

# LEADERSHIP Excellence



Warren Bennis

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## Rise and Shine

*One determined leader, making her way alone, might make it through darkness and opposition. And yet inspiring leaders support each other in standing for what is right, as others come up behind them.*

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# Rises and Falls of Leaders

*Many aspire and achieve, only to topple.*



by Ken Shelton

WHILE IN TORONTO RECENTLY, I read about the allegations that the mayor, **Rob Ford**, was caught on tape smoking crack. Toronto's city hall has since been mired in controversy with mass resignations, dismissals, and a rally calling for his resignation. Organizer **Chris Wright** wrote, "It's not about personal attacks—it's a chance for concerned citizens to rally for a common goal: *strong leadership* for our city."

I next read about auto maker **Ford** issuing, on its own accord, a massive *recall* of 465,000 2013 model year cars due to fuel tank leak that poses fire risk.

Such are the *headlines* of the day: Right vs. Wrong, Rob vs. Mob, Ford vs. Accord, Leader vs. Loser, Recall or Resign, Hire and Fire. The sad news about failed leaders flows constantly like rivers over waterfalls.

On the drive back to **Buffalo**, New York, I stopped to see **Niagara Falls** and imagined, and later dreamed, of going over the falls in a *barrel*. Once in the current of controversy, and over the brink of the falls, your fate is no longer in your hands.

For 30 years in *Leadership Excellence*, we have run articles dealing with *the rise and fall of leaders*. In fact, one of the most popular reprints is *How CEOs Fail*.

I also recall a classic article by **Jim Collins**, *How the Mighty Fall*. He states: "History shows repeatedly that the mighty can fall." His analysis yielded a five-stage model: **1: Hubris born of success**. Momentum can carry an enterprise forward, even if its leaders make poor decisions, lose discipline, or become arrogant, regarding *success* as an entitlement. **2: Undisciplined pursuit of more**—more scale, growth, acclaim—more of whatever those in power see as success, straying from the *disciplined creativity* that led them to greatness. **3: Denial of risk and peril**. Internal warning signs mount, yet external results remain strong enough to explain away disturbing data or to suggest that difficulties are temporary. Leaders put a *positive spin* on ambiguous data, blaming external factors for setbacks. **4: Grasping for salvation**. The cumulative peril and risks gone bad throw the enterprise into a sharp decline, and leaders respond by lurching for a quick salvation? **5: Capitulation to irrelevance or**

*death*. Setbacks and expensive false starts erode financial strength and spirit to such an extent that leaders abandon hope, sell out, atrophy into insignificance, or simply die outright. **You do not visibly fall until Stage 4**, says Collins. "You can be well into Stage 3 decline and still look/feel great, yet be on the cusp of a huge fall." His hope is that leaders might halt decline early, reverse course, and *recover*—even *come back* stronger.

## Many Managers Fail Overseas

Two in five managers fail in their overseas assignments, reports Bram Lowsky, Group EVP Americas at Right Management. "Given the investments in developing new leaders who can think and operate globally, seeing 42 percent of them fail overseas is hard to fathom. Only 25 percent of firms provide language training, and 16 percent give *minimal to no preparation*. The best companies assess candidates to determine whether or not an expatriate assignment will work. Being aware of *potential derailers* is vital in an international role." Contact Shari, shari@fryerassociates.com



Mayor Rob Ford

## Average Leaders' Impact

*Frontline leaders aren't meeting new job challenges*, and aren't prepared to succeed, reports Richard Wellins, SVP of DDI. "The high cost of having *average leaders* includes high turnover, low engagement, low productivity, and lower profits. Not having a clear picture of the qualifications and motivations of individuals promoted internally into leadership roles results in a failure rate of 40 percent (50 percent for external hires). Firms rely too heavily on *gut impressions of performance*. Only 60 percent use interviews, 26 percent utilize tests, and 19 percent use simulations to make leader decisions."

The *lack of interpersonal skills—listening, empathizing, and involvement*—is the **top-rated reason for leadership failure** (next is a *lack of strategic skills*). The best HR teams view *frontline leadership* as a springboard to higher roles. Organizations that rate their LD *low* describe their frontline leaders as *unprepared, indecisive, scattered and scared*. Those who rate their LD quality as *high*, refer to their leaders as *capable, confident, ambitious and innovative*. [www.ddiworld.com](http://www.ddiworld.com). LE

Ken Shelton  
Editor since 1984

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# Inspiring Leaders

*They have a powerful influence.*



by Jack Zenger and Joseph Folkman

SOME ASPECTS OF LEADERSHIP REMAIN A mystery—one being that leaders possess a remarkable quality that sets them apart from others, enables them to have a *powerful influence* on others, causes others to be attracted to them, and enables them to achieve remarkable outcomes. That quality is often labeled *charisma* (Greek meaning *gift*). It was believed that this quality was indeed a *divine gift* bestowed on some and not others. Hence, no one tried to teach *charisma*, focusing instead on other skills, like being results-focused, giving compelling presentations, or delegating. Since media often describe leaders as *charismatic* (gifted), this quality is used to explain the person's success: "She is so effective in her role because she's charismatic." Others nod their heads in agreement as if they agree with the appraisal. But since it was ill-defined and mysterious, there was little agreement about the *nature of charisma* or the results it produced.

What is the difference between being *charismatic* and being *inspiring*? We discovered (from analyzing 360-degree feedback assessments) that the *single most powerful leadership quality* or competency is this: *Inspires and Motivates to High Performance*. It best differentiates high performers from low and average performers; it correlates powerfully with employee engagement and commitment; and it is the competency that employees most want from their boss.

As we analyzed what made leaders *inspiring and motivating*, we fell into the logic trap of assuming that *charisma* is simply a synonym for *being inspiring*. We now believe that it is possible to define with reasonable accuracy what people mean when they say someone is *charismatic*. We conclude that *being charismatic* helps in a small way, for some people in specific circumstances, to be perceived as *being inspiring and motivating*. Yet many leaders are identified by their colleagues as being *highly*

*inspiring* who are not *charismatic*. Conversely, there are also people who are seen as *charismatic* who fail to meet the test of *being inspiring and motivating*—especially in the long run.

We also focus on the competency of *Inspires and Motivates to High Performance* because it is also the competency on which leaders receive the *lowest scores* from their manager, peers, and direct reports. Ponder that! It is the *most important leadership quality* and yet leaders receive their *lowest scores* on it.

Now, we wondered, can *inspiring leadership* be learned, acquired, measured? What impact does it have? Do all inspiring leaders behave one way, or does inspiration have several flavors? Our research provided answers.

**How can leaders get better perfor-**



**mance?** When you need high performance, what behavior do you fall back on? Most leaders *push harder—driving for results*. But *pull*—the ability to *inspire and motivate others*—is often a better way.

**Many leaders know how to push but not how to pull.** In *Drive*, Daniel Pink argues that our conventional theories of motivation are wrong and contends that *true motivation* has much more to do with *having a clear purpose, attaining mastery and functioning with autonomy*.

When managers become more effective at *Inspiring and Motivating*, employee satisfaction and commitment go way up. And, as employees become more satisfied and committed, willing to go the extra mile, they create higher customer satisfaction, which impacts the revenue generated. For example, studies with Sears, Best Buy, JC Penney and Marriott show that for every 5-point improvement in employee satisfaction, customer satisfaction goes up 1.3 percent, which increases revenue 0.5 percent (in a firm with \$50 billion in

revenue, that translates into \$250 million a year in added revenue).

**What behaviors help a leader become more inspiring?** When we looked at leaders who received from their manager, peers and direct reports the highest scores on *inspires and motivates to high performance*, we analyzed what behaviors differentiated that group and found that **10 companion behaviors** define an *inspiring leader*: making the emotional connection, setting stretch goals, clear vision, communication, developing others, being collaborative, innovative, taking initiative, championing change, and being a role model. The combination of these behaviors helps leaders to become *inspiring*.

For example, leaders who care about *developing others* know what these people want to do in their future. They ask, "So how do you feel about your career? Are you on the right track? Are you moving forward? Can you think of any opportunities in your job that would help you move further?" Having such conversations inspires employees.

Each of these 10 behaviors can be acquired; however, these common behaviors are *uncommonly* practiced. The good news is a leader *doesn't have to be perfect in all 10 behaviors to be inspiring*. Leaders can't have a fatal flaw in any of them, but when leaders strengthen just two or three of those competencies, they become *more inspiring*.

## Different Ways to Inspire

Warren Buffett is an inspirational leader who people trust because of his expertise. If he buys railroads, railroad stocks go up; if he sells, they go down. Oprah Winfrey also inspires people; however, her method is very different. She is warm and inviting, and a great interviewer. Two people, both inspiring in different ways.

By identifying the 1,000 leaders who received the highest scores on *being inspiring and motivating*, we then determined that they use **six different and effective approaches**. Most leaders tend to use one or two most frequently. Each of the first four are used more than 20 percent of the time as a primary or secondary approach.

**1. Drivers.** These leaders are focused on achieving the end result. They understand what the organization needs and expects from them. They see deadlines and commitments as unmovable and they'll do whatever it takes to get there. They are ones who walk through brick walls. They know that being on time and on budget is something that

is necessary, so they rally the organization around them to accomplish those objectives. Based on our research, this is the most common approach to being inspiring. The companion behaviors include *setting stretch goals* and *taking initiative*.

**2. Principled.** Their top priority is to emphasize integrity; they never compromise what is right or ethical. They *walk their talk* and keep commitments. They're focused on process, procedures, on following the rules and doing it the right way. The companion behavior is *acting as a role model*.

**3. Visionaries.** These leaders create a clear picture about the future. The *big picture* comes to life through their specific direction and forward thinking. Tactical priorities don't inhibit their attainable but lofty goals. Companion behaviors include *having a clear vision of the future* and *being a champion of change*.

**4. Enhancers.** They bring us in, make us feel comfortable, listen to us, and treat us with respect and dignity. Theirs is a *pull*, not a *push* style. Enhancers can build positive relationships that can go anywhere and do anything. Someone might say, "I'd do anything for him." Why? "Because I felt like he cares." Companion behaviors include *being an effective communicator*, *placing emphasis on developing people*, *being highly collaborative* and *being a good team player*.

**5. Enthusiasts.** They show passion, vitality and vigor. Passive behaviors evade them and dynamic decisions are naturally made. They are extraverts who generate energy and excitement. Enthusiasts breathe life into organizations. The companion behavior is *making an emotional connection*.

**6. Experts.** They bring important information to every meeting. People love to have them around because they are full of useful, technical information. They help solve problems that are difficult or thorny because of their grasp of all the technology. They use their expertise to implement better solutions. The companion behavior is *innovation*.

Which approach is the BEST? Each is beneficial, however, leaders tend to use or favor one more than another.

We suggest that leaders implement at least one attribute and infuse it with positive emotion toward their people. By doing so, *you will become more inspirational*, and the organization will become *more productive and profitable*. LE

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**ACTION:** *Become a more inspiring leader.*

## 'Selfish' Leaders

*They care for their feelings.*



by Vijay Govindarajan and Srikanth Srinivas

WE TYPICALLY DEFINE *SELFISHNESS* AS *concerned excessively or exclusively with oneself*. So, if we hear that the CEO is *selfish*, we likely think, "The leader is maximizing personal financial rewards even at the cost of the company's interests." If that is the case, it is unfortunate and unacceptable. But there is a different way to view *selfishness*.

When leaders *selfishly* take care of their feelings, it benefits them, everyone around them, and their companies.

Consider: What mental aspects of *selfishness* will help us as leaders? What mental states cause us harm that we should reduce or eliminate? and what mental states give us benefits that we should acquire or increase?

