

LEADERSHIP *Warren Bennis* Excellence



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

SEPTEMBER 2009



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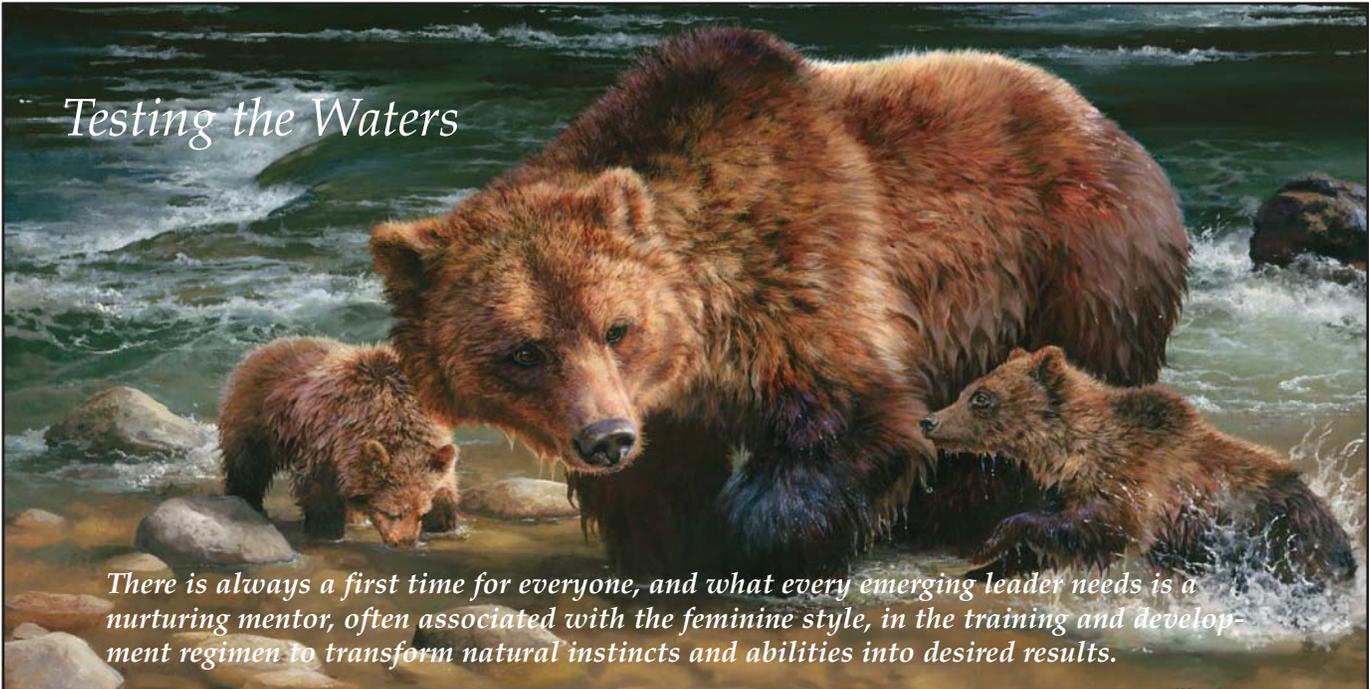
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LEADERSHIP Excellence

Warren Bennis



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VOL. 26 NO. 9 SEPTEMBER 2009



Testing the Waters

There is always a first time for everyone, and what every emerging leader needs is a nurturing mentor, often associated with the feminine style, in the training and development regimen to transform natural instincts and abilities into desired results.

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Leadership: Nature vs. Nurture

Is it a combination of both—or one or the other?



by Ken Shelton

YES, I KNOW. WE HAVE COVERED this *nature vs. nurture* ground before. But since Gary Hamel is tilling it anew (see his cover article), I must opine.

First, I don't mistake Gary Hamel for a Euell Gibbons, Grape-Nuts naturalist. Nor, by using the word *natural* to describe a certain breed of *leader* is he talking about some Darwinian genetic trait. He is really talking about the leader's source of power, authority, and influence—and the seismic shift that is shaking and quaking every leader who has traditionally relied on position power and authority to get results.

And Gary is a passionate advocate for this new breed of natural leaders, since in the past they were rarely invited into the chief executive office, unless they were being reprimanded or released. Typically the best option for the NLs is still some entrepreneurial street game; few of these "wildlife" leaders enjoy being tamed and domesticated to fit the politically correct protocols of the corporate world.

I concur with Hamel's conclusion on the matter: "We need a new currency of power—one based not on titles, but on every person's capacity to lead. We need a system that forces titled leaders to justify their positional power and compete in an open market for leadership esteem . . . and organizations that aren't built around a dominant hierarchy."

This nature vs. nurture argument is also being framed in this issue as soft power vs. hard power, influence vs. command, inside-out vs. outside-in, artistry vs. physics, golden geese vs. guru ganders, club members vs. clever mavericks, change-agents vs. change resisters, transformers vs. traditionalists, sinners vs. saints, and winners vs. losers.

Rights vs. Responsibilities

Yet another way to frame this argument is through the prism of rights/freedoms vs. responsibility/accountability. I explored this argument with Dan Bolz as co-editor of the book *Responsibility 911*. In his *Foreword* to this book, Warren Bennis writes: "All leaders need to be reminded daily of their

basic responsibilities to stakeholders. For some leaders who are addicted to freedom and liberty and rights, this medicine goes down like liver oil. They'd rather consume snake oil or motor oil. Like old dogs, accustomed to snoozing in the soft lap of liberty and the feather bed of freedom, they are hard-pressed to learn new tricks of collaboration and community, responsibility and accountability. Yet other senior leaders not only shed old habits and biases, they also learn difficult new technologies, styles, mindsets and skill-sets."

ABC Golden Geese

In this issue, the article entitled *Golden Geese* by Steven Berglas (page 5) reminds me of my days serving as Stephen Covey's writer on *The 7 Habits of Highly Effective People*. The two Stevens are not only spelled differently, they take opposite slants on Aesop's *Goose and Golden Egg* fable.

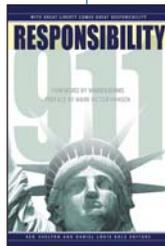
One day a countryman goes to the nest of his Goose and there finds an egg all yellow and glittering. When he takes it up, it is as heavy as lead, and he is going to throw it away, thinking a trick has been played upon him. But he takes it home on second thoughts, and soon finds to his delight that it is an egg of pure gold. Every morning the same thing occurs, and he soon becomes rich by selling his eggs. As he grows rich, he grows greedy; and thinking to get at once all the gold the Goose could give, he kills it and opens it—only to find nothing.

A: For *Aesop*, the moral is: "Greed oft o'er reaches itself" or "Much wants more, and loses all."

B: For *Berglas*, the moral is: "If you view your top talent as Golden Geese—even if they are not—odds are they will perform better than if you ham-handedly intervene: Let nature take its course, or you kill the talent you have."

C: For *Covey*, the moral is: "Unless leaders take the balanced approach to performance and profit, they suffer in the long run. Effectiveness lies in the balance between the *Production* of desired results, the *golden eggs*, and the health and welfare of the goose, *Production Capability*." LE

Ken Shelton
Editor since 1984



Responsibility 911

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Natural Leaders

They derive power differently.



by Gary Hamel

YOU LIKELY KNOW A natural leader. You may be one. You may be a mom who started a support group for special needs children, a citizen who mobilized a group of neighbors, or a churchgoer who convinced fellow parishioners to mentor at-risk kids.

In business, we often differentiate between *leaders* and *managers*. Usually, this dichotomy hinges on the “vision thing.” *Leaders* imagine a future state and chart a course to get there—they are *change agents*. *Managers* preside over a status quo—they’re *administrators*.

In traditional organizations, leaders derive their power from their positions—that is the case for CEOs, cabinet officers and school principals. In other settings, a leader’s power may reflect the support of peers and followers.

There is a distinction, then, between a *titled leader* and a *natural leader*. A titled leader relies heavily on positional power to get things done; a natural leader mobilizes others without the whip of formal authority. You may be both a titled leader *and* a natural leader.

Think about your role and assume that you no longer have any positional authority—you are not a project leader, department head, or VP. You have no title on your card, no direct reports, and no way of penalizing those who refuse to do your bidding—you can’t fire them or cut their pay. How much could you get done? How much of a leader would you be if you no longer held even a tiny scepter of bureaucratic power?

Or, ask yourself what percentage of your power and influence at work comes from: a) your position-based prerogatives (including an ability to make unilateral decisions and commit resources)? b) your ability to impose sanctions (by issuing reprimands, denying promotions); and c) your preferential access to information, decision-makers, and key meetings?

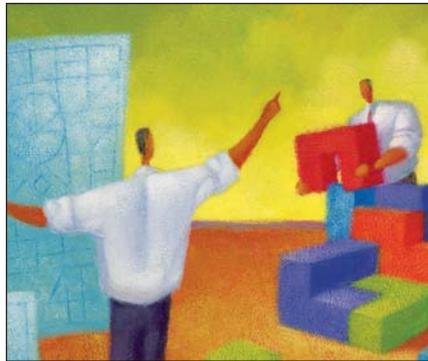
And what percentage rests on: d) your acknowledged wisdom or expertise? e) your vision, values and praiseworthy personality traits? f) Your capabilities (including your ability to

coalesce opinions, attract resources, plot strategy and sequence activities)?

How much of your power comes from *what* you are (VP for HR, for example), and from *who* you are (creative problem solver with a great personal network)?

In the future, any leader who hopes to have followers will need to examine the foundations of their own authority. We live in a world where the effectiveness of positional power is diminishing—at least outside prisons and schools.

Thanks to Enron, WorldCom, Adelphia, FEMA, Lehman Brothers, AIG, Fannie Mae, *et al*, the generation joining the workforce has a jaundiced view of authority. They are deeply and rightly suspicious of large organizations and those who run them. In their view, it’s not titles and credentials that make a



leader worth following, but mission, self-sacrifice, and world-class competence. Another worrying trend for centralization-minded leaders—an accelerating pace of change that penalizes organizations with lumbering top-down decision-making structures.

While the Facebook Generation must still contend with trickle-down power structures at work and in school, they have experienced a ubiquitous and powerful alternative: The Internet. It’s flat, open, and meretricious. Nevertheless, there are thousands of natural hierarchies online. Search the blogosphere on any subject, and you’ll find a hierarchy of influence—some blogs receive higher authority scores than others. Visit any online discussion group, and you’ll find that a few frequent contributors have been ranked more highly than the rest. Or click the “most viewed” tab on a website that features user-generated content, and you’ll quickly discover who’s been

blessed with creative genius and who hasn’t. While the barometer of respect may differ, the rankings are nearly always peer-based. Online, you have millions of critics but no boss.

Online hierarchies are inherently dynamic. The moment someone stops adding value to the community, his influence wanes. Power is always on the move, always flowing-towards those who are making a difference and away from those who aren’t.

By contrast, a fixed chain of command may be efficient, but it can have nasty side-effects. Top-down authority structures turn employees into boot-lickers, breed pointless struggles for political advantage, and discourage dissent. Their inherent inflexibility can also lead to persistent misalignments between positional power and genuine leadership ability—lags that can ultimately destroy a great organization. Review the troubled history of any chronically struggling company—like Chrysler, Sony or Motorola—and you’ll find a management model that concentrated too much power in the hands of deadwood executives, and awarded too little power to the natural leaders who had the energy and vision to set the company on a new course.

Natural leaders challenge ossified and change-resistant power structures. Thanks to the Web, a lowly but brilliantly effective leader can mobilize followers across a global organization and beyond—by writing an influential blog, by using that notoriety to get a platform at industry events, by hosting a Web-based discussion on a hot topic, by building an online coalition of similarly-minded individuals, by disseminating a provocative position paper to fellow employees, and by using email to ensure that supporters show up at key meetings. The same technology that allowed Barack Obama to challenge the old guard in the Democratic party can help natural leaders outflank the bunglers and the obstructionists.

