Why Should Anyone Be Led by YOU?

Rob Goffee & Gareth Jones

Christopher Rice on Engaging Employees

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ROB GOFFEE AND GARETH JONES
Authentic Leadership
Provide followers with four things . . . . . .3

TOM BARRY
Your Leadership
You need to build a CASE for it . . . . . . .4

CHRISTOPHER RICE
Low Engagement?
There are many things you can do about it . . . . .5

CHIP CONLEY
Peak Experience
Get your relational mojo from Maslow . . . . .6

ANGELA HILLS
Leading Innovation
Reward for failure as well as success . . . . .7

CHRISTOPHER RICE
Retain Your Best People
Build their emotional commitment . . . . . . .8

KIM LAMoureux
Developing Leaders
We find three common development techniques . . . .9

JOSH BERSIN
Leaders Learn
And they build a learning culture . . . . . . . .10

RAM CHARAN
Leadership Potential
Learn how to spot a leader at different stages . . . .11

TERRY PEARCE
Communication from the Inside Out

Authentic leaders inspire and inform . . . . . . .12

TOM PETERS
Tough Times
Set an action agenda . . . . . . . . .13

CATHY EARLEY
Time to Coach
Coaching should be part of your daily activity . . . .13

STEPHEN PARKER
Effective LD
Six pitfalls lead to the downfall of programs . . . .14

CHRISTOPHER RICE
Four Priorities
Make talent a top priority . . . . . . . . . . . . .15

JOHN KOTTER
Shared Urgency

Create a culture of urgency in six ways . . . . . .16

JIM CHAMPY
Great Companies
They share five traits . . . . . . . . . . . . .17

CATHY EARLEY
Avoid Micromanaging
The best way may not be your way . . . . . . . .18

CHRISTOPHER RICE
CEO Complaints
These often signal destructive issues . . . . . . .19

WARREN BENNIS, DAN GOLEMAN, JAMES O’TOOLE
Candor Killers
Identify what impedes transparency . . . . . . . .20
Authentic Leaders

Why should anyone be led by you?

by Ken Shelton

I have long been interested in the notion of authentic leadership; in fact, I launched Leadership Excellence magazine 25 years ago largely to explore this uncharted territory; and two decades ago I finished writing a book with Stephen R. Covey, Principle-Centered Leadership and started writing my book, Beyond Counterfeit Leadership: How You Can Become a More Authentic Leader.

Today, I’m pleased to see so many thought leaders join the discussion, especially those from BlessingWhite, who feature in this special edition of Leadership Excellence magazine.

I’m always bothered when I read something that paints leadership with a didactic black-and-white brush. BlessingWhite paints in high-definition pixels, in appreciation of the relational and contextual elements. Plus, as evident in the lead article by Rob Goffee and Gareth Jones, they define leadership in nonhierarchical terms. “Formal authority or a title doesn’t make you a leader—leaders should be found at all levels.”

In other words, it’s not some formulaic, quick-fix, out-of-the-box Rice-a-Roni with coffee meal but a home-made Christopher Rice with Goffee or Chip Conley or Cathy Earley.

Honestly, after a quarter century of editing the “gurus” of management and leadership, I sometimes feel resigned to serving hash and scrambled eggs every month. But then, blessed day, I see something crisp, original, fresh, organic from BlessingWhite. So rather than park or head for the hills, I turn to Angela Hills and Tom Barry. Instead of seeing “more of the same,” I’m confronted with profound questions, such as: Why should anyone be led by you?

Such an in-your-face interrogatory interrupts my day, makes me sit up and introspect. It takes me back to the days on the playground when kids would choose their captains, and they in turn would choose who they wanted on their teams.

That raw, irrevocable law—that constitution of authentic field leadership—is often lost in the maze of cubicles and organizational charts that constitute corporate hierarchies. Even in field offices, the dreaded dysfunction, as depicted in the TV series The Office, is more norm than exception.

So, where in the world do we find, or develop, leadership excellence? Must we join the Marines? Travel widely? Bring in Ram Charan from India or James O’Toole from Ireland?

Having traveled throughout the U.S. and to some 22 other countries, I can say: Tom Peters’ search for excellence continues. And excellence can be found in many nooks, books, crannies and crannies, including among esteemed academicians from the UK, as BlessingWhite proves in their pairings and partnerships. So, welcome back John Kotter, champion Jim Champy, mix in Kim Lamoureux and Josh Bersin, and pass the Chip and dip. If it’s good for the goose or (Dan) Goleman, it must be good for the candor.

Who and what kills candor is not some Clue board game, but a glue-and-gut issue for Boards of Trustees who have either misplaced (hence “lost”) trust or displaced trust with fraud. In Fraud We Trust is now the coin of the realm for many newly minted, wanna-be-rich quick MBAs, as well as many overly marinated, wanna-be-even-richer CEOs.

Sad, but hope springs eternal at BlessingWhite. And why not? This blessing comes with no disguise, no black Zorro mask, only pure-white intelligence.

So, Warren Bennis and I welcome one and all to the pages of this BlessingWhite edition of Leadership Excellence. It’s a magazine worthy of its name.

Now, in response to the original question, I say, “No one should be led by you if you don’t know where you are going, how you might at least begin to get there, and why the venture is worthy of our time and effort.”

Ken Shelton
Editor since 1984
By Rob Goffee and Gareth Jones

Nearly 10 years ago in our research we asked executives the question “Why should anyone be led by you?” It created a stir then and has silenced countless rooms as we have continued our work with hundreds of leaders or organizations.

Now, as then, leader-heroes make headlines. Executives at all levels try to follow prescriptive recipes for imitating Jack Welch, Steve Jobs, Richard Branson or even, as we write, Barack Obama. What’s the problem with this approach? It’s all about leaders, not leadership. Well-intentioned executives worldwide are obsessed with only one half of the equation. They overlook the fact that leadership is a relationship. Without followers it doesn’t exist. This is an important distinction. Great leadership excites people to exceptional performance.

Three Tenets

There are three things you need to know about leadership:

First, it is relational—that is, it is something you do with people, not to them. Put simply again, you cannot be a leader without followers. Like all relationships, leadership is a rather fragile state. You need to carefully monitor and cultivate it. Leadership is also nonhierarchical. Formal authority or a title doesn’t make you a leader. Leaders can be found—and for the sake of your organization, should be found—at all levels. Finally, leadership is contextual. The circumstances that you inherit or inhabit as a leader are your starting point. You need to size up and tap into what exists and bring more to the party. Authentic leaders modify their behavior to respond to the needs of their followers and the situations they encounter while simultaneously remaining true to who they are. They produce results—and meaning—by being crystal clear on their unique differentiators and by addressing the four critical needs of their followers.

The CASE Framework

You build a case for your leadership by providing your followers with these four things.

• Community: Humans are hardwired for sociability. They also desire solidarity. As a result, followers long for a sense of belonging and want to feel part of something bigger. Help them connect to others (not just to you) as well as to the overarching purpose of your organization. Are you helping them answer the questions “Why are we here?” and “What are we part of?”

• Authenticity: Followers choose to be led by humans not titles, credentials or manufactured management clones. Identify and deploy your personal differences, foibles and strengths to remind people you’re human—and to inspire them to apply their energy and talents to help you. Who are you and where do you come from? What is different about you that will rouse others to follow?

• Significance: Followers want to believe their efforts matter. Recognize their role and contributions in a meaningful way, with highly personalized feedback. When was the last time you paid attention to the recognition needs of those you wish to lead? How can you ennoble their efforts? How specific is the recognition you provide?

• Excitement: Followers need to be inspired to higher levels of effort and achievement. Articulate your personal passion, values and vision to provide the energy and enthusiasm employees hunger for. Are you actually in touch with your own values and motivators? A dead battery cannot spark another. And how can you display an edgy intensity at times to raise the bar on performance?

Four Essential Practices

Authentic leadership contains inherent tensions: You must stay true to who you are and at the same time adapt or conform to a particular culture or situation . . . all the while considering your followers’ needs. In the leadership development consulting that we and our partner, consulting firm BlessingWhite, have completed with executives worldwide the following leadership practices matter most.

1. Become a situational sensor. To be successful you need to hone your context-reading skills and your ability to rewrite that context. Begin by tuning into your organization’s “frequency.” by collecting and interpreting soft data. Listen. Observe. Pick up on nonverbs. Pay particular attention to the emotions and motivations of the people who influence your work. Only then can you react as an “authentic chameleon,” adapting effectively to the context without losing your sense of self. Only then can you begin to transform the situation with symbolic actions and decisive behavior to create an alternative, inspiring reality for your followers.

2. Know and show yourself—enough. Authentic leadership requires some self-knowledge, not years of therapy. You need to determine what is special about you that works with others. What core values fuel you? How have your origins shaped you? What strengths differentiate you? What weaknesses (stopping short of fatal flaws) demonstrate that you need others? Then, using your understanding of your followers and the particular situations you encounter, determine which parts of yourself to disclose to strengthen your relationships and inspire the action of others. The key is enough. A bit of mystery keeps you interesting.

3. Get close but keep your distance. This is leadership, not friendship. Successful leaders manage relationships by knowing when to empathize or get personal and when to step back to keep people focused on the organization’s goals. To fully understand what makes followers tick you need to get close, to ask questions that go beyond professional aspirations to
learn their interests, dreams and goals outside of work. (Of course, the prerequisite here is sharing some of that yourself.) When you need to address performance issues or difficult situations, however, you might choose to create distance by reminding people of the job at hand and the larger purpose of the team or organization.

4. Communicate with care.
Successful communication requires an appreciation of the message, the context, your followers and your personal strengths and weaknesses as a communicator. Choose your channel carefully. Is it a small informal meeting or a dramatic speech in a larger setting? Will email do or is personal connection essential for success? Create a clear and compelling vision—one that articulates your personal values and vision, one that creates a vivid picture of where your followers fit in (thus making your “case”). To ensure that they translate their energy into an output other than applause, include clear, actionable steps on what needs to be done and why.

“With,” not “To”
The truth remains: Leadership is not something you do to other people. Rather you do it with others. As a result, there are tensions inherent in leadership, as in all relationships, which you need to manage. You must be yourself, but authenticity alone is insufficient.