*The first step in becoming a selfish leader is to remove the harmful emotions and negativities that distract us from clear, effective decision making.* For example, anger releases neurotransmitter chemicals (catecholamines)

that give us a burst of energy. Our heart rate accelerates, blood pressure rises, rate of breathing increases, and attention narrows, becoming *locked* onto the target of our anger. Unable to pay attention to anything else, we're now ready to fight or flee. The anger gets bottled up, has nowhere to go, and thus gets tangled within—or worse, spent outwardly toward others. The adrenaline-caused arousal that occurs during anger lasts many hours, even days, and lowers our *anger threshold*, making it easier for us to get angry later. Ask yourself: *As a leader, have I ever made a good decision when I was angry?*

All *negative states of the mind* tend to suck us into a vicious circle. Negative states include hatred, ill will, revenge, fear, ego, entitlement, jealousy, restlessness, anxiety, and depression. The chemicals that cause these feelings can build up over time, resulting in psychosomatic diseases. By realizing that

we are harming ourselves through these feelings and trying to stop them for *our own good*, we help ourselves and help others. We distribute what we have, magnified many times over. What we feed, grows. If we feed anger, it grows. When we spread negative states to others, this saps morale and reduces productivity. The most *selfish* thing we can do—for ourselves and for others—is to reduce or eliminate negative states.

*The second step is to selfishly benefit ourselves with positive states of mind:* empathy, kindness, compassion, goodwill, pardon, egolessness, and gratitude. These release serotonin, oxytocin, and other chemicals that reduce stress, improve our immune system, and drastically reduce psychosomatic diseases. These chemicals also improve the clarity of the mind, and help us to connect the dots and be creative, understand problems from multiple perspectives, solve problems quicker, and make faster and better decisions that are good for us and for others.

Who would have thought that *focusing first on yourself* can do so much?

*When leaders have positive states of mind, they distribute those to others.*

*We distribute what we have, magnified many times over. This creates a more congenial atmosphere, improves morale, boosts productivity.*

We can master this level of *selfishness* in many ways. One is a meditation technique, *vipassana*, meaning *to see things as they really are* (not as they appear to be, as we want them to be, or as

we imagine them to be). The judgment of leaders is about quickly deciphering what isn't evident on the surface. When leaders are *selfish*, nothing clouds their understanding of current reality as it is—not as they would like it to be, or as it appears to be. Knowing that *negative states harm us*—whether or not they harm the person the negativity is targeted at—opens the doors to change.

*We spread what we have within.*

When we are angry, we don't limit that anger to ourselves—we magnify it and throw it on others. Similarly, when we have compassion, we spread compassion. So, as leaders, we need to be *selfish*—to care for our state of being over anything else—so that we can then spread the *selfishness* far and wide. LE

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**ACTION:** *Cultivate positive feelings toward others.*

# Inspirational Leaders

*They embody eight core principles.*



by David C. Forman and Friso van der Oord

**S**TRESSING VALUES, EARNING TRUST, AND connecting with others are three ways leaders can inspire their organizations to achieve greater success.

Inspirational leaders (ILs) have a different view of what *leadership* means and can do. They view it as a *behavior*, not a *title*. It is more about *relationships* and *connections* than *power* and *authority*. They don't coerce or threaten to achieve results, they *inspire* others to act. They pursue significance beyond the short-term. They demonstrate *humbition*—humble personal perspective and fierce ambition for success. They create a culture bigger than themselves so the organization endures.

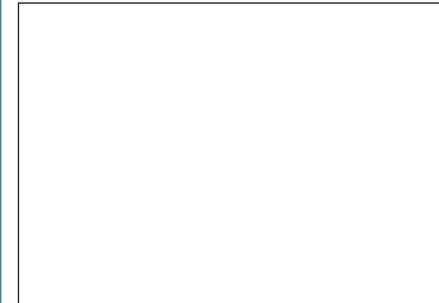
## Inspirational Leadership Model

We define *inspirational leadership* not in terms of traditional leadership competencies, but principles that provide a framework to guide future behavior. Inspirational leaders infuse *eight principles*—dealing with both relationships and results—into the culture:

**1. Rethink and reframe:** Today, in the *innovation economy*, leaders need to stay competitive, out-think the competition and fight complacency. Vineet Nayar, CEO of HCL Technologies, used the phrase *mirror mirror* to enable employees to see the company's position. While HCL was doing fine by some measures, it was mired in a *comfortable mediocrity*. In meetings, Nayar listened, led with questions—not his own answers—and recognized that not everyone would be accepting. By challenging convention and living the values he espoused, Nayar created a new level of trust. The results have been amazing. From a mid-level, regional player in IT services, HCL is now a *global leader* in the industry and among the *best managed* companies in Asia.

**2. Pursue significance:** People want to believe in what they do, not just work for a paycheck. People want a higher calling. Younger generations

demand more from work and life. The pursuit of significance, meaning and purpose is a serious focus. It is not a *nice to do* or the *corporate social responsibility* program of the day; it is a *central mission*—one that many leaders support. Jeffrey Immelt of GE said, "To be a *great* corporation today, first you have to be a *good* one." PricewaterhouseCoopers espouses four P's: *profit, people, principles* and *planet*. Rosabeth Moss Kanter calls organizations that prize purpose: *vanguard companies* where "belief in the purpose and embrace of the values generate self-guidance, self-policing and peer responsibility for keeping one another aligned with the core principles. Employees feel that *they are willful actors making their own choices* based on principles they support."



**3. Live, share and scale the right values:** Leadership is about shaping, living and spreading the values that drive exceptional results. These values provide spirit, soul and continuity. Organizations need to stand for something, not just exist for their own ends, and leaders need to help shape these values. When Sam Palmisano became CEO of IBM, he first enlisted company employees to rethink what IBM stands for. Three values emerged: 1) *dedication to every client's success*, 2) *innovation that matters for our company and the world*, and 3) *trust and personal responsibility in all relationships*. Some 140,000 employees participated in this discussion. "We want people to connect to the entity in a way that's relevant to them. Then they have pride in the entity's success."

**4. Lead through culture:** Culture was ignored or underestimated for decades, thought to be too big or amorphous to change. ILs see that culture is the operating system, and it should be shaped, developed, and enhanced. Culture is

its enduring asset, significant beyond one leader's impact; and *values-based cultures* lead to better results.

**5. Earn and extend trust:** A trusted person is open, honest and delivers results. The conventional wisdom is that trust, like culture, just occurs, and it is too soft to measure or change. However, trust can be measured, monitored, developed and improved. And it needs to be improved—as only 9 percent of employees say that they work in high-trust organizations.

**6. Embrace transparency:** *Transparency* means to *shine light through*; in business it means decisions are accessible to all people; information is not needlessly withheld; people are honest, direct, and clear about their motives; apologies are offered when mistakes are made; and information is shared with stakeholders. The sooner leaders accept the almost *universal availability of information*, the better. *Transparency* is an established ethic—anything else is distrusted.

**7. Connect with others:** ILs *connect* with others in meaningful and unique ways. The connection must be tangible, whether it is virtual or in person. It could be seeing former McDonald's CEO Jim Skinner get his hamburger every day or meeting with Nayar as he explains HCL's value zones. Communities form when people are connected.

**8. Collaborate across boundaries:** ILs don't just *connect*, they work together (*collaborate*) to achieve ends across boundaries—working together on joint projects, sharing knowledge and experience, and enabling the flow of information and talent across the enterprise (not retreating into turf wars, silos and *protective behavior*). Traditional rewards, governance and rules reinforce dysfunctional behavior. ILs pierce these mindsets and show how *collaboration leads to greater success when rooted in purpose and values*. W.L. Gore & Assoc. structures around the premise that *communities always outperform bureaucracies*. It eschews *economies of scale* for an *economy of ideas*. *Connection* and *collaboration* occur almost organically when people are linked by purpose and principles

**These eight principles interact and build on each other.** A leader who is trusted and collaborates across the enterprise is more impactful. When leaders are capable and experienced in all eight principles, they become *ILs* who can leverage, propel and inspire people to greater heights. LE

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**ACTION: Infuse these 8 principles into your culture.**

# Cultural Dexterity

*Building an effective global workforce.*



by Ana Dutra

IN TODAY'S CULTURALLY diverse global workplace, there is no single recipe for *effective leadership*. But when it comes to *people agility* and *cultural dexterity*, highly agile and culturally savvy leaders drive high performance.

What it means to be *agile* and *savvy* regarding *people* and *culture*. Let's face it: a course in Chinese culture doesn't teach you how to navigate a Chinese organization. Reading a book on India won't prepare you to assimilate to the culture of a company in Mumbai. Not even living in different countries over time guarantees a *global leader*.

Since generational and cultural norms vary from one region to another and from one department to another within an enterprise, *a one-size-fits-all approach is doomed to fail*. If executives are aware of different cultures but unable to adapt and work with them, they won't produce successful results.

Let's start with awareness: *cultural intelligence* is the foundational knowledge of culture and how it influences attitudes and behaviors at work, its numerous behavioral dimensions, and how gaps create misunderstandings that hinder or derail job performance.

For example, needing a *superior pool of local talent* to work at its Chinese subsidiary, a Europe-based multinational firm decided to recruit Chinese nationals graduating from U.S.-based universities. After a two-year assignment in the U.S., they were given positions at the firm's subsidiary in China. The company quickly discerned that cultural differences between the U.S. managers and Chinese recruits were impeding progress, and a traditional course in "working with Chinese" did not adequately improve the dynamic with the American-educated recruits.

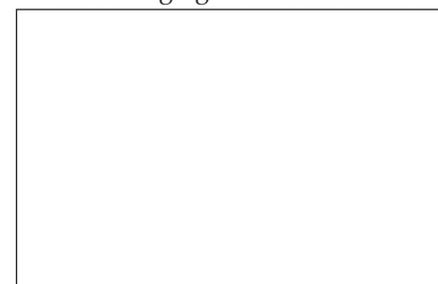
When a KornFerry consultant discussed the cultural profile used in the "working with Chinese" session, Chinese recruits were confused: *that profile didn't describe them*. They were more like their American colleagues in some ways.

Training in *cultural dexterity* helped them be aware of their cultural prefer-

ences, and understand that *culture is far more complex than just country of origin*.

Their generation, education, region, and even city of origin, and time at U.S. universities all shaped them distinctly. In any context, you need to know if the *corporate culture* overrides the *country/national culture*, or vice-versa when a company operates globally. That goes beyond determining the number of local executives in each foreign branch. It is all about *having executives who understand the nuances of the local culture*.

In the Chinese case, this factor was important not only for the managers and the Chinese recruits to understand. It meant they were also different from many of the customers and coworkers they would soon encounter when they returned to China to start work. In fact, in some emerging markets—China and



India being two prime examples—the *experience of the generations is so divergent that the cultural norms of the younger and older populations are quite disparate*.

Instruction in *cultural dexterity* helped participants to understand the *complexity* of corporate and national cultures, build awareness of cultural preferences, identify the issues creating tension, and determine how each group could best work with the other. Chinese recruits also reviewed the potential gaps they might face with various stakeholders when they returned to work in China, and developed action steps to help them be more successful there.

*Culture also plays a powerful role in the norms that drive employee behavior, sometimes even trumping local country preferences*. Korn/Ferry Institute research documented that when Western expatriate executives worked for *state-owned enterprises* in China, their *leadership style* shifted to be more like local Asian managers. Their *communication style* became more formal and instructive,

emphasizing clarity, expertise, and logic (not the case if they worked in China for a multinational corporation).

Static historic profiles can't keep up with the complexity, multiplicity, or speed of culture today. One manager encountered this issue on his first trip to company operations in India. He'd reviewed the *India cultural profile*—but managers there seemed unimpressed, maybe even offended. He wasn't sure why, but they didn't develop the rapport required to collaborate effectively.

*What went wrong?* After exposure to the more dynamic *cultural dexterity* concept, he recognized that the managers were a blend of cultures influenced by different generational values, advanced education, and the multinational's culture. To the managers in India, his approach seemed based on stereotypes.

The underlying principle of *cultural dexterity* is that *the dynamics of intercultural interaction are always fluid*. It's more vital to be aware of this continuous change than it is to know cultural stats and stereotyped cultural behaviors.

Experienced executives who've succeeded in one setting—like the country of headquarters—are most likely to believe that *they're already culturally adept*. They often find it difficult to accept that their policies or approaches are not universal, nor even optimal in other cultures. Even if they hit a roadblock, they may find it uncomfortable to adjust because *their ways have served them well*.

The most important change such leaders can make is in *mindset*, from *telling mode* ("I'm in charge; I have the answers; I'm here to inform") to *discovery mode* ("I need to find out how we can best achieve our performance goal in this new context"). It's all about developing *learning agility*—being aware of environmental differences, learning from unfamiliar situations, and applying those lessons to new and first-time situations in the future.

