similarly, if you have clarified and agreed on criteria in advance, you may discover that no candidate matches your wish list.

To assist with selection, I have designed a diagnostic tool that you can use in discussing the characteristics you seek in a leader. The follow-ing 32 statements contain "paired" qualities that a good leader might possess. As you scan the alternatives, note that either side of the pair is (or can be) a virtue. The task here is to set priorities, avoid ambiguities and conflicting messages, and achieve clarity.

Do you want your leader to …
• Focus on working inside firm *versus* focus on a high profile with clients
• Be good with numbers *versus* good with people
• Lead with a strong ideology *versus* tolerate different views and values
• Generate business *versus* manage people well
• Make big strategic moves *versus*

make small, experimental changes
• Preserve the culture *versus* adapt the culture to meet new challenges
• Move fast *versus* act deliberatively
• Emphasize ambition and growth *versus* caution and risk management
• Emphasizes reasoning and logic *versus* emotion and excitement
• Confront problems early *versus* avoid conflict until you must tackle it
• Act a peer, a first among equals *versus* be a leader and manage that way
• Be primarily a "businessperson" versus being "ideology-driven"
• Act as the firm's "face or identity" *versus* help others achieve a high profile
• Be a fresh face *versus* known entity
• Be self-confident *versus* act humbly
• Direct where to go and what to do *versus* develop that with us
• Be a pragmatist *versus* visionary
• Have a hard head *versus* soft heart
• Get things done (a "driver") *versus* get it right (an "analytical")
• Have an introverted style *versus* have an extroverted style
• Capitalize on short-term gains *ver-*

sus focus on long-term wealth creation
• Makes changes by being disruptive *versus* by continuous improvement
• Set the example of hard work *versus* live a balanced personal-work lifestyle
• Have best business qualifications *versus* best personal qualifications
• Be diplomatic *versus* "talk straight"
• Have strategic acumen *versus* let others innovate and make choices
• Be sympathetic to people's problems *versus* penalize underperformance
• Have personal professional success *versus* build a team or organization
• Be trusting of others *versus* not be easily fooled
• Manage people directly *versus* work through others
• Be decisive *versus* be consultative
• Be hands-on *versus* set the direction, and then hold people accountable

Adapt this questionnaire to your firm. What are the "either-or" choices you might present? Either quality in the pair might be desirable. However, the point is to ask that if there must be a choice between the two items in the pair, which would you prefer in a leader? You might allocate 100 points to paired items. So, if you think the CEO should be focused on the external community, you could allocate 90-10 or 80-20 to the "outside-inside" pair.

Circulate the questionnaire among the participants. When everyone has contributed their views, show both the weighted average view and the distribution of views, so that it is clear where they are of similar minds, and where they have divided views. Trying to reconcile the differing views serves a strategy-setting purpose. For example, some participants may think that the leader should be a primary business-getter, while others think differently. Through debate, a healthier consensus may be forged about the priorities.

Once you complete a first-round survey, you might still have a lengthy, multi-item list of desired traits. So, you might conduct a second round by creating new "either-or" choices. You emerge with a clear idea of what kind of leader is desired, and you rally more support for any new leader chosen.

This exercise forces you to reflect on what kind of leader you think is best. You can then examine your candidates and choose the right leader, at the right time, for where your firm is today and where you are prepared to go. **LE**

ACTION: Wisely select your leaders.

Great Leaders

A r e   t h e y   h a r d   t o   f i n d ?

by Bill Adams

AT THE YOUNG AGE OF 17, while attending a student leadership conference, I made a choice to be in the Leadership Development field. Obviously, at that point I did not know what that meant, but I knew that I wanted to work developing leaders and leadership in organizations.

For 30 years now, I have focused on leadership effectiveness in for-profit businesses that reflect a mix of privately held, public, and family-owned businesses. They're all responsible for producing financial results in order to remain viable. They're all populated by people who must produce results. They all have a mix of external and internal constituents who are accountable for the production of these results.