As you improve your ability to read context, understand your followers’ needs and adapt accordingly you’ll be able to answer the question “Why should anyone be led by you?”

ACTION: Be yourself—more—with skill.

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### CASE Self-Assessment

Think about your behavior and consider the extent to which you agree with each statement below.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COMMUNITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. I make sure employees know they are valued members of the team.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>2. I establish traditions that bring team members together.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>3. I build a strong team identity without creating silos.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>4. I build our team’s strength by leveraging each person’s unique talents.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td><strong>AUTHENTICITY</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. My actions align with my stated values.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>6. I share personal shortcomings.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>7. I “show up” consistently and appropriately in different situations</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>8. I let myself be known on a personal level beyond title or role.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td><strong>SIGNIFICANCE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. I help individuals see how their work connects to larger goals.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>10. I often ask for—and act on—input from team members.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>11. I recognize individuals’ contributions to our team’s success.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>12. I provide specific, personalized feedback to team members on how to maximize their talents.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td><strong>EXCITEMENT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. I convey my personal passion about team projects and the work we do.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>14. I display an intensity that spurs team members to higher levels of achievement.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>15. I celebrate significant individual and team accomplishments.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>16. I demonstrate expert knowledge of our business/industry.</td>
<td>1 2 3 4 5</td>
<td></td>
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</tbody>
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**SCORING:** Count your 4s and 5s above. Don’t add them up; just count how many you have.

**# Of 4s and 5s** | **Grade**
--- | ---
12 or more | Congratulations. Don’t sit on your laurels. Leadership is a relationship that needs constant attention. You need to build your CASE every day.
7 to 11 | Take a look at trends. Are you better at satisfying some needs more than others? How can you address your team’s needs while driving the organization’s priorities?
6 or fewer | Take stock. Are you a leader known for results but also the wreckage of burnt out employees? Are you struggling to deliver the results expected of you? Do you really want to be a leader? What’s getting in the way of the leadership behaviors above? If you fail to nurture your relationship with your followers, you are more likely to fail yourself.

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**Your Leadership**

*Build a CASE for it with followers.*

**by Tom Barry**

As Rob Goffee and Gareth Jones emphasize in *Why Should Anyone Be Led by You?*, leadership is a relationship between leaders and followers.

To successfully deliver desired results, you need to understand your team members’ needs and provide what they’re looking for in that relationship. Only then will they in turn be compelled to follow your lead and apply their talents and discretionary energy to accomplish the tasks that you define as mission-critical.

**Four Basic Needs**

The four basic needs of followers are: Community, Authenticity, Significance, and Excitement (CASE).

**Think about your team.** How well are you building a CASE for your leadership with each team member? The questions at right can provide insights.

**Reminder:** Self-assessment is a useful exercise. Ultimately, however, what you think is only part of the story. You may be consciously trying to exhibit the behaviors at right, but your followers ultimately decide whether your good intentions actually succeed.

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Tom Barry is Managing Director of BlessingWhite Europe. BlessingWhite is a global consulting firm dedicated to reinventing leadership and the meaning of work. Visit www.blessingwhite.com or email TomBarry@bweurope.com.

**ACTION:** Solicit your followers’ feedback.
Low Engagement?
Invest more in your people.

by Christopher Rice

Employee engagement reflects each individual’s unique relationship with his or her work.

We studied more than 7,500 survey responses and conducted interviews with 40 HR and line managers to find that fewer than one in three workers are fully engaged. Moreover, in North America 19 percent are completely disengaged, and another 13 percent are disillusioned, at risk for disengaged.

We see a strong correlation between engagement and retention. We find that 85 percent of engaged employees plan to stay with their company, compared to 27 percent of disengaged employees. Engaged employees appear to stay for what they give (they like the work that they do), while disengaged employees stay for what they get (favorable job conditions, advancement, growth, or job security). That’s not a winning business relationship.

The best organizations make engagement an ongoing priority, taking a multi-faceted approach to address problem areas and improve engagement. Their best practices include:

Maximize managers. Ensure that managers are engaged and understand how to help their team members picture what full engagement looks like. Hold them accountable for the coaching and development of their people. Weed out bad managers.

Align, align, align. Make sure people see the big picture and how they can contribute to the organization’s success. Start at the top by aligning the executive team, then communicate clearly and tirelessly. Your performance management system can help.

Redefine career. Provide employees with a compelling picture of what “career” means in your organization. Help them clarify what they want, provide them with tools and support, focus on development and opportunities to leverage unique skills through projects, not necessarily promotions. Employees want assurance of a future.

Pay attention to culture. Work with management to build a values-driven culture and invest in managers to support and sustain it. Ensure that systems and processes work in favor of—not in contradiction to—the aspired culture.

Survey less, act more. Develop a measurement strategy that provides actionable insights. Avoid the analysis paralysis trap and hold all leaders accountable for increasing engagement.

Engage Your Team

Leaders are vital in employee engagement. Like a catalyst that enables two chemicals in a beaker to combine what would not otherwise mix, you can smooth the way for mutually beneficial connections between individual employees (on their personal paths for great “work”) and your organization (with ambitious strategies that need execution). To succeed, you need to:

Reflect and recharge. How engaged are you? You can’t help your team if you’re miserable or out of control. If you’re not engaged, think about why you took your job. Reconnect with that passion. If you are engaged, how can you stay there—and “infect” others?

Hire engage-able team members. Select people who can succeed in your environment. Do candidates have the right skills, interests, and experience? Cultural fit? Instead of training square pegs to fit a round hole, hire round pegs.

Earn trust daily. Trust provides the foundation for your effectiveness as a leader. To build it, you need to reveal who you are as a person. When your employees look at you, do they know what’s beneath the surface?

Stress employee ownership. You can’t create an engaged team if your members don’t have visions of personal success. Remind them that they are ultimately responsible for their satisfaction and career. Be available to provide guidance and remove barriers.

Remind people of your destination. If you’re not clear on your strategy, demand answers. Help your team understand the direction you’re moving toward and their role in it. Help them prioritize the myriad tasks they face each day to deliver desired results.

See feedback as a gift. People want and deserve information that can help them achieve their goals. Let them know what they do well so they can keep doing those things with confidence. Suggest course corrections to help them be efficient and enjoy their work more.

Talk more and listen even more. Too often communication is one-way. Conversation is about dialogue. It drives clarity. It is the most effective vehicle for providing performance feedback and generating new ideas for increasing business results and personal job satisfaction. It helps prevent misunderstandings and builds trust.

Match projects, passion, and proficiency. Every person comes into work with different values, talents, and goals, which they seek to satisfy on the job. They don’t necessarily want a lofty title or a higher salary. If you can help them connect what’s important to them with what’s important to the organization, you can make a positive impact on their job satisfaction, commitment, and contribution.

Get to know team members. You don’t need to be their friend. You do need to know what makes them tick. Who shows signs of being disconnected or burning out? What motivates your most engaged employees? Pay attention. Ask questions. What’s preventing people from attaining maximum satisfaction and contribution in their jobs?

Tailor your coaching strategies. Invest in moderately engaged team members, providing feedback, resources, and chances to excel. Redirect the efforts of those who appear disconnected. Help new hires ramp up their productivity and enthusiasm by clarifying priorities and what they need to do to succeed. Help those who are burning out to clarify what success looks like to them. Size up your disengaged, coaching some out. Spell out expectations with the rest; take stock of their interests and talents, and enable them to do work that matters to them.

Don’t take your engaged employees for granted. Full engagement is hard to sustain. Nurture them, recognize them, stretch them, and develop them.

Christopher Rice is President and CEO of BlessingWhite, a global consulting firm (www.blessingwhite.com). Email chrisr@bwinc.com or call 908-904-1000.

ACTION: Lead better to engage more.
Peak Experience

Get your mojo from Maslow.

By Chip Conley

After 15 years of growing Joie de Vivre Hospitality into Northern California’s largest independent hotel group, I was hit by a perfect storm. In 2001, the dot-com crash, fallout from 9/11, and the SARS crisis converged upon the travel industry, sending the San Francisco Bay Area hotel industry into its biggest downturn. I started looking for a solution.

Behavioral psychologist Abraham Maslow studied healthy people, looking for commonalities in their outlook and behavior. He believed we’d been sold short by psychologists who subscribed to Freud’s psychoanalysis and B.F. Skinner’s behaviorism. He noted that we are motivated first by physiological needs for sleep, water, and food. As those needs are fulfilled, we move to higher needs for physical safety, affiliation, social connection, and esteem. At the top of the pyramid is self-actualization—where people have transient “peak experiences.”

A peak experience—comparable to being in the zone or in the flow—is when what ought to be just is. Peak experiences are transcendental moments when everything seems to fit together perfectly. Maslow wrote, “These moments of ecstasy cannot be bought, guaranteed, or even sought, but we can set up the conditions so that peak experiences are more likely.”

Yet, I couldn’t find one book that applied Maslow’s theory to the motivational truths that define our key relationships at work. I wondered: if individually we aspire to self-actualization, why couldn’t companies—collections of people—aspire to this peak, too? What does a self-actualized company look like? And how could we create the conditions so that peak experiences are more likely?”

I started by defining three relationships—employees, customers and investors—and then distilled Maslow’s five needs into three: Survival (physiological and safety), Success (social/belonging and esteem), and Transformation (self-actualization). I call these The Relationship Truths.

Relationship 1: The Employee Pyramid

Companies often assume that compensation is an employee’s primary aspiration. Similar to Maslow placing physiological needs at the base of the pyramid, Money (or, the full compensation package) is a base need, but also a base motivation for most employees. Loyalty and inspiration are fostered further up the pyramid. Recognition is not just about knowing someone’s name, but also their talents, goals, and dreams. The main reason employees leave their job is the lack of recognition they feel from their direct supervisor.

At the top of the Employee Pyramid is a concept that few employers talk about. Finding Meaning in one’s work—both in what you do and in the company’s mission—creates a more inspired employee. One of my most gratifying experiences is to help the company’s housekeeping staff—over one-third of our employees—find meaning in cleaning rooms daily.