Before you can empower natural leaders you have to find them. In most companies, the formal hierarchy is a matter of public record—it is easy to discover who’s in charge of what. By contrast, natural leaders don’t appear on any chart. To hunt them down, you need to know: whose advice is sought often on a topic? Who responds most promptly to peer requests? Whose responses are judged most helpful? Who is most likely to reach across boundaries to aid a colleague? Whose opinions are most valued? Who gets the most kudos from customers?

Who's the most connected to other employees? Who's generating the most buzz outside the company? Who demonstrates real thought leadership?

Much of the data you need to answer these questions is lurking in your company's email system, or on the Web.

Nevertheless, it will take creative effort and software tweaks to ferret it out. For example, you might create a directory of key words corresponding to critical skills and competencies, and then see who generates or receives the most emails on any particular topic.

Sure, there are challenges in collecting and analyzing data. But ultimately, you need to create a multivariate leadership score for every employee.

What might happen if every employee had the chance to compete for leadership "points," whether or not they had a management job? What would happen if everyone's leadership score showed up in their online profile—so everyone knew how their colleagues ranked on expertise, helpfulness, collaboration and thought leadership? What would happen if anyone could attach a public comment to a colleague's leadership score? What about including highly rated "natural" leaders in key decision meetings? And what would happen if leadership points were considered in compensation and promotion decisions? I bet it would do more good than harm.

We can't invent Management 2.0 without inventing new ways for people to accumulate and exercise authority. Top-down leadership structures are fast becoming a liability. We need a new currency of power—one based not on titles, but on every person's capacity to lead. We need fewer zero-sum battles for plum positions, where *Machiavellian maneuvering* wins the day, and more positive-sum competition to increase your personal leadership score—by delivering real value to colleagues and customers. We need a system that forces titled leaders to justify their positional power by competing in an open market for leadership esteem. And, we need organizations that aren't built around a dominant hierarchy, but comprised of soft hierarchies, each corresponding to a critical skill or issue.

Ask yourself, *why should anyone be led by you?* If you reflect on this daily, your leadership score is bound to go up. **LE**

Gary Hamel is director of the Management Lab and visiting professor strategic and international management at the London Business School. Adapted with permission from Gary Hamel's Management 2.0 blog for Harvard Business School Publishing. Visit www.garyhamel.com.

ACTION: Find and facilitate natural leaders.

Ignite Leadership

Do it in five ways from the inside-out.



by Kevin and Jackie Freiberg

GETTING THROUGH THE CURRENT CRISIS demands more than conventional thinking and business-as-usual. It calls for bold, gutsy, and ambitious leadership. Success will elude those who won't engage and develop leaders at all levels.

An organization's success is as much the will of the people as it is the will of the executive team. To move a team in bold new directions, you must do it from the inside out. It requires leadership everywhere. Most leaders fall into crisis mode, hunkering down, laying low, and playing it safe. But gutsy, determined, bold, and brave leaders who shake things up and charge the hill will win. Success is *hungry* for a home.

Here are five ways to begin fueling leadership from the inside out.

1. Choose to think big and act bold. Ask yourself: "What does the organization need now?" "Do we have the right people with the right skills in the right places?" If not, how can I add more value? "What talents, skills, or recommendations can I contribute to help move us in the right direction?"

Your drive for excellence must be bigger than your fear of failure. It's your choice; will it be your moment to lead and to act for the greater good—or will you retreat and lay low because of fear? Your life is the sum total of what you choose to do with the moments you have. Make every moment count. Before you call it a day, do something bold! Lead where you are planted.

2. Define a big, inspiring cause. Answer these questions: What values do your products and services bring the world? What's cool about what you provide—what is the noble purpose, the value add? When people sense that they are contributing to the greater good, work becomes a calling. And when people work toward a cause or a calling, they are more motivated to

engage and deliver! We gain more fulfillment and professional satisfaction at work when we understand how our contribution makes a difference.

3. Choose to be gutsy. Embrace change, turmoil, and tough decisions *courageously*. Don't waste time focusing on things you can't control. Focus forward on what can be done, on where you want to take the organization, on what you want to achieve, and work like crazy to get everyone involved in creative solutions to make it happen. When others see you working *fearlessly* toward a clearly defined vision and understand that you seek and value their input, they're more likely to engage and commit to the journey as well.

4. Celebrate people and projects. Start a bragging lunch, a brag blog, or a telebrag conference call that celebrates and shows gratitude for contributions. Brag about and honor the people who are making things happen. Show and tell the ways they are doing it. The things you celebrate say a lot about what you value. Success breeds success. When people feel that they're moving in the right direction and doing things worth bragging about, they have more optimism, energy, and momentum.

5. Lighten up and start having fun. Having fun and being professional are not mutually exclusive. Fun is a form of differentiation; fun creates energy, stimulates creativity, and boosts productivity and performance. Fun makes doing even mundane tasks more

pleasant. We crave fun; we gravitate toward fun people, events, companies, and leaders. We like to work and do business with fun people! However, you can't mandate fun! Trust us, we've seen a few *mandatory fun* programs flop!

So instead of mandating fun, choose to be the example. Your participation in it shows the importance you place on fun. If we asked your colleagues if you're fun to work with, what would they say? Fun is contagious. Give colleagues the freedom to have fun—and be inspired!

Personal change precedes organizational change; so ask, "Am I thinking and acting like a leader?" Practice one strategy each day, and then give your people a swift kick toward recovery. Ask your team to lead from the inside out and champion these strategies. **LE**

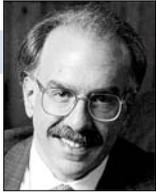
Dr. Kevin and Dr. Jackie Freiberg are speakers, thought leaders and authors of the best-seller NUTS!, its sequel GUTS! and BOOM! Call 619-624-9691 or visit www.freibergs.com.

ACTION: Fuel leadership from the inside-out.



Golden Geese

Keep the eggs coming.



by Steven Berglas

SUCCESSFUL PEOPLE crash and burn after achieving stellar success far more often than they find ways to sustain, replicate, or improve on their achievements. To ensure that your climb up the ladder of success will not end in a tragic fall, you might want to study what *hubris* is, what great thinkers have written about it, and learn how to inoculate yourself against falling victim to it.

In ancient Rome victorious generals were honored for their heroics with a parade. The honoree rode in the lead chariot followed closely by a slave who walked behind him holding a wreath over his head while whispering to the hero, "Remember . . . thou art only a man." The ancient Romans, and Greeks, understood hubris, the arrogance born of success.

Worry about Hubris

Unfortunately, self-medication is tricky at best, and usually disastrous. This is one reason why those who employ super-achievers should worry about *hubris*: It is far simpler and infinitely more effective for someone managing a star to treat them, than leaving a star to his own devices. The wisest CEOs I know accept this contention because they have embraced what quality guru Joseph Juran dubbed the *Pareto Principle* in honor of the Italian economist Vilfredo Pareto who observed that 80 percent of the land in Italy was owned by 20 percent of the population. According to Juran, 20 percent of your talent will account for 80 percent of your success. In bottom-line terms, your top talent are worth every cent you pay them—and more.

Some CEOs sense this. During the past year's economic implosion I have received twice as many calls to conduct "*hubris* prevention interventions" for top-talent than I did in 2008. Why? Top talent is extraordinarily rare, and virtually impossible to grow—these folks are born not made. Even if an *A Player* is acting-out in the most arrogant and egregious manner, it's more cost effective to coach him than to replace him.

Three Recommendations

You can save top talent from destroying themselves in three ways:

1. Pamper your pets in public, not private. I read the *Bible* primarily for management advice. Consider this brilliant Proverb: *Pride goeth before destruction and a haughty spirit before a fall.* I never miss a chance to warn CEOs, "Give talent almost anything they want, but never behind closed doors." Two idiosyncrasies of geese capable of laying golden eggs make this intervention crucial to ensuring their productivity:

First, in a functional sense, hubris is flaunting your prowess in front of others. No one cares if a superstar whoops-it-up in the privacy of his home, but when in the presence of colleagues he



must be decorous. It's one thing to know you are exempt from the rules; quite another to rub that fact in the face of a rule-follower. CEOs should laud their *A Players* to the sky at a group meeting, and then ask the star's colleagues to shout "amen." Sanity, let alone innate modesty, will demand that the *A Player* say something like, "Gosh, guys . . . couldn't have done it without you." But if you tell an *A Player* that he walks on water in an isolated face-to-face meeting, he may tell you that in the future he could dance across the liquid if you remove a certain *C Player* who irks him from his team. That might be appropriate for you to consider, but it is often not dictated by the facts, and it is never a call that someone should make for you. If, however, you hear top talent make that sort of demand, you are left between a rock and a hard place. To preclude this from happening, be as congratulatory as you want toward

top talent provided you preempt them from demanding the authority to make personnel decisions.

Second, top talent will be bossy toward others whether you like it or not. In most instances, this is a blessing since they demand a no-holds-barred commitment to success from those around them. It is also easy for anyone working with top talent to accept their being bossy if it is understood that their power is contextual: When involved in a project, they have the right to call the shots. What concerns co-workers of Golden Geese is not knowing if their boss has ceded authority to an arrogant *A Player*, or if that person is just being arrogant because he can get away with it. If you are seen "conferencing" with an *A Player* in private, the ambiguity of "what went on" can engender out-of-control fear within the rank-and-file that something is amiss. So spoil your talent, but only when everyone can hear how much special treatment they are receiving.

2. Work golden geese like rented mules. After his first season of playing pro basketball (for the Chicago Bulls), Michael Jordan, arguably the best hoopster of all time, returned home to North Carolina, played in schoolyard games with his buddies, and promptly broke his ankle. Bulls' management reacted by trying to limit if and when their franchise player could play extra-curricular hoops. Jordan retaliated by demanding that a *right to play* clause be inserted in his contract. Because of who he was and what he could do on the hardwood, Jordan prevailed.

Why do all top talent take busman's holidays during "down time"? They love the challenge of competing, literally get adrenaline highs from doing so, and feel deprived of *joi de vivre* when sitting idle. If you have no challenging tasks for them, create some, ship them (on loan) to other departments, or lose them. Achieving is in the DNA of superstars, and if you do not provide opportunities for them to shine, over and over, they'll implode—just as dramatically and irrevocably as Supernovas.

3. Affording challenging opportunities is not the same as demanding more. Challenges contain elements of novelty within them. After winning three championships in a row, Michael Jordan briefly tried his hand at Major League Baseball. He dominated the NBA, and it was briefly the "same old; same old." Every star wants the thrill of conquering what is unknown, so build

chances for them to experience this.

Do not confuse a directive to “do that again, only this time a little better” with something that will energize your *Golden Geese*. That sort of “incentive” typically engenders a desire to push back or say, “Screw you.” If it doesn’t and the *A Player* says, “Sure, boss,” he’s likely to damage himself in the process.

Trying too hard to excel under conditions where one is pressured to do so in order to maintain self-esteem—what a compliant *A Player* would feel trying to get it perfect after being 99 percent on target in the past—precipitates a phenomenon called “choking under pressure.” The manifestation of talent requires an *A Player* to be relaxed, to do certain things unconsciously when focusing on others. Demanding more of top talent disrupts their balance: They try too hard to succeed, step on their own toes, and when they sense this, they scramble to recover which normally makes matters worse.

Set “demands” paradoxically by telling top talent, “You’ve hit your peak; there’s no sense trying for more . . .” If you do this, they’ll once again push back, but this time because they want to, in order to prove you wrong and prove that they are omnipotent. That is the sort of drive you want to engender, not the sort that scares them into fearing, “Is there a gun somewhere in the Wild West faster than me?”

Joe DiMaggio, the baseball player most lauded for the combination of skill and character, was not only devoid of *hubris*, he was downright humble despite possessing a surfeit of unquestionable greatness in every aspect of the game. When the *Yankee Clipper* hit a home run, he would *intentionally look down at the ground, away from the pitcher whom he vanquished, so as not to embarrass him*. He also holds a record that may never be broken: The longest consecutive hitting streak—56 games. His teammates loved him, and his managers didn’t need to direct him—he was a natural.