Top Leadership Team

I focus primarily on developing leadership excellence with emphasis on the CEO and his or her team. As part of this work, we have interviewed hundreds of leaders who work for the CEO regarding the leader's impact on the organization. One critical question we ask is, "How does this leader stack up against other CEOs you have known and worked with? In which leadership quartile is this CEO compared to the greatest leaders you have known? What is your rationale for the rating? What two or three things could the CEO do to improve?" Most of these people and have a refined sense of what makes great leaders because they have experienced both ends of the continuum.

Once people have ranked the leader, we also ask: How is the industry doing? What's happening with the economy? What results are being achieved? How engaged is the work force? What is their level of commitment and fulfillment? How satisfied and loyal are the customers? What's happening with the board? How satis-fied are the external stakeholders—those who evaluate the company's financial performance?

After this assessment, we have an exceptional view of the organization and the people who run it. We can then identify critical insights to guide them toward a more rewarding future.

Our Initial Insights

Great CEOs (top-quartile leaders) achieve both results and relationships. They surround themselves with competent, talented people. They focus on the direction, both in the short term (tactical) and long term (strategic). They relentlessly pursue targeted goals and are disciplined about how to achieve them.

They ensure that the leadership team—the top three layers of leadership—are clear on their responsibilities, their impact on one another, and their performance. They set a baseline for results and continually measure results. They ensure that contribution is recognized and valued. Metrics, process, tools, and systems are common. They don't tolerate what does not work. If they have a player who interferes with productive results and effective relationships, they intervene. They know that how you achieve results is as important as the results themselves, and they don't sacrifice values for results.

In addition to this exhaustive focus on results and the systems to produce them, these leaders embody the context for creating meaning. They communicate. These leaders know people and what is important to them. Relationships are the basis for everything they do. In every case, the leader is one of the major draws for committing to the organization over the long haul. However, great leaders also create an attractive culture. Those who work with them are committed to other team members and constituents. People know where they are going and how they can make a valuable contribution to that direction. The culture unites them; the leader holds them together; the results they produce motivate them to greater achievement; they are committed to one another; and they are having fun!

All of this reflects a laser-like focus on results and the growth of people in relationship to one another, to the organization, and to the customers, constituents, and shareholders they serve.

When we look at great leaders, we rarely find an emphasis on "charisma" or "the leader as hero." We do find the unique ability to accomplish great things consistently, regardless of circumstances, with a committed group of people who are highly engaged by choice. When you enter a great organization, you find a group of people who consider their association a blessing. They regard their work as a wonderful return on the investment they make of their most valued resource—time. They feel that they have exchanged time for a return that far exceeds their investment.

The legacy of great leaders consists largely of influence that lasts beyond their lifetime. For example, Peter Drucker's legacy continues to grow. His life was dedicated to improving practices, leaders, and business. Peter's great joy merged with the world's great need. He recognized his purpose. He once said: "Rank does not confer privilege or power. Rank imposes responsibility. The difference between Nobel Prize winners and others is neither IQ nor work ethic—it is that they asked bigger questions. The individual is the central, rarest, most precious capital resource. The job of the leader is not to *like* people but to *change* people—to put their strengths to work."

Like Peter, each of us leaves a legacy. May you leave the ground you occupy more fertile than you found it. May you step into your potential, rather than around it. May you ask the bigger question, and see strength in every face. May you recognize your power to improve this time and place. **LE**

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ACTION: *Seek to apply these leadership insights.*

Leadership Literacy

Be adept at new ways of thinking.

by John Renesch

FOR MOST PEOPLE being "literate" means being able to read, write, and do some basic math. Mass education levels the playing field for an informed citizenry. This was foreseen by the founders of the U.S. and championed by Thomas Jefferson, who called for the "enlightenment of the people."

Before the 18th Century, only an elite few had access to higher education. So the many deferred to the few—those who knew or had access to those who knew. Huge assumptions were made about decisions being made by these supposedly wise and informed people. This patriarchal mass deference allowed the Divine Right of Kings "mental model" to perpetuate.