Relationship 2: The Customer Pyramid

Just as money is at the bottom of the Employee Pyramid, Meeting the Expectations of customers is the survival need for this Relationship Truth. Most companies spend too much time trying to achieve basic customer satisfaction at the base of this pyramid. Creating customer satisfaction won’t necessarily tame your customer’s tendency to wander in an increasingly promiscuous marketplace. Tapping into customer Desires can create differentiation, which can be your cure for progressive commoditization. When customers have their desires met, they are substantially more likely to come back for more—and they’ll tell others.

Fred Smith, CEO of FedEx, notes: “We thought we were selling the transportation of goods, when in fact we were selling peace of mind.” Most companies think too narrowly about who they are and whom they’re serving. Rarely do they consider researching and meeting the Unrecognized Needs of their customers. Instead, at best, they create focus groups to listen to their customers’ conscious wishes. But, companies like Apple and Harley-Davidson became highly successful cult brands by creating self-actualizing experiences for their customers.

Relationship 3: The Investor Pyramid

There would be no employees or customers if there weren’t a capital source for the business. This Relationship Truth addresses what a company can do to meet the needs of its investors. Many think the only need an investor has is to make bucketfuls of money. No doubt an investor’s base premise is to ensure a strong ROI. To facilitate this they need to have Transaction Alignment with company executives or a start-up entrepreneur, which builds trust.

Yet, just being aligned on the key goals for an investment creates a short-term, transactional relationship. You move beyond this level by creating a collaborative partnership in which a company or entrepreneur and the investor see the relationship as being the core to why they do business together—as opposed to having the transaction act as the glue that keeps this relationship alive. At the core of Relationship Alignment is the idea that an investor has developed deep confidence in the people they invest in.

At the top of the Investor Pyramid is the transformative nature of what investing can mean in terms of making a difference. A self-actualized investor sees the Legacy in their investing and experiences pride of ownership.

These Relationship Truths are the relational mojo that make companies successful. Creating peak experiences for key constituencies leads to peak performance. Most of us spend our lives focusing on what is, but Abe Maslow reminded us to focus on what could be. LE


ACTION: Create peak experiences.
Leading Innovation

Foster creativity and risk-taking.

by Angela Hills

Building a culture that fosters creativity and innovation is a critical strategy. Why is it so elusive for most leaders to achieve? Every leader wants innovation, but no one wants to deal with the failure that can sometimes come with taking risks. How do you create a culture where innovation is everyone’s responsibility? How do you build trust so people are comfortable trying new things—whether they flourish or fail?

Transformational leaders foster healthy risk-taking at the grass roots level. Most leaders know that they need to overcome directive styles, deal with inertia, and tackle opposition to disruptive innovation. Leaders must help their people find innovative ways of working. If they don’t meet this challenge, they squander the intelligence they want to keep and risk being leapfrogged by competitors.

Innovation is not just about coming up with big breakthrough ideas. It is also about encouraging creativity in daily activities. We define innovation in similar terms used by Wharton professor George S. Day: The organization-driven product or customer-focused breakthrough is innovation with a capital “I,” and new processes and creative work applications are innovation with a little “i”. Both are important. Most organizations don’t innovate well, in part because they avoid taking risks.

Four Common Pitfalls

To create a culture that fosters innovation and risk-taking, leaders need to reward for failure as well as success. Given one-in-three employees are neither praised nor criticized for taking risks, clearly many leaders are not building cultures that can deliver on the innovation and creativity they seek.

The four most common pitfalls that stifle innovation include:

1. Today’s work gets in the way.
   There is tension between short- and long-term priorities. Everyone wants to innovate so their company comes up with new ideas for the future. But then they are faced with all the work that needs to be done day-to-day. Pressure for productivity and quarterly earnings often takes priority.

2. The start-up effort is overwhelming.
   For example, one multinational manufacturer is challenged with a disconnect between R&D and Marketing. Who should drive the process? Where should the next big ideas be generated? They needed to help people in both functions break out of their comfort zones and work through disruptions and uncertainties. This may have slowed things down at first, but ultimately they created new ways of collaborating that led to more big and little “i”.

3. Fear of failure looms large.
   While everyone wants innovation, not all leaders and cultures tolerate risk-taking that doesn’t deliver results. Failure can result in lost time, wasted money, and finger-pointing. Most attempts at innovation won’t work. To live up to its mission statement Inventing the digital future, the leadership of Avenue A / Razorfish, led by Clark Kokich, tries to create a collaborative culture where innovation is expected. He believes that to be innovative, his workforce will inevitably make many mistakes and that these will be forgiven. In fact, not making mistakes is seen as not making an effort to innovate.

4. Innovators are disconnected from the business strategy.
   Creativity that isn’t aligned to the business goals or customer needs is likely to fall short. One leader of a high-tech firm known for its growth noted that if the organization tries to mandate innovation as everyone’s responsibility, without a business context, they end up with superficial ideas instead of something customers need. That’s not innovation.

Three Innovation Strategies

Here are three ways to innovate:

1. Start with your culture. Behaviors and business practices need to reinforce risk-taking. Your culture, influenced by your leadership style, can squash creativity and risk-taking. Reward responsible failure and calculated risks. Consider previous innovations, assess how they came about, and then create the circumstances to help more happen.

2. Coach the right behaviors. Engage in dialogue about how innovation is defined and what it looks like. Innovation needs to be tangible and presented in the context of what drives the business. Coaching can help to articulate desired behaviors and changes you want to achieve. Employees need to hear stories of risks that succeed and lessons from those that didn’t. For example, a national insurance company created a new vision for innovation. We then defined behaviors that they were looking for: 1) generating innovative ideas, fresh perspectives, and creative solutions that add value; 2) considering a wide range of alternatives before making decisions; 3) standing up for the team’s ideas with conviction and supporting data; and 4) encouraging the honest expression and debate of different views and ideas.

   This inventory gave the leaders a tool for coaching the right behaviors, while the employees had examples of what was desired. Many of the leadership attributes and behaviors that build productivity and engagement are essential to fueling creativity and innovation.

3. Build trust through modeling.
   Rigorously assess your own leadership attributes. Do you have the characteristics that encourage risk-taking, bold ideas, and inspiration? Lead and listen with authenticity and have “real” conversations about what needs to happen. These debates elicit authentic responses and open the door for innovation. If your employees are in a place of trust, have a strong and positive relationship with you, feel comfortable to debate ideas and express themselves honestly, and are passionate about their jobs, innovation will follow. Start small, since often it can be the multiple little “i” ideas that can build momentum and provide competitive advantage. It’s harder to copy multiple great ideas than one breakthrough idea. This will also build trust in the process.

Angela Hills is a Senior VP at BlessingWhite, a global consulting firm dedicated to reinventing leadership and the meaning of work.

ACTION: Cultivate a culture of innovation.
Retain Your Best People

Focus on leadership development and results.

by Christopher Rice

M ANY EXECUTIVES wrongly assume that in an uncertain economy fidgety employees settle down, becoming less demanding and less likely to bolt to greener pastures. I have bad news: the global workforce is still itchy despite a troubled economy and massive layoffs.

Faced with difficult market conditions, it’s tempting to lower workforce issues on your list of leadership priorities, instead focusing on the numbers, cutting costs, and scaling back on people initiatives. You may even find yourself lauding managers who “make the numbers no matter what,” ignoring those who coach and develop their teams, create an upbeat environment, or treat others with respect. Disregarding the personal needs of employees during challenging times won’t get rid of the issue however; it will only get rid of people.

Of course, your top performers are mobile in any economy. They have desirable skills and a proven track record. They’re not going to stick around just because your firm needs them more than ever. Your “A” players will look elsewhere if you don’t satisfy their needs for career and growth opportunities, interesting work, challenge, and credible leadership.

It’s a tough balancing act. Maintaining profitability is a key executive responsibility. Yet fiscal competence does not necessarily correlate with employee retention and engagement. Without careful leadership, employees can feel abandoned or de-motivated as they work harder than ever without the results or compensation they achieved in better times. Their emotional commitment can falter. So, what should a leader do?

• Demonstrate business competence and personal connection. We all tend to think of choices in terms of either-or. As you consider your leadership decisions and communications, ask yourself: “Am I driving business results and strengthening customer relationships? Am I reinforcing what we stand for? Am I demonstrating my personal commitment to employees?”

Every action that satisfies all three questions will help ensure that you create an environment that inspires the workforce herosics that you may need now. Every communication that reflects all three questions reinforces your credibility as a leader who values employees in good times and bad.

• Redefine “career.” Ensuring that your employees have a career plan may not be at the top of your priorities, but it should be. Many employees mistakenly believe they need to consider other employers in order to advance in their careers. The pursuit of career goals and personal development consistently tops the list of reasons why employees leave. Few people still define career as a ladder or hierarchy of roles. But have you given people a new vision of what a career with your firm looks like? To manage their careers, people need examples of the paths they might take to contribute in new ways. Stay attentive to employees’ goals and interests and look out for projects and roles that will propel the organization forward while satisfying personal aspirations.

• Emphasize work that “works.” Four out of 10 employees who want to remain with their employers like their work and the conditions under which they do it. Their work satisfies their interests, fits their life, and uses their unique talents. Initiate conversations about the big picture—beyond the tasks at hand. Dialogue about what work matters most to the organization’s success and to employees’ satisfaction.

• Provide opportunities for change and challenge. Involve employees in solving problems. Give them the chance to make a difference and accomplish great things. This feeds their need for achievement and belonging and helps them satisfy their desire for something new—so they don’t act on the erroneous assumption that they need to acquire new experiences or build their résumé elsewhere.

• Invest in development. Instead of slashing your training budget, identify business-critical development opportunities. You’ll equip people to do the hard work while satisfying their desire for personal growth. Training and development impact employees’ job satisfaction and contribution.

• Invest in your leaders. Are managers energized and aligned with goals? If not, they’re poorly equipped to engage their teams. Ensure they know where your organization wants to go—and what role their team can play. Are you effectively developing individual contributors who are transitioning into leadership roles? What about experienced leaders facing new challenges? This is the time to help leaders at all levels become more effective in leading virtual and culturally diverse teams, making authentic connections with all stakeholders, and coaching team members for personal growth and agility.

