LEADERSHIP
Excellence
Warren Bennis
JANUARY 2008
THE MAGAZINE OF LEADERSHIP DEVELOPMENT, MANAGERIAL EFFECTIVENESS, AND ORGANIZATIONAL PRODUCTIVITY

Active Leadership
Stop the Blame Game

Wise Leaders
Show Courage and Character

Wise Mentors
Be open to influence

Celebrity Leaders
They Don't Measure Up

Lance Secretan
Leadership Coach

"*Leadership Excellence* is an exceptional way to learn and then apply the best and latest ideas in the field of leadership."
—Warren Bennis, author and USC professor of management

www.LeaderExcel.com

LEADERSHIP

Excellence

Warren Bennis™

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

VOL. 25 NO. 1 JANUARY 2008

E·D·I·T·O·R'S N·O·T·E

Leadership Excellence University

This year we transcend the medium of the magazine.

by Ken Shelton

As we enter our 25th year, we pledge to continue our transformation from a "good read" magazine to a "must have" personal improvement and leadership development system, complete with backup capability to support application and supply additional resources.

Four New Alliances

This month, we announce four giant steps forward:

1. An alliance with Big Speak and the Leadership Excellence University. For the past 15 years, ***Jonathan Wygant***, president of BigSpeak and *Leadership Excellence University*, has represented the top corporate speakers, consultants, and trainers. So, we have decided to team up to deliver a more complete service to our clients. All 250,000 people who receive *Leadership Excellence* magazine each month will have access to his speakers, and his network will have access to our publications. We are both committed to the mission of "inspiring greatness (excellence), one audience at a time." I invite you to visit www.BigSpeak.com and www.LEUniversity.com, along with our site www.LeaderExcel.com.

Jonathan Wygant

Jim Goodrich

2. A Thought Leader alliance with Alliant International University and the Marshall Goldsmith School of Management. We are partnering with Marshall Goldsmith, co-founder of Marshall Goldsmith Partners and author of *What Got You Here Won't Get You There*, and ***Jim Goodrich***, dean, and ***Kopitzee Parra-Thornton***, Director of the Thought Leader Partnership at the Marshall Goldsmith School of Management, to create a more comprehensive listing and ranking of exceptional coaches and thought leaders. If you're charged with leadership development, says ***Marilyn Mcleod***, founding Director of the Thought Leadership Partnership, you're involved in identifying both *external* and *internal* thought leaders and their areas of expertise. Drawing up a list of potential thought leaders—including their area of expertise, current position, achievements, publications, media coverage and availability—is a start. You can begin to paint a picture of the value of a thought leader initiative.

Kopitzee Parra-Thornton

Marilyn McLeod

3. An alliance with Success Media and Success Magazine. This past month, I've enjoyed become acquainted with ***Stuart Johnson*** and ***Darren Hardy*** who plan to relaunch the original *Success Magazine* with the intent of staying true to the mission of the founders to promote success along five dimensions of life. Our editorial alliance will benefit both of as we seek to further facilitate the application of powerful ideas.

Success Magazine

Johnson Edosomwan

4. An alliance with the 2008 Leadership Best Practices conference. We have formed another alliance with Dr. ***Johnson A. Edosomwan*** of JJA Consultants for the 2008 Leadership Best Practices Conference. I recently attended the 2007 conference and was impressed by the quality of the presentations. I invite you to plan to attend next year's LBP conference, to be held on November 18 in Arlington, Virginia.

Other exciting alliances are in the works to make *Leadership Excellence* an even better medium for developing those who aspire to something higher and better. **LE**

Ken Shelton

Editor since 1984

Subscription and Renewal Rates:
$129 annual (12 issues)
$199 two years (24 issues)
$279 three years (36 issues)
(Canadian/foreign add $40 U.S. postage per year.)

Corporate Bulk Rates *(to same address)*
$109 each for 6 to 25
$99 each for 26 to 99
Call for rates on more than 100 copies: 1-877-250-1983
Back Issues: $10.00 each
Fax (one article): $8.00

Leadership Excellence *(ISSN 8756-2308), published monthly by Executive Excellence Publishing, 1806 North 1120 West, Provo, UT 84604.*

Article Reprints:
For reprints of 100 or more, please contact the editorial department at 801-375-4060 or send email to editorial@eep.com.

Internet Address: *http://www.eep.com*

Editorial Purpose:
Our mission is to promote personal and organizational leadership based on constructive values, sound ethics, and timeless principles.

Editorial:
All correspondence, articles, letters, and requests to reprint articles should be sent to: Editorial Department, Executive Excellence, 1806 North 1120 West, Provo, Utah 84604; 801-375-4060, or editorial@eep.com

Contributing Editors:
Chip Bell, Dianna Booher, Kevin Cashman, Jim Loehr, Norm Smallwood, Joel Barker, Joseph Grenny, Jim Kouzes

Executive Excellence Publishing:
Ken Shelton, Editor-in-Chief, CEO
Sean Beck, Circulation Manager
Geoff Pace, Sales Manager
Nancy Low, Business Manager
Allan Jensen, Chief Information Officer

The table of contents art is a detail from ***Wind Riders*** (image cropped) © Rod Frederick, and is courtesy of the artist and art print publisher Greenwich Workshop.

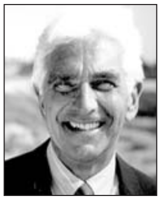
For additional information on artwork by Rod Frederick, please contact:
Greenwich Workshop
151 Main Street
Saymour, CT 06483
1-800-243-4246
www.greenwichworkshop.com

Full view of table of contents art.

Executive Excellence Publishing

Wise Leaders

Cultivate two traits.

by Noel Tichy and Warren Bennis

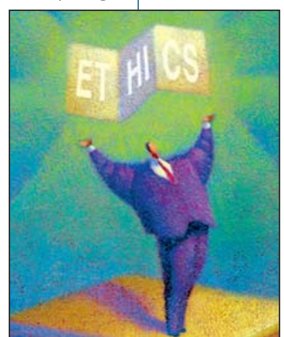
Two qualities are essential to exercising good judgment: character and courage. Without character and courage you can't clear the high bar on judgment. You may luck into making some good decisions and sometimes obtain good results, but without character and courage you cannot sustain it. You will falter on the most difficult, and most important, judgments.

Character. Having character means having values, having a moral compass that sets clear parameters for what you will and will not do. Character is all about knowing right from wrong and having worked these issues out long before facing tough judgment calls. It is about knowing what your goals and standards are and sticking with them. We often use the word *integrity* to describe a person of character, an integrated person whose values and principles are above reproach. Character plays the guiding role in how honest personal feedback and coaching are in the organization, how internal competition and politics are handled, and how suppliers and customers are treated. The CEO's character sets the stage for all important judgment calls.

Character also means putting the greater good of the organization and society ahead of self-interest. It's about worrying about "what is right" rather than "who is right." Good judgment requires good values. Evil outcomes can never be considered successes, and immoral judgments are never good ones.

Character is that distinctive, unfiltered personal voice that can't be faked or imitated. It is the core essence of who we are. In today's world, it is more powerful than ever in shaping our actions. The pace of everything is accelerated. There is less time for thinking, less time for our intellectual brains to override our baser instincts. In a way, the difference between life in the old-style organization and in the new is the difference between golf and surfing. You need to ride the breaking wave of constant change. There is no stopping to change your equipment. Even when they have time to wallow in making a judgment, leaders never have all the facts, and the situation is constantly evolving. You are always making judgments on the fly.

People with character are more concerned with self-respect than public esteem. They have clear standards, take responsibility, and hold themselves accountable, knowing that judgments have consequences. Having character as a leader is the acceptance of consequence and responsibility.



