LEADERSHIP
Excellence
Warren Bennis's
CELEBRATING 25 years OF EXCELLENCE
THE MAGAZINE OF LEADERSHIP DEVELOPMENT, MANAGERIAL EFFECTIVENESS, AND ORGANIZATIONAL PRODUCTIVITY
JUNE 2009

Real Leadership

High-Value Strategies

Think Again
Avoid Bad Decisions

Power Paradox
Influence Others

Andrea Chilcote
Leadership Consultant

"*Leadership Excellence* is an exceptional way to learn and then apply the best and latest ideas in the field of leadership."

—Warren Bennis, author and USC professor of management

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What's Right with This Picture?

Accentuate the positive in appreciative inquiry.

by Ken Shelton

At the **Linkage** Best of Organizational Development Summit in Chicago, May 12 to 14, I enjoyed listening again to ***David Cooperrider*** talk on the business applications of *Appreciative Inquiry*.

Unlikely Enounter

David started by telling a story of his last encounter with ***Peter Drucker*** when Peter was 94. "He asked me to tell him about some dynamic leaders who were elevating the strengths of people and then concentrating those strengths to achieve impressive results," reported David, noting that authentic leaders, like ***Lee Scott*** at Wal-Mart, are experts at elevating positive energy. "I take keen interest in the role of the leader in elevating positive images, words, energy, and stories," he continues. "I see the ***power of positivity*** as an accurate predictor of leadership potential and as a natural consequence of appreciative inquiry."

Peter Drucker

The unintended consequences of the ***negative or deficit approach*** to leading change, notes Cooperrider, include skepticism, no image of future possibility, low energy, closed-door meetings, devaluation of internal intelligence, dysfunctional hierarchy, fear, anxiety, and a view of the organization as a *problem to be solved* instead of a celebration of strengths.

When leaders see what's right and possible with their picture (the positive core), not for what's missing and wrong, and move from strength to strength (rather than always trying to identify and fix what's wrong), they can move from *discovering* the best of what is to *dreaming* or envisioning what might be, to *designing* the ideal of what should be, to then achieve a sustainable *destiny* (create what will be).

As leaders imagine the future and elevate strengths, they achieve high engagement and create a *magnetic work environment* with strong bonds and a culture that attracts and keeps the best talent. "Great leaders realize that organizations are organic, living systems that can be evergreen webs of infinite strengths," concludes David. The alternative is a web of infinite waste and weakness.

Unintentional Case in Point

A case in point, albeit unintentional, was then delivered by ***Anne Coghlan,*** CEO, and ***Elizabeth Horock,*** manager of HR, of the College of Nurses of Ontario, Canada. They are models of the power and sustainability of building on individual and team strengths, always accentuating the positive. Their ***FLO*** project, aptly named after ***Flo***rence Nightingale and the free ***flow*** of information, might also serve as an acroynm: ***F***uture ***L***eaders of ***O***ntario.

Unsolicited Endorsements

At the Linkage OD Summit, most gratifying to me were the many expressions of support from people who identified themselves as users (fans) of *Leadership Excellence*.

In one instance, I entered a room and met ***Lynette Campbell***, director of Organizational Development and Learning at Farm Credit Services of America, in Omaha, Nebraska. She immediately explained, "Oh, I love *Leadership Excellence*. We use it, along with *Personal Excellence* and *Sales and Service Excellence*, as part of our ongoing training and development at Farm Credit Services." Fortunately, she spoke loud enough for all in the room to hear. Nothing like word-of-mouth advertising.

David Cooperrider

Personal Excellence on Line

Speaking of *Personal Excellence*, the 15-year searchable archive of some 4,000 articles (*Personal Coach*) is now available on-line. Why access this archive? It gives you real-time, any-time access to the best thinking on every aspect of personal and professional development. And, when you combine *Personal Excellence* with *Leadership Excellence* and *Sales and Service Excellence*, you have the perfect suite of personal, team and organizational development tools at your disposal. You can put the great power of positivity to work for you and your team—today. And like Lynette, you will love the exponential returns you receive on your modest investment in excellence.

It's like having your own personal trainer, executive coach, financial adviser, social secretary and Marine drill sargeant. **LE**

Ken Shelton

Editor since 1984

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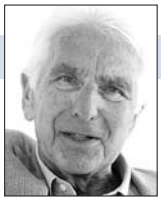
Executive Excellence Publishing

Real Leadership

It's still a performing art.



by Warren Bennis

LEADERSHIP IS A ROLE, a part that a person plays. Not surprisingly, the person who seems to have known the most about leadership was a man of the theater. William Shakespeare was acutely aware of the leader as actor, both in the sense of a person who acts—or is expected to act—and in the sense of a performer on stage.

Shakespeare knew that a play about *power*—its achievement, use and misuse, its loss, and how it changes people—captivates an audience. Many of his plays address the rise and fall of leaders.

Other ancient playwrights knew intuitively that audiences are riveted by plays about legitimacy, succession, and other leadership matters. The power that leaders have over us means that their lives are inextricably linked with our own. Some men may be islands, but no leader is. Palpable in ancient Greece and Elizabethan England, the link between leadership and performance is even more obvious today.

When Franklin Delano Roosevelt first met Orson Welles, the President said: "Mr. Welles, you are the greatest actor in America." "Oh, no, Mr. President," Welles replied. "You are."

Both men were masters of radio—Roosevelt paternalistically reassured the nation during his weekly *Fireside Chats*; Welles scared the nation out of its wits with his fictitious story of a Martian invasion in the *War of the Worlds* broadcast. Both men used theatrical dress and props—Welles, his rakish hats, FDR, his signature cape and cigarette holder—to create dashing images.

Playwright Arthur Miller talks about the star quality of great actors. When he saw Marlon Brando on stage for the first time, Brando made his entrance and said nothing for several minutes. The audience was mesmerized. "Without a word spoken, this actor opened in the audience a range of emotional possibilities. Brando had not asked the audience to merely love him; that is only charm. He had made them wish that he would deign to love *them*. That is a star. Onstage or off, that is power." Miller homes in on the intensity and intimacy of the emotion that magnetic, charismatic leaders arouse in us—causing us to care deeply about them. Without needing to share the same physical space, they induce in us a response that normally requires powerful pheromones.

Both great actors and great leaders make the audience part of the performance. They engage us. The audience is essential to, perhaps even determinative of, a great performance. Similarly, no matter how soaring his or her agenda, leaders are successful only to the extent that their followers share that vision. Leadership is a transaction between leader and follower and always involves reciprocity.

Shakespeare, of course, has something to say on this point. In "Henry IV, Part I," we encounter Glendower,

trying to impress Hotspur. "I can call spirits from the vasty deep," Glendower boasts. And Hotspur replies: "Why so can I, or so can any man, but will they come when you do call for them?" Genuine leadership requires more than putting on the trappings of power. It requires the ability, as Miller observes, "to find the magnetic core that will draw together a fragmented public."

Leaders create community in part by using skillfully brandished plural personal pronouns, as Churchill predicted, "This will be *our* finest hour."

On the question of whether leaders are born or made, I defer to Shakespeare. In *Twelfth Night*, Malvolio pronounces: "Some are born great, some achieve greatness, and some have greatness thrust upon them."

What is misleading in this statement is the relative equality given to these three paths to greatness. Few are *born* leaders—although we tend to rewrite the biographies of the great after the fact in ways that suggest they were found in a basket on the doorstep of history, fully formed. Harry Truman was once regarded as little more than a smalltime politician who got lucky. FDR never fully confided in him—and Truman was so ill-regarded that Washington wags joked: "To err is Truman."

Most leaders *acquire* greatness, as a result of having a role requiring greatness *thrust upon them*. Crisis often plays a role in forming leaders. Look at the stature and number of leaders forged in the revolution that produced the United States—Washington, Jefferson, Adams, Franklin, Madison, Hamilton. "These are the hard times in which a genius would wish to live," Abigail Adams wrote Jefferson in 1790. "Great necessities call forth great leaders."

I see that role and talent sometimes converge to produce greatness and that life often pulls these leadership qualities out of us. Indeed, many people who never become leaders possess the qualities necessary for leadership, but life never presents them with the roles that pull greatness out of them.

Acting ability is an aspect of leadership in every arena—from the playground to the board room—but it is key in politics, where the only contact most people have with the candidate or office holder is mediated. No wonder leaders call in experts to vet the color and cut of their suits and practice their speeches. For modern leaders, not to do so would be foolish. The Greek and Roman arts of rhetoric—and other dramatic techniques—still matter.

Some years ago, I interviewed the distinguished director, the late Sydney Pollack. In talking about his first directorial experience, he said that he had no idea how to direct a film, so he fell back on skills he had developed as an actor and *acted like* a director. He costumed himself as a director and surrounded himself with the right props.

This raises a crucial question about leadership and acting. *Can* a leader be authentic, or do the masks of command force the leader to be something other than his or her true self? Can a leader *both* act and be real? When Pollack was acting *as if* he was a director, was he faking it? No, he was a real director, even if in his own mind he was only acting.

The feeling of not being up to the job—that the role is too big for one person to play—is an emotion that all leaders feel. It's evidence that the role is worth taking on. By *dressing* and *acting* the part, the nascent director in Pollack made the requisite leap into the unknown, boldly accepting the risk of failure.

Adaptive capacity is the single most

important attribute in determining who will become a leader—and it is the defining characteristic of great actors. Great actors master the skill of *empathy*—being able to project yourself into the skin of another. FDR and Churchill seemed to know our fears better than we did and address them even before we had fully articulated them.

Actors have a sense of *alternative selves*. They know, as Shakespeare wrote, "that each man in his time plays many parts." They have an image of themselves as malleable, a consciousness of their potential for change. This sense that they can inhabit roles other than the one most think of as *self* is essential to leadership as well. Like stage performers, leaders can act *as if*, without losing track of who they are.

Shakespeare showed his audience a leader in the midst of doing one thing while thinking another. Transparency is a luxury that not every leader can afford. I am not arguing for executive duplicity—we have seen far too much scheming and double-dealing in recent years—but acknowledging the dilemma faced by all leaders: "Heavy lies the head that wears the crown."

Leaders are routinely required to keep secrets and to balance conflicting values, such as the public's right to know and the need for national security. Can a leader be less than forthcoming and still be real? Is a lack of candor sometimes justified? Is even deceit justified if it saves human lives? Does that qualify as one of Plato's *Noble Truths*?

Leaders must grapple with such hard questions. In making decisions, they must sometimes improvise, as they're forced into situations in which character is not a straight-forward matter of conformity to an accepted code. Instead, as William James proposes, the way to determine a person's character "would be to seek the mental or moral attitude in which, when it came upon him, he felt himself most deeply and intensively active and alive. At such moments, a voice inside speaks and says, 'This is the real me.'" The ability to hear that voice and act upon it may be the only kind of authenticity a leader needs.

Great leaders create and sell us on a vision. Leadership is not just a performing art, it may be the greatest performing art of all—the only one that creates institutions that can endure long after the stars who envisioned them have left the theater. **LE**

Warren Bennis, Professor at University of Southern California, is author of the 20th anniversary edition of On Becoming a Leader and The Essential Bennis (Jossey-Bass). *Visit www.USC.edu.*

ACTION: Bolster your authenticity.

Yes, Get Real

But what is real?

by Glenn Close

AFTER READING (AND re-reading) Warren's article on *Leadership as a Performing Art*, one thing keeps sticking in my actor's brain. It's this: Like all great actors, great leaders are skilled craftsmen; and, like actors, they use their craft to actively engage whatever audience they are playing to. They can sense who their audience is and, *with them*, set up a palpable energy exchange.