With this *change in mindset/attitude*, leaders can develop *cultural dexterity* to effectively navigate across any cultural difference—and rather than becoming obsolete when a leader is transferred, *cultural dexterity* improves each time it's practiced. The case for increasing *cultural dexterity* extends beyond enhanced one-on-one relationships. *Cultural dexterity creates a strategic advantage and higher performance*, enhancing growth, innovation, talent deployment, employee engagement, and business results. LE

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**ACTION:** Cultivate cultural dexterity.

# Leaders Everywhere

Create competitive advantage.



by Gary Hamel

**G**REAT MANAGERS empower and train individuals to lead even when they

lack formal authority. In effect they *syndicate the work of leadership* across the organization, to *redistribute power* and to change the role of the top team.

Our *Management Innovation eXchange* is an open platform for eliciting innovative practices in management and leadership. Occasionally we make a management prize (M-Prize) challenge to pull amazing new practices and ideas to the surface.

## Leaders Everywhere Challenge

This year's challenge is called *Leaders Everywhere*. The idea is that we live in a world where never before has leadership been so necessary but where so often leaders come up short. Our sense is that this is not really a problem of individuals but of traditional pyramidal structures that demand too much of too few and not enough of everyone else. Complex organizations require too much from those few people up top. They don't have the intellectual diversity, bandwidth, or time to make all these critical decisions—one reason why change is so often belated, infrequent, and convulsive.

In traditional structures, by the time a small team at the top realizes there's a need for change, by the time a problem is big enough or an opportunity clear enough that it prompts action, that it breaks through all the levels and commands the attention of these extraordinarily busy people up top—it's too late. If we want to build *adaptable organizations*, we need to *syndicate the work of leadership* more broadly.

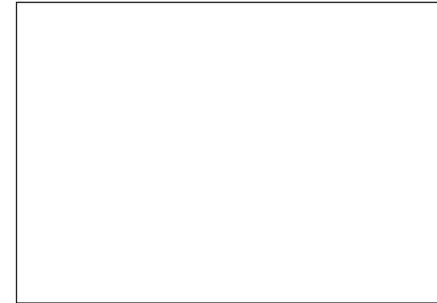
Given the complexity of our organizations and speed of change, there aren't enough *extraordinary leaders* to go around. **Look at what we expect from a leader today!** We expect somebody to be confident, yet humble. We expect them to be strong in themselves, but open to being influenced. We expect them to be amazingly prescient, with great foresight, but to be practical; to be extremely bold, and

yet also very prudent.

*How many people like that are out there?* I haven't met many people who have the innovation instincts of Steve Jobs, the political skills of Lee Kuan Yew, and the emotional intelligence of Desmond Tutu. That's a small set of people. And yet we build organizations where you need that caliber of person for them to run well if you locate so much of the decision-making authority in the top of the organization.

## Transformation, Step-by-Step

In 1890 it would have been difficult for anybody to imagine Ford Motor Company, and yet 25 years later, here's this company: iron ore in at one end, Model T out the other end—massive industrial scale, and everything that



needed to be invented to allow that vertical integration. And all the new management techniques, management science, that got invented. But ask somebody to describe that in 1890—making half a million vehicles a year by 1915. It's very hard to describe.

Today we're at a similar inflection point. And if you're a CEO, waiting for that model to emerge, that's not a good thing. If you're waiting to benchmark somebody else, that's not what the best leaders do.

In most organizations, we don't call people *employees* anymore—we call them *team members* or *associates*. We recognize that in the *creative economy*, most wealth creation is coming from people who are rubbing up against customers, innovating—certainly in a *service economy*, the *experience economy*. We talk more about co-creation with our customers, and with our other business partners.

So, already, we see that *value is created more and more out on the periphery*.

But we still have organizations where too much power and authority are reserved for people at the top of the pyramid. Ultimately, the structures, compensation, and decision-making must catch up with the new reality.

Most companies are now comfortable with *360-degree performance reviews*. In the best cases, that data is all online—everybody can see it. But the next step will be *360-degree compensation reviews* because when compensation is largely correlated with hierarchy, organizations can't be very innovative or adaptable. People spend too much of their time *managing up*—competing internally for promotion up that formal ladder rather than competing to add value (*collaborating*). So, increasingly, compensation has to correlate with *value created* wherever you are—rather than how well you fight the political battle or what you did a year or two ago that made you an EVP.

Organizations must evolve to catch up to this new economic reality, but it will take a while since *formal hierarchy is a most enduring social structure*. Making this rather daunting transition will happen step-by-step, small experiment by small experiment. We will we start to ask, **What can we do here to enlarge the leadership franchise?**

We can break big units into smaller units to create more opportunity for people to be leaders. We can make the P&L much more visible to people and tie their performance into that, so you feel like you have a real stake in the business. We can start to syndicate the work of executive leadership by opening up the conversations about strategy and direction and values. We can use more peer-based systems to collect feedback on who's acting like a leader and who's not. We can take such small, incremental steps.

## Create Leadership Ops

*Where do we experiment?* What can we do to create more opportunities for leadership but also teach people what it means to exercise leadership when you don't have formal authority? How do you mentor people, build a coalition, live in the future so other people want to follow you? How do you become a *connector* who brings ideas and talent and resources together? That's the critical work of leadership today.

So the challenge is to give people those new leadership skills that enable them to exercise leadership, get things done, even when they lack formal, positional authority. I would love to work in an organization where every-

body believes they have the possibility of doing that. But it will happen one small step at a time. As a CEO, my goal would be to take more of those small steps faster than anybody else—because to the extent that I unleash the latent leadership talent in my organization, to the extent I become less reliant on a few people up top to see the future and respond in time, we'll be more successful.

### Guru and Commissar

Making this change requires, as C. K. Prahalad said, “being both guru and commissar.” Like the *guru*, you start with the basic principles—such as *empowerment*, *accountability*, *transparency*, *meritocracy*, and *natural leadership*—and then you have to be the *commissar* and know what lever to pull to embed those principles in every management system, structure, and process to create leaders everywhere. So instead of moving decisions up to where people have expertise, you move expertise down to people close to the front lines. Some 40 years ago, this is what Toyota did when they trained *frontline employees* in statistical process control, in Pareto analysis, to embed the quality control function in the organization. They distributed information, trained people to make the right choices, and held them accountable for choices.

Another company that practices a great form of *Leaders Everywhere* is Whole Foods. Small teams in each Whole Foods store are running their own P&L and have a lot of decision-making authority. One reason that works, though, is that they are held accountable for challenging targets; and if you hit those targets, the bonus is in next week's paycheck. So you start to ask, “If people have all the information they need, if they've been trained to have those business skills, if there's a short feedback cycle between your decisions and rewards, how much bureaucracy do I need?”

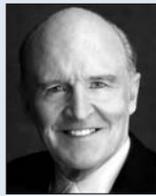
So, there are preconditions. This is not some romantic thing—*let's just give everybody more power*—because that's chaos. But if you equip people, give them information, make them accountable to their peers, and shorten the feedback cycles, you can then push a lot of authority down. LE

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**ACTION:** Push more authority down.

## Hiring Mistakes

*Avoid three perilous impulses.*



by Jack and Suzy Welch

**H**OW FAST SHOULD YOU MOVE WHEN you sense you've made a hiring mistake? In a word, *very*. So fast, in fact, that if you're moving at the right speed in taking care of a hiring mistake, it will probably feel too fast. Rapid intervention is better for the organization, your own career, and even the person you're letting go.

**Hiring great people is brutally hard.** New managers are lucky to get it right half the time. And even executives with decades of experience will tell you that they make the right calls 75 percent of the time, at best.

Never has it been so important to field a team with the best players. Every smart idea matters. Every ounce of passion makes a difference. You can't have a *black hole* in your organization where a *star* should be.

That's why you need to face up to hiring mistakes quickly. Sure, maybe one person's poor performance won't sink the company. But when your *mistakes* aren't doing their jobs, it strains the team and makes work harder for everyone else. So resentment toward the underperformers—and *toward you for hiring them*—builds up.

**And yet, many managers procrastinate for months before acting on their hiring mistakes.** They'll tell you they're hoping the mistake's performance will improve with time/experience. They might also moan about the time needed to find someone new and bring him up to speed. But the real reason most managers don't act is that *they fear looking stupid* and worry that admitting they made a hiring mistake is *career suicide*. But the best companies reward managers when they acknowledge they've hired wrong and swiftly repair the damage. They get more positive buzz for operational improvements that occur when the right person is finally in place. Indeed, recognizing mistakes—

and fixing them boldly—builds a manager's credibility. Hoping that the mistake will go away does the opposite.

Now, *boldly* doesn't mean *harshly*. Remember: You made the error. Don't blame the person who persuaded you that he was right for the job. Break the news candidly, take responsibility for what went wrong, make a fair financial arrangement, and then give the departing employee time to look for a soft landing. Both of you need to feel as if you handled everything properly, especially should you ever meet again when your former *hiring mistake* happens to become a potential customer.

**Of course, the best way to handle hiring mistakes is to not hire them in the first place.** Yes, bringing in the right people is fraught with pitfalls. But you can improve your chances if you fight against *three hiring impulses* that often get managers into trouble.

**Impulse 1: using your gut.** When you have a big, crucial job opening to fill, it's just too easy to fall in love with a shiny new candidate who is on his best behavior, telling you exactly what you want to hear and looking like the answer to all your prayers. That's why *you can never hire alone*. Ensure a team coolly analyzes the candidate's credentials, conducts interviews, and includes at least one real hard-nose—a naysayer who is particularly good at sussing out the job fit and sniffing out the phonies.

**Impulse 2: recommendation reflex.** Managers tend to rationalize away negative references with excuses like: “Well, our job is different.” You should seek your own references to call, not just the ones provided by the candidate, and listen to what they have to tell you even if it ruins the pretty picture you are painting in your head.

**Impulse 3: doing all the talking.** Yes, you want to sell your job, but not at all costs. In interviews, ask candidates about their last job—and then shut up for a long while. As they describe what they liked and what they didn't, you will likely hear much of what you really need to know about fit. You may still make a mistake, but not because you rushed. Save the speed for fixing things if they unfortunately go awry. LE

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**ACTION:** Avoid the three deadly hiring impulses.

## Leaders Open Doors

Create growth via opportunity.



by Bill Treasurer

**S**O-CALLED LEADERSHIP experts have made the topic of leadership complex and complicated. I know, I'm one of the *Leadership Complexifiers*.

The checklist for what it takes to be a leader gets longer, more idealized, and more complicated, causing the expectations people hold of leaders to shift. We expect leaders to be bold and calculated, passionate and reasonable, rational and emotional, confident and humble, driven and patient, strategic and tactical, competitive and cooperative, principled and flexible.

After two decades of contributing to the complexification of leadership, I learned a simple but essential lesson about leadership from an unlikely person: my 5-year old son, Ian, a pre-schooler at The Asheville (North Carolina) Montessori School. Each Monday his teachers pick one person to be the *Class Leader*. I became aware of this one afternoon when Ian came home proclaiming, "Guess what, Daddy? I got to be the *Class Leader* today!"

"Class Leader!" I said with pride. "What did you get to do as class leader?" Ian's answer was simple, and profound. "I get to open doors for people!"

In 15 seconds, with seven simple words, Ian cut through 20 years of a career dedicated to leadership development to clarify what is vital in leadership: *opening doors of opportunity for the people you lead*. Ian keyed into a new model of leadership: *Open-door Leadership (ODL)*. This leadership is about identifying, creating, and assigning opportunities that help people and organizations grow and develop. Think about a leader you admire (one you worked with). My bet is the leader is someone who: Took the time to get to know your career goals and aspirations, gave you challenging and meaningful stretch assignments that helped you grow, supported you and gave you pointers for being successful, and was someone who you could look up to because you knew they've "got your

back" and truly cared about you and your development.

*Open-door Leadership is about taking a deep interest in those you lead, moving people out of their comfort zone so they strive toward a higher standard of performance.* The leaders we most admire are those who focus on our growth, advancement, and fulfillment.