Courage. Character and internal standards to calibrate your decisions and keep them on "the right plane," is a requirement for building a track record of good judgment. Without good character, without strong moral fiber and a sincere desire to put the greater good above personal gain, your judgment will stray too often to the pragmatic and expedient. The hard choices that good judgment often requires will not get made.

But judgment is about more than decision making. It is not only about coming up with the right solution to the right problem, it is also about producing results, delivering the goods. And this is where courage comes in. Bad judgment stories often include a statement to the effect: "I really knew what I should do, but I didn't do it."

Having the courage to act on your standards is an integral part of what it takes to exercise good judgment. Standards by themselves aren't enough. In fact, if you don't act on your standards, there is some question as to whether they really are *your* standards.

Tom Peters and Robert Waterman contrast two types of stupid action (or inaction): Ready . . . fire . . . aim. Ready. . . aim . . . aim . . . aim . . . aim . . . aim."

Shakespeare's Hamlet was always "aiming," never firing, except at the wrong time and at the wrong victim. Every thoughtful leader has experienced that excruciating state. Despite Hamlet's knowing everything he had to know, despite his awareness that killing Claudius was the only honorable thing to do, his fits and starts mesmerize us through five acts. This "uncoupling" reinforces the imperative of action. Character, without courage, is meaningless, except in tragedy.

The courage required to exercise good judgment comes in many forms. Sometimes it is standing up to open direct threats. But, you are rarely called on to exhibit physical courage and defiant courage in the face of open hostility. Usually, quiet courage is required of you—the courage to make the inner journey, recognize and embrace what is right, and take the hard road, despite all the obstacles, because you should.

And, obstacles there are. Resources are always limited, so you need the courage to make the hard budgeting decisions. Then you need the courage to do whatever else it takes to carry out the judgment successfully, perhaps by laying off people whose talent or temperament don't fit with the new plan, or by hiring new people, or by getting old antagonists to work together. With any difficult judgment, some people will always disagree. A wise leader is exquisitely aware of where all the interested parties sit, and works to keep them on the team. But even when most dissenters fall in behind the decision once it is made, a few people will fight it. The leader then must have the courage to throw them out if they get in the way.

Some obstacles or challenges are beyond your control. These are the external forces, often with gale-force winds. Sometimes the important climate is political. Often it's competitive and social as well. These are forces you can't control, but you must have the courage to persevere, despite uncertainty and lack of control.

In important judgment calls, there are always stakes, always something big at risk. Otherwise, the judgment wouldn't be an important one. This is where many leaders fall down. They avoid making calls because they don't have the courage to take the risks. Even though the failure to make a courageous judgment and take a stand is ultimately what kills them, they can't bring themselves to act. Courageous leaders often get their courage from their fear about what will happen if they don't step up and boldly step out.

Some of the biggest obstacles leaders face are ones they set for themselves.

They shy away because of self-doubts. Or, doing the right thing means hard work, and they are afraid that they can't do it. So they make compromises.

Another self-imposed obstacle comes from the pressure to succeed. This pressure can pull us away from our core values, just as we are reinforced by our "success" in the market. Some people refer to this as "CEO-itis." Ironically the more successful we are, the more tempted we are to take shortcuts. And the rewards–compensation increases, stock option gains, the myriads of executive perks, positive stories in the media, admiring comments from our peers–all reinforce our actions and drive us to keep it going.

Great leaders dissolve many of the impediments that stand in their way through regular, ruthless self-scrutiny. Their built-in moral compass vigilantly and constantly evaluates their motives and monitors for right and wrong.

Novartis CEO Daniel Vasella, a leader with character, said: "When you achieve good results, you are typically celebrated. You are idealized by the outside world, and you tend to believe that what is written is true."

One common impediment to making wise judgments is isolation, and one pernicious form of isolation results from the almost palpable intoxication of success. Many celebrated and gifted leaders constantly struggle to find a balance between their constant hunger for success and the other attributes of a meaningful life. The courage of wise leaders is close-knit with their character. While good character without courage can be worthless, courage without good character can be, and often is, dangerous. Hence, we are not interested in leaders who cross the line by compromising on values of integrity and decency. We are only interested in leaders whose character and courage are exhibited when no one is looking.

You can't lead if you don't have trust, and you can't have trust if you don't have integrity. Leaders with character are easier to trust and follow; they honor commitments and promises; their words and behavior match; they are open to reflective backtalk; they admit errors and learn from their mistakes; they speak with conviction because they believe in what they're saying; and they are open to opportunity and risk. **LE**

Noel M.Tichy (tichy@bus.umich.edu) is professor of management and director of Global Business Partnership, Univ. of Michigan's Ross School of Business. Warren G. Bennis (w.g.bennis@gmail.com) is a distinguished professor at the USC's Marshall School of Business. They are coauthors of Judgment *(Portfolio).*

ACTION: Cultivate your wisdom and judgment.

Value of Mentors

Be open to their influence.

by Brian Tracy

WHEN YOU BUY WISdom, you pay full price in time and money to learn the lessons. When borrowing wisdom, you go to those men and women who have already paid the price to learn the lessons. By going to people who are ahead of you and opening yourself to their input and guidance, you save yourself the years it would take and the thousands of dollars it would cost you to learn what you need to learn by yourself. This is the essence of mentoring relationships.

The fastest way to get ahead is to study the experts and to do what they do. You won't live long enough to learn all you need to learn starting from scratch. To succeed, you need to find people who have already paid the price to help you learn the things that you need to learn to achieve your goals.

The mentors you choose should be people you respect, admire, and want to be like. The advice you seek should be guidance regarding your character and personality and specific ideas on how you can do your job better and faster.

In a mentor, look for two vital qualities: character and competence.

Character is by far the most important. Look for a mentor who has the kind of character you admire and respect—a person who has high degrees of intelligence, integrity, judgment and wisdom. The more you associate with men and women who are advanced in the development of their character, the more you will tend to pattern them and to become like them.

Competence means the person is very good at what he or she does—they have the knowledge, skills, and abilities to help you move ahead more rapidly. The impact of a mentor on your life depends on two additional factors.

The first is your degree of openness to being influenced. When you open yourself up to guidance, concentrate first on learning what the person has to teach you and then modify that lesson to suit your circumstances.

The second factor that determines the influence of a mentor is the willingness of the mentor to help you to achieve your goals. The more emotionally involved someone is in your life, the more susceptible you are to being influenced by that person. When you seek out a mentor, you must look for someone who genuinely cares about you as a person and who really wants you to be successful in your endeavors.

So, you must be wide open to the influence and instruction, and the mentor must be genuinely concerned about your well-being and success.

Here are 10 steps for building successful mentor-protégé relationships:

1. Set clear goals for yourself. Know what you want to accomplish before thinking of who can help you.
2. Determine what you need to do to overcome the obstacles you face and achieve your goals.
3. Identify the knowledge, skill, and expertise you need to overcome the obstacles between you and your goals.
4. Seek the most successful people in areas where you need the most help.
5. Join the clubs, organizations, and associations these people belong to, become involved, and volunteer for responsibilities to get their attention.
6. Work, study, and practice to get better at what you do. The best mentors are interested in helping you only if they feel it is worth their time.
7. When you find a mentor, don't make a nuisance of yourself or waste their time. Ask for 10 minutes of their time.
8. When you meet with a mentor, express your eagerness to succeed in your field and seek specific guidance to help you move ahead.
9. After the initial meeting, send a thank-you note expressing your gratitude for his or her time and guidance. Mention that you hope to meet again.
10. Each month, drop your mentor a short note, telling him or her about what you are doing and how you are progressing. State what their help has done for you. Arrange to meet with your mentor again, perhaps monthly.