• Foster desirable turnover. First identify and deal with the disengaged. The only thing worse than seeing your top talent head out the door is discovering that they’re burnt out or disillusioned. When your prized employees slip into quit-and-stay mode, you need to quickly re-engage them or coach them out, as they may bring down morale. Then fire low performers or re-assign them to a role where they can succeed. And weed out barbarian managers who hit their numbers for a few quarters, looking like heroes, but leave a trail of burned-out people and empty cubicles.

• Keep the door open. When your “A” players wave good-bye, wave back. Assure them that they’re welcome to return. “Boomerang employees” can be your best assets. Many find that what they’re looking for was around the corner in your organization; and when they return, they’ll hit full productivity faster than a new hire.

• Look to the long term. The resources and effort you invest in employees’ careers, personal development, and job satisfaction will pay off. People who feel they’re doing work that matters and fulfills their unique values and aspirations exert the discretionary effort you need for long-term success.

Christopher Rice is President and CEO of BlessingWhite, a global consulting firm dedicated to reinventing leadership and the meaning of work. Visit www.blessingwhite.com. Email chrisr@bwinc.com or call 908-904-1000.

ACTION: Provide growth opportunities.
Developing Leaders

_I t h a s b e c o m e a t o p p r i o r i t y._

**by Kim Lamoureux**

If you’re wondering where to best focus your training, you certainly want to explore the benefits of leadership development. About 43 percent of companies rate LD as the talent management function that needs most improvement, and 60 percent identify gaps in the leadership pipeline as their top talent issue. Leaders are spending most of their training budgets on LD.

**Three development techniques** are common to all the top programs:

1. **Assessments.** Self-knowledge and awareness of strengths and weaknesses are critical success factors: 360-degree assessments, aligned to leadership competencies, can be performed at intervals and help leaders boost their effectiveness powerfully. Assessments help leaders to understand individual differences, uncover new ways to work, understand others’ perceptions of their style, and gain insight into behaviors that drive performance.

2. **Experiential learning.** People learn to lead by doing, so the best LD programs focus heavily on experiential learning. Formal training encompasses about 10 percent of someone’s total learning experience; 20 percent of learning comes from interaction with others; and 70 percent of learning is derived from experienced-based assignments, such as on-the-job activities, project assignments, job rotations, global assignments, profit-and-loss responsibility, and team-based activities. Exposing leaders to senior executives can boost managerial courage, business acumen, and political savvy.

3. **Simulations.** Simulations can be applied to build soft skills and business skills and enable leaders to build trust, improve communication, lead teams, accelerate performance, and gain experience in strategy, finance, marketing, sales, manufacturing, and HR. In simulation, leaders can practice and experiment with decision scenarios among different functional areas.

Our research confirms the importance of using the right assessments, experiential learning, and simulations for maximum effectiveness.

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**Four Levels of Maturity**

Within our High-Impact LD model, we discuss the four levels of the Maturity Model, including the best practices that companies at each level perform:

**Level 1: Inconsistent management training.** Organizations have little or no management support. They provide courses that are not built on a strategic plan, are not progressive by level, and don’t cultivate skill-sets in specific areas. Managers are basically on their own for development.

**Level 2: Structured leadership training.** Organizations address the development of leadership skills. They define core competencies and design the program curriculum to build skill-sets based on these competencies. Executives embrace LD as a strategic imperative.

**Level 3: Focused leadership development.** The intent is not to develop individual leaders but to develop organization leadership. As culture-changing events occur, the focus is on preparing for the future. A blended-delivery approach is applied, and executives engage in LD activities.

**Level 4: Strategic leadership development.** Senior management support is exemplary, and leadership development is viewed as an integral part of the talent management (TM) system. Program content is aligned with strategic priorities and delivered by means of a comprehensive learning format.

Determine your current level and identify tasks, activities, and experiences that will help you move up.

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**Ten Key Findings**

Much of the spending on LD is not creating desired results, as directors struggle to make their LD programs drive higher impact; reach a larger, more diverse audience; gain greater support; and integrate with TM programs.

Here are the 10 key findings:

1. **Six best practices directly contribute to building a high-impact LD strategy:** 1) maintain strong executive engagement; 2) define tailored leadership competencies; 3) align with the business strategy; 4) target all levels of leadership; 5) apply a comprehensive program design; and 6) integrate with TM. About 88 percent of companies with defined leadership competencies are effective at driving better business results. Each best practice impacts the effectiveness of the LD strategy.

2. **LD programs are driven by the need to ramp up talent in part, due to impending baby-boomer retirements.** The top drivers for LD are: 1) improve internal candidate pools (44 percent); 2) reduce skills gaps (42 percent); 3) grow leaders more quickly (35 percent); and 4) driving growth (18 percent). Organizations now see LD as a vital function to keep the pipeline filled.

3. **Executive engagement has the biggest impact on the effectiveness of an LD program.** A direct correlation exists between senior management support and the effectiveness of LD programs: 83 percent of companies with strong executive engagement have effective LD programs. Senior management plays a key role in defining leadership competencies; developing a leadership strategy; and identifying and approving program participants.

4. **Organizations with strong LD programs realize a higher impact on business outcomes.** Organizations most successful in LD have 73 percent higher effectiveness on four key business measures: 1) increasing the quality and bench strength of their leadership pipeline (84 percent more effective); 2) improving employee retention (73 percent more effective); 3) increasing the engagement, retention and teamwork of the leaders (67 percent more effective); and, 4) driving improved business results (66 percent more effective).

5. **Most organizations today don’t provide effective, well-developed LD programs.** Only 9 percent have strong leadership pipelines and highly effective leadership development programs (Level 4), largely due to the lack of strong executive engagement. LD has to be a business priority to be effective.

6. **LD programs that include a comprehensive learning approach are more likely to engage leaders and provide value.** Effective LD programs include a comprehensive learning approach with opportunities for education, application, and reinforcement. LD solutions must be aligned to the culture and industry and to specific problems.

7. **A defined set of leadership competencies is critical to LD success.** Defined competencies for managing and devel-
Leaders Learn

Build a learning culture.

by Josh Bersin

The phrase “learning culture” is used frequently, and research on high-impact learning organizations shows that leaders who cultivate learning cultures achieve the highest value. But what is a learning culture? How do you know if you have such a culture? And, how can you create one?

Performance-driven learning, which focuses on solving timely and urgent business problems, is typically the focus of most learning organizations. Ranging from training employees to using a new application to learning support for a new product rollout, performance-driven programs drive near-term, measurable business impact and potential competitive advantage.

The success of performance-driven programs depends on your ability to:

1. Clearly diagnose the problem to be solved (performance consulting).
2. Understand the audience and its learning needs (needs analysis).
3. Build interesting and engaging content (content development).
4. Deploy and manage the program well (program management).
5. Implement new technology where needed (e-learning, simulations, games).
6. Measure results and find areas of improvement (metrics).

Most CLOs recognize the importance of continuously improving and updating processes and skills in these six areas. However, to create a learning culture, learning organizations must give equal focus to learning that helps the company grow, adapt to change, cultivate employee talent, innovate and develop strong customer relationships. Such talent-driven learning programs go beyond skills development. Rather, they focus on key competencies, select behaviors, and attitudes.

Talent-driven learning solutions take many forms. A multi-tiered leadership development program (where 25 percent of corporate L&D dollars now get invested) is an archetypal example. Others include comprehensive, end-to-end sales training programs, as well as quality and process-improvement programs. Talent-driven programs must be integrated with career development models and performance management. The programs take years to build and mature, demanding long-term investments and sustained executive commitment.

Talent-driven initiatives result in intangible benefits, such as employee satisfaction and engagement, innovation and customer loyalty.

While such benefits are more difficult to quantify than those from straightforward, performance-driven programs, they have profound impact on a company’s long-term success.

The primary hallmark of a learning culture is an equal focus on both performance- and talent-driven learning. Learning cultures recognize the need for performance support and improvement, but also embrace learning as a component of business strategy.

You can ask these questions to assess your learning culture:

- Do you have a formal employee development process coupled with your performance management processes?
- Are formal coaching programs available for managers to learn how to listen and develop employee performance?
- Do your company accept that some new ideas will fail and, rather than “punishing” those who dare to innovate, recognize that such experiences can provide valuable learning?
- Are there processes in place for people to give suggestions? Is such feedback taken seriously?
- Is the company attuned to market changes and customer input?
- Does your company have experience with change and adaptation?
- Does your company have the talent and processes in place to shift your business when required by market or competitive changes?

A learning culture is built through a symphony of processes—driven by leaders at all levels. The CLO conducts this symphony, ensuring that learning is balanced—that some programs drive immediate business results and others are investments in the future.

Performance consulting yields the highest value out of all the tasks that a performance-driven learning function executes.

Josh Bersin is principal of Bersin & Associates, with 25 years of experience in corporate solutions. This article is adapted from one in CLO magazine. Visit www.Bersin.com.

ACTION: Cultivate a learning culture.
Leadership Potential

How can you best recognize it?

by Ram Charan

EVEN THE BEST coaches can’t build championship teams if they pick the wrong players. So, learn to spot high-potential leaders early, treat them as such, and be clear about the earmarks of leadership potential.

Do you know a leader when you see one? If you have the wrong notion of what a leader really is and does and focus on the wrong people, all your development efforts can’t deepen the leadership pool. Brilliant strategists, creative geniuses, financial engineers, hard workers, and other bright people command our attention and respect. Unaware of their shortcomings and driven to succeed, such experts may push for leadership jobs, persuading—even intimidating—their bosses to promote them. But many lack essential leadership traits. And without a natural ability to lead, they’re unlikely to succeed as high-level leaders outside their domains of expertise.

What do natural leaders look like at 25 or 45? Attempts to answer that question take the form of lists of qualities; however, these can be misleading.

People and Business Acumen

One way to think about the talent or inner engine of a leader is to think of two strands of a helix: people acumen (the ability to harness people’s energy) and business acumen (knowing how a business makes money). These strands are largely in place in individuals by their twenties. After that, we can test for people and business acumen and expand these capabilities, but we can’t implant them in mature people who lack them entirely.