A great leader's charisma, like a great actor's, makes us all into believers. But where does the truth lie between the personas that a leader presents to us and the one who we are never privy to—except, of course, in the rare moments when a microphone picks up something not intended for our ears or a camera catches an unguarded, telling look. How do we know—in this world of paid political handlers, polls, and focus groups—what is artifice and what is authentic? Can a leader be truly great if the face he presents to the public is not who he really is? And, does it matter?

An actor doesn't have to worry about that because he knows when he is playing a character and when he is not. When he leaves the set or exits the stage, his job is done.

I take off my costume, wipe the make-up off my face, put my wig back on its stand, put on my jeans and go home, leaving the character behind.

And I have been lucky enough to play many different characters. I would like to think that I could be anyone I am asked to be. That is my craft.

The irony is that great acting is all about truth—even though one could say that the actor is just pretending. It is impossible to grab the heart of an audience and give them an unforgettable, emotional experience unless the performance is based on truth.

An actor has no other agenda but to be truthful, and that truth is all about finding a point of non-judgmental, common humanity with the character to be portrayed; a common humanity between an imagined character and a very real actor. When that point is found, it enables the actor to infuse his performance with an *authenticity* that comes from self-knowledge.

Such authenticity has a subliminal resonance with the audience, compelling them to care, and to pay attention. It enables them relate to the character, intellectually and emotionally, giving them an experience that is real and unforgettable.

As Kevin Kline says in Harold Guskin's wonderful book, *How to Stop Acting*, "Good acting is when it is a truth that is intellectually and absolutely inspired—something personal and transcendent that moves you. It is truth that is important to you—the truth that is personal in a profound way." Good acting conveys truth.

So, even though an actor is usually not at all like the character he plays and leaves the character behind at the end of the day, without innate integrity, without a deeply informed understanding of human behavior, without an authentic ability to empathize, that actor would not move his audience and would not be considered great.

I am certainly not an expert on great leadership, or great acting, but after thinking about it, I suppose great leadership really is no different than great acting—except that a great leader can't shed an imagined persona at the end of the day or when the door to his limo is closed. And, therefore, who he is in public should *not* differ from who he is privately—if he is *truly* great.

And yes, it does matter—he must be authentic in his integrity, in his understanding of, his connection to, and his empathy with the people he leads.

Otherwise, acting (or leading) is impossible. If he is not authentic, there will always be that unexpected live microphone or that unguarded moment of scary spontaneity.

As they say, it's impossible to fool all the people, all of the time. We've grown cynical about our leaders. We are now waiting to be fooled.

I guess that is why great leaders do not come our way very often; but then again, neither do great actors. When they do, we all know it; but then again, maybe it's all pretend. **LE**

Glenn Close, contributor to The Essential Bennis, is an actor and singer of stage and screen. nominated five times for an Oscar, and won three Tonys, an Obie, two Emmys, two Golden Globes, and a Screen Actors Guild Award. Call 444-288-2000.

ACTION: Infuse authenticity into your leadership.

Avoid Micromanaging

Observe eight coaching tips.

by Cathy Earley

MICROMANAGING damages engagement, saps the initiative of even motivated team members, undermines confidence, quashes innovation, and drives away top talent. And micromanagers often become exhausted and embittered. No one wins.

Micromanagement means managing with excessive control or attention to details, and our research indicates that more than one-in-three workers experience it.

Ironically, micromanaging leaders may be well-intentioned and behave this way because they are smart and achievement-oriented. They're eager to help their team, enjoy solving problems, and want to ensure quality results. They just don't know how to delegate.

Other leaders get labeled as *micromanagers* when they try to coach employees without a trusting relationship. Then, a conversation about a project's status feels like an interrogation, suggestions and check-ins are interpreted as meddling.

New managers often default to micromanaging. They've likely been star performers who move from producing results *on their own* to achieving objectives *through* their team, so they mistakenly believe that they now need to manage the details of others' work in addition to their own, not realizing that their new role is as a coach and leader of people, not a super-manager of multiple projects or tasks.

Still other new managers may control more because they lack confidence.

Whatever the cause, leaders who micromanage convey that they don't trust their employees' judgment or skills. The result: Disengaged workers who simply put in time.

Avoiding the "My Way" Trap

Here are eight reminders for effectively delegating and coaching:

1. You're a leader first, expert second. Coach employees to best apply *their* knowledge and skills. They're experts; you don't need to have all answers. The most important actions you can take are to provide opportunities for employees to stretch and solve problems on their own. This requires a shift from *being an expert* to being an *expert leader*.

2. Establish relationships. Get to know the people you lead. They come to work with unique values, aspirations, experiences, and talents. The more you can tap into those qualities, the better. Solid relationships ensure trust and prevent miscommunication. And relationships work both ways. Make sure you let your team get to know you.

3. Size up the situation and individual. Good coaching is relative and relevant. One person's micromanaging may be another person's dream coaching. A talented team member may crave guidance in one situation and demand independence in another.

4. Provide context. When delegating, explain why the assignment is critical and how it fits into your business imperatives. Employees want to be part of something bigger. That connection *motivates* them to do their best work. When they understand the business context, they make better decisions—without you.

5. Keep to the what, not how. Assign a problem or task (*what* has to be done) by clearly describing the desired outcome and all parameters or constraints (scope, timing, resources, decision-making authority, internal politics). Then let employees explore ideas to determine the best action.

6. Ask open-ended questions and listen. Exploring ideas with people requires patience. You may have done their job before—or think you have great ideas. Instead of talking about *your* ideas, stop, ask a question, and listen.

7. Ask for feedback. Ask your team members what they need in terms of direction and coaching. What do you do that helps them do a better job *and also* makes them feel like they're making a contribution? When do they feel that they can move forward without you? Such conversations build trust.

8. Know when to tell. At times, there may not be options or room for new ideas. If regulations restrict the solution or a situation requires a directive, don't waste time exploring ideas. Ask when you can; tell when you have to.

Remember: the best way may not actually be *your* way. **LE**

Cathy Earley is a senior consultant who leads the Coaching Practice for BlessingWhite, visit www.blessingwhite.com. Email cearley@bwinc.com or call 908-904-1000 x8108.

ACTION: Coach, don't "do."

Accountable Leadership

To survive, develop real leaders.

by Bethany Detrich

LEADERS WHO WANT TO survive don't have time to bemoan their challenges and play the blame game. Instead of seeing 2009 as a *year of recession*, see it as a *year of accountability*.

Mediocre leaders often can muddle through in good times. But add some market adversity, and deficits in leadership become painfully clear.

If you plan to be in business in 2010, you must implement some specific strategies today—and they come down to a single element that has gone missing: *accountable leadership*.

The Face of Accountability

What does *accountability* mean? That's hard to discern today. Businesses spend thousands of dollars to send future leaders to training classes. Yet they don't provide these leaders with any ongoing coaching. After training ends, employees are not even asked what they learned or held accountable for positive changes in performance or behavior.

Accountability means doing the right thing. Leaders must be accountable to themselves and to their people—both in checking on their performance and being responsible for their own. Accountability requires checks and balances.

Today, boards want their executives to adhere to specific values and principles. Yet they rarely hold these individuals accountable. Instead, these executives spend time working *in* the business, but not *on* it. They may keep the business going, yet never actually move it forward.

Leaders often become trapped in a sea of spreadsheets, focusing on the numbers, ignoring key people who work with and for them, and not requiring accountability from themselves or others. This is not leadership. And it won't work in an economy that requires leaders to be more accountable and do more with less. At a time of lay-offs and cut-backs, leaders need to ensure that their people know what is expected, are measured based on their performance, and held accountable for the results.

A Focus on Results

Do your employees know what is expected of them, and how they will be held accountable?

The first strategy of accountable leaders is to define the top five activities key to each employee's success. Explain these activities and why they are important. Show how they will be measured. Set a time to review and inspect the results. Place a review date on the calendar—and stick to it. This is accountability—on both sides of the manager-employee relationship.

Second, leaders must stop working in the business to the detriment of developing their people. One client company is struggling because the VP of Sales has not invested time in his employees, nor set expectations and required accountability from them. He gets pulled into minutiae and tries to perform his employees' tasks—missing the point of multiplying himself with a team. This shows a lack of accountability. Rather than putting out fires, this VP should develop his people and re-create his positive attributes and activities in them. He must hold them—and himself—accountable for focusing on value-creating activities.

Accounting for Time

To be accountable, do three things:

1. Start with focus: set metrics, develop people, and revisit the results. Leaders must explain what is expected and why. Rather than draft a list of requirements, create a laser focus on key activities. Rather than invest countless hours devising mission statements and listing key values, explain to managers and other contributors what this means in day-to-day operations.

2. Hold people accountable for their schedules. Many employees fail to execute the mission because they don't fit it into the daily schedule. Leaders must spend considerable time working on the business and training their people—not just putting out fires.

3. Get out from behind your computer and get face to face with people. Most communications take place by email and phone. But the best coaching takes place face-to-face. Leaders should spend face time with their sales team weekly, and with other teams twice a month to stay focused.

Leaders must invest time to develop people and hold them accountable. **LE**

Bethany Detrich is CEO of Leadership Growth Partners, helping companies develop effective leaders through hands-on, experiential training programs. Call 972-523-6040 or visit www.growleadersnow.com.

ACTION: Hold your leaders accountable.

Seven Things

Do them now to survive.

by Tony Jeary

As the perception of the economy worsens, we may worry ourselves into a worse reality. The greatest threat now is the cumulative effect of businesses failing to take action they need to take, as they "wait" to find out what will happen. The ripple effect of this "wait" posture could be serious. Unfortunately, the early signs of this "waiting" syndrome are now visible!

Take Seven Actions

Prudence is one thing—fear of doing what needs to be done is another. Take seven actions to position your business:

1. Recognize that business as usual is not an option. Much of the change will radically transform the way businesses function and compete. Success is becoming a moving target, and organizations must become faster, leaner, and better able to compete and change quickly. To embrace speed as a strategic asset requires clarity about real needs and goals. The value and purpose of every effort must be evaluated.

2. Create strategies based on what can be seen. Leaders must learn to evaluate, test, and revise their plans and strategies several times a year to maintain competitive positions. In less volatile times, strategic planning every two years was satisfactory. Today, planning once a year isn't enough. I believe quarterly strategy reviews are a key element for future success, because success is going to become a moving target!

3. Reevaluate the value and purpose of your vision. You discover the "why" of things by knowing the value and purpose of your vision and all that you do. As conditions change rapidly, you must ensure your value and purpose match the needs of your customers and prospects. In a tight economy, people continue to have needs; however, their needs change faster and become less frivolous. The value and purpose of your effort must be understood within the context of these changing needs.

4. Identify and disrupt comfort zones. Prosperity creates comfort zones. Troubled times demand these comfort zones be challenged so that new behaviors can flourish. Strategic change demands emotional energy and new thinking, which disrupts *comfort zones*. That is why change is a big deal to people and difficult to achieve. The pain that accompanies change can be financial, physical, or emotional; but regardless of the discomfort, the speed of life demands that you embrace it.