If you view your top talent as if they were DiMaggio—humble, team-oriented, self-starting—even if they are not, odds are they will perform better than if you ham-handedly intervene to get them to continue to produce. This, of course, is the lesson of the farmer who had the goose that laid the golden egg: Let nature take its course, or you kill the blessing you’ve got. LE

Steven Berglas, Ph.D., spent 25 years on the faculty of Harvard Medical School’s Department of Psychiatry. Today he coaches high-achievers. Email drb@berglas.com.

ACTION: Don’t kill your golden geese.

Go-Beyond Strategies

Are we in a global financial crisis?



by Kevin Cashman

WE ARE IN A HUGE, systemic financial crisis. Times are tough, solutions uncertain. But is this traumatic situation, *at its roots*, a financial crisis?

Leadership requires *going beyond* what is in order to transform *what is* and create enduring value. When I look beyond the financial crisis, I see a character crisis. *Unethical, illegal, self-focused, character-poor leadership is destructive to all.*

The more our positional power and character power serve a range of constituencies—finance, employees, customers, community, world—the more sustainable value we create.

Character-based leadership is the genuine, value-creating engine of economic and global stability. Shifting from *self to others* is required for global leadership sustainability.

Adopt Three Strategies

I see three *go beyond* strategies to move out of crisis:

Strategy 1: Move from coping to character. Often we *adapt to circumstances* in order to cope versus *transforming circumstances* by virtue of our character. Moving from *control to trust; short-term to long-term; image to authenticity; fear to courage; and self to service* moves us beyond *coping to character-led leadership*.

Strategy 2: Move from status quo to innovation. Innovation is the new leadership. It is now survival of the most innovative. Innovation requires leaders to listen to clients, colleagues, and team members in authentic conversations—and then to collaborate with them to create new possibilities.

Strategy 3: Move from management to leadership. In a crisis, we try to manage our way out: trim costs, cut people, work longer. These solutions are insufficient. Warren Bennis says, “Managers do things *right*. Leaders do the *right thing*.” Managers improve what is; leaders go beyond what is. Managers control; leaders trust. Managers present; leaders are present. Managers achieve; leaders create. Managers are system builders; leaders are purpose builders. Fear motivates us to *manage our way*



out of crisis; courage is the fuel to go beyond what is and *lead our way* to new, innovative, game-changing realities.

Three Intelligences of Leadership

To effectively execute these three strategies, at least three master competencies—or three intelligences—are needed:

Intelligence 1: Strategic Intelligence (SQ). SQ encompasses all strategic smarts—understanding the business realities, histories, predicaments, future direction, and economic cycles. Top strategic leaders have *synthesis horsepower* because they can understand, reconcile, and serve multiple constituencies and bring clarity to ambiguity. SQ is the head of leadership.

Intelligence 2: Emotional Intelligence (EQ). The leader’s EQ is the effective navigation of self-awareness and other-awareness. Leaders are under scrutiny. Their words and moods are amplified. Hence, they need to monitor their emotions, beliefs, and behaviors (and those of others). High EQ leaders know whether they are “I” leaders who get results and exert their power of voice, or “We” leaders who rely on the power of connection. High EQ leaders have a strong power-of-voice (I) and power-of-connection (We). EQ involves living at the performance intersection of self and others; EQ is the heart of leadership.

Intelligence 3: Learning Intelligence (LQ). Problems at the top are characterized by ambiguity, uncertainty, and confusion. Leaders must be agile. *Learning agility* is more predictive of long-term potential than raw IQ. LQ is the set of talents that help people transition between mental, interpersonal, change and results dynamics and to extrapolate the lessons of complex problems from one situation and connect it to new contexts. Learning leaders build on their previous experience to find new ways to solve complex problems and produce results. LQ opens both the head and heart of leaders to navigate change, deal with ambiguity, and innovative possibilities.

World-class leaders have SQ, EQ and LQ. Going beyond IQ to an integrated strategic, emotional and learning intelligence is the key to authentic, sustainable leadership. LE

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ACTION: Cultivate leadership intelligence.

What Annoys Leaders?

The answers might surprise you.



by John Spence

DURING THE PAST FIVE years, I've presented leadership sessions to more than 800 CEOs of mid-size firms and dozens of senior leaders at F-500 companies. During these intensive workshops, I force participants to make a critical self-examination of their operational strengths and weaknesses through a combination of audits, benchmarking, and focused discussion questions. One key question is, "What are the four biggest challenges you're facing now?" I've seen a clear pattern emerge of *four issues* that most leaders identify as the things that are holding their companies back and keeping them from being all that they can be.

1. Lack of a vivid and well-communicated vision. Even though these leaders are obsessed with the vision and direction of their company, they admit that if you were to go just one or two levels below them you would likely find few, if any, employees who understood the vision, mission, and core values. One frustrated CEO asked me, "John, when do you know that you have communicated these things enough?" I replied, "When you have talked about the vision, mission, and values so much that you feel like you are going to be nauseous. It's at that point that the lowest-level person just really heard it for the very first time." A major job of every leader, whether you lead two people or 20,000, is to relentlessly communicate an exciting and ennobling vision for the future of the organization. In one-on-one meetings, town halls, e-mails, voicemails, team meetings—the goal is to help people clearly see where the business is headed and what they need to focus on to make sure you all arrive there together successfully.

2. Lack of open, honest and courageous communication. The inability or unwillingness to put difficult, uncomfortable and awkward topics on the table for candid and transparent discussion was identified by these leaders as a major inhibitor to their ability to build strong teams and get their

organizations fully aligned. As Patrick Lencioni points out in *The Five Dysfunctions of a Team*, in large part this lack of candor stems from a fundamental absence of trust that leads to unwillingness by people on the team to be vulnerable and completely honest. However, the desperate need for courageous communication and high levels of transparency is powerfully demonstrated in Kouzes' and Posner's seminal book *The Leadership Challenge*, which unequivocally shows that honesty is the single most important driver in establishing credibility as a leader. Especially in times of great turmoil, like we are facing now, employees crave as much information as they can get about how things are going in the company and what they need to



do to keep it moving forward. Where there is a lack of a well-communicated vision, mission and values, you quickly see fear, politics, and rumor-mongering rushing in to fill the void.

3. Lack of accountability. As a result of the lack of honesty and courageous communication, one difficult conversation not occurring is a *frank discussion* about tolerating *mediocre performance*. After taking a hard look at their business, many participants realize that they have a few mediocre performers in key positions and that every day they are saying to the rest of the company, "We were just kidding about pursuing excellence." For example, I'm working with three companies known for being exceedingly "nice." People who work there are proud to be part of such a wonderful and kind company, yet they realize that major issues and serious problems continue to go unaddressed because people don't want to "hurt someone's feelings." The truth is; it is not "nice" to let someone

jeopardize the organization and destroy their career because their leader lacked the courage to tell them the truth about their poor performance. Think of people who consistently deliver subpar work, turn things in late, and have a poor attitude. Now realize that, since they still have their jobs, they set the level of acceptable work for other employees. How does that make you feel?

4. Lack of disciplined execution. For five years, I've been a guest lecturer on strategic thinking at a conference at the Wharton School of Business. Each year I have about 100 senior executives in my session. I always ask the same question, "What percentage of the time do companies that have a solid plan for how to succeed in the marketplace effectively execute the plan?" The answer remains the same: 10 to 15 percent. My experience indicates that it's accurate. Think of the monumental waste of talent, resources, opportunity, and money that this terribly low number represents. I discovered that the process for ensuring effective execution was straightforward and simple, just a few key steps need to be applied with vigor and total accountability. I also discovered that nearly every leader knows what the process is—they are just unable or unwilling to impose the level of discipline needed to drive higher levels of execution.

So if you had the chance to talk to nearly 1,000 senior leaders and ask them what the four most important things they need to focus on right now to fix their business it would be:

- **Over-communicate a clear, compelling and focused vision** for the future of the organization to all stakeholders.
- **Foster an environment that demands honest, transparent and courageous communication** in order to develop high levels of trust and respect.
- **Set clear, specific and quantifiable standards of performance** and then be rigorous, but never ruthless in holding every single employee 100 percent accountable to meeting or exceeding the agreed upon standards.
- **Develop a culture of disciplined execution** by creating systems, processes and checkpoints to ensure consistent flawless execution of critical initiatives.

None of these ideas is new or revolutionary. You will recognize them as established fundamentals. There's a big difference, however, between knowing something and living it daily. **LE**

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ACTION: *Overcome these four obstacles.*

Corporate Physics

Achieve results that satisfy needs.



by John Calvello

THE LEVEL OF SUCCESS of your company is directly related to the rate of change you generate. Yet many companies are not at the pace to profitably compete, grow, or even survive. Leaders must pursue aggressive action to achieve the *rate of change* needed to meet their business needs.

The laws of physics also apply to business; specifically, Sir Isaac Newton's principles: a body in motion tends to stay in motion at the same rate, and, when that rate of motion is zero, a body at rest tends to stay at rest—unless some extraordinary force is applied to alter the rate of motion.

Applying these principles to business, the focal point becomes: **acceleration equals Force divided by mass ($a = F/m$)**. Leaders need to understand and use this equation as a framework to alter the rate of change and achieve unprecedented levels of success.

Acceleration

Change: Over time, market trends shift, customers become more demanding, and competition becomes more formidable. The change surrounding companies is constant. Companies must change accordingly to compete; otherwise, they won't grow and may not survive. Change-ability is the most valuable competitive weapon.

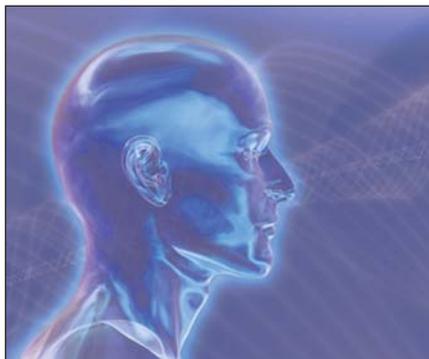
In physics, change is called *displacement*. This is the difference between two points, A and B, depicted by an arrow between the two, called a vector, containing the properties of *direction* and *magnitude*. So displacement is the difference in direction and magnitude, or change, between Point A and B. So, Change = Point B—Point A.

Assume that Point A is 2% EBITDA and Point B is 20% EBITDA. This change would be an 18-point (magnitude) increase (direction) in EBITDA.

Rate of Change: The Rate of Change (r) is equivalent to the experienced change (C) over a period of time (t), or, $r = C/t$. The Rate of Change always contains components of direction, magnitude and time—no exceptions.

If enacted over too long a time, change runs the risk of falling short of what is needed to compete. For example, if the 18-point EBITDA increase is achieved over nine years, this 2-point per year Rate of Change may not be fast enough to satisfy "The Street," the Board or investors, and may not incent the investments needed to grow the business. If needed in two years, the Rate of Change would have to be accelerated to 9 points per year.

Time is powerful. You can't touch, taste, smell, hear, or see it. Yet it marches on. You can't speed it up or slow it down. When competing, time is your ally if you're ahead, your enemy if behind. To be a viable growing concern, you must harness time by continually achieving a higher rate of change.



Acceleration: Acceleration, $a = F/m$, is an increase in the Rate of Change. So the Rate of Change will increase if Force increases or mass decreases. However, the Rate of Change will decrease if Force decreases or mass increases. The larger the mass, the larger the Force needs to be to overcome that mass to increase the Rate of Change.

Effective leaders exert the right kind and amount of force to overcome their company's mass, thus accelerating change, to achieve a result, that satisfies a need.

So what is this Force? First, let's examine mass, as it pertains to business.