### Six Opportunity Doors

Inspired by Ian's comments, I wrote *Leaders Open Doors*, describing six essential opportunity doors that aspiring leaders should open:

**1. Proving ground door:** ODLs tap into our deep desire to excel and achieve by giving us opportunities to prove ourselves to ourselves. They give us a shot at performing at a higher level.

**2. Thought-shift door:** To keep us from being narrow or habitual in our thinking, ODLs help shift our perspective so we apply our imagination more fully.

**3. Door to a second chance:** The best lessons in life and at work are often the results of messing up. But the lessons are lost when our leaders judge or punish us too harshly. ODLs have a higher tolerance for mistakes, seeing them as great opportunities to learn and grow.

**4. Opening doors for others:** Too many leaders replicate themselves when hiring senior executives, or assigning juicy opportunities. ODLs intentionally go out of their way to reach the people who are least like

themselves in order to ensure that everyone has a fair shot.

**5. Door to personal transformation:** The well-timed and good-intentioned feedback of an admired leader can change the entire trajectory of one's career. Open-door Leaders are often catalyst figures who bring about our own life and career transformations.

**6. Door to your open heart:** Over your career, you'll work with many mediocre leaders. Ultimately what differentiates ODLs is that we know (since they actively show) that they care about us and our well-being. ODLs reveal themselves to us, letting us see their hardships, vulnerabilities, and idiosyncrasies. In short, they're real with us.

ODLs create opportunities for those they lead to thrive, achieve, and lead. Their efforts stay directed on one thing: continually opening doors for each other. LE

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**ACTION:** Open doors of opportunity for others.

## Innovation Savvy

Making your ideas catch fire.



by Drew Boyd

**Y**OU MIGHT SPARK ONE idea after idea, but without knowing how to fan the flame, your ideas are worth little. Navigating organizations takes skill and savvy—*office politics*. Understanding these subtleties is so vital that world-class companies like GE and Johnson & Johnson teach it to employees and reward them for using it.

What are the proven methods or next steps innovators must take to build savvy and influence others? I outline the techniques of *Systematic Inventive Thinking (SIT)* for making creativity part of the culture. SIT requires thinking *inside the box*—working with resources close at hand to create new ideas and then elevating your innovations.

You don't have to be the smartest guy in the room. Even when you are, avoid rushing in with the goal of getting to the best answer faster. Otherwise, you'll lose allies. People will stop inviting you, and you'll soon become a solo act. Instead, offer your ideas with the intent of combining them with the best of others. Be seen as an integrator of ideas rather than a competitor.

As a team player, ensure your innovation efforts are seen as relevant. If you jump on the latest fad, you risk being seen as someone who is out of touch. So, solicit advice about the relevance of your project. How does it link to the firm's strategic initiatives? How would you explain your project's importance to an outsider? Pull out if you can't connect the dots between your idea and company priorities. Identify ideas that will travel well on your organization's chosen path.

Now, choose to work only on those projects with a clear, supported mandate from senior management. While your innovation project may be relevant, it could still lack a mandate. Few initiatives and ideas get the necessary dollars and headcount to succeed. Link yourself only to projects that have management's support. Avoid being sucked into every initiative. If you are talented, people will want your time and energy on their projects. Limit rather than dilute: It is better to succeed on a few projects than deliver marginal results on many.

*As you become involved in new projects, remember: timing is everything.* Every project follows a predictable life cycle: introduction, growth, maturity and decline. *Join innovation initiatives early in the life cycle; and get out when they mature.* Don't hang on after the program has lost its oomph.

*Learn to recognize—and deal with—sabotage by others.* People treat ideas differently depending on the source. If an idea comes from a peer rival, people tend to see it as tainted. They sabotage it because it's not theirs. If the same idea comes from outside (from a competitor or consultant), people overvalue it, because they see it as tempting. You should expect this behavior and neutralize its effect. One way is to not associate ideas with a specific person, especially you. Avoid giving attribution to the person who created the idea. Stripping a new idea from any associations related to its inventor creates the best chance of survival for that idea.

*As you nurture your idea, be mindful of your actions.* Savviness is not the same as manipulation. There is an old saying: *Don't make enemies of your peers. If you do, you won't need more enemies; they can ruin you just fine.* Don't see innovation as a political chess game where you have to manipulate others to get what you want. Savvy innovators have high political astuteness and strategies and skills for *ethically* traversing the terrain to gain *influence* and *impact* with *integrity*.

*It's not what you don't know that will kill you—it's what you know that ain't really so,* quipped Will Rogers. People let their knowledge about an issue blind them to other facts that may contradict their beliefs. Holding onto a belief that you are certain is true—only to learn later that it isn't—causes others to question your judgment. Learn to recognize this blind spot (*Confirmation Bias*), and seek to weigh data equally, including data contrary to your point of view, to maintain an open mind.

*Treat yourself to continuous development and improvement.* Never stop developing yourself. Your first priority is to assure your relevance, and you can only do that by taking the time to learn new skills and update old ones; otherwise, you become the proverbial *dead man walking*. Make every year count. Take time to learn, develop and improve your innovation abilities.

Keep these points in mind and your next idea could take off like wildfire. LE

Drew Boyd is co-author with Jacob Goldenberg of Inside the Box: A Proven System of Creativity for Breakthrough Results (Simon & Schuster). Visit [www.insidetheboxinnovation.com](http://www.insidetheboxinnovation.com).

**ACTION:** Achieve breakthrough innovation.

## Symbiotic Leaders

Create interdependent relations.



by Mark Fenner

THE NEAR-COLLAPSE OF a well-known retailer, and media attention paid to the replacement of its CEO, invites reflection on the nature of leadership. The strength in leadership is about much more than a forceful personality. Strong leaders temper a powerful will with humility while never letting the determination to win fade. Humility may be the hardest lesson to learn, but it can be the most valuable.

I call it *symbiotic leadership*; similar in style to *servant leadership* or *Level 5 leadership*, as Jim Collins describes it. *Symbiotic* suggests having an interdependent relationship; living in *symbiosis*—working together in an interdependent relationship for mutual benefit. In business, *symbiosis* is reflected when leaders surround themselves with people who complement them, yet may be far from similar in style, experience, or skills.

*Symbiotic leaders* (SLs) know their role is to cast vision, assemble a team of committed leaders, unite team members in a common purpose behind the vision, and get everyone *moving in the right direction*. SLs attract to their *inner circle* strong leaders who attract other strong leaders, each bringing a unique perspective. They are not intimidated by others' strength; instead, they value it. This *synergy*—when aligned to a strong vision, mission, and values—percolates through all levels, lifting everyone and leading to success.

The president and CEO who exerts power through a *command style* may feel powerful, but that won't be reflected in organizational success. What subordinates see is someone who is unapproachable, reluctant to listen, and intolerant of anyone who isn't 100 percent on board with his or her vision.

*For SLs, energy is focused on helping the organization win and empowering others.* SLs remain receptive, open to learning and to different perspectives. These differing viewpoints aren't perceived as challenges to their power, but as challenges to prevailing notions. The

SL's plan can then be tested—and where the plan may fall short, it can be adapted and strengthened. SLs see such adaptations not as an admission of failure of an existing plan or vision but as a chance to test the plan, strengthen the vision, and gain buy-in.

SLs know that *adaptation* is the key to survival. Challenges that couldn't have been anticipated even a week earlier must be dealt with, immediately. History is littered with companies, sports teams, even nations and cultures whose names are all but forgotten in large part because *they couldn't adapt*.

So how do SLs create a culture where their inner circle and entire organization, can thrive? To create synergy, SLs should seek *seven characteristics*:

- **Leadership.** High performing organizations value leadership and influence at all levels. Leadership ability is taught and rewarded starting with individual contributors and first-level managers who bring a unique perspective.

- **Vision.** The ability to cast vision is a critical leadership trait. Vision paints the target—it sparks and fuels the fire and draws the organization forward.

- **Discipline.** A leader wants people with self-discipline, a passion for learning and focus on constant improvement.
- **Navigation.** Leaders set direction, prioritizing, and plan for the inevitable obstacles that will arise. There will always be turbulence, so challenges must be anticipated and approaches designed to be flexible.

- **Trust.** Trust is *foundational* for leadership. For trust to be established and maintained, the organization must share and believe in core values.

- **Victory.** When the pressure is on, great leaders are at their best. They follow through and *deliver on commitments*. They recognize that *winning creates the momentum* that leads to compounding growth and eliminating petty challenges.

- **Empowerment:** SLs need people who want to develop leadership in others—to cultivate individual talent and motivate people to grow and succeed. Like the SL, the people in the inner circle and beyond are not threatened by others' success—they thrive on it.

When SLs have leveraged their success as a platform for something bigger and better, the organization has the top leaders ready to step in. LE

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**ACTION:** Seek the seven characteristics.

# Accountability

*Do leaders sabotage it?*



by John Stoker

**Y**ES, LEADERS SOMETIMES behave in ways that undermine the accountability they are trying to instill in others, thus sabotaging their efforts to increase accountability throughout the organization.

Authentic leadership requires both *talk* and *walk*. A leader who is unaware may walk in a way that undermines his or her *talk*. Sometimes leaders will take on a specific role for reasons known only to them. The role of a specific behavior may diminish or undermine an individual's desire to be accountable. Over time, I've identified *six specific roles*—there may very well be others—that impact accountability.

**1. The Entitler.** These leaders believe they have to reward employees for *everything* they do. This behavior causes employees to develop a sense of entitlement, and they become *coincidentally* employees. They come to expect, even demand, reward for specific performance—especially for performance that requires them to take extra initiative. This leader's behavior not only creates the expectation of reward, but tends to destroy individual initiative and responsibility.

Rather than be an *Entitler*, an *effective leader* should become a *Motivator*. Motivators get to know their employees. They look to identify personal values that inspire and motivate people to expand their capacity to perform at a higher level.

**2. The Justifier.** This leader accepts the stories or excuses that people offer to explain their lack of accountability. The *Justifier* might say, "Oh, I can see how that might happen. It's okay. Let's talk about what we should do now." Please note: surprises do happen, priorities can change, and expectations and requirements often need to accommodate those situations. But a leader who continually validates stories or excuses for non-performance sends the message that as long as you have a great story, your lack of accountability is acceptable. In essence, the *Justifier* enables his or her people to not keep their commitments.

Rather than be a *Justifier*, the leader should take steps to be an excellent *Strategizer* or planner who explores in detail what is required to complete a task on time while meeting the required parameters for *excellence*. Poor planning usually leads to poor results.

**3. The Rescuer.** This leader actually does the employee's work. This often happens with newly-promoted leaders who are more comfortable doing their old job than learning how to lead. Or perhaps the Rescuer doubts that the individual can even do the job, so they run to the rescue and do the task for them. This behavior leads to a *learned helplessness* on the part of the employee. The leader's behavior sends the message that you do not have to be competent to do your job. Employees learn that they don't have to be accountable because someone will bail them out.

Instead of being *Rescuers*, leaders need to learn how to be *Facilitators* who know how to move things along. They know how to use questions to discover where the employee may lack the ability to do the job, and they know how to use that information to deter-

mine a course of action that will help employees acquire necessary skills and responsibilities for their job functions.

**4. The Perfectionist.** This leader is never satisfied because nothing is ever quite *good enough*. These leaders are perfectionists. This behavior can often be accompanied by constant criticism of the individuals whose performance is subpar, and it turns employees into pleasers, or *yes people*, who spend their time trying to guess what the leader really wants. The *Perfectionist* also creates a sense of learned hopelessness in those who come to expect their best efforts to be rejected. *Accountability* is replaced by *apathy* when hard work is consistently misdirected or deemed unacceptable.

Leaders who engage in *Perfectionist* behavior should look seriously at becoming *Clarifiers*. Clarifiers think about their own thoughts. They are very clear about what "perfect" and "acceptable" look like, and they make a great effort to determine whether their people have understood these

conditions clearly. When people have a clear picture of what "perfect" or "right" looks like, they are far more likely to perform to that level and meet the leader's expectations.