5. Conduct quarterly more-of/less-of reviews. Become focused on real results, and approach all you do from that perspective. Identify and execute high-leverage activities. Frequently analyze what is working. Ask four questions: ***What do you need to do more of?*** Identify what you need to continue doing to increase results. ***What do you need to do less of?*** Identify the ineffective things you do that waste time. ***What do you need to start doing?*** Think of things you are not doing that could be key to getting better results. ***What do you need to stop doing?*** Identify and eliminate low-impact, time-wasting activities, such as spending too much time on the telephone with colleagues, helping others out on non-emergency items while pushing aside your more critical tasks, inefficiently preparing for meetings, and allowing small things to push you away from your primary goals.

6. Commit to exceeding expectations and providing value. Create a culture that exceeds expectations. To do so, you need to be clear on purpose and value and have a positive perception of purpose and value. People will then be willing to change voluntarily to achieve superior results. Otherwise, leaders have to *push* the team, rather than let the vision *pull* people toward it. *Why* becomes the critical issue of perception; and to achieve clarity, it must be addressed. Exceeding expectations will flow from that point.

7. Abandon activities that won't move the strategic results needle. If something isn't working, stop doing it! This means people must voluntarily let go of things that may be close to their heart, but ineffective.

Taking these seven actions will build confidence in your team and lay a solid foundation for success. **LE**

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ACTION: Take these seven actions.

Think Again

Good leaders, bad decisions.

by Sydney Finkelstein

DECISION-MAKING LIES at the heart of leadership; and inevitably, as leaders, we make mistakes—yes, enormously important decisions made by intelligent, responsible leaders with the best information and intentions sometimes go terribly wrong.

Ken Lewis of Bank of America made a disastrous acquisition of Merrill Lynch. ***Juergen Schremp***, CEO of Daimler Benz, led the merger of Chrysler and Daimler; a decade later, Daimler was forced to virtually give Chrysler away in a private equity deal. ***Kun-Hee Lee***, CEO of Samsung, pushed his company into a disastrous investment in automobiles. ***An Wang***, founder of the electronics company Wang, insisted on a proprietary operating system for his company's personal computer. ***Richard Fuld*** refused to accept the consequences of the worsening credit crisis and consider a sale of Lehman until it was too late. And CEO ***Jerry Yang*** insisted that his Yahoo! was worth much more than the market, or Microsoft, believed it to be—costing shareholders $30 billion, and Jerry Yang his job. Mistakes happen!

Red Flag Conditions

Why do good leaders make bad decisions? And, how can we reduce the risk of it happening to us? To find out, we traveled to the heart of decision-making. We examined 83 decisions that went wrong and found four conditions under which flawed thinking is most likely to happen. When these "red flag conditions" exist, even an experienced decision-maker may get it wrong. Complex decisions are difficult to get right. You need debate, but how do you know when you (or the other party) argue from a biased position? You need consensus, but how do you know when your consensus is groupthink?

You need a diagnostic for knowing when the risk of being wrong is high—when you need to step back and think again. Our ***four red-flag conditions*** help you know when to pause for breath and take special steps to ensure that a decision does not go off the rails.

1. Misleading experiences are memories that seem similar to the situation we are facing, but are not. They are likely to disrupt our thinking as we assess the situation, either because we misrecognize the pattern or because the emotion tagged to the pattern gives us an unsuitable action orientation. Misleading experiences contribute to more than half of all flawed decisions. For example, the high profits made from sub-prime lending and the success of CDO vehicles misled bankers, causing them to take foolish risks.

2. Misleading pre-judgments are previous decisions or judgments that mislead current judgments. They are most likely to create distortions when we evaluate outcomes: they cause us to get committed to the wrong plans. Also, they can cause us to fixate on a particular plan of action—something that's worked in the past.

3. Inappropriate self-interests are interests that conflict with the responsibilities we have for other stakeholders. We ask individuals to leave the meeting or refrain from voting if we know they have a personal interest at stake. In fact, much of the financial crisis is blamed on a lack of alignment of interests between highly paid bankers and a stable financial system.

4. Inappropriate attachments are strong emotional feelings we have toward a group, tribe, place, or possession that are inappropriate given the decision we are trying to make. When we need to cut back employment and sell assets, some loyalties will overrule rational downsizing decisions and some assets will be inappropriately retained.

Each red flag can unbalance the mental processes of decision-makers. They will feel confident that they are making a wise choice, even though their thinking is flawed. So, when one or more red flags exist, leaders need to put in place some safeguards.

Safeguards Against Bad Decisions

Safeguards reduce the risk that red flag conditions will lead to bad decisions; however, there is no direct link between a particular red flag condition and a particular safeguard. So, you need to choose safeguards with an understanding of the red flag conditions, knowledge of the people and organization, and a healthy skepticism of too much bureaucracy. You can't eliminate all the risks. Even with safeguards, you'll make mistakes. But you improve the odds of making wise decisions when you apply four safeguards:

1. Experience, data, and analysis. When you access new experiences, data, and analysis, you reduce the risk of a flawed decision at the source. For example, during the *Cuban Missile Crisis*, President Kennedy needed to know the number, location, and state of readiness of the missiles—so that he could better judge whether it was feasible to carry out a military strike and the time before the Soviets would have a threat to U.S. security. So he had the air force carry out reconnaissance flights.

2. Group debate and challenge. Creating a debate that challenges biases could mean simply chatting through an issue with a colleague. Even if he is not an expert, dialogue and debate can help expose assumptions and beliefs. One way to orchestrate debate and challenge is to form a decision group—a small team of three to five people who are qualified to debate or challenge the decision. The decision group brings challenging and diverse views, and a more objective perspective to the decision.

3. Governance. An open debate may be hard to generate or insufficient to challenge a powerful entrenched point of view. In this case, the governance team, which approves the proposal submitted by the decision team, may play the critical role. In the case of a major acquisition, the decision team might be the CEO and CFO, and the governance team might be the board led by the chairman.

4. Monitoring. For decisions where there are red flag conditions that are hard to address with the first three safeguards, the last defense is to put in place some extra monitoring (over and above what would occur anyway).

As leaders we can make good decisions—if we understand what happens when we are confronted with the usual mix of unstructured and incomplete data, different perspectives, time pressures, and other sources of uncertainty. We tend to treat strategic decisions as rational processes of analysis.

Since we are all vulnerable to making bad decisions, we need to be alert to red flags and think again! **LE**

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ACTION: Apply safeguards to make better decisions.

Power Paradox

You gain by giving it away.

by Andrea Chilcote and Susan Reece

POWER IS A FASCINATING CONCEPT. Babies experience power related to obtaining nourishment and comfort; adults recognize how power affects their jobs, lifestyle and relationships. Many of us strive to attain and maintain power in balance. If we feel powerless, we feel victimized. If we believe our power is too strong, we feel enormous stress to perform flawlessly. Sometimes, giving away power means you get more. Sometimes delineating your power boundaries is necessary for survival. That's why power is paradoxical—its outcomes are counterintuitive to the inputs.

We often wonder why we get so much of want we don't want and not enough of what we wish for in personal and professional relationships. The *law of attraction* suggests a principle of cause and effect—that we influence our own reality and the responses we receive from those around us.

This principle is also analogous to a *law of human behavior*—in healthy relationships, ***we gain power when we give it away***.

Giving power away means knowing your worth and boundaries while understanding and valuing the same in others. Such power-sharing enables all involved to give the best they have to offer to the endeavor or relationship. Acknowledging the opinions, stance or position of others does not disempower you. Surprisingly, it gives you more power because it opens others to you. So, being open to the point of view of another or empowering them builds your power base. ***By advocating for another, you gain power.***

Power's paradoxical pattern holds the secret to one of the most potent skills for creating influence through communication. Power may be attained by exhibiting superior expertise, coercion through real or implied threats, legitimately awarded power to make decisions, epitomizing the values of a group, or social power gained by influence.

Influence, in turn, hinges on trust. We often think that influential leaders are born with a certain charisma. This influence that we call *charisma* reflects a set of behaviors. Charismatic leaders articulate their views honestly while acknowledging the apparent and underlying concerns of others. They maintain their values and boundaries, even as they validate others'. Masterful communication skills underlie influential power.

One potent skill-set for creating influence involves aligning with the perspectives, needs, and styles of others. This helps you get what you want and need in life. It's a bit counterintuitive, since we think influence means

pitching, touting or forcing our position when that usually alienates and produces defensiveness. Even Machiavelli warns of the dangers of such actions, admonishing princes not to be "hated." True power is ours when we clearly acknowledge the reality of a situation, remain grounded in our values, and align with the reality of a situation. This paradox can be the mantra for success.

So, power begins with and is retained by knowing yourself and understanding the position of relevant others. Reflect upon your ability to listen objectively to points of view different from your own. If you struggle with this, you likely skip an essential step in creating openness in others to hear your point of view or see the world as you do. A key step in mastering your personal power is demonstrating understanding. As you show a willingness to listen, others are more likely to listen to you. It's really that simple.

Do you struggle to connect with or engage certain people or personalities? People feel more comfortable with and are more trusting of those who act, speak, and view the world as they do. Referent power is possible when you are with others like you, and it alienates others who think differently—unless they believe that you connect at some level with their points of view in a genuine way. So how can you create rapport—that "connection" that means two-way dialogue is free-flowing and candid—when you disagree with the perspective being expressed?

First determine whether influencing the other person matters to you. Sometimes managers think they can impose a way of doing things. Then, they find that source of power is short-lived. If you believe that your ability to influence arises from your position of authority, you might not deem rapport to be essential. Parents who wield coercive power are often startled at the behavior of their teenagers when they are away from parental oversight.

Influence with or without formal authority is essential today. If cross-functional collaboration or internal consulting is valued in your work, you appreciate the power resulting from building strong rapport. If engagement is valued, you recognize that engagement results from a strong connection with the immediate manager. Since engagement predicts productivity and retention of high performers, it is seen as a product of powerful leadership.

Some leaders are unaware of the vital role influencing through rapport and communication plays in increasing their power. Consider these questions: Do you sometimes later learn that what was said to you was not the whole story? Do you ever think you gained buy-in to an idea or plan, then find others pursuing their own direction? If these ring true, you need to find ways to build such rapport that the whole story, including obstacles and objections, are out on the table.

Consider the manager who's told that she is too directive and listens poorly—and these issues could derail her career. Colleagues don't cooperate, employees on her team complain they do not trust her. Seldom is she given specific examples, and rarely is given concrete tools for improvement. As a result, she is reticent to lead, another derailer.

Aligning with and engaging others must co-exist with decisive leadership. Powerful leaders gain diverse input, then act decisively; exhibit style flexibility, yet are grounded in self-awareness; and advocate their point of view

while making it safe for others to disagree. These leaders are viewed as easy to work with and relate to, and they have the keen ability to influence.

In business conversations, the goal is not to dominate or win, but to be heard and to shape the direction. One effective way to do that is to welcome, rather than oppose, conflicting or differing points of view. This principle is well illustrated in *Aikido*, the Japanese art of self-defense that employs the principles of nonresistance in order to debilitate the strength of the opponent. The strategy is to blend or align with the attacker's energy. Aikido is nonaggressive, but not passive. It requires that the practitioner relax and flow with the opposing energy and thus control the direction of the conflict.

Consultative selling is premised similarly. To be considered credible, the sales rep must align with the needs, issues, and style of the client by seeking first to understand before offering solutions. The process may feel like the client has the power, when in fact the power comes from the alignment. If needs are openly and clearly defined, the solution either matches or it does not.