Mass

People: A company's mass is the sum of its critical components at any point in time. The most important is people, because they create or adjust the remaining components. People possess many characteristics that enhance, or detract from accelerating change. Some of

these characteristics include: their total number, skills and flexibility, willingness and resistance, and style and behavior. But **their most important characteristic is leadership.**

Structure: Structure, or how people are grouped to run the company, is another critical component of mass. Unclear roles, responsibilities, accountabilities and authority associated with each position, along with spans-of-control and the number of levels are some of the key characteristics that can impede accelerating change.

Processes: Processes are a critical component of a company's mass—especially those that directly interface with customers, those that develop and introduce the products and services consumed in the competitive marketplace. The ability to accelerate the changes customers want determines a company's long-term success.

Systems: Information systems are a part of mass, *not* a driving force for accelerating change! Effective managing systems are forces for accelerating change, which drive the *performance* of people, structures, processes and assets. Conversely, ineffective managing systems inhibit accelerating change.

Assets: Accounts receivable and inventories are two assets on a company's balance sheet requiring attention, as they can drain cash and impede accelerating change. The capacity of non-current assets, including plants and equipment, should be aligned with the market rate of demand, also so as not to drain a company's cash.

Force

Leadership: Effective leaders make the case for change to convince people *why* change is necessary. This isn't easy, as people resist change, especially if a company is viewed as successful. Resistance can escalate to fear if people perceive that change may harm them personally. Leaders must set clear goals regarding what change is expected and in what timeframe. An "Accelerator Goal," or **Accelerator**, is an effective tool leaders can use for this purpose. The **Accelerator** must contain the specific and measurable components of direction, magnitude, and time and enough stretch to motivate a call to action, yet be attainable to avoid the perception of being unrealistic. Leaders assure the **Accelerator** is translated across the organization, aligning purpose, focus and achievement.

Vision: The **Accelerator** is a result, fashioned in the form of measures or metrics. It is not a descriptor of the

attributes of the change needed. For people to commit, they need to envision the future way of doing business. A well-designed and *agreed to* vision of future attributes of people, structure, processes, systems and assets is a powerful force for accelerating change. It helps if the vision consists of one comprehensive diagram. Most importantly, the vision, when implemented, must achieve the *Accelerator!*

Discovery: Assessing the state of a company's mass—people, structure, processes, systems and assets—formulates the baseline for a leader's case for change and establishes the "starting point" for the change journey. The assessment also needs to identify the barriers to implementing the vision and achieving the *Accelerator*.

Roadmap: Once the starting point (Point A) is determined and the vision set (Point B), a well-designed and *agreed upon* roadmap is the next component of force for accelerating the change and achieving the *Accelerator*. Without this agreement, change won't happen! The roadmap must be integrated with other key initiatives.

Business Case: A compelling business case is required to justify embarking on the roadmap journey. Implementation of the Vision usually requires commitments of both people and cash. Convincing leaders to take action, while risking their short-term quarterly targets, is why a compelling business case is a necessary force for accelerating change.

Execution: Roadmap initiatives are designed to implement the vision and achieve the *Accelerator*. Each initiative must have a charter, a competent leader supported by the right team of internal and external resources, and be guided by engaged oversight. The best vision is of little value if it isn't implemented!

Cash: A company's cash can be utilized as a powerful Force to accelerate change. Cash can be used to invest in new technologies, engineers, new products and services, break into new markets, launch productivity improvement programs, acquire competitors, etc.

Leaders must determine and apply the best use of company cash. Leadership drives all of the other components of Force—vision, discovery, roadmap, business case, execution. *Leadership is the most powerful force a company can possess to accelerate change.* Focus your leadership on *accelerating change, to achieve a result, that satisfies a need!* LE

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ACTION: Focus on accelerating change.

Soft Power

Why you now need it.



by Joseph S. Nye, Jr.

EFFECTIVE LEADERS think in terms that include the soft power of attraction. Many CEOs think of power narrowly in terms of command and control; such narrow perspectives serve them poorly. According to Samuel J. Palmisano, CEO of IBM, "hierarchical, command-and-control approaches impede information flow, hampering the fluid and collaborative nature of work."

Soft power rests on the ability to shape the preferences of others to want what you want. We all know the power of attraction and seduction. Power in a relationship does not necessarily reside with the larger partner. Leadership is not just a matter of issuing commands, but also involves leading by example and attracting others to do what you want. It is difficult to lead by commands alone unless you can get others to buy in to your values. As Rosabeth Moss Kanter comments, "Managers can't control everything. They must work through influence, persuasion, and training. And culture—the common values that people learn—is often what guides people, not the rules of any one manager."

The information revolution is affecting structures. Hierarchies are becoming flatter and embedded in fluid networks. White-collar knowledge workers respond to different incentives than do blue-collar workers. People today are less deferential to authority.

In 1930, the Nobel Prize economist Ronald Coase tried to explain the rise of the modern corporation. Why not just rely on markets? His answer was transactions costs: anonymous partners were hard to identify, contracts were difficult to manage, and it was more reliable to produce supplies yourself than to count on external networks. Today cheap and reliable information makes networks of outsourcing more attractive. The classic economic theory of the firm as a hierarchy that internalizes functions to reduce transactions costs is being supplemented by the notion of firms as networks of out-

sourcing—think Toyota or Nike. More companies now consist of intangible assets, such as patents plus the values embedded in their brands. In a flatter world, the advantages of innovation do not last as long, and fewer things shelter companies from competition. The proportion of intangible assets to shareholder value has risen from 50 percent in 1980 to 70 percent today.

In some cases, one can orchestrate a complex network simply with carefully specified contracts, but the friction of normal life usually creates ambiguities that can't be fully met in advance. In describing the success of the Toyota and the Linux networks, Philip Evans and Bob Wolf of Boston Consulting Group, conclude that "monetary carrots and accountability sticks motivate people to perform narrow, specified tasks. Admiration and applause are far more effective stimulants of above and beyond behavior." Traditional business leadership styles become less effective. Some new styles even seem bizarre.

In "bricks and clicks" companies, distributive leadership is essential. In dynamic, complex, and ambiguous contexts, the traditional view of a leader being decisively in control is difficult to reconcile. Effective leadership depends on the use of multiple leaders for capable decision-making and action-taking.

Harvard professor John Quelch writes, "Success in business increasingly depends on the subtleties of soft power." Management gurus refer to "level 5" and "authentic" leadership that is more collaborative, integrative, and participative. Some say corporate leadership will be increasingly a "woman's world." Research on gender reports the success of what was once considered a "feminine style of leadership." Women intuitively understand the *soft power of attraction*; men gravitate to the *hard power of command*.

Effective leaders need a greater ability to work with networks, to collaborate, and to nurture. Smart leaders, whether male or female, learn how to combine soft power with hard power.

When leaders fail to think in terms of soft power, they tend to make decisions based on *convenience and expediency* that prove to be *counterproductive* for their firms and their positions. LE

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ACTION: Combine soft power with hard power.



New Leadership Rules

Make your enterprise more attractive to clever people.



by Rob Goffee and Gareth Jones

FOR MORE THAN 100 YEARS, CONVENTIONAL managerial wisdom has been driven by the extraction of more value from recalcitrant workers. This sees its latest expression in pursuit of “discretionary effort”. But clearly this is merely the latest manifestation of a long line of managerial fads and fashions like motivation and engagement.

Our view is that the leadership task in the clever economy is not how to motivate your people but how to make your organization attractive to clever people who already know how valuable they are.

This issue takes on greater significance in the context of the great recession. Economists did not see it coming, nor can they clearly predict what the landscape will look like when we do finally emerge from the downturn. However, let us speculate.

First, organizations that are well led have a better chance of surviving turbulent times. This is not the occasion to take your eye off critical processes of leadership development, and smart organizations know this.

Second, future prosperity rests on organizations that make their living from the knowledge they can develop. Leading clever people becomes a critical challenge. Who are these clever people? They are not simply those with the highest IQ or the most impressive academic qualifications. Here’s our definition: *Clever people are highly talented individuals with the potential to create disproportionate value from the resources available to them.* Many highly talented individuals (artists, solo musicians, and other free agents) can produce remarkable results on their own (outside of an organization). But we are not talking about them. We use the term *clever people* to refer to talented individuals who *need* an organization to achieve their full potential.

Precisely what they do, of course,

depends on the context. In pharmaceutical companies, they carry out scientific research and produce ideas for new drugs; in professional services firms, they solve complex client problems; in ad agencies, they understand customers, brand values, and craft innovative communications that connect the two. But whatever they do, they do it extraordinarily.

Third, “clever” has a double meaning. In the U.S., *being clever* carries connotations of being overtly smart and difficult. The English interpretation is being *skilled and talented*—with an acceptance that being smart usually comes with a few *rough edges*. **Clever people are both talented and difficult.**

Why are clever people difficult to manage? They know their worth (their skills are not easily replicated). They ask difficult questions. They’re organizationally savvy. They are not impressed by hierarchy. They expect instant access to decision-makers. They are well connected outside of the organization. Their passion is for what they do, not who they work for. Even if you lead them well, they won’t thank you

What Can Leaders Do?

We developed 12 new rules to guide the leaders of clever people.

1. Explain and persuade. Clever people do not like to be told what to do—and are likely to react badly if they are. Needing to be told seems to undermine their sense of self esteem—clever people shouldn’t need telling!

2. Use expertise. Hierarchy, of course, still exists. There are CEOs, CFOs, CIOs, department heads and so on. But using hierarchy to justify decisions or behavior is dangerous and probably self-defeating. This applies throughout the leader’s behavior. Clevers will respond far better to *expert* power than to *hierarchical* power.

3. Give space and resources. Provide resources and space—and create the right environment. It is a fine balance between providing enough space to try out new things and creating a playground for clevers where they are not expected to deliver results.

4. Tell them what, but not how.

While grand visions may be a distraction, a sense of direction that unifies efforts is helpful. But, going beyond *what* we are doing to *how* is risky, as it deprives clever people of the fun of working things out for themselves.

5. Provide boundaries. Clevers need space. But they also need structure and discipline. Creating the right sort of space—sufficiently large to allow clevers to express themselves, but also with boundaries that help them focus their efforts—is vital. One without the other is dangerous and ultimately unproductive.

6. Give people time for questioning. An age-old instruction to children is to ask if they don’t know something. Sadly this advice has often been ignored in businesses. As Rob Murray



CEO of the Australian brewing Company Lion Nathan remarks “Some people avoid dialogue and engagement with the clevers, because they feel intellectually intimidated. So the number one rule is, even if you realize as a CEO you’re talking to people who are academically more astute than you are,

you’ve got to be prepared to go in there and be prepared to engage them.

7. Give recognition and amplify achievements. What clever people do is central to their identity, so recognize their achievements. However, clever people tend to value recognition from prestigious peers and external clients the most. And, given their sensitivities to interference and the fact that many may be working on long and complex tasks with unknowable outcomes—although recognition is highly valued, it does not necessarily need to be delivered frequently. Quality matters more than quantity.

8. Encourage failure, maximize learning. Whereas many organizations need to train people intensively in order to reduce risks of failure, clever people often arrive highly trained in professional or technical terms. Paradoxically, they may get cleverer mainly by organizations maximizing opportunities for failure. This is because they tend to respond best to difficult, stretching tasks where their talents are tested to the limits. By contrast, their attitude towards “training events” (particularly managerially inspired) can be scornful.

9. Protect clever people from the rain. Clever people see the administra-

tive machinery of the organization as a distraction from their key value-adding activities. So they need to be protected from the organizational "rain." The leader sweeps aside the organizational detritus. Leading clevers is all about removing obstacles that prevent them doing what they do best. Sometimes, that means knocking down the barriers; other times it means keeping the red tape at bay.

10. Talk straight. In order to flourish, leaders must be confident about their own expertise. If they are not, the clevers will sense it. They have good antennae for bullshit. To be an effective leader of clevers you have to know who you are—be confident in your own abilities and say what you mean.