**5. The Blamer.** I once had a manager who was a Blamer. If I *did* what he asked and things didn't turn out well, he blamed me. If I *did not* do what he asked, no matter how things turned out, he blamed me. He was definitely a "no-fault" leader; his behavior created major defensiveness in everyone who worked for and around him. People became far more interested in *self-preservation* than in expending their discretionary effort. In my experience, his behavior was far more effective in creating a lack of accountability than in creating a desire to do the work right.

Such *Blamers* need to learn to be *Praisers*. Praisers notice behaviors that contribute to superior performance, and they acknowledge individual contribution. When a task doesn't yield the desired results, Praisers will sit down with the employee and review processes and procedures to identify where things fell apart. Then they make suggestions or implement changes that will improve performance and results. They celebrate success and develop skills in others to overcome deficiencies. Praisers focus on *process* and avoid punishing *people*.

**6. The Micromanager.** This leadership role is about controlling exactly what an employee does and controlling *accountability* for the work. *Micromanagement* usually leaves an employee feeling angry, frustrated, demoralized, and searching for another job. *Micromanaging* behavior sends the message, "I don't trust you to do your job!"

Rather than being a *Micromanager*, adopt the role of a *Truster*. A *Truster* is someone who allows an employee the autonomy to do the job and to learn and grow from his or her efforts. Leaders who demonstrate trust go out of their way to support and assist individuals to do their jobs and allow them to be accountable for their results.

Helping individuals, teams, and work groups to be responsible and accountable for their results is the key to productive and profitable work. To improve accountability, effective leaders evaluate how their *talk* matches their *walk* and understand how *their behavior* contributes to or detracts from the results they are trying to achieve. **LE**

*John R. Stoker is president of Dialogue-WORKS and author of Overcoming Fake Talk. Visit [www.dialogueworks.com](http://www.dialogueworks.com).*

**ACTION:** Master the six positive roles.

# Lead a Resurgence

*Go for world-class performance.*



by Michael G. Winston

**T**HE PAST SIX YEARS have socked us with a white-knuckle economy. Businesses shrank, employees hunkered down. Risk management emerged as a key driver of corporate practice. In many corridors of influence, conservatism and hesitation replaced innovation as a watchword.

The lingering recession has taken quite a toll. Many companies are still in survival mode, not trying to thrive, just survive. The same is true of some executives. However, *trying not to lose* is far different than *trying to win*. For a great resurgence, leaders must go for *world-class performance*. It's time to lean forward and position your company for greatness. Regain your Olympic-like competitive edge; rekindle your desire to compete and win. Place a premium on exemplary performance in all dimensions—quality, productivity, service, sales and value. Growth and innovation are not only possible, but necessary, during dark times.

Today's star performers are not here to *weather the storm*; they are here to completely change the game. These leaders engage all people as active participants in delivering value creation, and this includes everyone at every level and the customer base.

Here's are some differences between *Trying Not to Lose* and *Trying to Win*:

**Trying Not to Lose:** Survive, Divest, Hesitate, Scarcity, Wait, Reduce cost, Delay, Imitate, Realistic goals.

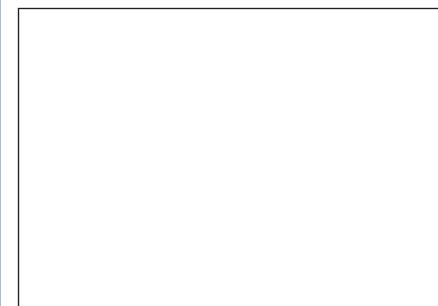
**Trying to Win:** Thrive, Invest, Pounce, Abundance, Anticipate, Add value, Accelerate, Innovate, Stretch goals.

## Business Parallels

*I see clear parallels between Olympic-like performances and high-performing business teams.* When the going gets tough, the tough get going. *Challenge* brings out the best in champions. *Tenacity* is needed in this recovery economy. At work, people must do more with less. When you see these problems, do you *step back*, or *dive in*? Breakthroughs are possible amid headwinds as well as tailwinds. For example, three top

technology powerhouses—HP, Texas Instruments and Polaroid—all got their start in the 1930s, during the Great Depression. The recession of 1957 gave rise to the semi-conductor. Amid the *stagflation* of the '70s, a small start-up named Microsoft was born. So, too, can it be in this era. The iPad, iPhone, Kindle, Flip and Zipcar were all invented in this recession. So, it can be done.

***In business, as in athletic competition, we must play on our toes, not sit back on our heels.*** As coach Vince Lombardi said, "Winning isn't everything, but the will to win is everything." In challenging times, companies get leaner, fitter, focused. You gain competitive advantage by ensuring preemptive leadership position and stoking competitive



vigor: The office must become more expansive, not more expensive; flexible rather than fancy—and transparency is back. In the face of an unstable economy and an uncertain future, businesses are concerned about how they will navigate the future and how to identify and plan for a new set of risks.

*Informed optimism, agility, and the relentless pursuit of superior performance* are even more important, and offer more value—as does a clear understanding of the changing landscape. In fact, the world's truly great business minds share one common trait: vision. They identify innovations and growth opportunities others miss, craft sustainable long-term strategies, and understand how to guide those around them to success. This is leadership in action.

## Citius, Altius, Fortius!

The essence of the games is embodied in its motto, *Swifter. Higher. Stronger.* For three weeks during the London Summer Olympics (July and August, 2012), more than 10,000 athletes did

their best to run faster, jump higher and be stronger than their competitors. They pushed the boundaries of what was currently considered humanly possible, and reminded us of what can happen when we follow a dream.

The Olympics *inspire us* as few other events. The pageantry, the drama, the coming together of different people and cultures for a common cause—people want to be a part of these things. We can also learn a lot from these athletes and from the games themselves.

Each athlete focuses on winning, and setting new records and standards of performance. Some achieve gold; others do not. But every one of them shows up prepared and ready, having spent their energy and time *focused on winning* for years preceding the games.

Watching the games is energizing as we learn about the stories of struggle, previous defeats and support necessary to get there. We rejoice in the victories and agonize at the defeats. We hold our breath and sit mesmerized as the athletes demonstrate the discipline, focus and commitment it takes to *be a winner*.

***The Olympic Games compel us to want to achieve—in our own ways.*** So *how will you respond?* What race will you decide to run, and how will you begin or continue your journey to the gold? Who will support you, and how will you remain aligned to do what it will take to do it? And what will winning look like when you get there?

In today's hyper-paced world, each one of us is running a race every day—in our organizations and in our personal lives. Do you have the clarity, focus, and commitment to win? Can you rise up to meet the **3C challenge?** In a world of *citius* (swifter), *altius* (higher) *fortius* (stronger), are you swift enough to meet and beat your **Competition?** Are you reaching high enough to delight your **Customers?** Are you as strong as your **Company** needs you to be?

***The race is on: Are you fit to win?*** In your quest to win, *look to Olympians as role models.* Olympic competition brings together exquisitely prepared men and women in a pressure-cooker atmosphere—each vying for victory. The line between success and failure is often razor thin. The winners will be those who best prepare both physically and mentally, and give the extra effort that leads to victory. So it is true in business. Let's get going. LE

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**ACTION:** *Go for winning, world-class performance.*

# Lead from the Inside Out

Create a New Normal of sustainability.



by Michelle Maldonado

**A**UTHENTIC LEADERSHIP begins with a transformative personal decision to develop your abilities and bridge tactical and soft skills with a holistic and sustainable leadership model. This cultivates leaders who are self-aware and inspire others to execute a unified strategy, spur innovation and creativity, and produce lasting value by advancing culture and fostering empowered mindsets.

Whether honing my leadership skills or supporting others in their development, I've discovered *five principles* that make great leaders tick.

**1. Blind spots are only blind to one person—guess who?** We all have blind spots. Certain traits and behaviors escape our view, either by intention, justification, or ignorance. Beyond being *self-aware* of these influencing behaviors and mindsets, we must also choose to act and lead with integrity and an empowered mindset. This requires courage, stamina, patience, persistence, and compassion. To be authentic leaders, we need to adjust our *mirror* in order to expose our blind spots. We can invite trusted coworkers to help us *stay accountable to our leadership and growth objectives*. They can share their observations and perceptions of the influence and impact of your words, actions, and body language in various situations. We can also employ *mindful leadership* techniques that encompass meditation, a more integrative approach to self-awareness that quiets your mind, sharpens your focus and allows for sound and strategic decision-making. The outcome is that you're fully present as you engage your tasks, conversations and activities. *That means no mental or physical multi-tasking.*

**2. Adaptation is key.** If necessity is the mother of invention, then adaptation is the key to reinvention. Authentic leaders are facile adapters to change. They adjust their decisions based on the flux of information and dynamic circumstances. In one study, Sean T. Hannah and his team discovered that

both psychological and neurological complexities of the brain contribute to a leader's ability to be "more adaptive in their situational awareness, decision-making and other aspects of leadership."

While some may conclude that certain people are "hard wired" to be more effective leaders, this shows that leadership authenticity and behaviors can be learned. Great leaders aren't just born—they adapt and grow over time.

*Situational awareness* is the ability to perceive and understand how others may feel or respond to what you are saying or doing, or what's taking place in a larger situation of which you're a part. It also encompasses what you're not saying or doing. *Situational awareness* endows leaders with a more holistic view of business operations, market



conditions, and office dynamics, and it helps them be more receptive to the contributions and opinions of direct reports, leadership and other colleagues without feeling threatened.

**3. Don't take things personally.** Effective leaders are self-actualized and confident in their skins, regardless of their title or role. They don't make false assumptions or take things personally. They remain *objective observers*. We can't make up a story around why a supervisor, direct report or CEO said something in a particular way, gave a certain look, or is silent in a meeting. Such cues require awareness and create dialogue that builds a bridge between colleagues. However, to create a story around it, even when feeling justified, facilitates a pattern of *dysfunctional leadership*. Maintaining clarity and objectivity *inspires* and motivates others.

**4. Conscious capitalism—the New Normal.** How do you create a meaningful cultural shift that won't get bogged down by process and language

due to failed support or buy-in from key stakeholders? How do you create a culture of authenticity, creativity and innovation and become what Fred Kofman called a *Conscious Business*?

Change is hard, and people don't like it even when their comfort zones aren't so comfortable. You can't force authenticity or culture transformation overnight or through required workshops or development sessions that are separate from business projects, functions, and operations. Expressions of *leadership authenticity* must be an integral part of the whole message. Employees should experience it in all they see or do—in meetings, strategy development, project execution, institutional mission, or core values. It should be reflected in the messages spoken and seen in the behaviors of leaders, managers, and others.

**5. Build a legacy that outlasts you.** The journey of authentic leadership differs for each of us. However, there is a common theme that crosses organizational boundaries and sets the foundation for future leaders. Those who create lasting legacies do so by leading with compassion and by regulating their emotions, words and behaviors over time. We're better able to inspire and motivate others when we consistently balance and express these elements together. It's not about striving for perfection—that's a recipe for failure and folly. Authentic leadership consists of assessing and developing excellence, integrity, transparency and accountability, and aligning them with your actions at every moment. It's about finding your cadence in the walk and talk of everything you do.

Be aware of the differences between *direct authority* and *influencing authority*. Most leaders have both, but each concept serves unique purposes. Creating a thriving business often takes a personal transformation and the infusion of principles that represent the shifted mindset and the reinforcement of core behaviors that create positive change over time. Real leaders eschew *instant gratification*. *Leadership authenticity* is cultivated and nurtured from within so that each of us may achieve our *best selves* as we strive for excellence. We naturally and organically grow into *compassionate and competent leaders* whose efforts are sustainable and whose impact generates a lasting legacy. LE

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**ACTION:** Practice the five principles.

# Powerhouse Leaders

Do you know what employees want?



by Melissa Luke

**B**EFORE I BECAME A corporate trainer I was an IRS agent and Corporate Fraud Specialist trained to analyze behavior and acquire information in unusual ways. Early in my training career, I realized that most people at times lie to their superiors—not to cover fraudulent activity, but to avoid voicing uncomfortable issues. If most managers conceal some information from their leaders, how does the CEO proactively change the culture with only *partial facts* and an *airbrushed version* of employee concerns?