Unless power is coercive, power and influence require flexibility and adaptability. In systems theory, *The Law of Requisite Variety* states that the most flexible entity is the one that controls the system. One example in nature is the proliferation of coyotes. They can live anywhere and eat just about anything. They live in arid deserts, cold mountain climates, cities and suburbs. They can eat plants, garbage, or other animals. In many ecosystems, they are at the top of the food chain.

Great leaders understand the complexities and inter-relationships among disciplines, personalities, and points of view. The leader's magic is in orchestrating the diversity in an adaptive way as opportunities and threats change.

Great leaders courageously leverage the dynamics of power to move people in unified ways that perpetuate success. We urge you to learn and adopt the most sustainable approaches to power. Sheer force may produce short-term gain, but mastery of genuine listening, appropriate involvement, and skillful alignment will yield a level of influence that produces productive and loyal advocates. **LE**

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ACTION: Experience the power paradox.

Self-Aware Leadership

It leads to sustainable effectiveness.

by David Peck

TODAY'S TUMULTUOUS conditions require leaders to master speed, turbulence, and complexity. In order for leaders to upgrade from "coping" to *thriving*, they must invest in building greater self-awareness.

Yet *self-awareness* is not a common theme in leadership literature, and the practices that lead to it aren't easy to find. Confronting blind spots, reassessing one's standards, managing negative self-talk, and catching disconnects between one's values and behavior aren't typical leadership seminar fare.

Absent self-awareness, leaders deal with speed and complexity by reacting to events—and that becomes a recurring pattern—one that, over time, takes a hefty toll on the leader and organization. With some focus on self-awareness, this cycle can be broken.

Self-Aware Leaders

Leaders who make it a practice to gain insight into their own values, thinking, and actions tend to detect and correct problems with their own effectiveness. Such self-aware leaders learn from and take corrective action on dysfunctional situations, resulting in a tangible payoff for greater consciousness.

Here are six qualities of self-aware leadership: 1) being aware of and editing the beliefs that drive behaviors, actions, and results; 2) remaining curious and open-minded: asking, listening, getting help, learning, and changing; 3) being imaginative and valuing imagination in others; 4) being responsible for the impact on others, the organization, community, and society; 5) leading with great authenticity of heart and mind; and 6) being humble by monitoring and addressing the periodic pitfalls of egoic behavior.

Most leaders fall into the category of achiever-leaders—they rise to leadership based *not* on their evolving consciousness, but on their ability to get things done and deliver the goods. Achievers tend to be more reactive than creative and to use some combination of people-pleasing, self-protection, or control to get results. This "operating system," as Bob Anderson likes to put it, works for a time, but lacks sustainability.

At some point, certain leaders realize they need new strategies. Perhaps they are ambitious to learn, had the pain of a professional failure, or are unhappy and seeking something more meaningful. Such pain or disharmony with their operating system is the catalyst for *waking up*. Leaders who arrive at that point *without* major stress are rare.

Being doers rather than reflectors by nature, achievers don't focus on self-awareness. They exist in a self-perpetuating action-result loop of day-to-day work. Others are riding the rapids of short-term deliverables or results. For these men and women, quiet self-reflection/deeper development of their "operating systems" is *not* job one.

If leaders need greater self-awareness to be highly effective, whose job is that? After all, a leader's consciousness can't be put on a balance sheet. And it costs money to help achievers gain self-awareness. The "optics" of these costs and their custom nature give the CFO a headache. Should organizations develop leaders in this way? Certainly.

Consultant Mark Sobol says: "Just because human assets aren't booked on a financial statement doesn't mean they're not important. It's the duty of every organization to be good stewards—good developers of their leadership assets."

When you direct your LD efforts toward sustainability, fostering self-aware leaders comes naturally, along with a positive ROI. If, through directed development activities and one-on-one efforts, a leader becomes 10 percent more effective, that can be multiplied not only by their total compensation cost, but also by the returns of their positive impact on the organization over several years. In the face of increasing speed, turbulence, and complexity, leaders must embrace self-awareness for their own fulfillment, and the greater good. Sustainable organizations and societies are the gifts that flow from self-aware leaders. **LE**

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ACTION: Boost your self-awareness.

Saving the Company

A CEO's guide to corporate culture.

by Jerome Want

Few leaders understand how to build and maintain a high-performing culture. I define *culture* as the collective belief systems that people have about their ability to compete *and* how they act on the belief systems to bring financial reward by providing value-added services and products. I emphasize *competing* and *turning beliefs into action* for earned financial rewards.

I see a direct link between culture and performance. Companies with high-performing cultures have higher market value, better sales, and better bottom-line performance.

When I look at culture, I employ 10 indicators: 1) mission and strategy; 2) leadership and management effectiveness; 3) decision-making and communications; 4) design and structure; 5) organization behaviors (including values and ethical conduct); 6) knowledge and competence (individual and collective); 7) interventions (how the culture solves problems and takes action); 8) innovation and risk-taking; 9) performance (individual, team and organizational); and 10) change readiness and change management.

Since these indicators can be measured, they can facilitate a precise understanding of a culture. ***I've identified seven types of cultures*** in two categories, according to *their ability to perform*. I find a measurable difference in the profile of high-performing cultures across each indicator.

Underperforming Cultures

These *cultures of shame* include:

1. Predatory cultures are exploitive of the marketplace (customers) as well as its investors and are punitive and retaliatory toward employees while fostering an alienating work environment. They often resort to questionable business practices, have shorter life cycles and rapid turnover of talent. Companies with predatory cultures are their own worst victims as seen in the collapse of investment banking.

2. Frozen cultures are characterized by gridlock, denial, authoritarianism, non-response to change, and an aversion to risk-taking. New ideas rarely see the light of day and must be generated from the top down. Such cultures are behind the change curve and play catch-up to competitors. An entire industry's culture may be frozen, as seen in insurance, commercial banking, the Postal Service, and power generation.

3. Chaotic cultures are badly fragmented, have an unfocused view of the market, and lack a coherent mission that has a positive impact on people and performance. The business is usually composed of divisions and units that fight over influence, resources and customers.

4. Political cultures are characterized by internal jockeying for influence, turf, and career advancement. Such cultures are balkanized and retaliatory. There is a set of unwritten rules and limits as to

how far the politics will be tolerated. These cultures often lack a well-defined mission and *are found in many companies*.

5. Bureaucratic cultures. These are procedural, rigid, regimented and authoritarian while demanding conformity. They have a well-defined mission that drives operations, performs necessary functions, and ensures fairness and protection through enforcement of laws, regulations, and policies. They also tend to victimize the people that they are supposed to serve and protect. Such cultures often put distance and barriers between customers and investors, leaders, and boards. The bureaucratic mindset can be found in all sectors.

High-Performing Cultures

These cultures of change include service and new age cultures.

6. Service cultures focus on the customer like a laser. They build their strategies and businesses around the customer (marketplace needs and demands) to reach their objectives. They do this by exceeding customer expectations through fair and ethical sales practices and after-sales customer support. They are effective problem-solvers for their customers because everyone learns from interactions with customers and from each other.

7. New Age cultures create change and new markets—not just new products. Companies with high-performing New Age cultures are innovative, egalitarian, consensual, entrepreneurial, informal and visionary. ***They exceed customer expectations.*** In addition to the high technology sector, we find New Age cultures at Southwest Air, Nucor (steel) and Patagonia.

Conditions that kill these cultures include: 1) too much success too fast before it can be managed; 2) leadership that is no longer a good match for the culture; 3) size—the growth of a controlling bureaucracy; 4) chaos; and 5) maturing of the company or marketplace. Interestingly, Nucor and Southwest Air have maintained their New Age cultures for 40 years.

Blueprint for Culture Building

Changing the culture requires the right sponsorship, new goals, widespread involvement and buy-in.

1. Start with the right sponsorship. Sponsorship must come from the CEO or board. Without it, the effort will fail. Sponsorship by other functions, such as HR and marketing, almost always fail (examples GE and Coca-Cola). CEO sponsorship (and involvement) will ensure open communications, widespread renewal, inclusiveness, trust, accountability, objectivity, risk-taking, and effective communications.

2. Set goals for culture building: set high standards for ethical conduct; create a change-ready culture; encourage risk-taking and innovation (tolerating people and ideas from the fringe); create empowerment; change people's beliefs, behaviors, commitments, and values as needed; identify characteristics for the new culture; set standards for performance and accountability; and build flexibility into the culture.

Ask why you need to start the process and set goals that address the needs. For example, *predatory cultures* need to create a culture that combines ethical conduct with high standards for performance. *Frozen cultures* need to empower good ideas, more bottom-up decision-making, and more open and honest communications. *Chaotic cultures* need to impose more accountability and a greater sense of shared mission. *Bureaucratic cultures* need to reduce barriers to better serving the customer.

Determine needs by using a bias-free needs assessments or culture audit.

3. Recognize barriers. Identifying barriers improves chances for success. Some barriers include: "We have no time—the company is in trouble;" "We have no need—the company is doing fine;" excluding people from the change process; over-reliance on fads, fix-its, and magic bullets such as downsizing, BPR, re-structuring and new marketing plans; incremental responses to change; and apathy. Culture-building may cause anxiety, alienation and dislocation, especially in those who feel they'll lose authority, turf, or privileges.

4. Develop a systematic process. Culture-building requires a unique process: *1. Identify the right change leaders.* Executives should empower the process and not lead it. 2. *Be systematic* (haphazard activities and projects only reveal incompetence and unclear goals). 3. Promote qualities that represent the new culture. 4. Recruit new managers, front-line workers, and squeaky wheels (utilize key people from all areas to *build a broad consensus for change)*. 5. Promote open communication, *foster openness to new ideas*, and kill the sacred cows. 6. Bring together people who can answer *why* and *how* questions—including customers and suppliers. 7. *Eliminate bias from the* measurement processes. 8. Bring representative members into the process for consensus building to change attitudes, belief systems, and behaviors. 9. Accept that the process is ongoing. 10. *Individualize the process* and the goals to the company's unique needs. Monitor results and change behaviors as needed.

Great companies rely heavily on their cultures to support their change management efforts. I call these *change-ready companies*, and they have strong Service cultures or New Age cultures.

Changing a culture is about development, not just growth. It is a *qualitative* process that addresses performance, ethical conduct, leadership and managerial effectiveness, commitments, cohesive and cooperative work teams, innovation, behaviors, communications, decision-making, openness, and trust. The process must inspire the company to reach higher goals (not just higher profit margins). It also requires courage and leadership at all levels. In an age of radical change, culture may be the difference between failure and survival. LE

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ACTION: Create a high-performance culture.

Five Archaic Behaviors

Leaders need to leave these behind.

by Pamela Slim

As I WATCH FORMERLY solid companies crumble in the economic meltdown, I'm hopeful, even excited, that the result of our collective pain will be new leadership. Companies can be strong, market-focused, ethical, and productive—with new leadership.

After spending 10 years as a management consultant, working with leaders and frontline managers, I realized that corporate life was becoming more difficult for employees and identified some dysfunctional behaviors that need to be left behind if companies are to stay competitive:

1. Mafia culture. Despite ample evidence to the contrary, many managers still act as if there is a promise of lifetime employment. Job security is a notion of the past. No organization can promise long-term employment. Yet many leaders still act betrayed when employees announce their intentions to go elsewhere, or ask permission to work on projects on the side. They use words like "disloyal" and "not a team player." Managers should expect that employees represent the company with respect and professionalism, and deliver results. But they should also expect that employees stay highly employable. Ask anyone who has ever had to lay off an employee what feels better: letting someone go who has a side business or letting someone go who gave his all to the company and neglected to develop an outside network or alternative streams of income.