Then came the Enlightenment Age. Rabble-rousers like Thomas Paine and the invention of the printing press enabled a more informed citizenry to think for themselves!

The world is sorely in need of leaders who know how to invent new mental models. The new literacy isn't about reading, writing, and arithmetic or simply understanding content. It is about being experienced at reframing, creating new mental models, and shifting the place from where thinking comes. It is more about the *context* of thinking than the *content*. This new literacy is essential for all leaders.

Today "those who know" are the people who have stumbled and experimented, wobbled and fallen, challenged assumptions, and finally had a peak experience or personal enlightenment. Instead of thinking more from the same place, these leaders choose to think from a new place, with new assumptions, a different frame or worldview. They become mental model builders.

William James reminded us that we human beings are the "only creatures of earth" who can "change the outer aspects of their lives" by "changing the inner attitudes of their minds." Yet few leaders have experienced this reframing and changed the "inner attitudes" of their minds. Few have attained this dimension of literacy. They think from the same set of assumptions they learned in school or on their first job.

In *All Rise*, Robert Fuller addresses the issue of model-building. He asserts we need "to cultivate our innate talent for building models" and "do for enlightenment what universal primary education did for literacy." He says that as more people realize they can think differently, the capacity for and the experience of enlightenment will spread—much as reading and writing did in past centuries.

This new leadership literacy allows people in positions of power to envision different realities, to think outside

the limits of how most people think. It allows leaders to rise above habit and see new vistas with fresh eyes, vistas to which they were blind due to old habits and unexamined assumptions. Sometimes these experiences are powerful awakenings! Those who have experienced these "enlightenisms" have found a new wisdom. This is the new thinking that Einstein called for 60 years ago—the reframed thinking that will allow us to solve the problems we created with our old thinking.

Having had these enlightenisms, we can better laugh at ourselves, realizing we had been thinking from an outmoded place before our insight or revelation came along. We tend to be less attached to our opinions or points of view. We now know they might be tomorrow's trash as a wiser perspective reveals itself. Spanish philosopher George Santayana writes: "We must welcome the future, remembering that soon it will be the past; we must respect the past, remembering that once it was all that was humanly possible."

We become literate in this new way through self-examination, the constant seeking of self-actualization, perpetual inquiry into personal beliefs and mental models, willing to gore our own sacred cows. These are ways of not taking ourselves or our beliefs too seriously, ways of remaining in the question of "who am I?" instead of thinking we know the answer "once and for all."

It is the nature of enlightenment to expand, to grow, to change. People with this new literacy know this. Perhaps they've even made the mistake of thinking they had arrived after having an enlightenment experience. Then life hands them a situation that reminds them they don't know nearly as much as they thought they did. These humbling, sometimes embarrassing, experiences are part of the stumbles and reversals that accompany self-actualization—a journey of discovery and process without any final destination.

Conventional literacy allows us to take in and manage information and become skilled in a given context or mental model. This is where most leaders think from. Consciousness literacy allows leaders to visit other models, sample other contexts, and see other realities. As our model building skills are sharpened and our minds become open to possibilities beyond our present assumptions and attachments, we become more adept, life-long learners, eager to discover and grow.

Futurist Alvin Toffler writes, "The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn." Those who can unlearn and relearn are the leaders for tomorrow.

How open are you to unlearning what you think you know, to examine your underlying assumptions? How curious are you about what other "truths" may be out there, shielded from view by your beliefs about how things are and how they have to be? How willing are you to open up to new possibilities where you've thought there were none? Regardless of your rank or position, you can help lead the way to this new literacy, this new consciousness, through your own willingness to live a life of exploration.

Those of us who embrace this new leadership literacy can help society find a way to new realities, new possibilities, dramatically expanding the geography of consciousness. **LE**

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ACTION: Cultivate leadership literacy.