One way I find is to hang out in well situated bars, coffee shops and restaurants and to keep my ears open. Even now as I'm writing this article, I'm sitting in a Starbucks listening to some senior managers of a pharmaceutical company discuss their work conditions. I've learned more about the problems of Fortune 500 companies hanging around coffee shops than I would have in getting a Wharton MBA. Let's face it, most CEOs work in a rarified bubble. They strategize in quiet board rooms, meet the investment community for exclusive lunches, and travel on private jets. I suggest to CEOs to dress down and hang out for a day at a nearby coffer shop and listen. Then hit happy hour at the right bar, down a few club sodas and listen to the conversations—you are not likely to hear how happy they are at work. This isn't much different from *managing-by-walking-around*, where CEO's walk about, listen and observe.

Once I was hired to train managers in a big oil company how to train their direct reports (many competent leaders running divisions are not skilled in training the people reporting to them). The meeting was set up by the head of HR who sensed a problem. When I entered the room, I couldn't get anyone to laugh or smile—one of my strong suits. I turned off my keynote, closed the door, and asked them what was wrong. Silence. So, I tossed my lesson plan (two weeks in preparation) into the garbage and told them I wouldn't

teach the class. That made them even more uncomfortable. So, I gave them an option: If you tell me *everything* that is bothering you, I'll stay all day and compile your notes for the HR Director and President and present them anonymously. This would let them speak and present the problems as a group collectively, rather than as individuals.

I was yet to gain their trust. So I had to explain that *most people lie to their managers* and that *employee satisfaction surveys don't really work for most companies*. They could continue to be miserable in their jobs or they could trust me. I told them that I would likely lose my fee for not doing what I was to be paid for and receive a black mark as a speaker for pulling this stunt. The managers said that they would likely

be fired for speaking their minds. So I became a moderator. Comments came so quickly that I had to remind them *not to interrupt when others are talking*.

By end of the day, we had an *excellent outline* to present to the HR Director who said cheerfully, "Wow that was a long day. How did it go?" I handed her the report and watched while she read it. Her smile vanished. She looked at me and said, "We didn't know this. The annual survey stated that *people were happy*". I told her *people lie* and gathered my stuff to leave. She then asked when I could finish evaluating the remaining managers. They wanted to rectify the situation immediately. *My jaw dropped!*

**I now specialize in this area!** Senior management knew what I was doing with their managers, and requested it. The most difficult part of my job now is *gaining trust*. I've often been asked, "Can I really say what I think without being fired?" And, "What will they do with the information? Each year we take surveys and nothing changes." I

quickly tell them that they are the ones who will make the changes. There's only so much a CEO can do by himself.

**The most common complaints that leaders encounter are likely to be:** *Communication issues, Compensation, and Work Hours/Flex-Time*. These are difficult areas for Executives to deal with—communications being most troublesome. You can almost imagine a CEO saying, "Oh, I didn't know that. Increase everyone's pay and let them come to work when they want, wearing whatever pleases them. If I did not communicate this clearly enough, please, tell them to stop by my house for a glass of wine to discuss further."

## What Can You Do?

You can build a *diverse, inter-departmental crew* to identify and ameliorate areas of discontent. The crew should be structured outside the HR Department.

Here is one structure. Announce that you are forming a committee (perhaps 12 members) to increase employee satisfaction. Membership would be voluntary, but some perks might be in order. Make the committee *temporary*, perhaps one year, then dissolve it and reconstitute it with a new inter-departmental membership. The committee asks employees to rank the morale of the company, identify their biggest concern about the company, and propose at least one solution. Assure anonymity either through drop boxes or outside moderators. The committee will review the information and work on *the top three problems* to create positive improvements and to measure those improvements in employee satisfaction after a year. The changes needed as identified by the employees can be coordinated by the committee, but they have to be instituted and brought into being by the employees for long-term results.

If the top problem identified by the employees is *you* and your inability to effectively run the company, resign or make changes to yourself quickly!

**Are you a Powerhouse Leader?** One vital prerequisite to leadership is that *you must have followers*. Last year's surveys and evaluations are likely not what your people think about your culture. An effective *Powerhouse Leader* will gather his followers by empowering them to find and implement solutions on their own. By implementing these solutions *from the bottom up*, you unify the organization towards excellence. **LE**

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**ACTION:** *Become a powerhouse leader.*

# Great Leaders

*They're champions, not shepherds.*



by Chip R. Bell and John R. Patterson

ONE OF THE BEST LEADERS WE'VE EVER known is **John Longstreet**, CEO of Quaker Steak and Lube, a motor-themed, family fun restaurant chain.

Chip first met John when Longstreet was GM of the Harvey Hotel in Plano, Texas. He was also a two-term mayor of the city. Chip invited him to do a Q&A session. When a class participant asked John the most important trait of an effective service leader, he said: "Make your employees successful."

His answer stuck with us for years. As we worked with organizations renowned for great service and watched their leaders in action, we witnessed the actualization of John's assessment. Simon Cooper at Ritz-Carlton, Tom Schultz at Starbucks, Tony Hsieh at Zappos, Jeff Bezos at Amazon and Liz Smith at Bloomin' Brands share a common focus—concentrate on making your associates successful and they will perform with commitment, excellence and passion.

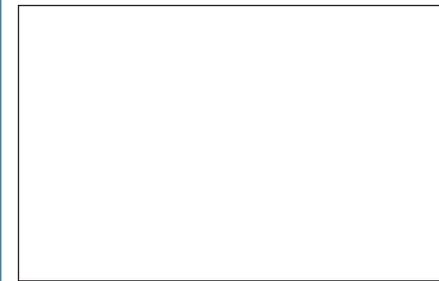
**Sheep are by nature followers.** A flock without a shepherd will typically have one sheep that assumes the leadership. It is not a permanent role, like an alpha sheep. The flock will blindly follow the momentary flock leader, even over a cliff! *Shepherds* become a surrogate alpha-sheep to the flock—leading them to new pastures and protecting them from predators. The *leader as a shepherd* presumes followers, like sheep, need a guide and protector.

John Longstreet leads from the premise that *associates need neither a father-figure nor a protector*. He assumes his associates are bright, responsible adults who need a *barrier remover*, not a prodder; an *advocate* who supports, not a boss who rescues. Great leaders, like Longstreet, help people succeed in life and work through **six key practices**.

**1. They keep the flame burning.** People need a constant they can count on, and that *constant* must be compelling and relevant; a foundation for every-

thing. It's the flame that evokes a sense of purpose or calling. At Ritz-Carlton, the purpose is "Ladies and gentlemen serving ladies and gentlemen." At Zappos, it's "Deliver WOW through service." *Leaders who champion* keep the flame burning by *giving every employee a match!* In *Stewardship*, Peter Block notes, "Traditionally management creates its vision—then enrollment begins. *Enrollment* is soft-core colonialism, a subtle form of control through participation. Nothing has changed in the belief in control, consistency, and predictability, only the packaging is different." Great leaders involve everyone in the dialogue about mission and direction.

**2. They keep in touch.** "You can pretend to care, you cannot pretend to be there," wrote *Bix Tex Bender* in his book *Don't Squat With Yer Spurs On!* Bender was describing a vital feature of a leader: *command presence*. This is not about *control*, it is about *connection*; it is not about *power*, it is about *partnership*. Leaders with *command presence* convey character through *leading out front*, not from the office or on email.



**Davy Crockett** was a leader with *command presence*. "Crockett seemed to be the leading spirit. He was *everywhere*," wrote Enrique Esparza, eyewitness to the Alamo. Great leaders focus on being *all there*, everywhere, not in *absentia*—focused, engaged and willing to spend time. They abhor *drive-by leadership* (making an orchestrated appearance only at special events).

**3. They keep out of the way.** This is not an invitation to hands-off abandonment, but a caution *never to use more leadership than is needed*. Smart people who have solid preparation and clear assignments don't need a shepherd to watch over them. *Great leaders empower*. *Empowerment* does not mean *unlimited license*; it means *responsible freedom*—giving associates the freedom to solve customer problems and answer questions on the spot. It also means helping people think like owners, coupling take-care-of-the-customer service with take-care-of-the-organization stewardship. That takes ensuring everyone has the most up-to-date information, the best training, and the kind of sincere

inclusion that helps employees feel like insiders and not like mercenaries.

**4. They keep relationships egalitarian.** Power-free is the essence of an effective partnership. Leaders who champion create relationships that are *vision-centered*, not *power-centered*. They focus on support, not subservience; on commitment, not compliance. They enlist associates as alliance builders, working as equals for the greater good of pursuing the vision. Egalitarian relationships are ego-less. The focus shifts from *all about me* to *all about us*. Great partnering needs broad guidelines that provide *solution spaces* in which to operate, knowing that mistakes won't be fatal, and missteps will be seen as *learning experiences*, not handled with punitive measures.

**5. They keep their promises.** *Leaders who champion* communicate an enthusiasm for the *privilege* of being of service to associates, leading with *trust-building humility*. They're unimpressed with the *trappings of supremacy* and more interested in communicating an authentic spirit and an egalitarian style. They foster a climate of trust and responsible risk-taking. Trusting leaders value *generosity* over miserly squeezing every dollar out of every transaction. This doesn't mean giving away the shop. *Everyone should protect and grow the assets of the enterprise*. However, customers love organizations that don't nickel-and-dime them to death. The *customer orientation* is founded on how well employees are trusted by leaders.

**6. They keep jelly beans on the desks.** *Jelly beans* is code for a *sense of fun*. As customers aim their anxiety at the front line, employees need high self-esteem. *Happy employees* are resilient in chaos, courageous in conflict. They absorb tension, converting it into compassion. *Leaders who champion* are *ambassadors of happy*. They poke fun at themselves and enjoy quirky events, silly signs, and commemorative occasions. They seek the means, moments, and methods to convey gratitude and *encourage excellence*. They're *quick to celebrate* and *eager to affirm*, to make people feel valued.

In a *brain-based economy*, organizations can't afford to have *sheep-like employees* who are subservient, risk-averse, and blindly compliant. Today's challenging times call for boldness, innovation, and bringing out the best. Leaders who *leave it all on the field or court* foster passion-filled productivity and the perpetual pursuit of betterment. LE

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**ACTION:** Adopt these six key practices.

# Second-Gen Leaders

*Inheriting wealth and power is tricky.*



by Steven Berglas

SINCE EVERYONE IN THE workplace is now tagged by generation (Gen X, Y, Z), I thought I'd add a new one: *Second-gen leaders*: people who inherit wealth, position, or power as sons or daughters of founders, entrepreneurs, or organizational leaders.

You would think that belonging to a club with the word *lucky* in its name would be something to brag about, but folks in the *Lucky Sperm Club (LSC)* rarely do. Instead, these heirs to family business fortunes often feel guilty about the mixed blessings they've received and try to hide that feeling in various, typically ineffectual, ways.

Actually, members of the LSC—people like Jim Walton, Alice Walton, and Rob Walton, children of Walmart Stores founder *Sam Walton*—have reason to be worried. Studies show a *negative correlation* between *inherited wealth* and *self-esteem*. Also, gurus affirm the validity of the ancient Chinese observation, “Shirtsleeves to shirtsleeves in three generations.” A founder who builds a thriving enterprise that pulls his family out of poverty will likely see his kids run it into the ground, leaving their heirs as poor as grandpa was.

But *jealousy* is the biggest thorn in LSC members' sides. It's never been easy keeping up with the Joneses, but if Jones is loaded owing to family wealth, most folks will think that *Jones* is a *dipstick* through no fault of his own.

To end the suffering of LSC members, I offer the *4 most egregious myths* about being born rich and behavioral strategies that can convert potentially disastrous circumstances into *blessings*.

**Myth 1: Head starts yield head cases.** Concerns about inherited wealth are not new, with good reason: *Head starts* in life can be daunting. To compete with an idol is intimidating enough to drive some people to drink. Worse yet may be falling victim to the excessive influence of a megalomaniacal patriarch. I recently met with the LSC children of just such a man who lamented how he controlled their lives through the adroit use of *Golden Handcuffs*.

Each child told me about being *miserable* but unable to escape.