2. Myopic task focus. I used to teach a class in strategic HR at San Francisco State University. I would ask the new students, all HR employees, about their business plans. Many gave blank stares. Without knowing what's in a business plan, how are employees supposed to understand the strategic underpinnings of goals, serve cross-functional customer needs and innovate new products and services? When you teach employees about the business, they can better serve the needs of customers.

3. Prohibition of social media at work. It makes sense to have reasonable policies about personal time vs. work activities to ensure that employees don't spend all day watching YouTube videos and Twittering with friends. But in an open company, with employees who know what is expected of them, prohibiting the use of social media at work is short-sighted. Smart, engaged, funny, and responsive employees can do wonders for your brand. The more familiar they are with social media (Twitter, blogs, Facebook, LinkedIn, Google web alerts), the more likely they'll use them to engage your customers and benefit the company.

4. Lack of trustworthy internal council. I tell people who are considering starting a business on the side: "Before you do anything, check the policies to ensure your activities are not violating your terms of employment. Also, discuss your business ideas with the legal or HR department to explore any gray areas." In most cases, they'll research the policies, but avoid contact with internal staff. This often causes them to move forward with incomplete information, putting their work and the work of the company at risk.

5. Time in office chair instead of results. Many people sit in cubicles fantasizing about having control of their schedules and enjoying a feeling of freedom and flexibility. Cali Ressler and Jody Thompson, co-authors of *Why Work Sucks and How to Fix It*, note that when managers don't try to control when or where employees get their work done, but focus only on the results of that work, performance improves and retention rates soar. They say: "Knowledge work requires *fluidity* (ideas can happen anytime) and *concentration* (being rested and engaged) and *creativity* (you are either on or you're not on, regardless of the hour)".

Embracing leadership that recognizes responsibility for results, encourages connection with outside ideas, and allows for creativity will strengthen companies and create more open, honest, and realistic relationships.

You may lose some good employees who are not cut out for corporate work. But you will gain a more honest, clear, and positive feeling at your work. LE

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ACTION: Stop these dysfunctional behaviors.

High-Value Strategies

Sadly, they are rarely implemented.

by Marshall Goldsmith and Jeffrey Balash

LEADERS TRY TO DEFINE THE OPTIMAL strategy and then articulate it. Sadly, their efforts often fail. In working with leaders, we've tried to understand why an excellent strategy, thoughtfully developed and supported by the CEO, fails to be implemented. Here are three reasons:

1. The highest value new ideas are the least understood and least accepted. They usually involve a paradigm shift and departure from accepted strategy and standards. A *revolutionary* (not *evolutionary*) idea can change the rules of the game and create big gains in terms of customer deliverable, market share, profits, and shareholder value. However, because this strategy often represents such a departure from the norm, stakeholders may fail to accept it because they don't fully understand it. Hence, some of the "smartest" people have missed market shifts. Tom Watson of IBM did not understand why anyone would want a personal computer; Bill Gates initially missed the importance of the Internet to Microsoft's business; and employees of Intel couldn't initially accept the decision to "abandon" the company's core business, RAM memories, in favor of microprocessors.

2. Gifted, creative and strategic thinkers often poorly communicate the new paradigm. They see the vision so clearly that they can't understand why others need to have it spelled out. The most revolutionary strategies result from non-linear, highly creative thinking—that's what makes them so valuable. Their creators' thought patterns don't plod along in linear and logical fashion. Instead, they rocket in non-linear, discontinuous thinking: Step 1 to 9 to 15. They understand where they are going and why, but the rank-and-file are left in the dust—confused, fearful, and lacking the "buy-in" necessary to implement and support the strategy. So, explain it in words that a 12-year-old can understand and repeat it often to gain the needed the intellectual and emotional support of managers.

3. When the new strategy is articulated from on high, even if it is communicated clearly, it is often proclaimed as "doctrine" without any provision for feedback. Although leaders may have a dramatic and breakthrough insight, they may be unaware of the challenges involved in implementing this vision. A sportswriter once noted: "The Yankees are the best team in the league *on paper*. However, they have to play all of their games *on grass*." Unless leaders get the details and the execution correct, the strategy won't succeed. Once the members of the rank-and-file understand the strategy, they'll have valuable insights on how to implement

it. Different regions, customers, vendors, and governmental authorities may require different approaches. The strategy may need to be "tweaked" or modified to achieve success.

In their thrust to explain the new strategy, leaders can be too focused on getting the message out to be in an effective listening mode, when, in fact, they should be encouraging feedback and constructive criticism. Since no one has all of the answers and we all have our blind spots, *feedback and criticism are vital to fashion an optimal strategy*.

Many managers are only interested in one-way communication: Let's get the new strategy out, communicated, and executed. In their enthusiasm—and fear—they rarely receive the feedback and criticism needed to fine-tune the strategy and execute it successfully.

Achieve Effective Implementation

You can boost the success rate of implementing strategy by taking four steps:

1. Clearly explain the reason why a new strategy is required, the rationale underlying the new strategy, and the perceived risks in its implementation. Many constituencies—from employees, customers, vendors, regulators, and lenders to shareholders—are involved in implementing a new strategy, and each of them may require a somewhat different message. Change—especially dramatic change—is unsettling and disruptive. So, you must explain in plain and simple language what the new strategy is, why you believe it will work, and what the perceived risks are. The message must be clear, understandable, and consistent. And since people only retain about 30 percent of what they hear, you need to tell them what you're going to tell them; tell them; and tell them what you just told them (just don't insult or intimidate). Explore various means of communicating the message for different types of learners. Use the company intranet to disseminate presentations, videos, frequently-asked-questions, and policies. These help listeners to digest the message at their own pace, without feeling pressured.

2. Encourage questions and feedback. At the end of presentations and meetings, allow time for questions and answers. To encourage a dialogue, you may need to "plant" some questions with the audience. Your openness and attitude will encourage additional questions from listeners who may be hesitant to "rock the boat" or to express reservations. Successful implementation and buy-in will only be achieved if there is a dialogue, so that employees: 1) can clarify unclear points; 2) express their concerns and doubts, which in turn can result in improvements both to the strategy and the implementation; and 3) feel that they have been listened to so that they can buy-in. Again, use the company intranet to facilitate questions. When queries can be anonymous, people don't have to fear being embarrassed asking what might be perceived to be a "stupid question." Use a secure online chat room to enable employees to express their questions, feelings, and doubts. You may not like what you hear; however, to ignore these issues and questions is to risk failure in implementing the strategic initiative. Workers have a keen sense for the problems involved in the day-to-day operations and also for the solutions to those problems. So, the implementation of the new strategy should be a dynamic one. Be thoughtful in articulating it, but also realize that it will be imperfect. Multiple iterations may be required to get it right.

Lay the groundwork for later releases in the initial presentations. This way people expect the strategy will evolve. This process will result in a superior strategy and implementation—and in a commitment to making it work.

3. Go slow to go fast. You are tempted to implement the new strategy very quickly to gain competitive advantage. But you need to balance this with:

- The need to communicate the new strategy clearly. The more radical the shift in strategy, the more time will be required to comprehend and internalize it by employees, customers, vendors, regulators, and investors.
- The need to allow for feedback from each constituency, resulting in a more refined and better strategy because of their input and acceptance.
- The need to implement the ideas received from feedback. The costs of a full-scale roll-out may be sharply increased—and the effectiveness decreased—if major changes are required from the original vision. You may need to surface the new strategy on a smaller scale.

4. Seek to understand your strategic idea before trying to implement it. When the *Eureka* moment of a new strategy arrives, you're tempted to move full-speed ahead. You've seen the defining moment of the company's future—a way to achieve faster growth with greater profits and increased incentive compensation. However, there are risks in speed. Unless people understand the strategy and the reasons for the change, they won't implement it effectively—and may even resist and sabotage it. So, express in simple and clear words the need for the change, the logic of the new strategy, why it will improve your competitive position, how it will be implemented and impact people.

Realize that some changes or refinements may be required. These can only be achieved if people understand the reason for the change and the rationale for the new strategy. They can then express their ideas regarding how the strategy or its implementation needs to be modified. To receive this feedback, you need to encourage it and be positive in response. There's no substitute for engaging in personal, face-to-face dialogue with employees, customers, vendors, regulators, lenders, and investors—both to communicate the importance of the change and to read the non-verbal communication. **LE**

Marshall Goldsmith is the author of Succession: Are You Ready? *and* What Got You Here Won't Get You There. *Visit MarshallGoldsmithLibrary.com. Jeffrey Balash is an entrepreneur. Visit www.comstockpartners.com.*

ACTION: Implement your high-value strategy.

PERFORMANCE HABITS

Wartime Leaders

7 habits of high performance.

by Howard M. Guttman

The wars in Iraq and Afghanistan are not the only battles being waged today. With unemployment skyrocketing, profits squeezed, and many corporations teetering on the verge of bankruptcy, today's senior executives should view themselves as wartime leaders. Here are seven habits worth taking to the business battlefield:

1. Stay strategic. Think of strategy as a North Star to keep resources focused on the key results that provide the competitive difference. This is not the time for grand strategies. Keep it clear, simple, and specific. In the first Gulf War, then-General Colin Powell laid out this strategy: "First we cut off the Iraqi army, then we kill it." That's clear! Today's leaders should take note.

2. For-real communication. Today's organizations are holding pens of anxiety, which can only be fueled by no information, misinformation, or rose-colored information. Recall the cartoonish Baghdad Bob and his press briefings at the start of the Iraq War? The closer Baghdad came to being overrun by coalition forces, the greater his false bravado and lies about what was happening around him. Lack of "real" information kills morale, leads to cognitive distortion, and impairs the information processing and decision-making. While *what*, *when*, and *how much* information to communicate must be considered, people are entitled to know the truth.

3. Flawless execution. These are unforgiving times. Just ask Circuit City, AIG, or Lehman Brothers. Every decision must come with a smart plan of implementation, or be shelved. This is also true of game-changing strategic decisions: shock and awe. You don't want to take your company down the path Rumsfeld and colleagues took the U.S. after the bombing campaign ended phase one of the Iraq War: a reminder of what happens in a planning vacuum.

4. Lead from the front. As one client put it, "If a lieutenant in Iraq doesn't have the courage to ride the Humvee down the road, he can't expect his troops to do it." Today, leaders must be on the frontlines talking to customers, board members, investors. Run alongside the "troops" in the field to listen, learn, and provide support as they battle for advantage over competitors. Leading by circulating keeps you visible and informed. And while you're running and gunning, don't forget to empower those closest to the action to make decisions. They are the people who possess the greatest knowledge of day-to-day operations. Army colonels and generals are typically not charged with tactical decisions. Driving responsibility down the decision chain shortens response time and makes for reality-based decisions and effective warfare!

5. Keep it positive. Wishy-washy, tentative messages are demotivating in times of adversity. "What is our aim? It is victory. Victory at all costs, however long and hard the road." No foot shuffling from Sir Winston. Many leaders are asking their employees to sacrifice—to soldier on in the face of frozen salaries, shortened work weeks, and neighboring cubicles left empty by RIFs. Cost-cutting is always a tough message to deliver. Why not accentuate the positive by trying to optimize resources before cutting them? It's a better strategy, and a much more positive message to the troops.

6. Look for leverage. In battlefield tactics, people and materials should be deployed for greatest impact at the "decision point." Where's the leverage in your organization? It's a question every leader must ask in times of economic warfare. All must be put to the test: the capital and financial assets, products and services, projects and people.