People acumen. Leadership is predicated on the ability to mobilize others to accomplish a vision, goal, or task. Leaders can’t do everything; they get other people to do things by managing. They increase their capacity—the ability to get more done—through delegation combined with follow-through. They set expectations, get the best people to do what needs to be done, and oversee relationships to ensure that destructive or self-interested behaviors don’t subvert the common purpose.

You know you have a leader with people acumen when you see evidence that the person selects the right people and motivates them, gets them working well as a team, and diagnoses and fixes problems in coordination and relationship with groups of people.

Real leaders enthusiastically select people who are better than they are to lift the organization. They motivate people and develop them as conditions change, retaining those who advance the business and deselect with dignity those who don’t. Such leaders show a repeated pattern of accurately identifying other leaders’ talents, helping them flourish, or easing them into other jobs where their talents fit better. You can often identify a true leader because the people working under that person are of high caliber, are energized, and have a natural affinity for the leader.

Leaders with people acumen get the most out of their people by setting clear goals, then giving feedback and coaching judiciously to help them achieve them. Most use key performance indicators that measure progress in quantitative terms and influence behaviors. They watch for problems that might hinder achieving the KPIs and give people unvarnished feedback when someone is not up to the task.

Leaders with people acumen anticipate problems. They size up the group dynamics, pinpoint simmering conflicts, draw them to the surface, and intervene when they detect behavior that disrupts performance. They also cultivate social networks that include not only subordinates, peers, and superiors but often extend to customers, suppliers, regulators, politicians, and interest groups.

Business acumen. Every successful leader understands how the business makes money by managing the profit and loss (P&L) and balance sheet. Managing the P&L requires leaders to consider conflicting factors and incomplete or distorted information and make trade-offs with the goal of making money and generating cash on a sustained basis. Leaders intuitively understand the connections between customers, profits, money they borrow, and money they take in. They have a knack for making the right trade-offs and decisions to keep the cash flowing.

You can see such acumen in some leaders at low levels and in early stages of their careers. They sense how their company makes money, what it offers customers, and how it compares with competitors. They see the relationships between the variables, determine which are most important, and make decisions that deliver clear, measurable results.

As the scope of a job increases, so do the variables, uncertainty, and complexity. The leader needs greater mental breadth and depth to cut through to the fundamentals and make decisions.

The search for business acumen will help keep other traits and skills in perspective. Business acumen defines the substance of the message being communicated. Some young leaders can excite people to deliver on stretch goals, but can they direct them? Are they decisive? Can they sort through alternatives to find the right pathway forward? Can they use their acumen to choose the right goals and KPIs? With practice, any leader can improve, but some leaders are naturally better at it.

How to Spot a Leader

Look for actions, decisions, and behaviors that reveal leadership potential:

1. Is her ambition clearly for a leadership role? Does she take pride in bringing together and motivating others to achieve goals? Is she curious about subjects outside her area of expertise? Does she grasp the business and basics of moneymaking? Can she articulate clearly the requirements for doing her boss’s job well? Is she continually learning? Does she deliver extraordinary results? Does she like to work with diverse, high-caliber people? How driven and passionate is she about leading? Is she dealing with complex and uncertain situations and using occasional failure as a chance to learn? Does she continue to build new skills and hone her personality traits to achieve her dream?

Finding leaders can’t be left to chance or to mechanical processes that create false confidence that the company is developing leaders and succession candidates. To build great leaders at all levels, you must first find them.


ACTION: Recognize your leadership talent.
Inside-Out Communication

Authentic leadership inspires and informs.

by Terry Pearce

We’ve always known that sitting in the corner office with a title was not sufficient to qualify one for leadership. Now, the information age has debunked any notion that we might have had about leaders being those who know the most. But oddly, it seems that merely creating change is not leadership either.

Unfortunately, leadership, like weight-loss, is not merely a matter of changing outside habits. Becoming a leader requires changes on the inside, and the ability to communicate those changes authentically in the context of making the leader’s world different in a meaningful way.

Leading is not just a matter of knowing what to do—that is the job of the strategist—it is a matter of knowing and communicating why we are doing it. What is absent in today’s brand of leadership is not information, change, or knowledge—it is inspiration. Inspiration gives knowledge an application and changes its meaning. We long for leadership because we are rarely inspired, and we miss it terribly.

To inspire, “to breath life into,” requires self-knowledge, the courage to speak, and then it takes the emotional intelligence and commitment to learn how to connect with others. Effective leadership communication is clear and deep, creates commitment rather than compliance, and, for most of us, requires the learning and application of new skills.

Discovering What Matters

Real leadership is deeply personal. Real leaders communicate in a way that inspires action from others. Real leaders understand who they are and what they want. Each is driven by principle rather than by politics, and each does substantial reflection and writing about personal values and the change that should flow from the application of those values. Personal values form the basis of effective leadership communication. To believe that the mere achievement of external goals will inspire others is folly.

In a time when loyalty is waning, the generation of loyalty can become a competitive advantage. Many technologists are loyal to projects and friends, but not to an organization. Many executives are loyal only to their latest option grant and bonus plan. As long as such people are satisfied at work, they stay at work. Satisfaction springs from what we do, and is always vulnerable to a mistake or to a better offer.

But loyalty is different. Loyalty to a leader comes from who he or she is—from the motivation behind his or her actions. Loyalty is created from values that matter more than transactions. Leaders can inspire such loyalty— if they first understand who they are, not just what they do.

Discovering what matters is the first and most critical piece of leadership development. I ask each of my clients to provide an autobiography, or at least a summary of the defining moments of their lives to understand the values and experiences that make them care about their performance and the performances of the people they lead. From that material, we can construct the messages of change that need to be delivered, and we can do it from a base of the leader’s personal values, not just the needs of the enterprise.

Finding Voice: Deciding to Lead

Once these values are discovered, the leader can start to communicate through them, not merely about them. Values become the basis for all leadership communication. Inspiring others requires that we inspire ourselves, and it is most often that which we don’t say rather than what we do say that we regret the most. Ralph Waldo Emerson wrote: “In every work of genius we recognize our own rejected thoughts; they come back to us with a certain alienated majesty.”

Inspiration comes from spirit, depth, and meaning. Speaking through values inspires leaders, and thereby gives them the ability to inspire others.

Unfortunately, leadership communication is not merely saying what we think or what we feel. Leading requires a decision—a commitment to engage and connect with others; to learn the skills of communication to inspire others to make change happen. Deciding to lead is to take on a greater responsibility than merely having a voice. It is to submit ourselves to the scrutiny of others—to their criticisms and fears, to make our own ideas of the future match with theirs, and to communicate in such a way that we connect.

Exceptional Teams

The difference between high-performing teams and exceptional teams is the quality of the relationships—how well people like and trust one another. We can speak about what really matters to us, and listen to what really matters to others, and we can do so in ways that signal our willingness to be known and our interest in knowing others. Stories, metaphors, and relevant personal experiences can connect with others in ways that facts and evidence can’t. Leadership communication connects with the mind—it is logical and strategic—but it also connects with the heart by being personal and meaningful.

Listening to connect is different from listening to formulate a rebuttal. If the primary measure of trust is closeness, then having and conveying empathy is the hallmark of leadership listening.

The skills of leadership communication are learned through introspection, courage, and practice. The rewards of the practice are immense. Those who follow you will be enriched, and so will you.

Terry Pearce is president of Leadership Communication and the author of Leading Out Loud, the basis of the BlessingWhite leadership development process of the same name. Visit www.terrypearce.com or call 415-464-0581.

ACTION: Lead from a foundation of values.

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Tough Times

Here’s a bit of advice.

by Tom Peters

Frustrated at the negativity in the air, I compiled a few tactics for coping with this most disruptive era. I here synthesize some of my most compelling messages into four themes: Excellence, Opportunity, Visibility, and Transparency. I hope these insights will inspire your own action agendas.

Excellence: Get on with doing the business you have and see it through brilliantly. Stick to the basics. Keep it simple! The devil’s always in the details.

Good habits can turn customers into a cadre of unofficial marketing evangelists and keep your business in the forefront of their radar screens. Are you doing all you can to ensure that your resources are deployed on the products and services in your portfolio that create the most value for the customer? Are you making it clear to everyone who works with/for you that the fulfillment of the customer work you do must embody the highest level of excellence that you can collectively achieve?

Opportunity: Opportunity—there may be a lot of room for it—will pay off through speed off the mark and excellence in execution. Like London buses, recession and business opportunities often come along at the same time! Virgin Chairman Richard Branson is talking to interested parties about a possible bid for London’s second largest airport, Gatwick. So, if it’s “opportunity knocks” in recessionary times for Sir Richard! Do you see opportunity?

In tough times, few employers see their current and former employees as assets. Yet this downturn may be your best chance to win some people back! Are you thinking laterally enough about opportunities and needs being manifested in your marketplace? Are you thinking laterally enough about your talent pool, and using the recession as an opportunity to attract the best?

Visibility: March toward the sound of the guns. MBWA (Managing By Wandering Around). People have to see who they are working for and who they are dealing with. Treble your MBWA: A year from now you may wish you had started today. Yes, today many of us wish we had wildly over-invested in employee-vendor-client-community relationships when the market was heading North and there was a little slack in the system. Well, perhaps you didn’t, but it really is never too late. Work the phones. Keep working the phones. Keep showing up. Call clients and suppliers, ask them how things are going, and how you can help. This is not about sales (directly), but about showing up—taking time from your busy affairs to offer assistance of any sort. This is even more important with employees. Over-inform—rumors are worse than reality. Over-do the MBWA.

Are you tracking numbers of customer, prospect, and networking contacts in your reporting and recognizing those people who are working hardest on relationships? Have you adopted “face to face” as the management medium of choice for delivering tough news to employees, colleagues, and partners?

Transparency: Be absolutely straight with people, especially those at the front line. People who play the blame game in any way, shape, or form are out of here! It’s hard to find an example of a business facing up to the challenges of tough times, while staying true to its people principles. In San Antonio, Texas, the downturn forced Toyota to close their plant for three months, but Toyota redeployed workers on community work, retraining, and education classes, reports Latondra Newton, GM of Toyota’s Team Member Development Center. Daniel Goleman identifies “the crisis of accountability” and contends that transparency, social and emotional learning, and leadership must take a higher profile on the leader’s agenda.