11. Give real world challenges with constraints. It is sometimes suggested that individuals can be energized to achieve goals by leaders encouraging them that everything is possible. But such optimism is not always successful with clever people. Their preference seems to be the reverse. Tell them something is not possible, and they will be highly motivated to prove you wrong. Clever people are at their most productive when faced with real and hard questions which they must solve within meaningful constraints.

12. Create a galaxy. While it is conventional wisdom to seek to attract stars to an organization, the real leadership task is to ensure that these stars are connected to each other in ways that influence the entire organization. The leader is building a social architecture of knowledge. It's akin to using the best players in your soccer team to set the standards for everyone.

13. Conduct and connect. Just as clever people say they don't want to be led, many say they do not wish to see themselves as "leaders". The leader's task becomes how to conduct and connect. This becomes even more evident as the clevers work together in teams and in organizations.

The challenge of leading clever people is critical to the future of the world economy. We wouldn't want to leave you with the impression that life in the clever organisation is a little hard, on the contrary, unleashing the potential of clever people is exciting and rewarding. All our futures may depend on it. **LE**

Rob Goffee and Gareth Jones coauthors of CLEVER: Leading Your Smartest, Most Creative People (Harvard BP) and authors of HBR articles "Why Should Anyone Be Led by You?" and "Leading Clever People." Goffee is a consultant and professor of OB at London Business School; Jones is a Fellow of the Centre for Management Development at London Business School and a visiting professor at INSEAD.

ACTION: Learn to lead clever people.

Power to Lead

It's an artistic activity.



by Gregg Thompson and Bruna Martinuzzi

LEADERSHIP IS AT THE CORE OF ALL KEY human endeavors—and a role that should not be stepped into lightly. People count on you. Organizations put their existence in your hands. Your efforts create and market products and services. You create the jobs, teams, and organizations in which people build their careers. Families count on the wealth that you help create. Countless lives are touched by your work. Leadership is that important.

Leadership is challenging. Organizations are complex, diverse, and ever-changing. When we consider the goals of leadership (alignment, engagement, productivity and innovation), we must do so against a backdrop of shifting technology, pervasive globalization, and unfathomable economic change. Never has *quality leadership* been more needed; and, sadly, never has it been in shorter supply.

Am I capable? Can I make a difference? These are questions we ask ourselves as leaders. Yes, we are capable, and we can make a difference. We are naturally wired to lead. We live our lives on roads shared with others. We're drawn to community—whether corporate, social or family—and we seek a tomorrow that is better than today. Inviting others to join in the pursuit of a better tomorrow is at the heart of leadership. Yet, many of us use little of our leadership capability, choosing instead to covet those who step to the front with little more than ambition in their eyes, fear in their hearts, and a blurry map in their hands. These are the courageous people who discover the power to lead.

The *Power to Lead* both sets you apart from others and draws you to them. It's not power *over* others but the power to inspire, engage and serve others. This is the power to make a real difference.

The source of this power comes from

deep within each of us and is ours to claim or deny. Becoming a leader is an arduous inner journey that starts with having the courage and willingness to explore the many facets of our *true self*.

One way to understand leadership is through the metaphor of oil painting.

When we view a great painting, we may see it as the product of an orderly process that moves from inspiration to framing. This is rarely the case. To create a masterpiece, the artist needs to prepare the canvas, assemble oils with the right pigments, and move the oils about on canvas until a complete painting is formed. So it is with leadership.

Just as an artist begins a great painting with a well-primed surface, you need to prepare your leadership canvas. The artist creates a solid frame, the material is stretched taut, all waste is trimmed, and a primer prepares the surface. The bigger and better the canvas, the greater the potential for a wonderful work of art. Think about your canvas as a unique piece of material woven from those elements that make you unique. What are your core values and aspirations? How can your passions fuel your leadership? How

does your personality influence others? What motivations shape your approach to people and organizations?

Great artists fill their palettes with an array of pigments to create the *perfect color* that captures the image in their minds. What are the contents of your palette? What are your

strengths and talents? How do your emotions fuel your behavior? What traits give you an edge? What choices are within your domain? How do you best relate to and connect with others?

Oil paint remains wet long, enabling the artist to change the color, texture, or form of the image at any time.

Rarely does the artist leave the paint exactly as first applied. The masterpiece is created by moving the paint on the canvas, blending it with other colors, and changing the texture. Art conservators do not consider an oil painting completely dry for years. So it is with leadership. Crafting your leadership masterpiece will take a career.

Do you want the power to lead? See yourself as a work of art! **LE**

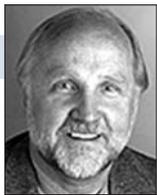
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ACTION: Engage in artistic activity.



Mastery Coaching

Bringing out leadership potential.



by Steve Buchholz

FOR 12 YEARS, I'VE coached emerging leaders at a large pharmaceutical company. The focus has been on developing the capabilities of individuals identified for their potential. The basic precept is taking someone who is already *good* and supporting his or her possibility to be *extraordinary*. I refer to this form of coaching as *mastery coaching*—a process that inspires the candidate to maximize his or her personal/professional potential.

Candidates for coaching are people who want to understand leadership as a calling; who want to master a new position or level; who want to enhance personal performance, build relationships with key constituents, develop others, and transform their companies.

There are two key elements to Mastery Coaching—context and content.

Context refers to understanding how the leader is thinking about their role and what his or her next steps should be. Context can be explored by looking at leadership as five levels:

Level 1: Know thy self. The process of leadership begins with going inside to discover your essence—identifying and declaring your leadership purpose, values, vision, beliefs, and contribution. The desired outcome is the leader's ability to articulate a personal framework for leading.

Level 2: One-to-One Leadership. One-to-one leadership focuses on the interactions a leader has with his or her primary constituency. The competencies of managing others rest here. In some cases, a leader perceives that leadership starts here and ends here, i.e. there is no reason to advance leadership skills to the proceeding levels.

Level 3: High-Performance Teaming. Level 3 leadership can soon become burdensome as the number of direct reports increases and time does not allow for one-to-one interactions with each employee. The question then becomes: How do I effectively create a team environment where more interaction can be one-to-team and more responsibility is shared?

Level 4: Leading the work culture. The focus here is on work culture—how to influence high work satisfaction and high performance by focusing on cultural attributes. The question is, Can I create a culture of opportunity, accountability, information, rewards, support?

Level 5: Influencing the external environment. Here leaders focus on how to impact others outside their domain: working with mergers, acquisitions, partnerships, community, competitive threats, and strategy.

As a leader advances, the emphasis on where time is spent, what is valued, and the skill set required changes. Understanding the five domains and the passages becomes a key coaching consideration. A mastery coach needs to assess at what level the leader is



currently thinking and acting and begin the coaching contract with a sense of how to help the candidate become conscious of and equipped to broaden their perspective of leadership.

Content refers to the critical themes. By using a formal intake process with each leader coached at the pharmaceutical company, the candidates would consistently need coaching support in two or more of the following areas:

- *Help me understand the character of leadership, not so much what a leader does, but who a leader is.* Most leaders needed to declare "leading" as their primary vocation and form their leadership example based on their purpose, values, vision, and business mandate. This is Level I insight.

- *Help me see how I can be effective with the people I serve?* Leaders asked for help regarding how to work with their high performers or how best to deal with a performance problem. They want to know how to retain their key

talent and build a collaborative culture.

- *How can I maintain perspective and emotional balance while dealing with the pressures of the job?* In many cases as a leader progresses, he or she gets out of balance. One top research oncologist I worked with felt she had lost control of her time. While very successful in her professional endeavors, she felt over-worked and neglectful of personal relationships and responsibilities. The focus became recognizing the underlying causes of her imbalance and developing ways to counter them.

- *Help me build relationship bridges with key individuals whom I have no authority over, people in positions of power or influence that influence my work and success.* Leaders want help working with the boss and key peers. They want to build relationships with people in positions of influence and improve their social versatility.

- *Help me make critical life/work decisions that will influence my future.* With every leader, critical passages emerge. Is a particular job a good fit? Should I stay or leave? Can you help identify the criteria I should use to make the right decision? Many of the leaders found themselves at crossroads and wanted to know what criteria they should use to make the right choice.

- *Prepare me for the next level.* Leaders wanted help in identifying the competence and experience gaps necessary to be effective at the next level of leadership. Once these gaps were identified, a development plan would follow. In many situations, succession planning emerged as a theme for the leader.

I created a standard approach for each topic as a starting point, which could be tailored to individual needs. This enabled me to share content and practices with internal company coaches, and enabled the leader candidates to reflect, identify and work on these key leadership issues, providing the leader and the coach with a common focal point, insights, and action plan.

Ten years ago, most companies engaged a coach to address toxic behavior or derailleurs. The aim of *Mastery Coaching* is not just in fixing what is broken but in effectively bringing out the potential in leaders. A mastery coach enables others to better serve themselves, expand their possibilities, and increase their capacity to learn and act more effectively. The result is better leaders and stronger organizations. LE

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ACTION: *Become a master coach of key talent.*

Leading Transformation

You need to sell people on the upside benefits.



by Johnson A. Edosomwan

LEADERS WORLDWIDE are working strategically and innovatively to not only survive, but thrive in these economic times. We are employing ingenuity, engaging idea-sharing and prompting lean processes in order to ensure success and sustainability. The changes that result fall on our vested employees to embrace and own while they fret about their own financial futures. In this or a more robust economy, successful or well-led organizational transformation is critical to ensure progress. Change can be positive or negative, depending on management's communication of that change and employee engagement levels. Inclusion and buy-in are essential to allow organizational change to take hold quickly and to flourish.

Use this seven-step approach to prepare your workforce for change:

Step 1: Leadership vision and motivation for change. Explain the need for change. The leaders of the enterprise must be future-oriented and ready to back the change. Leadership vision, courage, empathy, humility, and wisdom are required to implement change. The critical mass must be inspired and motivated to change. Generally, people follow the leader's vision to shape change to benefit the enterprise and its customers. Help people understand what is changing in the business and what the change is all about. Leaders must see the need to change and be appropriately transparent to achieve employee engagement.

Step 2: Educate on the need for change. Help people to understand the management, communication, and training process required to administer change. These include: analytical, behavioral, and organizational management skills; willingness to change; commitment to change; and the desire to manage the change.

Step 3: Develop the skills and tools for change. Develop the managerial tools and skills required to change. True transformation involves changes to products, processes, systems, policies, procedures, and competencies.

Successful change requires leaders to ensure that appropriate skills and tools are available to achieve performance goals and enhance work processes for results. Having the skills and tools makes employees more tolerant of the issues and challenges that accompany transformation.

Step 4: Engagement for change.

Recognize the informal organization and provide the positive climate for those affected to respond and accept the change quickly. The enterprise can be viewed as a social system consisting of a loose network of small groups of people. People in these groups can form a strong bond of loyalty to each other. These groups should be used to institute change. If the informal leaders accept whatever change is being proposed, that change will occur much



more smoothly. If they oppose the change, it may be nearly impossible to implement. Therefore, it is important to identify and get the informal groups involved in change execution.

Step 5: Development of change agents. Develop "change agents" for change execution and effective implementation. It is very important for the leader of change to seek the active support of the workforce critical mass. The critical mass usually represents a sufficient number of influential people, supporting a proposed change. When a critical mass of support is obtained, the change execution and implementations occur much more smoothly.

Step 6: Assess the readiness for change. Assess the enterprise's readiness to make the transformation, allowing enough flexibility for people to prepare for the change and deal with the consequences. Plans should be in place to deal with the logical, rational, and irrational side of change.

Implement the changes and share the benefits with the workforce.

Step 7: Change implementation.

After gaining required support, implement radical, incremental, or partial changes as soon as possible. People are uncomfortable when changes and transformation efforts are drawn out over a long period of time. In some cases, people can best deal with changes and transformation when they are done in incremental stages. The implementation steps also need to focus on successful pilot projects, critical performance measures, and defined accountability and ownership for actions.