To prevent LSC members from becoming helpless victims, *wealth should be used to enhance options, not restrict them*. In the hands of an adjusted business builder, LSC membership is a ticket to discovering all the world has to offer. The key, however, is to prevent LSC members from getting *wrong-headed*

ideas about money, and the right ideas about virtue. A man I knew in Boston, *Roger Berkowitz*, CEO of the popular restaurant chain, Legal Sea Foods, had kids who qualified for LSC status, but he vowed they would never become tainted by it. When they were in grade school, Roger determined that raising children in luxurious surrounds would have deleterious

consequences. So, he moved the family from an upscale Boston suburb to a nice home in a middle class burg; the sort of maneuver designed to cope with a mixed blessing rather than succumb to it.

**Myth 2: Inherited wealth is disincentivizing.** Yes, *necessity is the mother of invention*, and if you need for nothing materially because daddy spoils you, you have little incentive to build a fortune on your own. What many parents of LSC offspring ignore is that *with planning, you can neutralize disincentivizing effects of inherited wealth and run a business*. Don't just send the kid to work in another industry before giving him control of the family enterprise, thinking that doing so *inoculates Junior against indolence* born of being heir to a fortune. Phooey! Junior typically goes to work for one of Dad's BFFs, an arrangement that trenches, rather than belies the notion, that *money trumps everything*.

My suggestion is to extrapolate from what Eddie Murphy's character in *Coming To America* did. As heir to the throne, he lived in exile, determined to fly or flop on his own. If an heir ultimately gravitates to the family business, bring him in. If not, prevent him from accessing his trust fund until the King dies. While the King is alive, it's okay to give the Prince gifts that make

him happy, but *not one cent that enables him to become slothful*. An addiction to money is no less real than one to heroin.

**Myth 3: Sycophants cling to LSC members like barnacles cling to ships.** If you don't foster sycophants' behavior, they'll leave you alone. To prevent barnacles, stop picking up the check when you dine in restaurants and only host “potluck” dinners for all but long-term friends. One client, a loveable man, was driven mad by the belief that every woman he dated was a gold digger. He was correct, but only because he handed them prospecting tools. Within 10 minutes of meeting an eligible woman, he'd reference his father's *Forbes 400* status. If you act like this, you won't form authentic friendships.

If you relate to others on the basis of shared interests, LSC membership is irrelevant.

**Myth 4: LSC members are expected to act rich.** If you get your hands dirty, give of yourself and not from your checkbook, folks will judge you for who you are, not what you're worth. But, if you support activities to generate tax write-offs through donations,

every negative LSC stereotype will apply to you.

The LSC member is in complete control with no one to blame if things go awry. One man I know, *Jeff Sandefer* of Austin, TX, would rather eat dirt than be defined by his wealth. Early on, Jeff made a fortune from oil fields, but left that arena for teaching. My last email from Jeff—explaining why he was out of touch—read, “Teaching middle school—7 am to 4 pm—plus *everything else* before and after. Fun and busy.”

If I ran the world, folks would inoculate themselves and their family members against LSC problems with “*fun and busy*.” Recently, many people are following the lead of Warren Buffet who said that to prevent his kids from “feeling like doing nothing” he would give-away most of his fortune and leave only a “small amount” to heirs.

If all else fails, you can try to keep your kids from becoming insufferable LSC brats by reminding them of what Thomas Jefferson observed: “It is neither wealth nor splendor, but *tranquility and occupation*, which give happiness.” LE

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**ACTION: Assist second-generation leaders.**

# The End of Drama

*It is the start of leadership.*

by Charlie Sheppard

USING CONTRAST—  
comparing opposites  
—to transfer knowl-  
edge is not new. The Chinese philoso-  
phy of the *I Ching*, written during the  
early Han dynasty to identify the prin-  
ciple workings of the Universe, put  
forth the concept of the *Yin* and *Yang*.

In his book *The Raw and the Cooked*,  
20<sup>th</sup> century French anthropologist  
Claude Lévi-Strauss, discussed how  
people best understand concepts pre-  
sented in opposite pairs. Lévi-Strauss  
looked at the power of metaphor and  
saw that the basic patterns were the  
same: the contrast of life and death,  
hard and soft, loud and quiet. He  
showed that *myths are the same stories  
across all cultures*, and all have struc-  
tures based on opposites, enabling us  
to understand the basic lesson more  
easily. Our myths shape our social,  
national, and corporate cultures and  
the way we think about ourselves.

The greater the contrast of these  
opposites—the more obvious the dis-  
tinction—the easier it is to understand  
something. For instance, a police car  
uses red and blue lights because these  
two colors create the maximum con-  
trast, day and night, and in relation-  
ship to each other. Imagine what  
would happen if traffic signals used  
red lights for *stop* and pink lights for  
*go*—the colors *red* and *pink* contrast to  
such a small degree that they would  
be difficult to distinguish from one  
another, and they'd be dangerous.

*Leadership* has often been contrasted  
with *management*. However, *manage-  
ment is not the opposite of leadership*—  
drama is the opposite. *Management* is a  
poor contrast to *leadership*. The distinc-  
tion between the two would be diffi-  
cult to identify and understand. We all  
know *managers* who are good *leaders*.

*Drama creates a high contrast with  
leadership and is the complete opposite.*  
As you begin to understand *drama*,  
you are on the quickest, most produc-  
tive road to learning about *leadership*  
since the law of contrast accelerates  
learning. When people are trying to  
make sense of things, they don't actu-  
ally think about something by itself, as

it is. Instead, they compare it to some-  
thing else. You can apply the idea of  
contrast by thinking about these two  
questions: *Who has taught you the most  
about effective leadership? In contrast, who  
has taught you what poor leadership looks  
like?* You can learn more about leader-  
ship by pondering these questions.

You can't fully actualize your lead-  
ership potential without first eliminat-  
ing drama from your life, your team,  
and your organization. The challenge is  
that *you come hardwired for drama*, but  
you do not come hardwired for leader-  
ship—although leadership is a choice  
you can make at any point in time.

*Why don't more people make this  
choice?* We are all born into an environ-  
ment of *dependency*. When you were  
born, you were completely dependent  
upon your parents or caregiver for

your survival. When infants and chil-  
dren are incapable of meeting their  
own needs, they must depend upon  
the external environment to meet their  
needs. No other species is reliant or  
dependent upon external resources for  
as long as a human child. We learn  
how to be dependent before we learn  
how to speak, and therefore dependen-  
cy is in our deep, long term memory.

This concept provides us with insight  
into how *dependency* became imprinted  
and patterned, and how it can continue  
into later life. In our brain's early stages  
of development, we create neurological  
patterns of dependency. These patterns  
lead to drama. We are all wired for the  
roles of drama—it comes standard  
with every person. What is optional,  
however, is *leadership*. Leadership  
development takes an intentional  
choice, and every person must make it  
for themselves. Making this choice is  
the start to unlocking an individual's  
full potential.

*At its most basic level, leadership is*

*found in your ability to choose, to be  
clear about your intentions and actions.*  
Leadership is a choice and must eman-  
ate from within you—whether you are  
the leader of a nation, a company, a  
softball team, or no one but yourself.  
When you lead, you free yourself from  
being a slave of circumstances. The  
subsequent power you receive from  
your choices enhances your ability to  
create, to actively join with others, to  
develop new ideas, and to generate  
value for your society and yourself.

*Genuine leadership has to come from  
within.* You must be true to yourself by  
exploring your motivations, gathering  
feedback on your personal behavior,  
and ensuring that your actions are con-  
sistent with your stated values and  
principles. This can be done by careful-  
ly examining the choices you make.  
For example, take the time to pause  
and ask yourself, "Am I on automatic  
pilot here, or did I choose this path?" It  
is always our choice to participate in a  
particular action. If we assume that  
others are responsible for our actions  
and that we are just spectators who do  
not choose to be responsible, then oth-  
ers may just lead us into a future that  
we do not want. It is always a choice to  
not be responsible, but we lose the  
power to make a difference when we  
give up our birthright to choose.

*You get to choose your response at any  
moment in time.* Boldness and *choosing  
to act* creates results, and shifting from  
*drama* to *leadership* pays big dividends.  
If you make the choice for leadership  
often enough, you establish a pattern  
that will serve you for the rest of your  
life; additionally, establishing this pat-  
tern is the best way to create an envi-  
ronment where drama cannot exist.

By simply shifting your language—  
from saying "I have to go to work" vs.  
"I choose to go to work"—you will  
increase your energy. As you practice  
making more choices, you increase  
your energy. The true definition of  
leadership is in its ability to generate  
more energy both for you and the peo-  
ple you lead. The more you choose,  
the more energy you will generate.  
Abdicating your ability to choose is  
still a choice, but it is not a wise one.  
Being a leader who generates positive  
energy is the best way to keep yourself  
and your team out of drama. The  
world needs leaders in every capacity,  
and *we could do with a lot less drama.* LE

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**ACTION:** *Become a genuine, authentic leader.*

## Performance Measures

We need to challenge six myths.



by David Parmenter

I'VE WORKED WITH performance measures (PMs) for two decades, and seen *scant progress*. PMs should help align daily actions to *critical success factors* (CSFs). Yet often they're a random collection prepared with *little expertise* but at *great expense*.

**We need to challenge six myths:**

**Myth 1: Most measures lead to better performance.** Measures are often cobbled together without knowing the CSFs or understanding a measure's behavioral consequences. Every PM can have a dark side, a negative consequence, an unintended action that leads to inferior performance (sadly, many PMs encourage unintended negative behavior). To make a PM work, you need to anticipate likely human behavior, find the potential dark side, minimize it, and then tweak how the measure is used so that it promotes desired behaviors.

**Myth 2. All measures can work successfully in any organization, at any time.** To create a culture where measurement will thrive, *seven conditions* are needed: 1.

Partner with the staff, unions, and third parties. 2. Transfer power to the front line. 3. Measure and report only what matters. 4. Source *Key Performance Indicators* (KPIs) from the CSFs. 5. Abandon processes that do not deliver. 6. Understand human behavior. 7. Ensure organization-wide understanding of winning KPIs.

**Myth 3. All performance measures are KPIs.** We tend to use the term *KPIs* to mean all PMs. Thus, measures that are truly *key* to the enterprise are being mixed with flawed measures. *Key* means *key to the organization*, while *Performance* means that the *measure assists in improving performance*. A KPI has *seven characteristics*: 1) it is a nonfinancial measure; 2) it is measured frequently (daily or weekly); 3) it is acted upon by senior managers; 4) all staff understand the measure and what corrective action is required; 5) responsibility for the measure can be tied to a team; 6) it has a big impact

on more than one CSF and more than one balanced scorecard perspective; and 7) it encourages appropriate action.

**Myth 4. By tying KPIs to pay, you will increase performance.** Recognition, respect, and *self-realization* are more important drivers of performance. Still, we tend to tie KPIs to pay. This only creates key *political* indicators, which will be manipulated to enhance bonuses. KPIs must not be included in performance-related pay discussions and manipulated to maximize bonuses.

**Myth 5. We need to set annual targets.** We like to think that we know what *good performance* will look like and can set relevant year-end targets. In reality, as Jack Welch observes, this practice constrains initiative, stifles creativity, and promotes mediocrity. *All forms of annual targets are doomed to fail*—the target will be either too soft or too hard.

**Myth 6. You need PMs to drive performance.** If you've recruited the right staff, clearly defined what the CSFs are, and created a supportive work environment with great managers and leaders, you will succeed. PMs don't drive performance—they support and enforce the positive environment that already exists. An organization with dysfunctional PMs would function better without them.

### Suggested Action Steps

Short-term abandonment of all PMs may be the radical treatment required. Starting anew enables rebuilding the way PMs are used. If you're working with dysfunctional PMs, negotiate a *three-month*

*moratorium* on PMs. In this window, ascertain your CSFs, and then ensure that all measures relate to them. After three months, managers will have an idea of the measures they've missed and ones that should be abandoned. Leaders will be invigorated from closer contact with the operation and be better able to revitalize performance.

When reintroducing measures, create a team to approve all measures and explore how to embed winning KPIs. Consult with staff so that you sense the possible unintended consequences. Pilot each PM to enhance its chance of success. And groom an in-house expert in performance measurement.

I encourage you to *abandon broken measures*, reexamine how measures are introduced, or launch a KPI project to ensure that *PMs* better align with *CSFs*. LE

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**ACTION:** Abandon broken performance measures.