How can you strengthen your people and culture and keep people informed of emergency plans and strategies? Stay tuned in to the emotional temperature of your business.

- ACTION: Set your own action agenda.

Time to Coach

Become a coaching leader.

by Cathy Earley

Coaching should be part of your daily activities to deliver results, but is it? One in three leaders believes that coaching is too time-consuming. It can be if you get overly involved in your team’s work, believe you need to solve everyone’s problems, or engage in long performance reviews. Real coaching is helping others figure out the best way to achieve goals, build skills, and produce desired results.

Some leaders believe in the power of coaching to drive team productivity, effectiveness, and engagement. They coach daily to get work done and develop their teams. They are coaching leaders.

In coaching, focus on five things:

1. Establish trust. Without trust, well-intentioned coaching skills often backfire. Effective coaches talk to their team members honestly and often. They get to know each team member to create a trusting work relationship.

2. Build coaching partnerships (joint accountability). Set the expectation that team members must ask for help, listen to feedback, provide candid upward feedback, and follow up on agreements. Effective coaching depends on one-on-one pairings, not demographic trends.

3. Ask for feedback. If you don’t ask for feedback to learn the best coaching approach for each team member, you’ll waste time trying to be all things to all people. You may think that you’re a great coach, while your direct reports feel your coaching is a waste of time.

4. Delegate effectively. Delegate the 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 your team can determine the best course of action based on their expertise.

5. Ask more questions. The more questions you ask, the less likely you’ll fall into micromanaging or irrelevant advice. This collaborative approach also shows your willingness to partner. Coaching leaders coach continuously. Their coaching becomes a natural part of their daily interactions.

- ACTION: Use these five tips in your coaching.
Effective LD
Avoid six common pitfalls.

by Stephen Parker

T’s a familiar scenario: Senior leaders and executives go off-site for a team-building or leadership development program with noble intentions and an ambitious agenda, but weeks later they find little benefit for their time and effort. Many organizations repeat the same mistakes that cause these events to miss the mark or provide ephemeral value.

LD programs often fail to achieve objectives because of six common pitfalls:

1. Urgency overrides preparation. Seeing a pressing need to address key issues, the CEO wants her team to meet soon, often within two weeks. Her HR advisors may have been trying for years to get this executive to invest in her team. Yet while they are thrilled that at last they have a convert, the zeal to deliver quickly may supersede thorough preparation. Often the LD component will be tagged on to an already overloaded planning agenda. There is rarely enough time to involve all stakeholders in thoughtful discussions about the true issues (and what issues they have the energy to solve). The facilitators then enter blind. The sponsor of the event may be inaccessible apart from an initial briefing, so key decisions are left to the HR partners. The content begins to lean toward the safe and the sure rather than what is required to make a difference.

We were once asked to run an off-site for a CFO’s team (held on July 3rd). We were told we couldn’t access the CFO or his assistant for two of the three weeks’ lead time because they were busy with an acquisition. We passed, explaining that the ROI for this session would be limited given that the senior leaders had other urgent, business-critical issues on their minds.

Recommendation: Don’t force-fit LD. Sometimes delaying or postponing a session is the best course of action.

2. Participants fail to engage emotionally. Unless you work for NASA, LD is not “rocket science.” It’s not that difficult to get executives to intellectually agree with and understand what they need to do to be more successful. The challenge is getting them to personally engage and wrestle with changes that they need to make to become better leaders. While everyone may nod in agreement, they may not walk away caring enough to overcome the discomfort of trying something new.

Leadership is personal. It must begin with inward reflection—a willingness to confront the emotional forces that cause us to behave in certain ways. This is not done without some risk for leaders and facilitators. Trust and time must be built into a session to enable this to play out. Getting a senior team to open up in five minutes is not a recipe for success.

Recommendations: Data can help build the case for change, but don’t stop there. Make sure the program drives individual reflection of personal values and taps into the motivation of the person behind the title.

3. The CEO can’t contain himself. A leadership off-site seldom begins without the CEO or senior leader calling upon everyone to “speak up!” The CEO mistakes his vehemence for leadership and can scarcely keep his forceful personality in check. While he believes that he is exhorting everyone to join in with candor, the group hears a threatening ultimatum. Intimidated, they close up, the CEO becomes frustrated, and the situation gets worse.

As Samuel Goldwyn once said: “I don’t want any yes-men around me. I want everybody to tell me the truth—even if it costs them their jobs.”

Recommendation: Coach the CEO beforehand. Discuss when and how he should voice his opinions. Agree when and how the facilitators will step in to redirect the top leader’s enthusiasm.

4. Awkward issues are not confronted. Few senior leaders consider how their personal qualities or their team’s behavior may affect performance. Yet effective leadership calls for self-awareness. In one session, the leader asked everyone to set aside their daily agenda and Blackberrys and focus on getting value out of the event. He even asked them to coach him—to call him out if they ever saw him using his. Everyone applauded, but on four occasions when he went into “Blackberry prayer” mode, nobody spoke up—and the moment was lost.

Recommendation: Help the senior team practice discussing discussables—the issues that no one wants to talk about that are impeding the team’s effectiveness. Make sure the facilitators have the competence and confidence to challenge the group and leaders on awkward issues and bad behavior—and then guide agreement on how the leaders will hold each other accountable for better behavior in the future.

5. Trendy triumphs over consequence. The latest best seller by a celebrity CEO often becomes the catalyst for senior executive interest in LD. Books can provide great food for thought and inspiring stories to prompt leaders’ reflection on their actions. When translated into a LD event, they rarely provide lasting value, since few books lend themselves to practical application. This approach falls short since pivotal leadership moments can’t be borrowed or benchmarked. They reflect the author’s personal experience. A book may prompt a lively debate, but participants likely won’t leave the session with action steps they can take in their work. Worse, so much is written about leaders and leadership that it’s tempting to regularly introduce the latest methodology or prescription. Hence, the leadership style becomes a patchwork quilt of fads and clichés.

Recommendations: Concentrate on relevant challenges and behaviors. Steer the conversation from the CEO’s fondness for the latest best seller to a candid discussion of desired outcomes. Go deeper into one school of thought rather than ride the waves of trends.

6. Culture is not receptive to change. Even the best LD programs will fail to have an impact if your culture is not receptive to change. Too often leaders want to train away problems or use development initiatives to raise the bar on leadership behavior. But if the culture punishes risk-taking, or rewards the same behaviors that need changing, then T&D are beside the point—unless they focus on culture change.

Recommendation: Help the senior team think about the cultural forces that are impeding the team’s effectiveness. Make sure the facilitators have the competence and confidence to challenge the group and leaders on awkward issues and bad behavior—and then guide agreement on how the leaders will hold each other accountable for better behavior in the future.
Four Priorities

Build bonds with stakeholders.

by Christopher Rice

Leadership isn’t getting any easier. The market’s unpredictable behavior stymies even the best strategists. Customers and high-performing employees have more choices. Extreme transparency has replaced closed-door inner workings. No wonder CEOs feel like they have a big bull’s-eye on their backs.

Leadership requires a balance between business competence and personal connection. It’s no longer enough for leaders to be capable. They must also build authentic bonds with employees, customers, and other stakeholders—a daunting challenge. To succeed, leaders need to focus on four priorities.

1. Executive, develop thyself.

Expectations of leadership have risen beyond the capabilities of most senior executives. The best leaders know they need to be compelling and inspirational, but they are often challenged by how to do it. What does it take?

- Cast an objective eye. Know how you measure up to today’s higher standards and what impact your actions have. It’s easy to dismiss feedback as grumbling, since the most annoying employees are the first to point out your flaws. It is critical, however, that you listen, not argue.
- Pay attention to behavior not rules. A culture that operates with ethical intent at every level is created by leaders who model desired behaviors, not by employees who follow policy. Paperwork that satisfies the scrutiny of regulators won’t inspire the contribution you need from every employee. Encourage people to do the right thing, even when no one is looking.

2. Correct cultural corruption.

Compliance with the new laws and regulatory requirements might keep you out of jail and your firm out of the headlines, but it won’t build a sustainable, high-performing organization. Cultural corruption isn’t about breaking the law. It’s about bad business practices that undermine commitment. It’s about the chasm between leaders’ talk and actions. Prevent your high performers from bolting toward the door.

- Watch for the little things that don’t seem right. Audits and culture scans can identify practices that may support short-term financial gain at the expense of productivity and engagement. They also measure pride, a prerequisite to retention and high performance. Leaders need to scrutinize the company they keep and do business with entities aligned with their values.
- Earn trust every day. In a well-managed organization, only half the workforce will say they trust senior leaders. Yet most executives rate themselves as trustworthy. This intent/effect gap results from employees drawing conclusions with minimum information—what is said in a meeting or a decision communicated through the ranks—not the other 90 percent of what leaders do each day. So, leaders need to explain the decision-making process and motivation for their actions.

3. Drive productivity and innovation through engagement.

Leaders need to own employee engagement because engaged employees are more productive, treat customers better, innovate, and stay. Don’t confuse employee engagement with satisfaction and assume that a few HR initiatives can give poor employee survey scores a boost. Engagement goes beyond satisfaction to reflect contribution. Engaged employees are committed and aligned to apply their unique skills to contribute to priorities.

To boost engagement leaders should:
- Get rid of disengaged subversives (usually 10+ percent of the workforce). These employees may not have started out so alienated; bad practices or poor leadership may have pushed them over the edge. They undermine productivity by dragging everyone down around them. They’re a threat to the bottom line.
- Provide meaning. It’s up to leaders to help their people find meaning at work. That meaning can take the form of personal connection with ambitious goals or achievement of more personal career aspirations. Leaders need to articulate goals, paint a compelling vision of the future, and help employees to connect the dots.
- Make sure you are engaged. Disengaged leaders lack the clarity of purpose or energy to engage others. Executives must be clear on the strategy and their top three priorities before they can align everyone else. And if they can’t articulate why they show up at work, they need to stop “doing” and think about what matters most to them.