Overcoming Resistance to Change

One major barrier to transformation is *resistance to change*. By nature, people resist change because they fear the unknown. People will accept any type of improvement change, depending upon how they will be affected by the changes and their perceived outcome.

When you implement change, you are likely to face five types of people:

1) those who believe that they have no choice in the change—it is happening regardless, and their role is to wait to see the impact; 2) those who do everything within their power to defeat change because it creates an extra burden on them—they find several reasons why the change will not work; 3) those who do all the talking about how change is badly needed but take very little action; 4) those who spend their time and energy wishing someone else or some new system would automatically do the work; and 5) those with a keen interest in prosperity and profitability through growth, continuous improvement, and effectiveness. Such people are change owners, masters, agents, champions, and leaders who do the work, design, promote, and implement the changes required.

Nothing is more challenging and rewarding to execute than to transform an organization. The process creates enemies, pains, change, risk, uncertainty, benefits and rewards. Since transformation has some degree of uncertainty, risk, and potential for failure, people must know the upside of the transformation (growth and profitability). People are likely to accept new ideas when they understand the rational and the tangible and intangible benefits of making the changes. **LE**

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ACTION: Overcome resistance to change.

Beyond Accountability

Create a responsibility-driven culture.



by Emmett C. Murphy

HOW DOES A SOCIETY or organization survive? Is it by having rules and regulations imposed by external authorities, or by accepting internally developed standards of conduct? The former relies on accountability to external agents. The latter relies on the responsibility of individuals to coalesce into communities of shared vision and commitment. The one is extrinsic and, as history teaches, leads to despotism and rigidity. The other is intrinsic and leads to cooperation and adaptation.

We see the “accountability game” held up to ridicule by the maladroit behavior of the managers on *The Office* and by Dilbert’s genius at raising abuse to an art form. The parodies and satire speak to a reality we seem to ignore as we churn out technique after technique to “impose” motivation, dedication, retention and loyalty. Often the methods are punitive. Regardless, efforts at success fail when accountability is the strategy.

We must reinstitute the principle that *rights are balanced by personal responsibility*. An organization must translate a vision for progress into opportunities for self-development that restore people’s desire to *contribute* to systems, not manipulate and abuse them.

Take Six Steps

To put responsibility into practice, effective leaders take six steps:

1. Become the customer’s partner. Frank Nask, CEO of Broward Health (sixth largest US public health system) says: “We must recognize the patient, our customer, as full partner in all our decisions. All of our actions must follow from the decision to empower, serve, and accept responsibility—starting with mine!” Frank exemplifies the leaders who create responsibility-driven cultures. He has re-energized his organization by a commitment to partnership that has been reciprocated by physicians, employees, union leaders, state government, financial institutions, and accrediting agencies. The partnership commitment helps align

energies and rationales and focuses talent. Without a clear mission of customer partnership, people don’t know why they are present. Sam Walton once said, “Customers are partners in the community of our shared values. Our commitment is to them. If anything comes before this, we’ll surely fail.” Adopt Walton’s and Frank’s philosophy of connecting with customers.

2. Connect with the front lines. Andy Grove, former chair of Intel, maintained Intel’s cutting edge by personally mining the knowledge and insight of front-line associates. He channeled his anxiety into a strategy of seeking comfort directly from those who knew what



was going on. In the age of Twitter and Facebook, we’re tempted to live in a state of virtual connection with associates. Our study documented the decline of leaders’ physical presence at work and of personal connectivity between leaders and front-line staff. When they don’t connect with the front lines, leaders fail to grasp the full context of the customer partnership experience. This disconnect leads to *error-ridden strategy* and *poorly targeted investment in technology and people*, producing poor earnings, low customer retention, and the spread of the *failure to believe and thrive virus*. Customer connections are enhanced by connections with the front lines.

3. Select achievers. Responsible leaders hire people who claim personal responsibility for their work. They identify attributes they need for a job and then match candidates accordingly. Surprisingly, hiring committees often undermine a culture of personal responsibility by choosing candidates whose chief recommendation is that they are easy going—they have relinquished their stake in personal com-

mitments. Another mistake is focusing only on a candidate’s technical skills. Responsibility-driven leaders identify the social and psychological attributes a position requires—such as fearlessness, optimism, commitment—in addition to technical, educational, and experiential requirements. By valuing the whole, responsibility-driven leaders ensure that candidates will fit into the culture on their own terms, increasing their potential for achievement.

4. Reward achievement. Organizational success depends on individual achievement. Effective leaders reward achievers by giving them more and higher responsibility, trusting their decisions, and supporting their ideas. In organizations that underemphasize achievement, high achievers overcompensate for or “carry” poor performers. This can destroy the motivation of achievers and result in low profitability, high turnover, and customer dissatisfaction. The best reward a leader can offer achievers is the chance to continue achieving.

5. Align work ownership. Individuals are ostensibly responsible for their work. But what if an individual’s daily work does not correlate to his or her stated job responsibilities—the reason he or she is there? This was the case with a hospital in Ontario. A drop in clinical quality was traced to the fact that nurses were routinely asked to perform other roles. Responsibility-driven leaders realize that if a person claims to be performing one job when he or she is actually performing another job, then the person feels a diminished sense of personal responsibility. By clarifying and reinforcing job descriptions, and *reselecting* employees as needed according to personal and technical criteria, effective leaders engender self-sufficiency and self-respect.

6. Coach responsibility. Partnership-focused coaching can help others see what it means to take more responsibility for their work. In multi-faceted businesses, workers can easily disown responsibility. Coaches help people clarify their position, often employing the “Who’s Responsible?” script. Great coaches convey the message that taking responsibility is fulfilling.

Take these six steps to build a responsibility-driven culture. In a competitive environment, compliance and accountability will invariably lose out to personal responsibility and the spirit of creative adaptation it generates. **LE**

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ACTION: Take these six steps to responsibility.

Leadership Development

Make it the centerpiece of your talent strategy.



by Steve Arneson and Dave DeFilippo

ON WALL STREET, IT IS OFTEN SAID that your most important assets ride up and down the elevators daily. It's important to have top-tier leadership talent, which is why most firms try to identify and develop emerging leaders. BNY Mellon Asset Management recently embarked on a journey to build a world-class talent strategy, and the first step was to launch a *Leadership Development Program* (LDP).

The LDP has long been the flagship offering in the talent management portfolio. Of all the efforts to develop talent, the LDP often gets the most attention from senior leaders, sparks the most excitement among participants, and provides the most visible platform for developing emerging leaders. For these reasons, we decided to make a leadership program the first plank in the talent platform.

What compelled us to make an emerging leader program the centerpiece of the new talent strategy? First, since the company is comprised of autonomous investment firms, we needed to send a clear message that the organization was serious about leadership development. Second, asking each firm to nominate a rising star would get attention, and make this a company-wide effort. Third, bringing emerging leaders together would best facilitate networking and best practice sharing—two goals of the talent strategy. Finally, this was the best way for senior leaders to view the top talent.

Early in the design process, we identified three questions to guide the program design: 1) how do we link LD to real business issues? 2) how do we create a world-class experience for participants? 3) how do we make the program worthwhile for the company? Given that this was the initial piece of the larger talent strategy, we knew we had to create a “wow” response; the LDP needed to be a big hit to move the talent strategy forward.

The good news is that we succeeded.

The first LDP was launched in 2008 to much fanfare and lived up to its billing; participants and senior leaders raved about the experience. The 2009 program received similar reviews, whetting the appetite for more development programs and talent processes, and paved the way for a broader talent agenda.

Incorporate Five Key Lessons

Here are five key lessons that we learned along the way:

1. Go high touch all the way. When launching the LDP, get out there and “sell it.” Go to staff meetings and present the idea to senior teams. Meet with potential participants to get ideas about the program experience. Set up meetings with leaders, and ask them to be a “leader as teacher” at one mod-



ule. You need to be an evangelist for leadership development. Make it a priority to *build excitement* for the program.

Another way to go “high touch” is to incorporate networking tactics that fit your culture. In our case, with a dispersed organization, we asked each executive around the world to host luncheons with local program participants during the early phases of the LDP in order to share their career development experiences and meet these future leaders. This helped break down silos and build buzz for the program.

2. Involve the participant's direct managers. In addition to frequent contact with participants, establish regular contact with their managers to ensure involvement and commitment. For example, hosting regular 30-minute conference calls during the program creates a regular dialogue with managers and enables you to share what participants are learning. This helps managers reinforce and support continued develop-

ment. During our LDP, we hosted four teleconferences with direct managers to review the learning concepts, discuss upcoming milestones, and answer any questions about the experience. Get the managers involved in the program; these are the people that your participants return to after the program. You need their support.

3. Engage senior leaders as teachers. To knit the company together, you need to get senior leaders into the classroom as teachers or presenters. Emerging leaders want to spend time with senior managers; they want to pick their brains, challenge them on key issues, and build relationships. Ensure your senior leaders are well organized and prepared. If you don't get involved in helping them prepare for their sessions, you may not always get a quality experience. Insist that senior leaders prep for their sessions.

4. Keep the content relevant. This is a challenge, since much leadership content has to do with building generic skills. But it's necessary for making the program viable and plausible; participants will be more engaged if they can relate what they're learning to current events. We conducted the first program just as the financial meltdown was happening in September 2008. We adapted our discussions to what was happening, and how it would affect the company. The participants appreciated the effort to connect the content to real events that would impact them when they returned to their jobs.

5. Make it personal. As the leadership guru, you need to stay close to the leadership program—attending and orchestrating each session and perhaps teaching some content. Develop strong relationships with the leaders who will be your partners in driving the talent strategy in the future. Establish a personal connection with the participants and get involved in their development. We got to know each participant, thus gaining a unique view of their strengths and enabling us to add a grounded opinion when top talent is discussed.

Building an integrated talent strategy takes time, resources, and management support. Consider launching a LDP as the *first step*, and make the LDP the cornerstone of your talent management strategy. It's a case of a *push* that becomes a *pull* if the LDP is designed and implemented effectively. **LE**

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ACTION: Build a successful leadership program.

Layoff Leadership

Steer clear of three classic traps.



by David Noer

LEADING ORGANIZATIONS in decline is more mentally complex and emotionally gut-wrenching than leading growth. Guiding people through downsizing and restructuring during a global economic recession can easily lead to a leadership trap.

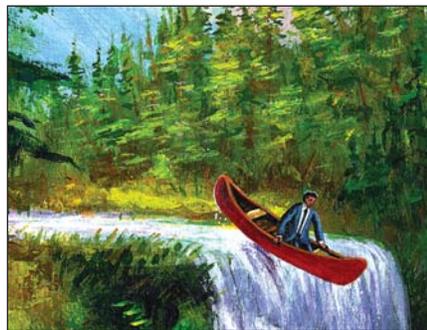
A manager I once met confided that his layoff provided a chance to get rid of “overpaid, do-nothings.” He shouted at his new employees: “Since you’re lucky to keep your jobs, I expect you to work extra hard to make this organization lean and mean. This won’t be the last layoff, I’m good at cost control, and I intend to monitor everyone’s performance. I won’t tolerate any whining or complaining.”

I had the task of convincing him that he had become the poster child for three classic traps that prevent leaders from revitalizing downsized organizations and lead to further decline and lower productivity.

Gunnysacking Trap

Gunnysacking is a term for storing up hurt feelings, anger, affronts, and unresolved conflicts; and, when the weight of the psychological gunnysack becomes too heavy to bear, it’s unloaded in inappropriate degrees and contexts. We all gunnysack to some extent, but most psychologically healthy people find ways to keep their bags relatively light. Unfortunately, leaders are not immune to gunnysacking. Many operate for years under the oppressive burden of a heavy bag and use a crisis mode of operation as an authorization to unleash long repressed feelings of anger and frustration by figuratively beating their fellow employees about the head with their overloaded gunnysacks. In layoffs, this takes the form of those in power “getting” both functions and people that frustrated them in the past but were protected by a more tolerant culture. The new manager in the example wanted to use the downsizing frenzy as a way to “get” some long term rivals in the marketing function.