7. Keep true to horizontal, high-performance leadership. In times of trouble, leaders often retreat to hierarchical habits. Crises cause wariness and bunker thinking. People head for silos, avoid risks, and go underground. Disagreements get papered over, and the culture becomes a neverland of *false agreement* and *hope*.

Horizontal, high-performance organizations are built for this warfare. As the winds of war continue to blow, high-performance leaders provide their "troops" with a sustainable competitive advantage. **LE**

Howard M. Guttman is author of Great Business Teams. *Visit www.greatbusinessteams.com or www.guttmandev.com.*

ACTION: Cultivate these seven habits.

Courage Goes to Work

Leader's role in building backbone.

by Bill Treasurer

THE COLLAPSED ECONomy—*the greatest economic crisis since the Great Depression*—tops the news. Our home values are in the tank, our retirement savings are evaporating, and our jobs are being cut.

In normal times, people can be divided into two equal camps—safety seekers and opportunity seekers. But when fear enters, the safety encampment grows with refugees. And the flight to safety hampers the innovation and chutzpah needed to survive in economic instability. Bottom line: *Safety is dangerous for business*.

Aristotle called *courage* the *first virtue* because it makes all other virtues possible. Courage helps leaders endure hardships, deal with economic insecurity, and confront challenges. Courage is *activated* when people are afraid. When times are tough—and the temptation to seek safety and comfort is high—leaders need to put peoples' courage to work. The leader's role is to break free from fear and activate courage.

Many leaders expect workers to behave courageously while they themselves radiate fear. But workers take their behavioral cues from leaders; and when fear is amplified, the business costs are steep. Fear creates distractions, cuts quality and productivity, provokes gossip, makes people hide their mistakes, and erodes trust between leaders and followers.

Instead of stoking workers' fears—while expecting them to be courageous—start behaving more courageously. Be a leadership role model. If you want people to show more initiative, state their ideas more boldly, and embrace changes more enthusiastically, you have to do it first!

Three Types of Courage

Courage is a skill—teachable and learnable. Most everyone has capacity to be courageous. ***Most courageous acts represent one or more of three types***:

1. Try courage—the courage to embrace mistakes, to take initiative and action—making first attempts, pursuing pioneering efforts, and stepping up.

Sara Blakely is founder of SPANX, a 200-million-dollar retailer of women's under-apparel. Sara makes behaving with courage a top priority. She talks about making *forward-falling mistakes*. Instead of being irate when workers make honest mistakes, she gives the person a high-five. Sara knows that when people make mistakes and learn from them, it helps the business.

Sara learned the value of a good mistake from her father. "At dinner, my dad would ask my brother and me, 'What did you *fail* at this week?' If we didn't have a good answer, he'd be disappointed. If we had failed—for example, 'Dad, I tried out for this or that, and it was horrible'—he would congratulate us and give us a big high-five!"

Knowing her parents *expected* her to fail took the fear out of failing. This lesson was valuable when she knocked on the doors of textile mills begging them to make her prototype for a footless pantyhose; when she traveled to Dallas to persuade Neiman Marcus to sell her products; when she called on Target to interest them in her new ASSETs line; and when she appeared on *The Oprah Winfrey Show*. Sara carried on despite the fact that she might fail. She knows that trying new things means being willing to make mistakes.

Try tip: Vale mistakes. Identify ways in which you are playing it too safe. Think about the last mistake that you were "proud" to make. What did you learn? How can you apply that lesson to other risks you should take but have avoided? Identify ways you can reinforce appropriate risk-taking or mistake-making, including weaving both concepts into performance appraisals.

2. Trust courage—the courage of getting real, having confidence in others—letting go of the need to control situations or outcomes, having faith in people, being open to direction and change.

Dan Walsh and Matt Walsh are president and CEO of Walsh Construction, a family-owned business founded in Chicago by Matthew Miles Walsh, an Irish carpenter. From humble origins, the company has grown into one of the largest construction companies with annual revenues topping $3.6 billion. To satisfy their need for leaders, Walsh launched the Walsh Group Leadership Initiative, a 24-month leadership development program.

Behaving courageously is a key concept. Participants are expected to openly express their challenges, frustrations, and even failures with one another. Doing so strengthens the bonds of trust between them.

For managers, getting real with one another—essential to building trust—takes courage. Matt and Dan begin each workshop by sharing stories about slip-ups, including their own, to help managers to open up and to build trust.

Trust Tip: Get Real. Be aware of how you show up at work. Are you "wearing" a role and giving a performance? Are there differences between who you portray yourself to be at work and who you really are? Are you showing up as an agent of the system or an agent of positive change? List three actions you could take to show up as your authentic self and model courageous behavior.

3. Tell courage—the courage of speaking up, of voice—raising difficult issues, providing tough feedback, and sharing unpopular opinions.

Laurie, a project leader, was stewing with resentment after a coworker criticized her work in an email to her boss. She even asked to be reassigned.

Laurie explained, "I don't take criticism lightly. I realized that I needed to elevate my behavior instead of burning with resentment. So I met with my coworker. "I started by asking questions. There was some validity to her concerns, which tempered my anger. I told her that I was hurt because she had chosen to go to my boss before talking with me."

As Laurie related, the conversation was uncomfortable, but worth it. She wrote, "It was a courageous conversation for both of us. We've developed a relationship as a result of it. Before we talked, we worked *near* each other. Now we work *with* each other."

Tell Tip: Speak up: Stop biting your tongue to keep the peace—start telling the truth. Admit a mistake. Make an apology. Share a different viewpoint or opinion. Identify one conversation you've been avoiding—and have it. LE

Bill Treasurer is a leadership expert, author of Courage Goes to Work *(Berrett-Koehler), and CEO of Giant Leap Consulting. Visit www.giantleapconsulting.com.*

ACTION: Take these tips to build your courage.

10X Your Influence

Tap into at least four sources.

by Joseph Grenny and David Maxfield

THE FINANCIAL SECTOR HAS SOPHISTICATED risk-assessment technologies and regulatory policies, and yet we witnessed several mature financial institutions fling themselves off a fiscal cliff. How could this happen?

This year, U.S. healthcare organizations—some of the finest in the world—will harm thousands of patients by making the same mistakes they've made for decades.

And why do three-fourths of management innovations fall far short of their potential for improving results?

Such chronic, persistent problems are rooted in human behavior, and behavioral-based challenges won't go away with a single intervention. Until we develop far more effective ways of thinking about and exerting influence on human behavior, we won't solve profound and persistent problems.

Unfortunately, we live in a quick-fix world full of people who are gimmicked into believing that a simple solution exists for complex behavior problems. In business, we want one trick to improve quality. Unfortunately, most quick fixes don't work because the problem isn't fed by a single cause but by a conspiracy of causes.

To resolve persistent problem behavior, you need to combine multiple influences into an *overwhelming strategy* and "over-determine" success with a multi-pronged influence effort that addresses all the root causes.

How do we know this? We conducted three studies. In our first study, we interviewed 25 C-level leaders about their biggest challenges—including bureaucratic infighting, silo thinking, and lack of accountability—and discovered that those who use four or more sources of influence in combination are *10 times more likely to succeed* than those who rely on a single source of influence. Our second study explored how C-level leaders approach change initiatives. Here, too, we found that most executives use only one approach, and that those who use four or more influence approaches have much greater success. In our third study, we focused on personal challenges such as overeating, smoking, overspending, or binge drinking. Only 14 percent had approached their problem using four or more strategies; for them, the success rate was four times higher.

Six Sources of Influence

Six sources of influence drive our behavior. Motivation and ability are the foundation; we then subdivide these domains into personal, social, and structural.

The first two domains, *Personal Motivation and Ability*, relate to sources of influence within an individual (motives and abilities) that determine their behavioral choices. The next two, *Social Motivation and Ability*, relate to how other people affect an individual's choices. The final two, *Structural Motivation and Ability*, encompass the role of nonhuman factors, such as compensation systems, space, and technology.

Successful influencers increase their chances of success tenfold by combining strategies from at least four of the six sources of influence. They capitalize on the power found in each source of influence.

1. Personal motivation and ability. Change is hard because new behaviors are difficult, uncomfortable, uncertain or painful while old behaviors are familiar and routine. Often we must rethink processes, uncover problems, and reapportion power. Most people aren't motivated to do these things, which is why most of these efforts fail.

So, how do you motivate someone who isn't motivated? To get people to do something they aren't motivated to do, ineffective influencers try putting pressure on people (*social motivation*) or bribing or threatening them with carrots and sticks (*structural motivation*). These strategies often backfire with people who don't care.

Skilled influencers build personal motivation to get people to care. They link new behaviors to values people already have. They find ways to invest new behaviors with meaning and drive home human consequences. In short—they put a human face on the new behaviors. The key to personal motivation is to help people see the true implications of their actions and choices by connecting the new behaviors to deeply held values.

Although personal motivation is necessary, it's insufficient. Successful influencers combine personal motivation with other sources of influence.

Many leaders equate influence with motivation. They try to fire up the troops and then send them off to conquer. True influencers know that new behaviors can be far more challenging than they appear on the surface and that many problems stem from a lack of ability. Individuals often simply don't know how to do what's required. Most forms of expertise or talents are a function of careful practice. Elite performers aren't necessarily smarter or faster—they are, however, better trained. So, before you leap on the motivation wagon, check for ability. The key to personal ability is to over-invest in skill building—to build-in extensive practice in the toughest, most realistic settings. Robust training is at the heart of most successful influence strategies.

2. Social motivation and ability. No matter how motivated and able people are they'll still encounter enormous social influences that support the status quo and discourage behavior reform. Whether people acknowledge it or not, there are few motivators as potent as the approval or disapproval of friends and coworkers.

Effective influencers know that several small interactions shape and sustain behavioral norms. The key to effective social motivation is to get peer pressure working *for* you, not *against* you.

Many leaders fail to appreciate how much help people need when attempting new behaviors. To improve quality, employees need a great deal of support from line leaders to enable and empower them to improve processes, implement new tools, and change policies. Since leaders don't have time to coach everyone, how can they *leverage* their "social ability" to gain the greatest influence?

The most influential leaders invest their time and energy with two groups: 1) formal leaders (managers at every level), and 2) informal leaders (opinion leaders). The key to building the social capital that will extend your influence is to spend time building trust with formal and informal opinion leaders. Start every intervention by first identifying opinion leaders and then involving them in the change process and letting them lead the way.

3. Structural motivation: Align

rewards and ensure accountability. If a leader talks about quality but rewards productivity, employees will notice and quality will suffer. Chronic problems—such as lack of accountability, poor productivity, and slipshod quality—can often be traced to poorly designed incentives that reward wrong behaviors. It is difficult to change behavior without changing the incentives. In fact, creating incentives is often the only way senior leaders can separate serious priorities from pipe dreams. The CEO might say, "At least 25 percent of our incentive pay should be contingent on achieving these new measures." This statement will redirect the focus of managers. But employees won't support change if the behavior management wants to encourage doesn't make their lives better (opportunities, money, promotions).

When rewarding change in behavior, make the external rewards real and valuable. However, use incentives as motivation third, not first. Otherwise, you might undermine people's intrinsic motivation. Begin with personal and social sources of motivation, and reinforce them with well-designed incentive systems and structural change.

Don't bet on a single source of influence—combine four or more sources and be 10 times more successful! The main variable is not *which* source but *how many*.