4. Make talent management a business priority.

Leaders need to have the right people in the right jobs focused on the right priorities—and ensure that employees have the information and support they need to align their interests and career aspirations with the organization’s goals. That dual focus can reduce unwanted turnover and create a sustainable competitive advantage. To achieve it:

- Don’t “manage” your top talent. These people have marketable skills, and so if they have their fate decided by a succession planning committee or a well-intentioned manager, they may head for the door. Top talent demand to be involved. They have their own ideas for moving forward. The best leaders offer desirable stretch assignments and special projects and encourage innovation and risk-taking. Align individuals’ initiative with organizational priorities, and then get out of the way.
- Develop the pack. Many leaders provide elaborate high-potential programs and only mediocre development opportunities for the rest. That’s a shaky foundation. Leaders need to tirelessly align and coach team members. Consistent high-performing businesses hold leaders accountable for developing team members. Leaders who actively coach are well-positioned to quickly redeploy talent to meet shifting business requirements.

Christopher Rice is president and CEO of BlessingWhite. Email chrisr@bwinc.com, call 908-904-1000, or visit www.blessingahite.com.

ACTION: Excel in these priorities.
SUCCESSFUL CHANGE follows a basic pattern, starting with creating a sense of urgency. In fact, the biggest challenge leaders face in causing change comes right at the beginning—in creating a strong sense of urgency.

Most leaders struggle to meet this challenge for two interrelated reasons:

First, they miss important information. Most information is filtered before it gets to them, and much good information never reaches them. So, they don’t see the complacency that resides two levels down, or in a branch office. They can’t believe it, because they see their margins slipping and clearly communicate urgent priorities. They don’t understand why everyone doesn’t share a sense of urgency to deal with the dilemma or seize the opportunity. Some leaders remain out of touch with how things are perceived because they see only what they want to see, or through filters, or in a branch office.

Second, they mistake energy and activity for real urgency. Top execs often see enormous activity: they see people running around, holding meetings, and starting projects, and so they look at me and say, “Look, we have a sense of urgency!” I find frenetic activity, usually driven by anxiety, but no sense of shared urgency.

When people have a shared sense of real urgency, they tend to be extraordinarily alert. They move faster, launching initiatives that address the problems and opportunities they face. They listen better and cooperate more. When their agenda starts to fill with new tasks they must run the current operations and leap into the future—they identify the low-priority items and either cancel them off their calendars or delegate them to others to free up time to handle new, more important tasks.

They think, “This change may take us three years to complete, but every day we’ll make progress. We’ll redirect conversation to the real issues and cancel unnecessary activities.”

URGENCY OPTIONS AND MINDSET

In effect, people face three options:

Option 1: Complacency and anxiety. Many people believe that things are not perfect, but for them, they’re doing the right thing. At a feeling level, they are content with what they’re doing, even complacent. In fact, they may be critical of highly productive people. Their complacency is manifest in their behavior, as they continue doing what they did yesterday. They tend to postpone or procrastinate new behavior.

Option 2: False urgency and frenetic activity. This is what many leaders often mistake for real urgency. False urgency is manifest in anxiety-driven, frenetic, unproductive behavior.

Option 3: Real urgency with process and progress. At a feeling level, this is driven by a determination to move now, to win now. At a behavioral level, it’s seen as hyper-alertness to what’s happening on the outside (in the market), focused on the real issues, getting up every day with a commitment to make progress on those issues, without getting burned out, which happens if you fail to get rid of the junk and delegate.

The urgency mindset is this: “There are great opportunities and hazards out there, and we must deal with them.” There’s enormous determination to make something happen now and win. And determination is different from frenetic activity, anxiety, contentment, and the complacency of showing up and doing the same thing.

CULTURE OF URGENCY

You may find a sense of urgency in a person or a pocket within a company, but rarely do you find it through an entire culture. As a leader, you need to install (not try to install) a sense of urgency in the culture. If you start building the best practices into your systems and structures, urgency will eventually seep into the culture. You need to identify and implement methods that increase urgency and build momentum.

Soon these urgency practices become “the way we do things around here.”

When I consult, I talk about two kinds of change—episodic and continuous—and ask, “What kind of change are you facing?” Historically, most leaders report facing episodic change—an IP changeover or new strategy implementation in Division X. It’s a specific thing that comes and goes. Now, more executives are facing continuous change. And I can’t imagine how they will cope, unless they can build a sense of shared urgency into their culture.

The leaders who do this best tend to be leading medium-sized and smaller companies. Some big companies that once had a shared sense of urgency now have arrogance and complacency. Even after being whacked hard by the competition, they are mostly engaged in frenetic activity—people are running around in circles like rats in a maze—not building a shared sense of urgency into the systems, structure, and culture.

SIX WAYS TO PROMOTE URGENCY

A shared sense of urgency is not always the consequence of tough competition or harsh external conditions. Proactive leaders and lower-level managers create urgency in four ways:

1. Bring the outside in. People on the inside tend to become disconnected from the world. Great leaders maintain a sense of urgency by reconnecting people with the outside world—by bringing the outside in, bringing information and outsiders in, at the right time and in the right way, realizing that change is a head/heart thing. It’s not just about how people think, but mostly about how they feel. And that means not hiring a big consulting company and having them dump a logical report on people at the wrong time and place. That practice only creates anxiety. The leader has to say, “Let’s look at the facts—we’ve got to move, now.”

2. Send scouts out. One CEO told a high-potential employee that he wanted him to enroll in a university’s leadership development program, and then said, “Let me explain why. I think you have potential, and this program will accelerate your development. You will learn what’s going on and leave wanting to come back here and help others develop that same sense of urgency—to share with them in a way that captures their minds and hearts what you’ve gone through. That’s my primary objective.” So, sending a scout out is another way to bring the outside in and create a sense of urgency.

3. Listen to your front-line sales and...
Great Companies
What are five shared traits?

by James Champy

For years I’ve searched for great companies. Like many objectives, greatness is in the eye of the beholder. It’s an honorable aspiration. I’ve looked at over 1,000 high-growth companies and found many good ones.

My search is driven by a desire to find companies that have new business models, delivering new products and services to customers and executing in new ways. I’ve written about my discoveries in Outsmart! Although I could find no single formula for what creates a great company, I did find six shared characteristics.

1. Culture: My ultimate test of the quality of a company is whether I would like to work there. The good news: I see many high-growth companies where I would work.

One simple test for a great culture is how a company is experienced by its constituents—its customers, associates, owners, and business partners. The best companies treat all of their constituents well and, in their own unique ways, aspire to greatness.

2. Ambition: The leaders of great companies have a great ambition for the company—one that addresses an unmet customer need.

The ambition is not one of personal greed—it’s about building a company that delivers on its promise and does it with a unique quality. My experience is that it takes a great ambition to create even a good company. I’m inspired by the company Minute Clinic, whose ambition is to change how healthcare is delivered, for the benefit of everyone involved in the system.

3. Customer: Every good company begins by meeting a customer need.

That need is often deeply understood by the founders because they, themselves, experienced the need—and saw how that need was not being well met. Sometimes the founder delegates the management of the company to someone who operationalizes the idea. But that wasn’t the case in the example of Sonicbids, a company that saw the unmet needs of thousands of independent musicians and performers and whose founder has led the company to a unique position in the music business for independent performers—a $13 billion-a-year market that no one saw or organized until Sonicbids came along.

4. Focus: Good companies stay focused on what they know and can do well. When companies search for new ideas, they often drift into unknown territory and get in trouble. Good companies just keep growing and expanding into familiar territory. Shutterfly is a wonderful example of a company that’s growing by expanding within the social expressions business, helping communities of people share photographs in hundreds of ways. Niches can be very large markets.

5. Execution: Satisfying a customer requires relentless attention to execution. Building a company’s capability to deliver makes the difference between turning a great idea into a business or failure. But execution is not just about delivering a product—it’s also about service. Over the years, I’ve observed that technology companies are bad at recognizing and responding to the service needs of their customers. Counter-intuitively, high-tech requires a lot of high-touch. Partsbox is a company that knows what it’s doing with customer service, helping customers find what they need in an ocean of millions of parts and accessories for consumer electronic products.

6. Inspiration: Smart companies engage all of their associates in building the business, from idea creation through delivery. Ideas may come tops-down, but they also come bottoms-up and from every other direction. Everyone in the company feels that they own a piece of the action and are accountable for performance. The inspiration for a company starts at the top, but good leadership drives that inspiration deep into the company by engaging people broadly in decision-making. People are more than mechanical parts of the enterprise, and the more they see customers, the better their business sensibilities.

These six traits are common in great organizations, smart companies operating quite brilliantly.
Avoid Micromanaging

Eight reminders for effective coaching.

by Cathy Earley

Micromanaging damages employee engagement, sapping the initiative of even the most motivated team members. It undermines confidence, quashes innovation, and drives away top talent. Leaders who micromanage often become exhausted and embittered. No one wins.

Micromanagement is generally understood to mean 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, achievement-oriented, and skilled in figuring out the best way to do things. They’re eager to help their team, enjoy solving problems, and want to ensure high-quality, customer-centered results. They just don’t know how to delegate.

Other leaders get labeled as micromanagers when they try to coach employees without a trusting employee-manager relationship. Without trust a conversation about a project’s status feels like an interrogation, suggestions are interpreted as meddling, and a simple check-in becomes micromanaging.

New managers—especially those in highly specialized disciplines—often default to micromanaging as their way of leading. They are star performers who are moving 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 everyone else’s work in addition to their own. They don’t realize that their new role is completely different—as a coach and leader of people, not a super-manager of multiple projects or tasks.

Still other new managers may try to control more because they lack confidence in their new responsibilities. In their efforts to establish credibility they think they must have all the answers.

Whatever the cause, leaders who micromanage convey the message that they don’t trust their employees’ judgment or skills. The result: Disengaged workers who put in time but little else.

Avoid the “My Way” Trap

Here are eight reminders for effectively delegating and coaching to make your job as a leader easier—and ensure the work gets done with passion and commitment.

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

2. Establish relationships. Get to know the individuals you’re leading. Employees come to work with unique sets of values, aspirations, experiences, and talents. The more you can understand and tap into those qualities, the better. Solid working relationships ensure trust and prevent miscommunication. And don’t forget that relationships work both ways. Make sure you let your team get to know you.