Gunnysacking is unhealthy for the leaders who practice it and for their companies. Leaders who see it happening need to move quickly and stop it. They need to help those wielding those heavy bags find better ways to lighten them. If that won’t work, they need to count the costs in terms of productivity and morale, of retaining people who are more concerned with pursuing a personal vendetta than helping the organization recover. If, in the heat of the battle for survival, you are tempted to form a coalition to “get” a person or a function for the wrong reasons, resist it. It won’t help you, the person you are targeting or the organization. If you are the victim of gunnysacking, don’t try to get even. That only compounds the problem.



Try to discover what past event lies unresolved in the other person’s bag and muster up the courage to directly confront the issue. Gunnysacking is alive and well in downsized organizations. Effective leaders need to move rapidly to confront it and personally refuse to succumb to its temptations.

Cost Cutting and Control Trap

An activity trap involves becoming so enmeshed in a task that you lose sight of more important, fundamental objectives. Thought leaders such as George Odiorne and Peter Drucker warned leaders of the hazards of getting caught in activity traps. However, in times of economic chaos, many action-oriented leaders, uncomfortable with complexity and ambiguity, are driven to do something personal, immediate, and tangible. They become heavily involved, often obsessed, with line item budget cuts and the layoff process. At the time when their per-

spective, wisdom, and creativity are most needed, they succumb to the seduction of micro-management. In today’s environment, cost cutting and layoffs are sobering and necessary realities, but that’s not how true leaders spend their time. We need leaders to give us hope, inspire us, and navigate a strategic course that will ensure organizational productivity and survival.

In many organizations, people are perceived as costs to be reduced, not human resources to be developed. However, that doesn’t mean that effective leaders are obsessed with cost cutting, micro-management, and control. Controlling expenses is a necessary management task, but one that is not central to leadership. Leaders need to re-recruit survivors, help them conjure up the risk-taking and innovation to insure future success, and empower them to serve customers, not hunker down in the trenches for fear of getting laid off. Unfortunately, most organizations going through downsizing are over-controlled and under-led. Blaming and scape-goating substitute for team building and empowerment. Cutting costs and managing expenses are essential in today’s economy, but true leaders facilitate the establishment and monitoring of goals, get out of the way, and find ways to help people feel good about themselves in the process. Micro-managing and over-controlling result in less-productive, fearful, risk-averse employees who collude to give leaders the illusion of control by telling them what they *want* to hear, as opposed to what they *need* to hear.

Repeating What Got Me Here Trap

Leading growth is much easier and requires a different set of skills than leading decline. Most definitions of management include the classic “ings:” “directing” “organizing” “evaluating” and “controlling,” and most leaders get promoted by excelling in these “ings.” But when organizations are going through downsizing, *the best bosses* excel at listening, straight-talking, and forming empathetic relationships. *Helping skills*, not controlling or evaluating skills, are the leadership currency of the realm. Leaders can’t magically alleviate the pain of restructuring. They need to re-recruit and revitalize demoralized employees by listening, empowering, and coaching. **LE**

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ACTION: Revitalize people after a layoff.

See, Believe, Capture

Transform your vision into reality.



by Jonathan Michael Bowman

AS A FINE ART PHOTOGRAPHER, I am always searching for something unique. Exciting scenes come alive right before my eyes. I picture in my mind's eye what the scene will look like once I turn it into a work of art. I am confident the photograph will look exactly like my mental picture. This is how I capture my images. I see it. I believe it. I capture it.

As a leader, you need to see a mental picture of where you are going. Your belief and confidence will then empower your team to capture the image and bring it to life.

1. See it. Every leader must have a picture of a place to go—a destination. Without a *picture* or *vision*, you can't lead. Leadership means taking people from one place to another. Picturing a destination is Job 1 of leadership.

Leaders see the extraordinary in the ordinary. A leader without a vision is like a piano player without a piano. Always keep before you a picture of your destination. Without a clear picture of your destination, you fall prey to doing business as usual. Routine, sameness, and status quo overcome you. Leaders are change-makers. When called to lead, you're called to advance, move forward, and improve situations.

The ability to create a picture of your destination distinguishes leaders. In photography, having an artistic eye (not a million dollars in equipment) is what makes you great. Similarly, a fancy title, big office, or designer suit does not make you a leader. A leader's eye—your ability to picture your next move—is what makes you a *true leader*.

In setting a vision, start with your customers and employees. Talk with them and ask them questions to help develop the vision: Where do you think the organization should go next? What do we need to accomplish? What should we improve?

When I was sent to a section of one government agency to rebuild it, the section chief and I met with every employee. We asked similar questions and listened to responses. This was time-consuming, but very valuable. It

gave us a clear picture of where we needed to go.

If you can't meet with everybody, meet in person with as many of your customers and employees as you can. The more people you meet with, the sharper your vision. And they will be honored that their thoughts and opinions helped shape the vision.

When looking for a vision, "see big." Don't set a tiny vision that's easily achievable. If most people think you can capture the vision, it's too small! Great leaders see big pictures. This is one attribute that makes them great.

2. Believe it. Once you set a pictured destination, you must believe in it. As a leader, you must be confident you and your team can bring this picture to life. If you—the leader—don't believe in the vision, who will? In fact,



successful leaders are so confident they start to act like they have achieved their clear-picture vision before they actually do so. These leaders master something that few others learn: They "live in the picture."

In the movie *Back to the Future II*, Marty McFly (Michael J. Fox) went forward in time and saw his future children, house and giant-screen TV. He was *living in the picture* of his future. This can help you visualize "living in the picture." You believe in your imagined destination so much that you start acting like you're already there.

I learned how to live in the picture through an impoverished childhood. By the time I was 17 years old, my family and I had lived in two homeless shelters, a church, a fourth-floor attic, a hotel, and public housing projects. In my teens, I worked any job I could find. I bought a suit and a briefcase to create an image of achieving a successful career. I wore the suit and

carried the briefcase long before I captured my picture.

Learn how to live in your picture. Don't merely create a vision, but live it. Talk as if your clear-picture vision is already captured. Walk like you've already won! Don't wait for the future; claim your victory now.

Your confidence is important for you and your team. Confidence attracts people and makes them want to follow you. Your confidence energizes the team until one person catches the vision. Another jumps on board and more follow. Soon, your team develops momentum and moves rapidly toward the pictured destination. They become highly motivated, energized, and focused on achieving the vision.

3. Capture it. The best way to *capture* your vision is to work with others as a team to achieve it. Employ their perspective. I firmly believe that people are the most underutilized resource in organizations. In fact, people are the *only* resource, because everything else pales in comparison to this rich resource of ingenuity and creativity.

When I was preparing for my first photography showcase, I rummaged through years of photos and selected what I thought were the best ones. My future wife happened upon one of the images in the "reject" pile and said, "I like this one." I didn't like it. While I cherish my wife's opinion, she wasn't privy to the photography classes I had taken or my years of photography experience. Nevertheless, I included the photograph in the showcase. It was the most popular image at the exhibit!

Everyone has a unique perspective that can benefit the organization. Capitalize on your team members' perspectives and the team's uniqueness. Find ways for everyone to take part in creating and capturing the *pictured vision*.

To capture your vision, you must get started *now* and keep moving. Don't languish in the status quo—keep moving forward toward your pictured vision. In good times, keep moving. In bad times, keep moving. Occasional doubt and despondency is to be expected. Great leaders keep moving, even when they're despondent.

When you capture a vision, you are energized, and gain the clarity, momentum, and "oomph" to reach your next pictured destination. So go for it! Don't hold back! See it. Believe it. Capture it. LE

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ACTION: *Transform your vision into reality.*

Attributes of Great Leaders

Why the best leaders achieve the best results.



by Hal Adler

IN MY YEARS AS PRESIDENT of the Great Place to Work Institute, I've studied what makes top workplaces thrive and what makes people passionate about the places they work.

Creating a workplace of choice is no accident. Rarely do such workplaces evolve organically. They are the result of concerted effort—a conscious plan set by a leader—to build a great workplace. Top leaders are waking up to the potential of positive work environments because of the direct impact such cultures have on the bottom line.

From my study of top-performing companies, I've culled countless lessons into *Five Attributes of Great Leaders*:

1. Self-awareness. A leader with self-awareness displays a clear sense of identity, purpose, and a distinct style of interacting. Without self-awareness, characteristics such as bravery or kindness, lose their power. For instance, bravery without self-awareness can be reckless—even dangerous. Innovation without self-awareness often seems more chaotic than cutting-edge.

Bill George is a leader who makes self-awareness the basis of his leadership. For years, he's integrated mind-body awareness pursuits and work. He speaks about how meditation provides him with energy, creativity, clarity, and calm. Now a professor of Management Practice at Harvard Business School, Bill was the CEO of Medtronic, a medical technology company, and presided over its growth from a \$1 billion to a \$60 billion company. Self-awareness enables leaders to not only have a greater sense of perspective about themselves but also a wider view of the role they play. By acting with a clear sense of identity and purpose and by maintaining a distinct, consistent way of interacting with others, leaders more effectively communicate and inspire.

2. Bravery. Brave leaders take measured risks based on data and personal beliefs for the betterment of an organization and the people in it. Leaders who create a culture where people feel comfortable taking reasoned risk often reap great rewards. Bravery means

having the courage to face failure, and the strength to be a trailblazer. One way to encourage bravery in leaders is to create a greater sense of security by creating a culture in which people feel comfortable engaging in *calculated risk*.

Whole Foods' culture encourages bravery. The company maintains a wide range of policies to reinforce fairness and transparency, including its compensation policy. Its books are open. Every employee knows what every other employee makes. The policy was born at a local store, when political wrangling and infighting among employees erupted when they felt that pay wasn't based on merit. First the policy took off across a region and later became its corporate policy.

3. Kindness. Often, kindness arises from empathy, the capability to share and sense the emotions and feelings of others. A *self-aware leader* is an empathic leader. The Golden Rule—*do unto others as you'd have them do unto you*—seems straightforward enough, but it is a complex social interaction.

Clothing retailer Men's Warehouse treats workers with kindness. CEO **George Zimmer**, himself a recovering alcoholic, believes everyone deserves a second chance. His belief in giving second chances extends to their hiring policies—employees at Men's Warehouse are never asked to submit to a background check and may be offered a second chance even if they are caught stealing from the company.

4. Innovation. Although innovation can arrive from inspiration, more often it is the result of raw determination—the belief that there has got to be a better way and the courage to pursue that belief. Yet, a leader that exhibits a creative, daring, and productive approach to solving challenges can be mystifying to others. The push to innovate requires bravery; *innovation*, by definition, means doing something that challenges the status quo. Leaders must take that leap of faith and enable others to take risks and engage in creative enterprises.

James Dyson is an archetypal innovator who resolved to make a better vacuum. Only after five years and 5,000 prototypes, James Dyson felt that

he was finally ready to go to market with his state-of-the-art vacuum. After 10 more years of trying to secure financing or corporate backing, he learned a lot about the kind of culture he could never tolerate. At Dyson, memos are banned, emails barely tolerated. Employees must follow two basic rules: *don't smoke* and *no ties allowed*. His commitment to challenging the status quo—by doing nothing more radical than thoughtfully designing and re-designing everyday things—has led Dyson to sales of \$6 billion.

5. Inspiration. At their best, leaders are inspirational. A leader that exhibits excitement and enthusiasm for a shared vision unites and aligns people to create success. Inspiration begins with that larger vision.

Employees at Southwest Airlines



say they're in the *freedom business* and their purpose is to *democratize the skies*—no first or business class, no frills, no super VIPs, just regular passengers ready for a pleasant, maybe even fun, flight. Their motto, "You are now free to move about the country" is aligned with

Southwest's message to its 30,000 employees: "You are now free to learn and grow." Southwest employees enjoy seven more freedoms, including the *freedom to pursue good health* and *freedom to make a positive difference*. Southwest hopes to inspire its employees to be freedom fighters and to know that they're valued.