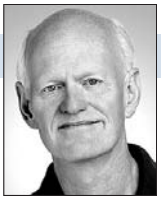
As you develop, seek different mentors who can give you the help most relevant to your situation. The more you help others, the more others will help you. **LE**

Brian Tracy is a leadership and sales consultant and the author of 42 books, including The Way To Wealth. *Visit www.briantracy.com or call 858-481-2977.*

ACTION: Start a new mentoring relationship.

Influencing Up

You make a difference.



by Marshall Goldsmith

ORGANIZATIONS SUFFER when key people can't effectively influence up. Most people are occupied with *efforts* rather than *results*. They worry over what the organization or their boss owes them and should do for them and obsess over the authority they "should have," thus rendering themselves ineffectual.

Although knowledge workers may know more about what they are doing than their managers do and have years of education and experience, they rarely know how to effectively influence up. Even the greatest wisdom and knowledge not applied to action and behavior is meaningless.

To influence upper management and convert good ideas into meaningful action, follow these 10 guidelines:

1. When presenting ideas, realize that it is your responsibility to sell—not their responsibility to buy. Influencing up is similar to selling products or services to customers. They don't have to buy—you have to sell! Great salespeople take responsibility for achieving results, refusing to blame their customers for not buying their products. Most professionals blame management for not buying their ideas; hence, upward feedback often turns into "upward buck-passing." You become disempowered when you focus on what *others* have done to make things wrong—not what *you* can do to make things right. By developing your ability to present ideas, and not blaming management for not buying your ideas, you accomplish much more. The knowledge worker is expected to take responsibility for being understood. It is arrogance to assume that laymen can or should make the effort to understand the specialist. The effective upward influencer needs to be a good teacher. Good teachers realize the *communicating* knowledge is often a greater challenge than *possessing* knowledge.

2. Focus on contribution to the larger good—not just the achievement of your objectives. An effective salesperson would never say to a customer, "You need to buy this product, because if you don't, I won't achieve my objectives!" They relate to the needs of the buyers, not to their own needs. Similarly, effective upward influencers relate to the larger needs of the organization, not just to the needs of their unit or team. When influencing up, focus on the impact of the decision on the organization. In most cases, the needs of the unit and the needs of the corporation are directly connected. In some cases they are not. Don't assume that executives can automatically "make the connection" between the benefit to your unit and the benefit to the larger corporation.

3. Strive to win the big battles and don't waste your energy and "psychological capital" on trivial points. Leader's time is limited. Don't waste time on issues that will only have a negligible impact on results—focus on issues that will make a real difference. Be willing to "lose" on small points. Be sensitive to the need to win trivial non-business arguments on things like restaurants, sports teams or cars. People become more annoyed with you for having to be "right" on trivia than your need to be right on important business points. You are paid to do what makes a difference and to win on important issues.

4. Present a realistic cost-benefit analysis of your ideas—don't just sell benefits. Every organization has limited resources, time, and energy. The acceptance of your idea may well mean the rejection of another idea that someone else believes is wonderful. Be prepared to have a realistic discussion of the costs of your idea. Acknowledge that something else may have to be sacrificed to implement your idea. When you prepare for a realistic discussion of costs, you can "prepare for objections" to your idea, acknowledge the sacrifice that someone else may have to make, and point out how the benefits of your plan outweigh the costs.

5. Challenge up on issues involving ethics or integrity—never remain silent on ethics violations. Enron, WorldCom, and other organizations show how ethics violations—only one violation of corporate integrity—can damage or destroy even the most valuable companies. If your management ever asks you to do anything that violates corporate ethics, refuse to do it and immediately let upper management know of your concerns. Such action ultimately benefits your company, your customers, your co-worker and yourself. When challenging up, try not to assume that management has intentionally requested you to do something wrong. In some cases, inappropriate requests may be made because of misunderstandings or poor communication. Try to present your case in a manner that is intended to be helpful, not judgmental.

6. Realize that your managers are just as human as you are—don't say, "I am amazed that someone at this level…" It is realistic to expect upper managers to be competent; it is unrealistic to expect them to be superhuman. Is there anything in human history that indicates when people achieve high levels of status, power and money, they become completely wise and logical? How often do you think, "I would assume someone at this level…" followed by "should know what is happening", "should be more logical", "wouldn't make that mistake", or "would never engage in such inappropriate behavior." Even the best of leaders are human. We all make mistakes. When your managers make mistakes, focus more on *helping* them than *judging* them.

7. Treat managers with the same courtesy that you would treat partners or customers. While you must avoid "kissing up" to upper management, you also must avoid the opposite reaction. Many managers spend hours "trashing" the company and its executives or making destructive comments about other co-workers. Before speaking, ask four questions: Will this comment help our company? Will this comment help our customers? Will this comment help the person that I am talking to? Will this comment help the person that I am talking about? If the answers are no, don't say it! There is a big difference between total honesty and dysfunctional disclosure. It's vital to "challenge up" on integrity issues. It is often inappropriate to "trash down" when making personal attacks.

8. Support the final decision of the team—don't say, "They made me tell you" to direct reports. Assuming that the final decision of the team is not immoral, illegal, or unethical—go out and try to make it work! Managers who consistently say, "they told me to tell you" to co-workers are seen as "messengers" not leaders. Even worse, don't say, "those fools told me to tell you". By revealing your lack of commitment to the final decision, you may sabotage the chances for effective execution. When communicating difficult decisions, ask, "How would I want someone to communicate to their people if they were passing down my final decision and they disagreed with me?" Treat your manager in the same way that you would want to be treated if the roles were reversed.

9. Make a positive difference—don't just try to "win" or "be right". You can easily become more focused on what *others* are doing wrong, than how you can make things better. An important guideline in influencing up is to always remember your goal to make a positive difference for your organization. Corporations are different than academic institutions. In an academic institution the goal may be sharing ideas, not impacting the world. Hours of acrimonious debate can be perfectly acceptable. In a corporation, sharing ideas without having an impact is worse than useless. It is a waste of the stockholders money and a distraction from serving customers. The most common area for improvement for most executives is the compulsion of "winning too much". Focus on making a difference. The more *other* people can "be right" or "win" with your idea, the more likely your idea is to be successfully executed.

10. Focus on the future—let go of the past. Avoid whining about the past. Have you ever managed someone who incessantly whined about how bad things are? When people consistently whine, they inhibit any chance they have for impacting the future. Their managers view them as annoying, and their direct reports view them as inept. Nobody wins. Successful people love getting ideas aimed at helping them achieve their goals for the future. They dislike being "proven wrong" because of mistakes in the past. By focusing on the future, you can concentrate on what can be achieved tomorrow, as opposed to what was not achieved yesterday. This future orientation will dramatically increase your odds of effectively influencing up and build better long-term relationships.

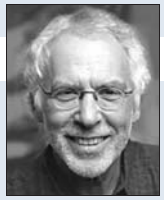
How much energy have you invested in *acquiring* your knowledge? How much energy have you invested in learning to *present* this knowledge so that you can make a real difference? By learning to influence up, you can make a large, positive difference for the future of your organization! **LE**

Marshall Goldsmith helps successful leaders achieve positive, measurable change, and author of What Got You Here Won't Get You There. *Visit www.MarshallGoldsmithLibrary.com.*

ACTION: Focus more on the future.

Active Leadership

It creates a better future for all.



by Peter Block

MOST LEADERS ARE victims of our inflated expectations. When people say there's a *lack of leadership*, they're never talking about themselves. So, I see the whole discussion of leadership as an avoidance of personal responsibility.