3. Size up the situation and the individual. Good coaching is relative and relevant. One person’s micromanaging may be another person’s dream coaching. Your most talented team member may actually 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 organization’s business imperatives. Employees want to be part of something bigger. That connection to customer and organizational benefits motivates them to do their best work. Plus, when they understand the business context they make better decisions—without you.

5. Keep to the “what” not the “how”. Assign a problem or task (what has to be done) by clearly describing the desired outcome and all the parameters or constraints that your employees need to work within (e.g., scope, timing, resources, decision-making authority, internal politics). Then let employees process the information and explore ideas to determine the best course of action. Many leaders do not clearly and thoroughly communicate assignments. For employees, working on the wrong things when you think you’re working on the right things is incredibly demotivating.

6. Ask open-ended questions and listen. Since you’re not directing employees on the how of a task, you need to explore ideas with them. This requires patience and self-control because you may have done their job before. You also think you’ve got some great ideas. When you find yourself talking a lot about your ideas stop. Ask a question. Listen. Your team member will immediately re-engage. Remember also, that idea exploration is not a test. You can’t go through the motions waiting for employees to come up with the “right” answers (aka the way you would do things). If you do, they’ll keep their ideas to themselves.

7. Ask for feedback. The only way to know if your actions are helpful is to speak with each team member. What do they feel 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 significant contribution? When do they feel like they can move forward without you? This type of conversation also builds trust.

8. Know when to tell. There are times when there may not be a lot of options or room for new ideas. If regulations restrict the solution or a situation requires a directive, don’t waste employees’ time exploring ideas. Ask when you can, but tell when you have to.

Stay Disciplined

Micromanaging is a loss for your organization, a frustration for employees, and a waste of your time as a leader. So remember that the best way may not actually be your way. LE

ACTION:: Coach, don’t “do.”
CEO Complaints

How you can prevent them.

by Christopher Rice

Grumpees voiced by the president or CEO often are clear signals that the senior team is not functioning well. These complaints can reflect underlying interpersonal issues confronting leaders, or stem from the top executive’s own behavior. If unchecked, problems at the top seep down, affecting culture and productivity, holding you back from great accomplishments.

Four Common Gripes

These four CEO complaints represent potentially destructive issues:

“All I get is data, but not much insight.” Numbers are required for running the business, but top executives shouldn’t have to slog through piles of data. They need the numbers netted out into meaningful information to drive effective decision-making. Yet many senior teams spend so much time mired in the weeds of the data that decisions get postponed repeatedly. That’s not a winning pace.

CEOs need to set clear expectations to encourage meaningful recommendations over data dumping. One executive of a pharmaceutical business unit tells his team, “Tell me the story. I assume the numbers are there.”

Another approach is to require senior team members to build presentations around only one number to force them to focus on the implications of their analysis and next steps. Focusing on insights at the top encourages agility and helps prepare leaders to communicate decisions in a way that is compelling and makes sense to others.

“We focus so much on competence that the senior team never gets emotionally charged up.” Overall business competence can be considered the “entry fee” to a senior team. Business savvy, clear reasoning, responsibility, and a focus on results all help executives secure a seat at the coveted table. Yet today’s market leaders are fueled by passion. And the source of energy? The executives at the top. Senior team members need to be capable of “flicking the switch”—to trigger enthusiasm and commitment throughout the ranks. Personally, they inspire others to action. “All we talk about is results, but we don’t change the way we do things.”

High-performing organizations hold themselves accountable for not only the “what” (results) but also for the “how” (core values). This isn’t an easy practice for senior teams pressured to deliver quarterly earnings. Yet there are a number of steps that senior executives can take to drive the type of changes needed for long-term success.

Leaders can take a reality check through focus groups, interviews, or a cultural audit. These data-gathering methods help executives understand the behaviors and practices that are rewarded. Some firms may find that their core values are merely espoused, not reinforced, modeled, measured, or rewarded. A common example: A company may pledge the value of teamwork but have a compensation plan that rewards individual contribution—or may promote leaders who get results without living the core values.

Senior teams need to examine their own leadership behaviors as well, since the “way we do things around here” starts at the top. A reality check is helpful for leaders, and can involve multi-rater feedback, for example. Another helpful practice is “discussing undiscussables.” This exercise is best initiated by a neutral third party like a consultant, but once the team learns the basic steps required to get sensitive issues on the table, they can use it regularly as a way to hold themselves accountable for effective teamwork.

“Everyone always agrees with me, and that makes me uneasy.” Agreement and politeness are only slightly better than open warfare. It’s essential to create an environment where different points of view can be debated without executives walking away angry.

One firm has a mantra that “silence does not equal agreement.” It’s common practice for senior team members making important decisions to share the “why” behind the “what” of their votes. This acknowledges that few decisions are simple yes/no choices but rather shades of grey. Another team practice that drives constructive debate is to structure discussions where team members need to articulate opposing points of view to ensure all sides of the issue are considered.

Of course, CEOs need to be vigilant in assessing their own behavior and fine-tuning their radar to pick up what they’re not hearing—and why. CEOs with charismatic personalities need to be extra wary, because their clarity of vision and passion may create reluctance within the team to question or sound a discordant note. Many of the executives who complain that no one speaks up actually send a clear message that dissent is not welcome.

The Bottom Line

Leaders at the top need to stay attuned to the issues that may be undermining the effectiveness of their senior managers. When the right numbers are coming in, it’s easy to overlook behavioral issues. Yet the great CEOs don’t wait for earnings to tail off, but intervene so that all their top people are involved on a visceral level and working together as a team.

CEOs need to listen to their own grumbling now—and step in.

Christopher Rice is President and CEO of BlessingWhite, a global consulting firm dedicated to reinventing leadership and the meaning of work (www.blessingwhite.com). Email chrice@bwcinc.com or call 908-904-1000.

ACTION: Monitor these common gripes.
Candor Killers

What impedes transparency?

by Warren Bennis, Dan Goleman and James O'Toole

In a rational universe, leaders would embrace transparency on ethical and practical grounds, as the state in which it is easiest to accomplish goals. But that is rarely the case. Powerful countervailing forces tend to stymie candor and transparency.

Here are four such forces:

1. Leaders routinely hoard or mishandle information. A common malady among insiders is hoarding information. This is one way information gets stuck and is kept from flowing to those who need it to make solid decisions. Wholesale classification keeps information away from the frontline people who actually manage the business and serve customers. Small cliques of insiders tend to hoard information because they want to know things that others do not. Some executives seem to take an almost juvenile pleasure in knowing the “inside dope” and keeping it away from their underlings. In some organizations, knowledge is seen as the ultimate executive perk, not unlike the company jet, kept solely for the use and delight of the elite. This stance is costly in terms of efficiency and morale.

2. Structure or system impediments hamper information flow and bungle decision making. The U.S. declaration of war on Iraq was largely based on seriously flawed data from America’s intelligence community. Later internal investigations brought a structural problem to light. Inadvertently, the system of information flow had been designed to foster poor decisions by depriving key decision-makers of crucial data. The main flaw lay in the different mandates of two divisions at the CIA: the operations directorate, which gathers intelligence data from around the world, and the intelligence directorate, which sifts through that raw information to draw conclusions.

To protect their sources’ identities, the operations people did not reveal their own assessments of the reliability of the source of specific data. As a result, sources with low credibility introduced information that was later found to be wrong. Analysts should not be put in the position of making a judgment on crucial issues without full understanding of the reliability and source of the relevant information.

Businesses tend to operate with less openness about mistakes—and fewer full-scale investigations—than does a democratic government, and so examples from government are easier to find. But any time an organization makes a seriously wrong decision, its leaders should call for an intensive postmortem. Such learning opportunities are often overlooked. Sadly, leaders tend to call on the PR department to spin the matter, to make another inadequately thought-out decision, and perhaps to scapegoat, even fire, a few staff members. Because most leaders cover up their mistakes, systemic flaws in information flow tend to remain to do their damage another day.

3. The “shimmer factor” impedes the free flow of information. The public and precipitous fall of many celebrity CEOs has dimmed the once-shining image of executives. But despite the discrediting of many executives, leaders still tend to be perceived by many as demigods. And that perception still deters followers from telling those leaders essential but awkward truths. As everyone knows, there’s a far different standard for scrutiny of the CEO’s expense account from that of a file clerk. In too many organizations, one of the privileges of rank is a tendency to get automatic approval of behavior that would be questioned in the less exalted. Many leaders encourage this godlike view of themselves in countless nonverbal ways—from the cost and spotlessness of their desks to the size and isolation of their homes. We often hear tales of leaders who do something outrageous, undeterred by those who should be watching but who fail to speak up.

The best antidote to the shimmer effect is the behavior of the leader. The wisest leaders seek broad counsel, not because they are so enlightened but because they need it. Power does not confer infallibility. There’s a compelling reason to become more open to information from people at every level: those close to the action usually know more about what’s actually going on with clients, production or customer service, than do those on the top floors. Effective leaders find their own ways to elicit many points of view, believing “None of us is as smart as all of us.”

The CEO of Pacific Rim bank, for instance, schedules 20 days each year to meet with groups of his top 800 people, 40 at a time. Aware that isolation in a corner office may weaken his ability to make good decisions, he regularly seeks frank feedback from many sources.

Beyond asking for the counsel of others, leaders have to hear and heed it. Reflect on how receptive you are to the suggestions and opinions of others and alternate points of view.

4. Sheer hubris hinders the flow of information. One motive for turning a deaf ear to what others have to say seems to be sheer hubris: leaders often believe they are wiser than all those around them. The literature on executive narcissism tells us that the self-confidence of top executives can easily blur into a blind spot, an unwillingness to turn to others for advice.

In extreme cases, narcissism can cause leaders to refuse to hear what others say. Leaders can suffer from “tired ears.” The CEO of one international organization, for instance, decried the lack of an informal pipeline within the company—he felt that the executive summaries he received daily from his direct reports were being sanitized for him. Yet he could not imagine himself turning to anyone lower in the ranks for a private conversation—let alone cultivating a nonpowerful confidant—because it might be seen as a sign of weakness on his part.

Address these and other impediments to transparency.

ACTION: Address the candor killers at your work.

Warren Bennis, Dan Goleman, and James O’Toole are co-authors of Transparency (Jossey-Bass). Visit www.josseybass.com.

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