Take Four Steps

To multiply influence, do four things:

1. Pick a problem to solve. Identify a chronic challenge—one that impacts key metrics and bottom-line results.

2. Ask yourself if solving this problem will require influencing new behavior. If so, don't implement policy, process, or technology solutions without developing a six-source strategy for driving and supporting the new behavior.

3. Involve the leaders who must influence new behavior in identifying results, finding and targeting vital behaviors, and applying the six sources of influence. Diagnose the causes behind any problem behaviors and create power strategies for driving change.

4. Identify a few high-leverage behaviors that, if changed, will lead to desired results. Rely less on formal authority and more on ways to motivate and enable others to alter behavior. Use the *Influencer Model* to develop and apply a robust influence strategy. LE

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ACTION: Take steps to 10X your influence.

Leading Success

Use five keys to excellence.

by Mimi Bacilek

Captain "Sully" Sullenberger is the pilot who glided a jetliner to safety on the Hudson River. Many herald him as a uniquely skilled pilot, destined for just this situation. That may be true, but more than that he is a leader who uniquely prepared himself to lead in crisis. That enabled him to perform his technical skills with excellence and competence.

1. Prepare and practice. Leaders attend workshops designed to hone their skills and then return to their workplace behaving exactly as they did before the training. It's as if going through the training is all that is required to improve skill. Sully studied, simulated, practiced, and taught others. He was fully prepared to be successful in an unlikely situation because he prepared for it in advance.

2. Declare and embrace your role. When trouble appeared, Sully said "my aircraft" and took the controls. His cockpit team assumed roles based on that declaration. When problems arise, the leader need not assume charge—but the leader must know who is best prepared for the current challenge. Sully recognized his own preparation, declared that strength, and acted on it. Sully knew exactly who he was, what he was prepared to do, and what he was accountable for. And he acted accordingly. No false humility. No self-aggrandizement.

3. Lead a team. Synergy occurs when the whole is greater than the sum of its parts. *Teams* can be defined as groups of people representing a variety of talents, assembled to accomplish an outcome bigger than any individual could accomplish alone. Sully knew that his success would be determined by the synergy he created, that synergistic teams can accomplish almost anything, that team member's roles were distinct and interdependent, and that they were well-prepared. He trusted their skills and judgment. When he commanded: "brace for impact" he trusted everyone would live their role accordingly. And he focused executing in confidence.

4. Lead the situation. The places where we live, work, and ply our talents are in constant motion, requiring leaders to seek out and act on new information and remain strategically agile. Sully was headed for Charlotte on a typical day. Suddenly the conditions changed—engines failed, speed dropped, and momentum was inadequate to return safely to the airport. So, he identified the Hudson River as the landing site least likely to negatively impact others and most likely to bring first responders. With that clarity he confidently approached the Hudson River as a landing strip. Sully chose not to react—to behave in opposition to an external force. He chose to respond—to act in accordance with the situation presented to him. By embracing the changed environment, he got everyone to safety.

5. Share the joy of success. Our culture is rife with individuals made famous through the efforts of many, and yet they stand alone when achievement is lauded. Every success a sports team realizes depends on collective efforts, and yet MVP status is awarded. Without the team, there would have been no bases loaded, ready to be driven home when the ball was hit out of the park.

Sully brought his team to every media conversation and referred to them whenever someone offered him a crown. He credited their individual as well as collective efforts and repeatedly pointed out that the outcome was the result of the team.

Leadership requires skills polished until they shine brilliantly. Its purpose is to maximize the efforts of many, focusing energies in a clear and specific direction. It assures the tools required for success are available and that everyone is prepared to use them. What lessons can you and your leaders learn from Sully that will transform crisis into opportunity? LE

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ACTION: Lead your team to success.

Reinforcing Candor

It builds trust and transparency.

by Robert Whipple

THE OBLITERATION OF trust in recent years has been alarming. Once lost, trust is difficult to rebuild. Leaders need to learn how to build trust consistently and prevent major trust withdrawals. My model for building trust has three elements:

1. Table stakes. These basic building blocks of integrity must be present to kindle trust. In poker, you must ante up *table stakes* to play. Things like being honest, being open, communicating, being consistent, and being ethical simply must be in play as table stakes or the leader has no chance.

2. Enabling actions. These actions build trust further once the table stakes are present. Here are some examples: following up, advocating well, being fair, and admitting mistakes. These actions enable the leader to withstand trust withdrawals that happen as a result of ill-advised decisions or unfortunate circumstances.

Table stakes and enabling actions are necessary but insufficient conditions for trust to kindle and endure. Without *reinforcing candor,* table stakes and enabling actions may build trust a little, but their potency is blunted.

3. Reinforcing candor. This is the ability to make people glad they expressed a concern with a leader's inconsistency. Usually, people are punished for expressing a concern with the leader's actions. When high trust and transparency are present, the leader can set aside his or her ego and reinforce the person who challenges an action. Doing so creates a large trust deposit and allows for future trust-building exchanges. When candor is not reinforced, people hide their true feelings and do not challenge the leader, so trust is hard to maintain. Leaders who consistently reinforce candor build a culture where trust grows and deepens.

Trust and fear are incompatible; and in a culture that values candor, fear is suppressed. If people know they will be reinforced for bringing up scary stuff, they'll do more of it. When candor is encouraged, it enables a transparent flow of information that leaders can use to understand what is going on.

Trust is built by a series of actions or ratchet "clicks" that occur over time. But, like the ratchet used to pull in the sail on a large sailboat, when the pawl holding the ratchet from rotating backward becomes dislodged, the spool can spin back to zero.

Visualizing the Ratchet Effect

Trust is similar to a bank account. Between two people, there is a current "balance" of trust that is the result of all their transactions to date. When there is interaction (whether online, in a meeting, or with body language) there is a transaction—either a deposit (increasing trust) or a withdrawal

(reducing trust). The magnitude of the transaction is determined by its nature.

It is easy for a leader to make small deposits in the trust account with people. Treating people with respect and being fair are two examples of trust builders. While making small deposits is easy, making a large deposit is hard.

As a leader, nothing I *say* can make a large deposit in trust. It has to be something I *do*, and it often requires an unusual circumstance, like landing a plane safely in the Hudson River. Under most circumstances, the trust balance with people is the result of numerous small deposits (clicks of the ratchet) made over an extended period.

On the withdrawal side, with one slip of the tongue, an ill-advised e-mail, or a wrong facial expression, a leader can make a huge withdrawal. Because of the ratchet effect, a small withdrawal can become big because the pawl is no longer engaged in the ratchet.

Here is an example of the ratchet effect in a typical conversation: "You know, I have always trusted George. I have worked for him for 15 years, and he has always been straight with me. I have always felt he was on my side when the chips were down, but after what he said in the meeting yesterday, I will never trust him again."

All trust was lost in a single action (and it will take a long time before any new deposits can be made). The trust account went from a positive to a negative balance in a single sentence. It would be powerful if we could prevent the ratchet from losing all of its progress by reinserting the pawl back into the ratchet during a serious withdrawal so that it only slips one or two teeth. Reinforcing candor inserts the pawl and provides a magic power that has unparalleled ability to build trust.

All leaders make trust withdrawals. Most people don't feel safe enough to let the leader know when they have been zapped, and so trust plummets. It may even go to zero or a negative balance before it can be corrected (over much time and incredible effort).

Contrast this with a scenario where the individual knows it is safe to let the leader know he or she has made a trust withdrawal. The individual may say, "I don't think you realize how people interpreted your remarks. They are mad at you." If this candor is rewarded by the leader, he might say, "I blew it this time, Bill. Thanks for leveling with me." Such an exchange stops the withdrawal in the mind of the employee, and enables the leader to stop the withdrawal for the population.

As a leader, you try to do the right thing (from your perspective) daily. If an employee asks why you are doing something, you tend to become defensive and push back, which becomes a withdrawal. Reinforcing candor requires you to suppress your ego, recognize the trigger point, and modify your behavior to create the desired reaction. This is difficult to do because you usually justify and defend your action. It takes great restraint and maturity to listen to the input and not clobber the other person. The more you practice, the easier this gets.

You can quickly build a culture of trust and multiply the benefits threefold by focusing on your behavior. Once you learn to reinforce candor, something magical happens: you gain greater power to build trust. **LE**

Robert Whipple is CEO of Leadergrow and author of Leading with Trust Is Like Sailing Downwind *and* The Trust Factor. *Email bwhipple@leadergrow.com.*

ACTION: Learn to reinforce candor.

Succession Management

Do it also for non-management roles.

by Kim Lamoureux

SUCCESSION MANAGEment is a key talent management initiative. Done effectively, it minimizes leadership gaps and enables top talent to develop the skills necessary for future roles. Today, ***the need to identify and develop top talent for critical roles is great, because of situations leaders face***:

- Whether engaging in restructuring, merger, acquisition, divestiture or bankruptcy, leaders must rethink how they structure, source, manage, and develop talent. They must be selective in layoffs, retaining those with the skills to move the company forward.
- Boards tend to bring in fresh leadership during times of trouble, and this impacts plans and growth initiatives.
- Given high unemployment (*eight percent*), hundreds of candidates may apply for a position. To reduce recruiting expense, companies must build bench strength to fill vacancies.

Effective succession management enables companies to react quickly to change. At its best, succession management enables leaders to seamlessly merge its employees' capabilities and career aspirations with the company's business strategy and talent needs.

Integrated Succession Management

Succession management enables leaders to create a competitive advantage by managing the career paths of their employees. What was just a list of candidates for senior-level positions (*and only discussed at the CEO table*) is now a process for identifying high-potential talent to fill senior-level and other key positions. Succession management is still new at most companies, and fewer than 12 percent of companies have *integrated succession management* that ensures having the right people for every job. ***The key differentiators include these nine elements***:

- The CEO and executive team engage in succession management.
- HR develops tools, structures discussions, facilitates the process, and assists in identifying and assessing high performers and high potentials.
- Leaders have an enterprise view of talent, and do not limit replacements by function, business, or geography.
- Succession management is highly aligned with the business strategy.
- Talent in professional and management tracks is highly valued; high performers in key positions who may have "topped out" are also highly valued.
- These companies prepare for future needs while considering future changes, such as the restructuring, growth and development of new product lines.
- Managers are held accountable for carrying out action items from talent review sessions.
- These companies are more transparent about the succession process and provide more focused development opportunities.
- Succession management processes are linked to other talent management activities, including a strong integrated development component.

Identify Key and Critical Positions

Integrated succession management includes all key positions—some being highly technical, individual contributor roles. Successful companies (such as Boeing and Qualcomm) have highly developed innovative and technically expert engineers. Energy companies are highly dependent on their petroleum engineers who train for years to reach a high competency. Including these technical/professional roles in the SM process is a key best practice. While 60 percent of companies have a process for identifying key roles, we find that SM is too narrowly focused on the development of managerial leaders versus skilled technical roles.

Companies must look beyond senior leaders in identifying positions to be included in succession management planning. In some situations, high-performing individuals do not have management jobs; they might have critical technical or functional skills and, in fact, could be more difficult to replace than managers.

If you ignore those with specialized skills, you risk leaving key positions vacant for a long time. Talent plans vary in their strategies for recruitment, development, and compensation.

A New Way to Look at Talent

Today, talent management must be integrated and enterprisewide. While many people may be high performers, few have the potential for a management role. The difficulty is identifying whether a person is best-suited to be an individual contributor or a manager.