My interest now is the individual—the millions of people who are *passive*, *isolated*, and *entitled*—passive because our structures encourage it, isolated by technology that gets rich off our isolation, and entitled to be taken care of.

We need to confront corporate caretaking and build citizen capacity. Being a social architect gets you out of *helpful interventions*. Architects don't build, they design; they create spaces where other people build. You don't need to be the center of the system. You can do so many useful things without being the star. You can get people to talk together by designing learning events or useful experiences that enable them to explore issues and make decisions. The goal is to build self-sufficiency—to help people to get connected, define purpose, organize themselves, reclaim the power that is rightfully theirs. Now that's a leadership purpose worth pursuing.

The questions authentic leaders raise are ones of purpose, destiny, and vision. Stewardship is about acting on purpose, worrying about the next generation, and stopping the abuse of power.

Leadership (and life) is about the conversation you have with yourself and the people around you. Where you are and how you show up to the world creates a future different from the past. Indeed, this is *Active Leadership*. All learning is the willingness to enter into a new conversation about fresh possibilities.

Today there is greater need for engagement; engagement is the way to progress. And progress means a deeper sense of caring for the earth, belonging, finding a way to offer gifts. Speed, ease and comfort are not progress. Just showing up and doing something faster doesn't mean you add value. You have to decide whether to occupy the space and be present in the moment. Being *somewhere* doesn't mean you're present. What must happen is to make the participant active—responsible for the outcomes of training and learning.

Being a *citizen* is different than just being a *resident*. It's about deciding to care about the city, not just your neighborhood or backyard.

The key to transformation is to start a different conversation. My question is, "What's the gift that I bring to the world?" Don't worry about the answer —it's the question that matters. Of course, the world doesn't value *questioning*; the world values *doing*. It wants to know, *how* do we do this? We worship the god of efficiency, of productivity. We ask, "How do you make this work? How long does it take? How much does it cost?" We have lost our sense of community and connectedness. We're deeply isolated and lonely. We need to imagine a better life. The act of imagination, of possibility, creates the future, but it must be rooted in community.

Maybe listeners create speakers; citizens create leaders; employees create bosses; students create teachers; and children create parents. The purpose of problem-solving is to build relationships. Yet, we think the purpose of relationships is to solve problems.

You hear people say, "We don't have to like each other to work together." This means, "Screw the relationship, as long as we get the work done."

Thinking that "only the leader matters" or that "the person on top is the cause"is the problem. We need to invert the location of cause. If you treated the employee as the cause, where does that take you as a leader?

To me the qualifying question of transformation is, "Do you want the future to be distinct from the past?"

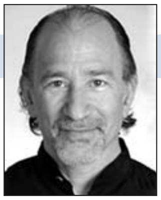
The idea of *invitation* is powerful. A powerful invitation says, "Please come; and if you choose to come, here's what's required or expected of you: You'll have to show up on time, engage with your peers in powerful conversations, leave your personal interests at the door, and help us create a better future through imagination, from a dream or a possibility." That invitation gives you traction with people. **LE**

Peter Block is a celebrated consultant and author. Visit www.peterblock.com.

ACTION: Be active in your learning and leadership.

Culture of Innovation

Take eight steps to sustain growth.



by Mitch Ditkoff

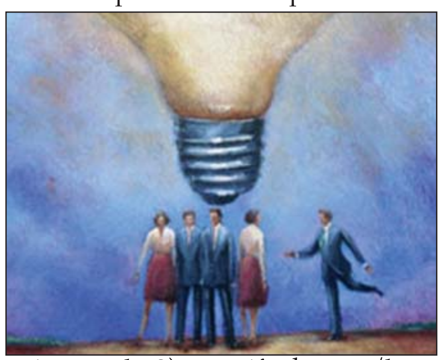
SUSTAINABLE INNOVATion, the endless effort to find a better way, can't be achieved by mechanically imitating best practices. The catalyzing agent for renewable innovation is the *cultivated ground* from which best practices spring—the confluence of *purpose*, *people*, and *processes* (*culture*).

No aspect of innovation can take root without creating a *culture of innovation*. Such a culture is *simple* to create, but it is not *easy* because the ground of most organizations is hard. The metaphor that conveys the effort required is *creating a garden*. When *your* company is clear about the effort required, creating a culture (garden) of innovation is simply a matter of taking the time to execute each step in the time-honored way.

To create a sustainable culture of innovation, take these eight steps:

1. Whet the appetite: *Stimulate your people's innate hunger to innovate.* If you are serious about being a gardener of innovation, you will need *hunger*—a real appetite for results. Without a commitment to the harvest, gardening remains only a hobby and does not yield desired results. If your people have little appetite for innovation, you need to whet it; otherwise, they sit idly by, waiting for R&D or senior leaders to lead the charge. And while they may *talk* about growth, talk won't put food on the table. Fortunately, inside *everyone* is the impulse to create. *Your* task is to awaken this impulse and help people *own* the effort to innovate. To whet the appetite, you might: 1) invite people *already* inspired to innovate to join your core team; 2) communicate and celebrate all innovation successes; 3) lead senior team innovation strategy and alignment sessions; or 4) create a business case for why innovation is so crucial and present it. *What will you do this month to whet your people's appetite to innovate?*

2. Stake and prepare the ground: *Clarify the scope of the effort and increase readiness.* Amateur gardeners, fueled by visions of the harvest, tend to plant before they are ready. Unclear about how large a garden they can sustain, unsure what's needed to prepare the ground, unable to resist the impulse for a quick yield, they rush in and waste effort. The same holds true for managers who want a culture of innovation. The antidote is first to get clear about the *scope* of the effort by "staking your territory" or defining the *fields* in which you want to innovate. If you try to innovate everywhere all the time, you'll deplete your resources and exhaust your people. Second, you need to prepare the ground for planting by removing obstacles to growth and by enriching the fertility of the soil. Preparatory efforts don't feel like fun and there's no immediate reward, but *without* this effort you won't have the ground for future success. To prepare the ground, you might: 1) ask your leaders to prioritize the top five inno-



vation needs; 2) quantify the cost/benefits of innovating in these fields; 3) ask managers what they can do to establish a culture of innovation; and 4) research idea management software options. *What will you do this month to prepare the ground for innovation?*

3. Find the seeds: *Locate powerful, new ideas.* You can have ample space and fertile soil, but unless you have healthy seeds to plant, you won't reap a harvest. If you want a garden of innovation, you need many kinds of seed. The more varied the seeds, the greater your chances for an interesting yield. *Ideas are the seeds.* All innovation begins with ideas. *Where will your company get its new ideas?* Is there a process? Is it working? Can you count on your people to deliver quality, game-changing ideas? Or is there something else you need to do to tap their brilliance? To find the seeds, you might: 1) ask your people for three well-developed ideas per week; 2) re-state your biggest challenges in the form of questions that begin, "How can we?" 3) identify 10 scheduled meetings and dedicate at least 25 percent of these meetings to idea generation; or 4) invite selected customers to a brainstorming session. Where is the biggest untapped source of new ideas? *What can you do this month to tap this fountain of brilliance?*

4. Fence the garden: *Protect aspiring innovators from naysayers and idea killers.* Uninvited predators and other varmints will show up at all hours to devour your tender, young seedlings or downsize your dreams—unless you *fence your garden*. Promising new growth ideas—the tasty indicators of breakthrough innovation—will be devoured by ravenous naysayers, *unless* you find a way to protect the in-house innovators who originate and develop these promising new ideas. Your role is to fence your garden and protect your people from the acidic scrutiny, doubt, and premature evaluation of left-brained, metric-driven, inhibitors of innovation. To fence your garden, you might: 1) eliminate unnecessary metrics and bureaucratic protocols; 2) serve your biggest naysayers with an aspiring innovator's restraining order; 3) request naysayers to seek *you* out with their concerns about projects and pilot programs; or 4) provide safe havens for aspiring innovators to collaborate on new projects away from the scrutiny and micro-management of in-house skeptics. *In what ways can you protect your direct reports from the chronic naysaying behavior of the senior team or Board?*