Take Five Simple Steps

We all possess these five attributes.

We just need to relearn or reinforce them by taking five simple steps:

- Integrate the language of values and vision into your daily life
- Consider the experience of a peer, boss or direct report as you interact
- Let go of frustrations and stress; let events unfold without undue influence
- Allow yourself to surrender to those events by withholding judgment
- Be patient and forgiving, with yourself and others

Leaders that attend to the needs of their workers are repaid for their efforts. By promoting self-awareness and mindfulness in your life, you can create workplaces that are challenging, enjoyable, and rewarding—both personally and for the bottom line. **LE**

Hal Adler is President of the Great Place to Work® Institute. Visit www.greatplacetowork.com.

ACTION: Cultivate the attributes of great leaders.

Seven Deadly Sins

If you commit them, seek redemption.



by Sam Allman

MOST BUSINESSES that fail do so because of their owners' sins. Usually it's not for a lack of hard work. Most owners put in long hours. But owners don't succeed for working hard; they succeed because they produce results, plan ahead, and optimize their resources. Working hard is no guarantee of success.

Here are seven common causes of business failure. Each of these sins can undermine an organization, sabotage results, and ultimately lead to death.

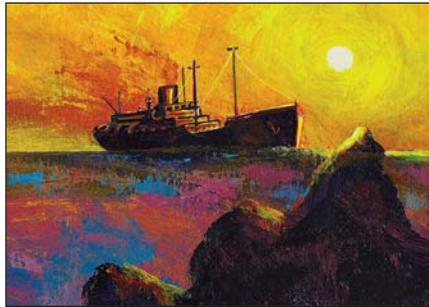
Deadly Sin 1: Drift and squander. Owners drift and squander resources when they harbor no vision or dream and when they fail to set strategies that drive growth. Goals and strategies are the catalyst for growth. *Drift and squander* leaders continue to "do" business (directly serve customers) instead of "run" it. They reap two bitter fruits: burn-out, working strictly for take-home pay; and flat-out, building no company-equity. They own a job, not a business. When they retire or sell out, they receive the market-value of tangible assets, but nothing for their years of work. **Redemption:** Articulate your dream business in writing; then determine the strategies that will drive you there. Be strategic!

Deadly Sin 2: Waste cash. Thrift is easy when you have no cash, but it's harder when you are flush. Cash tempts leaders to spend. Some forget that cash-in-hand is not spendable cash. Accrual-based accounting measures the *flow of value*, not the flow of cash. Many companies plunge into bankruptcy while showing a profit on their P&L. Cause of death—lack of cash. **Redemption:** Determine spendable cash by preparing a quarterly statement of cash flow. Ask yourself, "How well did we exploit our three cash sources: operations, selling assets, and borrowing? In operations, how much cash flowed in through sales, and flowed out through expenses, accounts receivable, inventory, and accounts payable?" Next, prepare a *Forecast of Cash Flow*, to estimate future cash expenditures. If you fore-

see a need to borrow, confer with your banker *before* you need it.

Deadly Sin 3: Run in the dark. You run the business in financial darkness if you look at financial statements, but learn nothing. You may think you are doing fine if you have cash for payroll and bills and a bit leftover. That ignorance leads you to waste *money and opportunities*. **Redemption:** Receive three financial statements by the fifth of each month, and compare the key numbers to your forecast and prior period: sales; gross profit margin, expenses, accounts receivable, and inventory as percentages of sales; inventory yield; accounts payable; net operating cash flow; sales per salesperson and per employee; return on total assets; and current ratio.

Deadly Sin 4: Operate from the hip. In many companies, the cost of not do-



ing business equals net operating profit. That is, if we did everything correctly and avoided the cost of fixing errors, we could double profits. Common errors include botched orders to suppliers, mis-measures, overlooked tasks, resources wasted on searching for something, and inefficient employees scrabbling to fill in for co-workers who call in sick. Such sins we call "operational inefficiency." **Redemption:** Have systems in place that maintain operational excellence. Design your structure: create and enforce job-standards and procedures, write job descriptions, and hold employees accountable for measurable outcomes. Let your systems do the "science" part, so employees can invest their energies in the art of serving customers. Systems enable *ordinary* people to achieve extraordinary things.

Deadly Sin 5: Copy your competitors. Trying to beat competitors at *their game* only cuts profit-margins. The best you can hope for when trying to imitate a competitor is to look like they do.

Even when you succeed, you lose; and price becomes the only difference. You keep pricing yourself into lower margins, and inevitably invite business-suicide. **Redemption:** Don't sell price, *always sell value*. When you sell value, expect to lose some shoppers (20 percent). But don't lament the loss. Price-shoppers incur costs, not profits. Serve them as a charitable donation, if you wish, but not as regular fare. You can sell value when customers find your offering is both *distinctive* and *valuable*.

Deadly Sin 6: Seek mere satisfaction from customers. Satisfied customers don't come back nearly as often as loyal customers. Your surveys may report many "satisfied" customers, but don't expect them all to buy again, or to recommend you to friends. Satisfied customers can be seduced by a lower price or a new product. Far more important are loyal customers. They won't walk away to save a nickel.

Redemption: Work to build your customers' loyalty. Ask them what they like about your business. If it's your service packages, products or prices, they can be lured by competitors. If it's your service or your people, they can resist competitors' bait. Respect your employees, so they respect customers. Respected customers become loyal.

Deadly Sin 7: Ignore your employees' productivity. Low productivity reduces profits. Most workers put in "just enough effort" to keep their jobs, but they could produce more if they were inspired to do so. Are your workers complacent? It's a sin to do business so intently that you ignore their productivity. **Redemption:** Calculate: 1) your cost of payroll as a percent of sales; 2) sales per salesperson; and 3) sales per employee. For salespeople, track their closing rate, average ticket, credit sales, and gross profit margins. Then, study the data: are they meeting your expectations? Has their productivity degenerated? If so, install systems to regenerate it. Next, tell them what you expect and help them achieve it. Train them, observe them working, point out below-par performances, inefficiencies, and errors. Explain that your motive is to facilitate their success by optimizing their skills. When they progress, recognize them. Your sincere concern will regenerate their enthusiasm for work.

Which of these seven deadly sins are you committing? If you are guilty, then go and sin no more. LE

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ACTION: Go and sin no more.

'Stand Up and Fight!'

Real-life leadership from Bill Walsh.



by Steve Jamison

LEADERS LOVE A LIST, especially one with a synopsis of what it takes—1, 2, 3; simple as A, B, C—to be a great leader. Bill Walsh, former head coach and GM of the San Francisco 49ers, and perhaps the greatest leader in NFL history, was no exception.

As creator of the transformative West Coast Offense and San Francisco 49er dynasty (five Super Bowl Championships), Walsh had a passion for lists. In fact, he had a master list of all the other lists stashed in his files near Stanford University where he lectured regularly on leadership.

Lists alone, however, can be like empty calories; in fact, a list without context and anecdotal texture is not nourishing, directional, or inspirational.

By contrast, Bill Walsh's lists were powerful and productive. Each maxim or point was graphically illustrated with stories from his hard-won leadership success. He revealed that leadership at the highest level in the hardest competitive environment is no place for the feint of heart. Bill likened it to being in a submarine, and "crush depth", the point at which a leader becomes dysfunctional because of the stress, work load, and all-consuming desire to win (or, stave off defeat).

And then, before he gave me his list of five do's and don'ts, he told a story that happened during his second season when he came close to "crush depth" but survived.

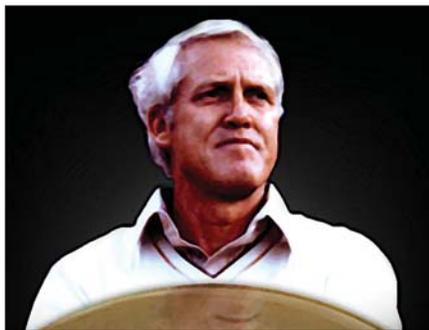
As Bill Walsh sat slumped in his window seat on the charter jet transporting the San Francisco 49ers home that night, he stared bleakly out into the darkness. A loss hours earlier to the Miami Dolphins in Florida's swamp-weather heat and humidity had been traumatic, potentially career-ending, and unnecessary. The referees had blown it in the final seconds and handed the 48-year-old coach his eighth consecutive defeat.

Less than two seasons into being an NFL head coach, his record now stood at 5-22, the worst in the league. "I felt like a casualty of war being air-

lifted away from the battlefield," he recalled. "Early in the flight I broke down and began sobbing. It seemed obvious I wasn't up to the job; I couldn't figure out how to help the team win." The 49er's assistant coaches stood around his seat, blocking view of him from the players, knowing it was a sight they shouldn't see—the emotional meltdown of their leader.

Walsh decided to resign the next day *before* they could fire him, but then he changed his mind. Good thing, too. Fourteen months later Bill Walsh and the San Francisco 49ers won Super Bowl XVI. He was dubbed "The Genius", a visionary leader who was on his way to creating one the greatest dynasties in sports history.

I asked him, "Why didn't you give



up when you thought it was hopeless?" He said, "I used to be a boxer in college. I understood that when you get knocked down to your knees, senseless, battered and bleeding, so long as you are still conscious you have two options: quit or continue; lay down or *stand up and fight*. You must get back up on your feet, or the fight is over. It's true in boxing and in business. After a feeling sorry for myself, I knew I had to get back up and fight. *And*, I had a formula for doing it."

Bill's Five Do's

Here's Bill's list of do's and don'ts—his formula to get back on your feet:

DO expect defeat. It's a given when the stakes are high and competition is working ferociously to beat you. If you are surprised when it happens, you're dreaming; dreamers don't last long. The *road to success* almost always goes through a town called failure. When that happens, get out of town quick.

DO stop looking back and dwelling on the "train wreck" you've just been in. It's mental and emotional quicksand.

DO allow yourself some recovery—grieving—time. You've been knocked senseless; give yourself a little time to recuperate, but don't let it drag on.

DO tell yourself, "I'm going to stand and fight again," knowing that often when things are at their worst you're closer than you can imagine to success. My Super Bowl victory arrived 14 months after the big loss in Miami.

DO begin planning for your next encounter. The smallest steps—plans—move you forward to recovery. Focus on the fix. The New York Giants were coming to town in seven days, intent on handing us our ninth straight loss. Wallowing in defeat would only make their job easier. I began planning for the Giants on that night flight from Miami. By the time we landed, Miami was like a distant memory.

Bill's Five Don'ts

1. Don't ask, "Why me?"
2. Don't expect sympathy.
3. Don't bellyache.
4. Don't *keep* accepting condolences.
5. Don't blame others.

As he concluded the list, he chuckled and added, "Not every leader has the guts to get back in the game. A hard hit thins the crowd. If you can stand up and fight, you accomplish the most important thing you need to do."

Bill Walsh felt that most advice on how to achieve goals ignores the fact that a leader usually pays a huge personal price for achievement—health, family, peace of mind are all compromised to some degree. He shared his own real-world compromises in an effort to present a true picture of his journey and the lessons he learned—the price paid and the rewards reaped. But that was only part of the story.

The analytical brilliance of Bill Walsh allowed for contradictions when it comes to achieving goals. For example, he believed that a leader must *never* quit. With equal fervor he believed that a leader must know *when* to quit.

During that flight back from Miami, he recognized that the time to quit had not arrived, that he should stand up and continue. Eight years later, after accepting the Lombardi Trophy for winning his third Super Bowl, he understood that it was time to quit. And he did. **LE**

Steve Jamison is the co-author (with the late Bill Walsh) of *The Score Takes Care of Itself: My Philosophy of Leadership* (Portfolio 2009) and a consultant to the UCLA/Anderson's School of Business' John Wooden Global Leadership Program.

ACTION: List your own do's and don'ts.

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