Consider a high-performing attorney, accountant, doctor, or engineer who is promoted to management. Once in the management role, he flounders; yet we blame him for not "making the transition." Unfortunately, companies rarely recognize that those with technical skills may not be suited for management roles, and they fail to create a SM track for non-managers.

People are promoted into leadership roles for which they are not suited for four primary reasons:

- ***An underdeveloped or non-existent leadership strategy.*** Leadership strategies are based on an analysis of the current situation and an informed view of the future. The strategy provides recommendations to close the gap between the current situation and desired future. A robust leadership strategy will inform the *quantities* (how many leaders are needed), *qualities* (the characteristics individuals should possess), and *skills and behaviors* needed to drive the strategy.
- ***Lack of a leadership model.*** If you don't clearly define your leadership competency model and the skills and knowledge needed to move from functional to managerial, you may consider all your *high performers* to be *high potentials*; yet leadership skills are different from functional skills—and warrant a different approach to assessment.
- ***Inability to be honest, authentic, and transparent with high-performers.*** Not all high performers thrive in management. You must have career paths for high performers who are not "HiPos."
- ***No common definition of high potential and high performer.*** Have a common definition for these talent classifications, and make sure those definitions are communicated company-wide and commonly understood.

Your TM plan should reward those with highly valued skills who either do not want to be managers or are unsuited for that job. SM programs should help leaders to determine where talent can make the highest contribution. **LE**

Kim Lamoureux directs Bersin & Associates' research in leadership development and succession planning. Visit: www.bersin.com.

ACTION: Integrate your TM and SM.

Tough Times

What will you do about it?

by William Cohen

YEARS AGO, PETER Drucker was giving a seminar. During the Q&A, a person launched into a monologue about the challenges he faced in his company. They appeared insurmountable. He expected Drucker to solve his problems and tell him what to do. At first, Drucker listened politely. Finally, he interrupted the man and said, "So you're in trouble. What are you going to do about it?"

Bailing Out the Automotive Industry

We are challenged by rough economic times. The CEOs of the three largest U.S. automobile companies flew to Washington, D.C. in their private jets to testify before Congress and ask for a multi-billion dollar bailout. They claimed that unless Congress helped out, many people would be laid off.

However, the bailout was already controversial. The day before, one senator said, "I've heard from my constituents. They are very much against this. One is the employee of a foreign automobile company that makes cars in the United States. He told me that he makes $40 an hour and that the average employee's salary at the Big Three is almost twice that. He wanted to know why we should use his money so those employees can make twice what he does. This worker is right. These employees are in trouble due to their own mismanagement. All companies are hurting because people aren't buying their products. These companies must take action to do whatever they need to get profitable.

Someone pointed out that each of these three automotive CEOs, all from the same city, flew to Washington, D.C. in private corporate jets, costing each company about $20,000. The leaders didn't consider flying commercial or flying together on a single airplane. And these leaders were asking the government for a $56 billion bailout! Flying to Washington in their own corporate jets was a clear signal these leaders could envision nothing but business as usual. The economic situation wasn't their fault, so somebody else should pick up the tab. These leaders would be perfectly happy to make some minor changes in production and press on doing everything just like always—at the taxpayers' expense, of course. And when that money ran out they could return for more money from Uncle Sam.

Drucker on Executive Responsibility

Drucker would have told the three automotive CEOs, "Okay, so you're in trouble. Sure, the economy is a factor. So, what are you going to do about it?" My point is not whether or not the three leaders should have been given the money that they received when the bailout was reconsidered. (At least the second time around they had the good sense to drive to Washington!) But many wondered whether they had learned their lesson or whether it was just for show.

Drucker warned that this would happen. He said the outlandish executive salaries and the unions continually demanding more benefits without an increase in productivity would cause executives, workers, and the nation to pay a terrible price.

So here we are. Now what do we do? Four Drucker principles can guide us:

1. Take charge and decide what you are going to do next. You can't wish problems away. So accept the facts and move on. This is true whether you are the CEO, a manager who is trying to hold his or her unit together, or someone who has just been laid off. Back in the 1980s, someone put poison in Tylenol. ***James Burke***, CEO of Johnson & Johnson, maker of Tylenol, accepted full responsibility. Burke didn't say, "It's not our fault." He took charge, pulled the product off the market, and told customers not to buy Tylenol until he designed a tamper-proof package. It cost the company millions of dollars. Then he re-introduced the product. All the experts said that the product couldn't be resurrected. But Burke took charge, and without depending on what anyone outside the company did or thought, he returned Tylenol to its former preeminent position.

2. Even under the worst conditions, you have resources, advantages, and strengths. Write these down. No matter who you are or what your situation, others have been there before and overcome their problems. Do a little searching and find out how they did it. Others have done "the impossible," so can you. ***Lance Armstrong*** was an up-and-coming cycler who was told that he had a cancer that would kill him. Even if he survived, he was told he wouldn't walk again, much less ride a bicycle. Competing in a race was out of the question. Yet Armstrong went on to win the top cycling race, the Tour de France, not once, but a record seven times. And this year he is racing again. It doesn't make any difference whether he wins or not. He has proven that we all have resources to overcome an "impossible" situation. What are your resources?

3. Develop a plan. Decide where you want to go and work out a detailed short-term and long-term plan to get there from where you are. Billionaire Tony Robbins was dead broke and living in an apartment with no kitchen. However, it had a bathtub, and that's where Robbins washed his dishes. Robbins had no college degree and no one that could support him while he struggled to stay alive. Then he lost his job. Robbins decided what he was going to do and wrote down a plan as to how he was going to get there. It didn't take long until he became both wealthy and world famous as the pre-eminent motivational speaker in the world, consulted by kings and heads of state world-wide.

4. Work your plan. Nothing happens until you take action! The ancient Chinese seer Lao Tzu said that a journey of a thousand miles begins with the first step. Take that first step! ***Mary Kay Ash***, who founded the billion-dollar Mary Kay Cosmetics Company, started her company with $5,000 and no income. Until she had a positive cash flow, she intended to rely on her husband's salary.

Two weeks before she was scheduled to open, her husband died of a massive heart attack. Her planned source of cash flow disappeared. But she followed through with her business anyway. She got her saleswomen together and told them how they were going to implement her plan, and they went out and founded a billion-dollar company!

Drucker knew well: ***Extraordinary leaders are successful because they do things ordinary leaders won't.*** LE

William A. Cohen, Ph.D., was Peter Drucker's first Executive Ph.D. graduate and author of A Class with Drucker *and the forthcoming* Drucker on Leadership. *Visit www.stuffofheroes.com.*

ACTION: Decide what you'll do about tough times.

Inspiring Leaders

They first create a clear vision.

by Jack Zenger, Joe Folkman, and Scott K. Edinger

Leadership, said Peter Drucker, is lifting a person's vision to high sights, raising performance to a higher standard, and building a personality beyond its normal limitations.

We find that *inspiring leaders* first set a clear vision and direction—or they orchestrate a process that creates a concise, compelling, and clear vision by encouraging managers in functional areas to create a vision for their teams.

This vision combines a strong statement of the guiding principles with a vivid picture of what the organization aspires to be. With the vision clearly stated, a clear line of sight can now be created between people's work and the company vision and direction. This enables all individuals to be engaged in day-to-day activities with a clear sense of direction and purpose, knowing how what they do fits into the big picture. Work now has greater meaning.

Clear direction resolves questions about what is trivial and what is titanic. It defines daily what should be ignored or put on the back burner, enabling people to stay focused on the most important activities and issues.

All systems and initiatives can now be aligned around the vision. Effective strategies and optimum tactics flow more easily from this clearer vision.

Providing clear vision and direction is an expression of treating people with dignity and respect. Rather than say, "I know where we're going, and I'll lead you there," the inspiring leader convenes the team, describes a potential destination, invites their thoughts about the best way of getting there, and ensures that everyone is clear about the action agenda.

Creating Clear Vision and Direction

To create a clear vision, take 10 steps.

1. Orchestrate a process by which a plan is defined. The leader does not go off and come back with a vision that he created all alone. Inspiring visions are rarely created alone. Yes, an entrepreneur may have strong ideas about what she would like to accomplish, but ideally creating a vision is a collaborative process—and it doesn't always start with the most senior executive. The reality is that visions are created for divisions, departments, and functions. The vision's influence usually radiates in all directions.

2. Make sure the vision captures the guiding principles. This includes the governing values that drive behavior. The vision should add a vivid picture of what the organization aspires to be. Inspiring leaders ensure that the vision is clear, compelling, concrete, succinct, engaging, visual, and visceral. Stories and examples bring abstract concepts alive.

3. Link the vision to each team and individual. With a clear vision statement in place, leaders can now discuss with each associate in the organization how her work connects with that vision. If that linkage is not readily apparent, this is a strong signal that either what the person is doing needs to be substantially redefined or that the leader needs to clarify how the individual's work is tied to the overall goals. You'd hope that this connection would be extremely obvious. If it isn't, then quick action should be taken.

4. Clarify what path not to take. Strategic clarity tells people what *not* to do as much as it tells them what *to* do. In many organizations, there is a belief that the more things we do, the better. The mindset is: *We will take on any and all customers that we can. We'll embark on any new project that someone is enthused about. We'll develop any new project or service in which a customer shows interest.* Clarity of vision helps all members to avoid trying to service everyone who wants to be a customer, or embark on pet projects, or create a new product because one prospect or client expresses interest in it. Leaders make best use of limited resources by staying focused. Ideally, as part of the vision, they state what is not included, what won't be undertaken, and what will be postponed until a future date.

5. Align systems with the vision. Visions of the preferred future can easily be created, but they are then injected into an existing organization with its current systems, policies, procedures, and behavioral norms. It is very unreasonable to believe that the new vision will survive in an environment that was not created to sustain it.

6. Consistently and continually communicate the vision and direction. Why must leaders often repeat the vision and reaffirm direction and goals? Because in the whirlwind of daily activities, things are said and done that appear at worst to contradict or at best to be disconnected from the avowed strategy.

7. Devise tactics that mesh with the vision and strategy. With a clear vision and strategy, the tactics will likely be in harmony with the vision. Leaders need to pay special attention to the priorities. Often, after a vision has been set, competing priorities create confusion about the strategy. Team members struggle to know when they should do anything they can to please a customer and when they should tell a customer that the customer's request is outside the mission.

8. Implement the bold changes needed to make the vision real. Many visions are never realized because, while leaders want to achieve a vision, they lack the ability or commitment to make difficult changes. Any new vision will require change, and change rarely occurs automatically because there is a new vision or by declaration. Change requires discipline to continue to make decisions and take actions that are consistent with a desired outcome.

9. Keep an external focus. Stay connected with external events. Implementing a new vision can cause leaders to become internally focused. All their energy and attention is focused internally. This is dangerous because the competition is adapting, and customers are fickle. Leaders need to be aware of trends and make transitions.

10. Plan for potential setbacks. Inspiring leaders anticipate problems. They don't become so enamored with the new vision that they assume it will be implemented automatically. They anticipate roadblocks and problems, proactively seek potential solutions, and create successful implementations for their visions. **LE**

John H. Zenger, Joseph Folkman and Scott Edinger are principals of Zenger/ Folkman and co-authors of The Inspiring Leader *and* The Extraordinary Leader. *Visit www.zfco.com.*

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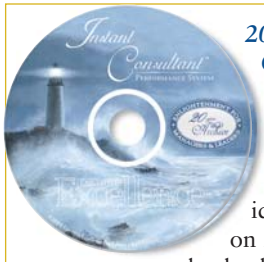

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