5. Plant the seeds: *Improve the process for new ideas being pitched and taking root.* While some seeds carried by the wind may land on fertile soil, most gardens require that seeds be planted systematically. If you are sincerely trying to create a culture of innovation, you need to refine you seed-planting process, establishing a more effective way for the *carriers* of seeds to increase the odds of those seeds taking root. Yes, aspiring innovators need to become more adept at pitching (planting) their ideas. But also managers need to become more receptive to the possibility that something new is worthy of taking root. Having healthy seeds is a good start, but those seeds need to be planted in a way that dramatically increases the odds of them growing into seedlings. To better plant seeds, you might: 1) identify best "idea pitching" practices; 2) identify skillful communicators and ask them to mentor others; 3) ask people what they need to make the idea-pitching process more inviting, humane, and effective; or 4) train your people in the art and science of making skillful presentations. *What will you do this month to improve your idea-pitching process?*

6. Tend new growth: *Find healthy ways to nurture new possibilities.* Conceiving ideas is easy; bringing them to fruition is hard. Along the way, they get neglected, mishandled, and trampled. What starts as a brilliant possibility often shrivels on the vine. With the right sustained effort, gardeners of innovation dramatically increase the odds of exciting new ideas making it to market. To tend new growth, you might: 1) create "virtual garages" where people work on promising ventures; 2) give feedback to aspiring innovators; 3) make "innovation slush funds" available to project champions; or 4) establish "innovation spaces" to encourage creative thinking, collaboration, and cross-functional brainstorming. *What will you do to foster the growth of a new project?*

7. Thin and transplant: *Evaluate, simplify, and decide what to focus on and what to defer.* Savvy gardeners thin out new growth to make room for the healthiest plants and even transplant the healthiest of the thinned-out plants to roomier locations. You need a clear strategy for how you will evaluate, select, and fund new initiatives—and identify promising new growth to be transplanted for future development. You might: 1) communicate the criteria for evaluating new ideas; 2) identify the resources available to support new growth; or 3) establish "greenhouse environments" that will enable you to nurture the growth of new ideas and pilot programs. *What promising ideas or initiatives killed last year should have been transplanted into an "idea greenhouse?"*

8. Celebrate the harvest: *Acknowledge the bounty and express appreciation for the gardeners.* Have a holiday, ritual, or ceremony to express gratitude for the harvest. The harvest feeds the body, but the *acknowledgment* of the harvest feeds the soul, strengthening everyone's resolve to begin the growth process *again* next season. To sustain a culture of innovation, you need to celebrate the harvest and acknowledge people for their efforts to innovate. You might form a team of people to schedule, plan, and facilitate an event to celebrate your innovation harvest. *How will you organize a "celebrate-the-innovation-harvest" event?*

Follow these eight steps for creating a sustainable culture of innovation. **LE**

Mitch Ditkoff is president of Idea Champions and author of Banking on Innovation, Free the Genie *and* Awake at the Wheel. *Visit www.ideachampions.com.*

ACTION: Create a culture of innovation.

Performance Pyramid

Attend to three key elements.

by Timothy R. Clark

THREE OUT OF FOUR change initiatives fail to meet their objectives. Why? Where do leaders fail the most? What can you do about it?

To learn what creates success and what accounts for failure, I analyzed 53 cases of large-scale change, studied the patterns of success and causes of failure, and discovered that change succeeds or fails based on what happens at three levels—*strategy*, *operations*, and *people*. Usually, one dominant factor brings an initiative down. I find that large-scale changes fail only 10 percent of the time on *strategy*, 20 percent on *operations*, and 70 percent on *people*. Your change efforts can fail on any one of the three—strategy, operations, or people—but you can't succeed on any one alone. Successful change requires all three.

1. Strategy. Only 10 percent of change failures are due to strategy (the direction and rationale for action). To form strategy, assess internal capability and external environment and decide where and how to compete. For example, you might see an underserved segment of the market and believe that your product can steal market share. If you're correct, strategy ceases to be a potential cause of failure—it becomes of matter of getting operations and people right. If you bet wrong on strategy, you will struggle. So, analyze your strategy based on internal performance and ability and the environment. Consider your options for change in view of market trends. Avoid unrealistic assumptions about what you can do, what the competition can do, and how markets will behave.

2. Operations. Operations is responsible for 30 percent of change failures. Operations includes every input, conversion process, and output—all systems, processes, structure, and technology. It also gathers in all support functions, regardless who does them or how, because they all contribute to the ability to create value. No matter what your core process or competitive advantage is, several support functions and processes are essential—and each represents a potential point of operational failure. If you place a strategy bet to shift your focus, the burden of change now shifts to operational and human dependencies. If you can't price, market, and distribute your products effectively, you will experience operational setbacks. However, operational failures are seldom fatal to a change effort. Unless you're out of time and money, you can fix your mistakes and try again.

Consider your quality expectations in view of your cost and time limits. Further, ask yourself if you have any technical gaps that lack a solution. Identify places where you might outrun your resources.

3. People. An inability to engage people and their commitment during change accounts for most change failures. People rely on leadership and HRM systems to harness and direct their efforts. People are free-willed assets who decide to grant or withhold their efforts during change. Leaders tend to forget, ignore, or simply underestimate the importance of people. When you launch change, you ask people to take a risk. People determine the risk profile of their leaders based on character, competence, commitment, and personal concern for them. Unless you have a critical mass of people pushing change forward, you won't succeed. You have little chance of mobilizing effort and institutional will if only 20 percent of your people are engaged.

People failures are traceable to either a gap or breakdown in HRM systems or in the leadership capacity of individuals. For example, your financial incentives might work against change, or you may have leaders who are incompetent, possess character flaws, or show selfish ambition.

Boost engagement before launching a change effort. Analyze your HRM systems. Are some missing, conflicting, or ineffective? Also, assess your leadership capacity. Will the change rely on leaders who are known as competent, credible, and of high character?

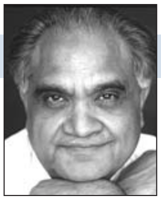
When these issues block the free flow of discretionary effort to support change, the effort is likely to fail. **LE**

Timothy R. Clark is chairman of TR Clark Associates, focusing on leadership, strategy, and change, and the author of Epic Change *(Wiley/Jossey-Bass). Email trclark@trclarkassociates.com.*

ACTION: Attend to these three areas of change.

Leadership Essentials

How can you identify the high potentials?



by Ram Charan

DO YOU KNOW A leader when you see one? If you have the wrong notion of what a leader is and does, or if you are focused on the wrong people to begin with, all your development efforts won't deepen your leadership pool.

Brilliant strategists, creative geniuses, financial engineers, and other bright people command our attention and respect. We recognize such individuals' knowledge and intelligence, respect their opinions and ideas, and willingly follow them. Combine that great mental ability with a strong work ethic and drive to achieve, and no wonder people are impressed. Unaware of their own shortcomings and driven to succeed, these experts push for leadership jobs at higher levels, persuading—sometimes even intimidating—their bosses to promote them. But many experts lack essential leadership traits. Although they may succeed for a while, without a natural ability to lead, they are unlikely ever to succeed as CEOs or leaders outside their expertise.

