

LEADERSHIP Excellence

AUGUST 2006

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



**Think
Inside the Box**

**Warren Bennis on
Authentic
Leaders**

**Capitalize on
Inherent Simplicity
Viable Vision**

**Change How
You Change
Shift From Events
to Patterns**



"Leadership Excellence provides the focused, real-world wisdom necessary for the dynamic leaders of today...and tomorrow."

—KEVIN CASHMAN, CEO, LEADERSOURCE
AND AUTHOR OF *LEADERSHIP FROM THE INSIDE OUT*

LEADERSHIP Excellence™



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VOL. 23 NO. 8

AUGUST 2006

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Looking in the Mirror

Conduct soul-searching interviews with outsiders.



by Abhay Padgaonkar

IF YOU ARE A LEADER, what is *your* main job? According to John Kotter, leaders prepare organizations for change and help them cope as they struggle through it. *That* is their main job. But how do they go about doing it? Jack Welch, former CEO of GE, once said: “My main job was developing talent. I was a gardener providing water and other nourishment to our top 750 people. Of course, I had to pull out some weeds, too.”

Clearly, setting a direction for the future is an important aspect of leadership. Describing what the organization should become in the long term and how it should get there becomes the foremost duty. Soon after taking the helm of IBM, Lou Gerstner announced, “The last thing IBM needs right now is a vision.” Some people nailed his hide to the wall for that statement. He explains that reporters dropped the words “right now” from his statement. Gerstner felt that IBM was long on vision statements, but short on getting the job done. Fixing the company was all about execution.

Execution is nothing but aligning people, motivating them, and creating a culture of leadership. Kotter contrasts execution with equally important but managerial duties such as planning, budgeting, organizing, staffing, controlling, and problem-solving. The value of a wonderful strategy is only achieved when it is carried out. And it is the *people* who make the grand vision a reality. That’s why, as Jack Welch points out, leaders need to make it a priority to plant and nourish talented people at every level.

If you lead a big organization like General Electric, you might have resources at your disposal like the GE John F. Welch Leadership Center at Crotonville, the world’s first major corporate business school. Here everyone from important customers and partners to present and future GE leaders come together to identify opportunities and debate issues. But few organizations have the resources

to invest like GE. They can’t operate a dedicated leadership center.

The constraint of a smaller budget is hardly an excuse to not operate key levers that drive superior performance in people. Going back to Welch’s garden analogy, some aspects of cultivation are free, such as sunshine. But how you choose to orient your garden in relationship to the sun makes all the difference. If you place your garden under a large shade tree, you cut it off from necessary nourishment.

While a leader needs to have a strong sense of the direction, cultivating new culture by changing people’s mindset and behaviors is the hardest part. In doing so, they can follow the profit-at-any-price model by relying



on fear, intimidation, and greed, or they can follow a more sensible leadership model based on inspiration, motivation, and enthusiasm.

Four Bad Models

Even leaders who articulate a compelling vision, inspire followers, and display passion and courage to take on challenges can have unproductive traits that limit them. These tend to manifest themselves in four ways:

- **Know-it-all:** They start believing that they know and do this better than anybody, and believe that they don’t need others as much as others need them. So they tend to treat others as dispensable and tune them out.
- **Micromanagers:** They get mired in minutiae and sometimes miss the forest for the trees. By measuring too much, they measure nothing.

- **Perfectionists:** They spend too much time doing things right rather than doing the right things, thereby losing focus. They take any constructive feedback as a direct hit and return what they see as not-so-friendly fire.

- **Detached:** They become emotionally distant and lose the intimacy and connection to other people. To any push-back, they respond: “Tough! If I can do it, so can you.”

When these behaviors occur, the results follow quickly: Any constructive confrontation within the executive team ends almost immediately. Honest exchange of ideas on options and their pros and cons ceases. What is happening on the ground to the foot soldiers becomes irrelevant. The pressure people feel becomes unbearable. The “guilt trip” that nobody else is pulling their weight becomes harder to take. Any semblance of work-life balance is lost. Conversations become one-way streets, and people feel like glorified order-takers. It seems like they have ceded all authority to the boss.

The leader is quickly surrounded by loyal sycophants in the inner circle who simply want to ride the coattails. Everyone else is in the outer circle—albeit with more self-esteem, yet fearful to say that the emperor has no clothes. Soon people start telling the leader what the leader wants to hear, lest their heads are chopped off. Collaboration comes to a grinding halt, and providing lip service becomes the politically correct thing to do. Everyone looks out for themselves, and any mutually shared goals, if they exist, take a back seat. Any sense of intimacy, camaraderie, and belonging on the team becomes non-existent.

Any concept of a team breaks down. Any sense of empowerment evaporates. The vision of the leader becomes a pipe dream. The strategic plan to get there suddenly has strong disbelievers. The short-term results, obtained through draconian measures, become harder to sustain. As Michael Maccoby notes: “Narcissistic leaders can self-destruct and lead their people astray.” So, there is plenty of leadership, but little followership.