## Performance Appraisals

Is now the time to abandon them?



by Josh Bersin

MORE COMPANIES ARE radically changing their performance

appraisal process—doing away with performance ratings and annual appraisals. This is a strong and positive trend. Why have *annual reviews*?

They're an artifact from top-down companies that *weeded out* the bottom performers every year. By rating people annually, we can have annual talent reviews and decide who gets more money, gets promoted, and is let go.

Coupled with the *performance* rating is the *potential* rating, which tries to capture a person's potential to move up two levels. This approach is based on the philosophy *Since we can't totally trust managers, we'll force them to fit people into these rating scales* (we see *forced distributions* in 20 percent of companies).

**This process causes many problems, including these six:** 1) Employees need and want *regular feedback* (daily, weekly), so a once-a-year review is not only *too late* but often a *surprise*; 2) managers can't *judge* an entire year of work from an individual, so the annual review is awkward; 3) we usually have many peers and managers, so one person can't adequately rate you without peer input; 4) issues with people who are a poor fit and perform poorly should be addressed *immediately*; 5) people are *inspired and motivated* by constructive feedback—and the appraisal process works against this; and 6) the *development* part of an appraisal conversation—what can be done to improve performance and engagement—is often ignored or depreciated.

Of course, many companies won't eliminate annual appraisals, arguing: We need a way to distribute compensation increases; we need a record of low performance when we let someone go; we need to capture performance data in an employee's profile; and we need to ensure managers are doing their jobs.

**We should replace the dreaded annual review with these best practices:**

- Develop a *feedback-rich* culture and tools (online, formal and informal) that encourage all employees to give each other feedback. Tools from companies like Achievers, Globoforce, and most

HR software vendors make this easy.

- Separate discussions about *performance* from discussions about *potential*, pay raises, and future career plans.

- Assume that employees know about their strengths, weaknesses, and performance, and ask them to self-assess and share it with you. That starts the dialogue about expectations and match between *self-* and *company* assessment.

- Enable managers to assess performance and give their people feedback regularly. As you do this, it gets easier—and employees appreciate it.

- Focus managers on *hiring the best* and building a team of high performers. Rather than assume that 20 percent of your people will perform poorly, spend more time on assessment, culture, and fit to ensure low performers aren't hired in the first place.

- Assume everyone wants to succeed, so if they aren't performing well it's not necessarily their fault—you should help them find a better fit.

- Set and evaluate goals frequently. Companies that set performance goals *quarterly* generate 31 percent greater returns from their performance process than those who do it *annually*, and those who do it *monthly* get even better results.

- Beware of *pay for performance* plans (these tend to create perverse behavior, as people focus on *their goals* at the expense of the organization). In sales, *pay for performance* can work well; but in customer service, engineering, and other *builder* roles, it creates problems.

- Give your managers a strong cultural framework and set of values to hire and manage from. This makes selection easier and enables you to evaluate and coach people against higher frameworks.

- Invest in *leadership development*. All managers struggle with selection, hiring, training, coaching, and evaluation. Give them time and tools to learn, a framework for feedback, and *continuous development* so they become better.

- Reward *talent production* not *talent hoarding*. If you pay managers to *produce output*, they'll focus on talent performance and evaluation. Encourage managers to *produce good talent* (build skills). Use *talent production* metrics to evaluate leaders, forcing appraisals to move toward coaching/development.

In today's global, talent-constrained workplace, businesses thrive on agility, speed, passion, and alignment. The process of *driving*, *appraising* and *measuring performance* must do the same. LE

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**ACTION:** Adopt the best performance practices.

## Passive-Aggressives

*Five reasons to avoid this style.*



by Terrina R. Rishel

ONE COMMON COMPLAINT about corporate culture involves leaders that exercise *passive aggressive behavior*—commonly defined as *resistance exhibited by such indirect behaviors as procrastination, forgetfulness, and purposeful inefficiency, especially in reaction to demands by authority figures*.

Sadly, recognizing these traits of a colleague or manager is painfully easy to do. However, the *results* of choosing this communication style are less obvious; especially to those practicing this leadership style. Here are *five reasons* why as a leader, you should correct a passive aggressive leadership style:

**1. Being passive aggressive is a weakness:** Don't confuse the *art of negotiation* with the ability to successfully

avoid conflict and confrontation. Lacking the skills to negotiate, compromise or communicate a negative message can result in leaders fooling themselves into thinking *avoidance* is an effective strategy.

This type of response is often subconscious, a learned behavior, from many years of navigating situations that were not safe to reveal true feelings. We've all met people who change the subject or deflect negative comments. However, as a successful leader you must learn to address difficult situations head-on, honestly and strategically so important issues are not avoided; they are resolved.

**2. Using procrastination as a tool creates frustration:** Being led by a person who procrastinates is a recipe for frustration. If you use this strategy too often, you will ultimately be labeled as an ineffective leader who is unable to make decisions and manage workload. People who work for a leader who procrastinates will exhibit the same behavior; resulting in a culture that lacks respect for timelines and priorities.

**3. Sending mixed messages results in mistrust and confusion:** Being worried to rock-the-boat or upset people is not a good reason to send mixed messages. For example; communicating to an

individual that their ideas are great, but then stating a totally different agenda in a meeting, results in mistrust, confusion and even anger. A leader must carefully hone their message in a consistent, strategic way; otherwise confusion is inevitable. Moreover, it's difficult to lead without trust!

**4. Avoidance is a fast-track to disrespect:** To be an effective leader, you must earn the respect of those you lead. Do you make up *little white lies* to avoid a difficult critique? Do you blame email or voice mail malfunctions as a way to avoid dealing with a difficult situation? Or worse; blame your assistant? Do you make excuses that you have so much on your desk that you haven't seen the request yet? When making excuses becomes a way to avoid being prepared for a difficult discussion, you will eventually lose the respect needed to be effective. Using avoidance as a coping mechanism is a fast-track to disrespect and failure.

**5. Erosion of reputation:** This is the end-stage of a leader who adopts a passive aggressive behavior style. This result seems obvious. How do you naturally feel about someone who doesn't

display the energy or care to be honest with you? How does it make you feel to find out that you can't rely on what they say? How hard is it to respect someone who makes excuses and avoids conversations? Eventually the manifestation of passive aggressive behavior results in a reputation of ineptness and

untrustworthiness. Most people who have endured this type of leadership become painfully aware that their leader does not care enough about them to be honest and forthcoming.

We've all heard that good, effective communication is the cornerstone of a solid, successful leader. However, sometimes that statement is not specific enough to promote a *focus* on the *results* of a particular style. Leaders need to evaluate their styles in such a way that it sheds light on not only the immediate results of one's style, but the long term as well. To avoid these five pitfalls, educate yourself on how you can mindfully, carefully and specifically deal with the fear of conflict and confrontation—the underlying drivers of passive aggressive behavior. LE

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**ACTION:** Correct a passive-aggressive style.

# Bold Leaders

*They excel in tough times.*



by Ray Attiyah

**A**BC's TV SHOW *What Would You Do?* puts people in staged situations to see how they react to ethical dilemmas—and if they'll act with the courage of their convictions. The results are commonly shocking.

Although the workplace isn't staged to evoke a particular response, leaders regularly face situations that require courageous decisions. For example, once I met a newly promoted executive at an auto parts manufacturer based in Europe. Not only had the executive moved from Europe to the United States, he had also transferred from the company's non-automotive sister division. Soon after he became acclimated to the automotive market, the bottom fell out of it. His division's sales shrank by 40 percent in two weeks, layoffs started, demand was unpredictable, suppliers struggled financially, employee stress skyrocketed, and two of the division's largest customers were considering bankruptcy.

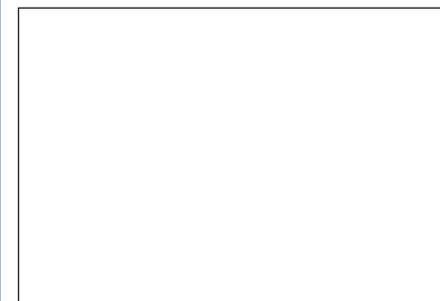
**Leaders want great responsibility.** We want to be in a position of having to make long-lasting, impactful decisions—about the company's vision, direction, strategy, culture, behaviors, and performance standards. We have a specific vision of how to empower people and keep the company growing and evolving. Of course, many of the decisions that we make as leaders are influenced by the environment around us. During good times, when the economy is booming, factories are running at peak efficiency, and money is flowing, the decisions that leaders need to make contain a huge kernel of promise. Where should we expand to next? How can we ramp up production? How fast can we hire and train so that we can provide more clients with our services? Although difficult, these decisions are exciting, even fun to make, because of the potential for explosive growth and new success.

In tough times, however, the decisions that leaders face are beyond difficult—they're daunting. Consider what's happened to the economy in

the past six years. A global recession led to a shrinking credit market, making financing difficult, if not impossible. Companies suffered huge losses, had massive layoffs, and lived on the verge of bankruptcy. And though the recession may be over, the recovery is so slow that there is the near constant threat of another devastating recession striking if the wrong decisions are made by industry and political leaders.

In this climate, managers can become paralyzed by fear. Rather than focusing on growth and expansion, they focus on survival. Managers' thoughts turn from *advancement* to *endurance* of lost revenues, declining sales, and a shrinking customer base. Instead of thinking about the success of their company, they think about the threats to their career. With this perspective, managers constrain themselves by a narrow set of decisions. How do we stem losses? Where can we contract? How can we save the most money? How do I get out of this with my job intact?

Bold leaders recognize that *these are not the only questions to ask* during difficult times. They see difficulties and



downturns not as *justifications for withdrawal and survival*, but as *opportunities for growth and success*. They approach tough times as a chance to be daring and intrepid—not just to preserve the status quo or prevent further losses, but to pursue genuine, lasting growth that will help the organization blaze new trails into the future. They look to be proactive. They create dynamic goals, new platforms, and innovative approaches. They see tough times as defining moments for leadership, recognizing that in tough times people look to leaders to set a positive, hopeful course, and to be a model for innovative, optimistic behavior.

So, faced with a devastating loss of demand, did the new auto executive turn fearful? No, he became emboldened to use the difficult time as a springboard to new growth and evolution. He believed that when the economy recovered, the demand from its customers would be greater in volume and complexity. He also believed that

the layoffs at GM, Chrysler, and others would require those companies to shift more of their work to their suppliers, so he wanted to position his division to do the work previously done by its customers' engineers. He launched a bold *employee-engagement* and *lean* initiative to spur teamwork and create capacity.

**The boldness of the initiative energized his division**—and, he created a unified vision for the entire team. He helped each employee see exactly how they contributed to the greater organizational purpose and the value of those contributions. He empowered frontline supervisors to make more decisions. To reduce frustrations and surprises, he charged the logistics and manufacturing groups with revamping their inventory systems based on the new demand levels. The various office functions worked closely together to support the frontline in a more collaborative way.

**By taking bold actions, the leader led his team to incredible achievements.**

The factory achieved higher performance. Employee engagement scores rose, delivery performance improved, productivity and quality performance increased, and teamwork was evident at every turn. With production running smoothly, managers had time to figure out how to diversify their work beyond the automotive industry and build new revenue streams. All this occurred because the leader used a difficult time to strengthen the organization, allowed people to focus on teamwork, and pursued innovative solutions. In hindsight, it all seems obvious, like the *What Would You Do?* situations do to viewers at home. But in the middle of the dilemma, the struggle to make a bold move is real, and acting on that bold sense of conviction takes courage.

Leaders can't change everything; however, they can change how their companies operate. They can choose to be *reactive and fearful*, trying best to survive and endure tough times. Or, they can be *bold and proactive*, looking at *downturns* as *opportunities* to build a stronger foundation for the future. This is the responsibility of leaders: to use adversity to make their organizations and employees stronger and bolder. By being proactive and by taking innovative, calculated risks, bold leaders can look at any situation with a perspective to find *the next great adventure*.

Next time you face a difficult challenge, what will you do? LE

Ray Attiyah, author of *The Fearless Front Line*, is an advocate of cultivating bold leadership behaviors at every level. Visit [www.rayattiyah.com](http://www.rayattiyah.com).

**ACTION:** Be bold in tough times.