What does a *natural leader* look like at the age of 25 or 30? Usual attempts to answer that question include lists of personal qualities. These can be misleading, because the same wonderful personal qualities can be found in political or spiritual leaders who have no talent for business. Besides, many personal traits and capabilities associated with leadership in the past are insufficient today. You have to go beyond the list of desired personal traits to include other indications that a person can lead a business function, unit, or company.

One way to think about the raw 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*** (understanding how the business makes money). These strands are largely in place in individuals by the time they reach their 20s. After that, we can test someone's people acumen and business acumen and give them opportunities to expand them. But we don't know how to implant them in mature people who lack them entirely. That's why spotting these strands, however undeveloped they may be, is central to any effort to identify leadership potential. People who lack them are unlikely to ever reach the highest leadership levels—no matter how many other leadership traits they possess. Only when people acumen and business acumen are present in some degree should personal traits come into play.

Indicators of Leadership Potential

I've noticed several signs that a person has high potential for leadership.

A wide cognitive bandwidth—the capacity and inclination to see things in a broader context—is an earmark of a leader who anticipates how changes in the environment will affect the business or of a marketing VP who sees how

marketing relates to company direction. Leaders aren't born with the breadth and scope of thinking, but those with a drive to see things from a broader view have the potential for it. Some young leaders exhibit a conceptual ability to rise above details, to see a broader view, and place themselves and their accomplishments in that broader context. Look for actions that reveal such thinking—and the willingness to put the company's interests above their own ego and to think strategically from the viewpoint of the business.

Leaders make sense of all they take in and set a clear course of action. After gathering information from multiple sources and shaping several alternatives, they can sort out what is important, make a decision, and act on it. Even at lower levels, information is often muddled and the right path is unclear, but leaders with high potential find clarity and act decisively despite the uncertainty and ambiguity that stymies others. They take disparate facts and observations and connect the dots to create a clear view of what is likely to happen before it actually does. Because they see the hazy outlines of change coming before others do, they put their people on the offensive.

Most leaders show an uncommon ability to analyze and synthesize data and make decisions based on the data and on intuition. They realize that 20 percent of factors account for 80 percent of value. They sift, sort, and select information based on its content and source. They think in second, third, and fourth orders of consequence, are clear about goals and constraints, develop alternative paths, and have a backup plan in the event a decision proves wrong.

Leaders make judgment calls daily as they balance the inherent tensions between short and long term, between shareholders and customers and employees and external constituencies, and between opportunities and aspirations versus real-world realities and constraints. Some people are not decisive or tough enough to lead. They let opportunities slip away, powerful personalities dominate, and other people set the course. They are not leaders, in spite of the depth of their thinking.

Leaders have a passionate quest to learn and grow. High potentials take stretch assignments that tax their abilities—they are stimulated by the challenge and the opportunity to increase their knowledge base about the business, people, and the external world. They are intellectually honest and have the self-confidence to acknowledge when they don't have the answers, knowing they can find them. They are dissatisfied with incremental progress and the status quo. They search for new ideas and views, making them more contemporary than their bosses, more aware of leading technologies and trends.

Look at integrity and screen out those who fall short. Leaders must tell the truth at all times, fearlessly and without weighing the consequences. When confronted with a moral or legal quandary, they must always choose the ethical course of action. Leaders must also radiate a sense of urgency. Over the years, high-potential individuals are given increasingly broad and difficult jobs. Without relentless drive and near-total immersion, they can't endure long enough to master tasks. **LE**

Ram Charan is a global consultant and author of Leaders at All Levels *(Jossey-Bass) and* What the CEO Wants You to Know *and* Execution*. Visit www.ram-charan.com.*

ACTION: Select your high potential leaders.

Leaders of Performance

The best leaders apply some tough standards.

by Tom Peters

WITH A NATIONAL election this year, talk of leadership is again in the air. Most focuses on the good stuff: ennobling vision, empowered followers, maintaining the common touch. These important qualities are often lacking in leaders of all stripes.

Nonetheless, leadership also has another, less majestic side. My experience suggests the *best* leaders are:

1. Manipulative. Wise leaders are aware of the image they project. They may preach inclusion, and yet they are intent on carefully orchestrating every context to present the precisely desired message. I've never seen a politician so adept as Bill Clinton at snatching up any baby in sight, then hoisting the toddler into the camera's eye. Only the leader really understands, holistically, the persona she or he wishes to convey: The best ensure that nothing gets in the way of that presentation.

2. Symbol-conscious. While "getting down to brass tacks" is a must, practical policy implementation is usually possible only if the atmospherics are compelling. Effective leaders, like Ronald Reagan, have a sure feel for the symbolic content of their actions. To champion follower involvement, for example, leaders should exhibit involvement (follow a genuine open-door policy, regularly eat in the employee cafeteria, etc.)

3. Dictatorial about the dream. To be effective, a vision must be crystal clear. While compromise is necessary to build a consensus for action, the best chiefs are insistent that the main theme not get so enlarged or diluted as to become insipid.

4. Narrow-minded. Wise honchos know they can accomplish only limited agendas. The number of important problems and opportunities that confront—and distract—leaders at all levels is staggering. The best tack and jibe constantly, but, at a deeper level, fight to keep the focus on the main event ("the economy, stupid").

5. Punitive. Carrots motivate better than sticks, but top-notch leaders don't idly ignore those who choose to ignore them. Lyndon Johnson was brilliant at translating his contrarian domestic agenda into legislation. He was peerless at dispensing favors at critical moments (to win swing votes); but he was equally firm-handed in ensuring that those who broke ranks in trying times suffered the consequences.

6. Mistrustful. Many good leaders are humanists. Still, the survivors are usually closet conspiracy theorists. Most constituents who approach the leader, in innocence or with guile, have their own agendas. Effective leaders hide a healthy dose of skepticism, even mistrust, beneath a sunny, inspiring exterior. In the end, the leader is responsible for himself or herself.

7. Wily. The best leaders are open,

honest, and accessible; *and* the converse of all three. Leaders must be shrewd tacticians if they are to accomplish anything in a bureaucracy. That means doling out access carefully, since access empowers those who are perceived to have it. (If everyone has access, then it ceases to be a carrot or a stick.) It also means playing some games close to the vest—offering under-the-table favors tomorrow in return for a key vote today. (Kennedy unraveled the 1962 missile crisis by secretly promising future withdrawal of our missiles in Turkey in return for Khrushchev's public withdrawal of missiles in Cuba.)

While I don't condone dishonesty, I don't believe the one about George Washington and the cherry tree. Leaders put different spins on an issue, depending on whom they're addressing. This often results in perceived slickness; but to expect saintly consistency is to misunderstand the nuts and bolts of getting work done through many constituencies.

8. Power mad. These words doubtless bring to mind Hitler, Stalin and Saddam Hussein. Yet make no mistake, the best leaders, junior to senior, are avid students of power. We all operate amid webs of friends and enemies, with every shade of gray imaginable in between. To not understand the nature of the contest is almost surely to lose before you're off the starting blocks.

Leadership is as much about rough-and-tumble implementation as it is about a transformative vision. The human condition requires leaders to attend to many factors conveniently overlooked by those who see only the smiling side of the leadership coin.

9. Performance-minded. Set reasonably high hurdles for incentive pay and let folks figure their own path to salvation. 3M, for example, says its top people must score well on *both* profitability and percentage of sales derived from new products. One company's salespeople must rank in the top half in billings *and* customer satisfaction to get any bonus pay. At McKinsey & Co., evaluations reflected how well you performed on your current project assignment, and yet there was a long-term requirement to become a recognized expert at something. No one told you how to divvy up your time to achieve both objectives. It was simply clear that, over time, you would be graded for short-term service excellence *and* long-term technical stature. So, if you've got two strategic goals, tie financial incentives (at least one-third of total compensation for managers, one-tenth at the front line) to above-average performance on *both*. And don't fudge! You need an ouch-level penalty for those who don't cut both varieties of mustard.