A Look in the Mirror

A key challenge for leaders *competing for the future* is to foster competencies that provide access to tomorrow’s opportunities. Further, as discussed by Gary Hamel and C. K. Prahalad in *Competing for the Future*, leaders need to find innovative applications of the

current competencies. Leaders must objectively assess and proactively improve the caliber of the executive team and the organization as a whole.

However, before a leader can assess the caliber of the executive team, he must take stock of his own. Surveys—whether leadership or 360 degree—are popular and necessary, but rarely tell the leader the whole story. Objective, confidential, and focused interviews by an outsider with each individual on the executive team can deliver unvarnished truth—rich information about what’s really happening behind closed doors. Is there a true strategic alignment? How is the leadership style perceived? How much constructive confrontation occurs? Do people collaborate or simply provide lip service? Is everyone pulling in the same direction?

There are five prerequisites to getting the most from these interviews:

- **Right reason.** First, conduct the interviews for the right reason: improving leadership by eliminating unproductive behaviors. If the hidden agenda is to vilify non-performers or to find scapegoats, the approach backfires.
- **Objectivity.** You need an objective outsider to hold the mirror. This person must not be afraid to find out the truth and tell it like it is.
- **Confidentiality.** The interviews have to be treated as confidential, and the interviewer can’t make any direct attribution to a specific individual. Despite all the talk about openness, blackballing is still a common practice.
- **Specificity.** While recognizing that everyone’s reality is different, the interviews have to focus on direct observations, experiences, and involvement rather than hearsay.
- **Commitment.** There must be a commitment to develop an action plan at the individual and team level.

If these criteria are met, the insights gained from interviews can help create a high-performance culture. The honest feedback and recommendations can raise the candor and constructive dialogue.

Baseball manager Tommy Lasorda said leading people is like holding a dove in your hand. “If you hold it too tightly, you kill it; but if you hold it too loosely, you lose it.” Finding that delicate balance between providing nourishment and pulling weeds is the key to effective leadership. But it begins with looking in the mirror. LE

Abhay Padgaonkar is a management consultant, author, speaker, founder and president of Innovative Solutions Consulting, which provides strategic advice to major clients such as American Express. www.innovativesolutions.org

ACTION: Engage in a constructive dialogue.

High Purpose

Put profits second.



by Christine Arena

HIGH-PURPOSE companies exist to serve basic human needs, improve society, and foster an advanced form of capitalism. They address serious problems and make more money as a result. For instance, in 1997 British Petroleum took a stand on global warming. By 2003, the company had reduced its greenhouse gas emissions by over 10 percent, and also become the leading provider of cleaner-burning fuels and the second-largest producer of solar panels. BP generated \$650 million worth of value on a \$20 million investment in environmentally friendly products and policies.

Similar examples abound. Interface Corporation, the largest commercial carpet and textile manufacturer, saved \$230 million in overhead costs and gained market share as a result of its commitment to environmental sustainability. Green Mountain Coffee Roasters grew fast as a result of its dedication to fair trade. Stonyfield Farm yogurt company became the largest organic brand in the U.S. though practices that helped struggling dairy farmers to survive. Hewlett-Packard has positioned itself for long-term by helping close the digital divide.

Each of these companies is committed to a wider concept of social responsibility—no longer an afterthought, a compliance issue, PR gimmick, or ugly stepchild to profit and strategy. It can help your business prosper.

Five Keys

Here are five keys to improving your performance through social responsibility and a high-purpose strategy:

1. Face the truth. To embrace a higher purpose, you need to “own up” to your past. Carefully evaluate your company’s impact on society and the environment. Often, this review can reveal opportunities and can serve as a

powerful catalyst to galvanize your organization and enable it to move in unison towards the best solutions.

2. Choose a relevant crusade. Your company can create more social and financial value by supporting a cause that directly relates to your business. What problems are unique to your company or category? What issues are most pressing to your customers, employees, suppliers, or shareholders? Discover financially self-sustaining philanthropic models that are relevant to your business. Effective charitable programs pay for themselves.

3. Do something that no one else can. What does your company do better than anyone else? How can you use the company’s strengths, resources, and expertise to help solve the chosen problem? Develop an approach that can’t be easily mimicked. This way your core assets become recognized as being of service to humanity, thus increasing the company’s value.

4. Put the problem first. Although every company should aim to reap

rewards from their high-purpose initiatives, the nature of the chosen social or environmental problem should point the direction. Take a needs-based approach. Study the problem, the circumstances surrounding it, and the people most affected by it. Then, engineer business-building solutions.

5. Expand definitions of success. Rather than define

success solely in terms of short-term profitability, build value and sustainability in all forms. Define and monitor your performance.

The benefits that you gain through high-purpose strategies range from competitive edge and growth opportunities to improved stakeholder relationships, higher innovation, quality, efficiency, and lower overhead costs.

Today you must deliver social value. Companies that compete unfairly or operate without regard to the collective interests will fail in the long term.

High-purpose strategies do not derail companies from achieving the highest financial returns for shareholders. On the contrary, they build business, making them one of the best investments a company can make. LE

Christine Arena is the author of Cause for Success and director of Cause for Success Seminars to help companies build profitable and strategic social responsibility programs. www.causeforsuccess.com, christinearena@mac.com.

ACTION: Define your high purpose.