We routinely ask front-line people to do lots more. Before, we said, "Show up, we'll tell you what to do," then you did it. Now you must: 1) become good at something, since expertise is the basis of all value added; 2) become good at lots of things (everyone must be well-rounded); 3) be a first-rate team player; and 4) exercise initiative daily in solving customer problems. Performance must take a front-row seat. Historically, we've hardly used merit as the basis for evaluation. In fact, genuine merit-based ratings seldom cover more than 5 percent of the workforce. To survive economically, we have to apply perform-or-else standard to everyone and every enterprise. LE

Tom Peters is CEO of TPC, best-selling author and dynamic speaker. Visit www.tompeters.com.

ACTION: Set and apply performance standards.

Executive Coaching

Four steps to successful outcomes.

by Karen Elmhirst

EXECUTIVE COACHING is a popular way to develop leaders. Its ROI is well documented. Since so much benefit comes from what the executive and coach do together, executive coaching can be construed to be a mysterious process. What goes on behind closed doors? Is emphasis placed on what the individual needs, or what the business calls for? Effective coaching strikes an ideal balance between compelling personal aspirations and the goals of the business.

• Marian was a seasoned professional in a Fortune 500 business services firm. She was deeply committed to her work. She invested tremendous discretionary effort to deliver on very tight deadlines on an overwhelming number of projects. She thought she had clearly shown senior management her worth. When promotion time came, she was passed over. When Marian reflected on feedback she had received in the past, what swirled around her were vague notions about "style" issues. Through work with an executive coach that included qualitative interviews with her colleagues, Marian was able to see that what had been lumped under the category of "style" were in fact, three specific areas for her professional development: developing her personal influence skills, becoming a more effective communicator, and learning to step back to identify when to let go of her agenda and when to persist. For each of these development areas, she was able to identify specific action steps to increase her effectiveness. She circled back with her colleagues to thank them for their candor and ask for their support along the way. Within weeks, people around her were seeing real progress. Marian was relieved to have a clear route to increased effectiveness, and was personally committed to change.

• Henry was a fast-rising star. He led his business unit to incredible results and wanted bigger and broader responsibility. Through coaching, he realized that his gifts as a visionary, motivator, and strategic thinker were tremendous assets that would continue to serve him well as a senior leader, but that his peer relationships needed some concentrated time and attention. His manager agreed that both the company and Henry's best interests would be served by investing time in coalition building with his colleagues. He started looking for ways to increase collaboration and share successes. His breakthrough came when he realized that he had chosen a narrow and limiting view of the business, and had resisted developing personal relationships with his peers because he viewed them as competition. Once he understood how his choices had alienated others, he agreed to clean up conflicts from the past and develop shared agreements for how best to work together. He chose to see himself as a leader of the broader business, and within six months, he was offered a senior leader role, overseeing multiple business units.

Four-Step Process

Use this four-step process—information, insight, innovation, and impact.

1. Gather information. The coach and coachee explore the current situation and the desired one. They discuss feedback. They look at values, thinking and behavior patterns that can block success. This step generates self-awareness, motivates the executive to take action, and creates trust between coach and coachee. The coach invites candid feedback from colleagues: managers, peers, and direct reports.

2. Gain insight. Until Marian heard the qualitative feedback from others, she was unable to unpack the actionable elements of "style" in her way. Typical 360s offer partial insight into how a person is viewed by others, but qualitative interviews paint a richer picture of the perceptions of others. The information gathered by the coach in conversations with colleagues includes perceptions of strengths and opportunities for development. In this phase, feedback is reviewed with the coachee, and the coachee looks for themes. This results in a short list of high-impact development goals that align with organizational goals.

3. Innovate. Action planning synthesizes the outcomes of the first two steps into a clear and concise document that focuses the remaining work. The coach meets with the coachee and her manager to review the draft. The executive then reconnects with those who provided feedback to thank them for participating and to share the main themes and objectives. The coachee asks others for ongoing support and feedback along the way. Colleagues are enlisted in supporting this person's goals and poised to notice the progress made. As the coachee begins taking the actions outlined in her action plan, she is encouraged and challenged by the coach to stretch well beyond comfort levels and old ways of thinking and behaving. It is common for a coachee to experience a breakthrough and see what's newly possible.

4. Measure impact. How do we know if coaching is successful? During the action plan development, the coachee, with help from the coach and manager, selects some clear measures for success, and milestones to mark the way there. It then becomes simple enough to again gather information from colleagues. The coachee prepares a results debrief to document progress and meets with her manager and coach to review together. During this meeting, the executive can appropriately promote the successes to date. The manager can provide feedback on what's worked and what hasn't, and offer guidance for future development. The coach and coachee then prepare the executive to become her own coach.

The "secret sauce" of executive coaching lies in the relationship between the coach and the executive being coached. The degree of safety and trust felt by the coachee greatly influences how much he or she will explore and experiment in coaching.

These four steps create a powerful foundation for a breakthrough in thinking that drives bottom-line results. **LE**

Karen Elmhirst is an Executive Coach with Break Through Consulting, a results-driven executive coaching company. Visit: www.breakthroughconsulting.com.

ACTION: Use this process in your coaching.

Follow the Leader

It's about who you are and how much you care.

by Paul Walsh

EARLY IN OUR CAREERS, we learn to master content or areas of expertise, such as finance and operations. Doing this well is critical to our success. We make decisions from the framework of our expertise, and we drive results from this vantage point.

Once we reach the top, the rules change. Top positions require a different brand of leadership. CEO leadership goes beyond *content* and creates the *context* for what is valued. Our focus shifts from personal achievements to reminding others what is important.

We sometimes struggle with the illusion that we are the only ones who make things happen. In reality, nothing is accomplished without engaging in relationships and appreciating the unique contributions of many people.

We lead by virtue of who we are. At every moment, our personality, personal history, and background are present—for better or worse. And, our belief systems, fears, strengths, and weaknesses are intimately reflected in our cultures. So, we either open up or close down potential in proportion to how open or closed we are personally.

Three Growth Areas

With CEO leadership, the development of intrapersonal (self-knowledge) and interpersonal (relational-context knowledge) skills becomes crucial. To make this shift, we need to ask some tough growth questions: How can I be even more authentic as a leader? How can I enhance my self-expression? How do I create greater value?

1. Deepening authenticity. We can't sustain our effectiveness and build trust without personal authenticity and integrity. Authenticity, the foundation for sustaining our leadership, means more than just telling the truth. It is the congruence of our inner and outer person. It means we comprehend our strengths and weaknesses, and we're not afraid to be vulnerable with ourselves and with others.

When I became CEO of Pillsbury, I needed to improve my food marketing and public speaking skills. I immersed myself in marketing and read everything I could find on packaged food. I also sought coaching in presentations. Some Pillsbury executives were amazed I had time for all this learning. By exposing my underdeveloped sides, I effectively shattered the myth that a CEO needs to have all the answers—because often we don't. And, by doing this myself, I hoped to create a supportive learning environment committed to personal awareness and improvement.

Also, I had openly supported initiatives for employees to take bold, brave, and creative approaches to work. And yet I was uncomfortable with the company's casual dress code, and so I told senior staff to develop guidelines for a

new dress code. I then received feedback that I wasn't delivering on my promise to support an open, creative environment. When I recognized this, I stood in front of 3,000 employees and told them I was wrong. My employees realized that I was human—something that enhanced my credibility as a leader.

2. Enhancing self-expression. Authentic self-expression is the purposeful voice of the leader, which unleashes talent in others to make valuable contributions. Self-expression is not a communication technique. You may not be a polished presenter, but if your voice is real and you can communicate your vision with a sense of meaning, purpose, and conviction, you will open up new possibilities. As a leader, your most effective communication comes from your deeply held beliefs, values, and life experiences. When you learn to concisely connect your external voice to these purposeful levels of yourself, your leadership voice becomes powerful. Effective self-expression arises from within your meaning and life experiences and then touches others to create value.

When considering how to enhance your self-expression, you should never underestimate the power of your words and actions. Employees want to please you and do good work, but they sometimes put too much stock in what they think you know. You need to be clear whether you are setting a new standard or simply making a suggestion.

3. Creating optimal value. Most CEOs get results; fewer create value. We can leave a wake of bodies in our path; destroy the environment; and sacrifice our health, our purpose, our relationships, and our lifestyle—all in the name of getting results. Are those of us who make these kinds of sacrifices really creating value for our organizations, our families, and ourselves?

Creating value involves broadening our range of interests—or reconciling self-interest with the common interest. Obviously, this is a major challenge. There are so many conflicting constituencies with which we must deal: shareholders, employees, the community, and the environment, not to mention our personal well-being. How can we create optimal value? There is no one right way to achieve this goal because creating value is relative to every individual, organization, and situation.

Creating value may involve personal transformation. I invite you to commit to personal growth, and to serving people by making a difference.

As CEOs, we're experienced in making decisions that contribute to bottom-line value. However, we need to challenge ourselves to think beyond the bottom line and expand the reach of our business decisions to create broader value for our stakeholders.

Our views of leadership must be turned inside out to deal with today's dynamic realities and relationships. So much of today's leadership is tactical and specific, focusing on external manifestations like vision, drive, creativity or charisma. Since we each show up with a different set of leadership qualities, leadership must be something deeper than these external descriptions.

By deepening your authenticity, enhancing your self-expression and creating optimal value, you can effectively meet your challenges. You'll perceive leadership from a fresh context: authentic self-expression that creates value. **LE**

Paul Walsh is CEO of DIAGEO. Visit www.diageo.com.

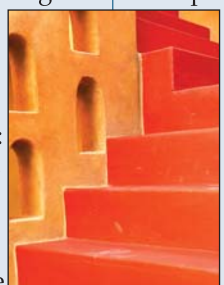
ACTION: Deepen your authenticity as a leader.

Built to Prosper

Commit to profitability.

by Janet Boulter

TO ACHIEVE YOUR GOALS and build value, you need to focus consistently on the "shared vision" and agree on the mission. Commitment produces the focus necessary to generate the time and resources to achieve goals. Communicating to your employees, vendors, clients, and shareholders that your management team is committed to meeting the goals creates energy, enthusiasm, and a spirit of teamwork around measurable results.



To create and sustain profitability, make 10 commitments:

1. Craft visionary strategies. You need a map to know where you are going and how to get there. When conducting strategic planning, focus on the short-term but plan for the long-term. When you focus solely on managing the efforts of the short-term revenue goals, you lose your focus on long-term targets. Strategies are created for the long-term (5 to 10 years); plans implemented for the short-term (1 to 3 years).

2. Adhere to core values. Have well-defined core values that serve as your guiding light and weave them into all policies, procedures, programs, systems, and structure. Continually communicate these values to employees, customers, vendors, and consultants to ensure everyone is committed to ethical business practices. Integrate your core values into every strategy.

3. Build a strong reputation. Reputation is dynamic, and everyone is responsible for maintaining it to the standards defined by the core values. One bad incident can destroy years of goodwill with customers and employees. Profitable companies have a high percentage of repeat customers.

4. Focus the spirit of competition. Competition is an excellent motivator. Use your competition to drive excellence. It is more profitable to focus on your strengths, products, differentiators, market share, branding, and industry position than trying to react to competitor's strategies or initiatives.

5. Integrate quality at every level. When companies sacrifice the quality of their products and services to improve their short-term profitability, they lose valuable, often irreplaceable market share. Profitable organizations grow by improving quality on every level at every opportunity and by maintaining customer loyalty.

6. Inspire innovation and creativity. These factors drive growth. Silo-type, vertical management structures incapacitate people from contributing their ideas for improvement. By creating a culture that encourages and respects employee contributions, you outpace your competition and reduce turnover.

7. Cultivate client and customer relations. *Cultivate* implies continuous improvement, and *relations* implies a connection. Developing long-term customer relations should be a core value, since people who have a good experience with a business become repeat customers 70 percent of the time—and they're your most profitable customers.

8. Emphasize the "human" in resources. People stay with companies longer when they feel valued and feel they make a contribution. High turnover erodes profitability. The cost of replacing an employee is high, and you lose valuable time in hiring and training, as new hires take six months to become fully engaged and make meaningful contributions.

9. Manage your technology and infrastructure productively. When investing in technology and infrastructure, focus on the long-term productivity savings and benefits rather than the short-term expense. Some companies lose business by not upgrading when appropriate; others lose money by upgrading more often than necessary.

10. Be proactive. Adopting a proactive strategy saves time and energy and creates goodwill with employees, customers, clients, vendors, and the community. Being reactive only prolongs the inevitable—and results in higher costs, lower productivity, and lost valuable customer and client relations. Build your reputation on "doing right" rather than "being right".

When planning, set five big goals, and then craft your growth strategies around them and build in flexible milestones. By aligning your strategies based on the 10 commitments, you'll create a company built to prosper. **LE**

Janet Boulter heads the Center Consulting Group. Call (303) 368-9954 or email jboulter@centerconsultgroup.com or visit www.centerconsultgroup.com.

ACTION: Commit people to profitability.

Tough Questions

Learn to tackle them.

by Dianna Booher

HAVE YOU EVER SEEN A colleague wrap up a fabulous meeting, field a few questions with flair, and then, just as he's ready to wrap up, another hand waves: "So, Bob, everything you've said so far makes sense, but could you explain how this protocol could have been effective with that situation in production last week?" Unprepared for this curve ball, you watch as Bob stammers and stutters next to his pie charts, with an incoherent ramble that turns an otherwise star performance into a show-stopper.

Public speaking is a common fear among those in the business sector for good reason. No one likes to be peppered with questions for which they are unprepared. What's a major key to minimizing that fear? Preparation.

Here are a few practical tips for preparing for question-and-answer periods, particularly when you expect difficult questions from skeptics.

Hypothetical Questions

When people ask a hypothetical question, they often want to express their opinion. Whatever answer you give will be "wrong," and they'll change the details in the hypothetical situation and then set you straight about what will or won't work.

Tip: Sidestep the details. Refocus by responding, "There are so many unknowns and variables in hypothetical cases that it's difficult to give a meaningful response." Or: "I prefer to focus on the current mission in formulating policy for charitable contributions. For the present, I still consider. . . ."

Tip: Probe for the real issue and address that concern. Example: "Is your concern in raising that question the safety issue?" If the person confirms that the safety issue is what prompted the hypothetical situation, then you can proceed to comment on the safety issue rather than getting bogged down in hypothetical details.

Show-Off Questions

Generally, this "question" is a monologue—either an opinion or barrage of data. Then, the asker tacks on a limp question like "Wouldn't you agree?"

Tip: Call for the question. Example: "Would you please restate your question?" or "Were you just making an observation?" After some fumbling, the person may ask a question that you can answer briefly and regain control.

Tip: Acknowledge the comment and move on. Examples: "Thank you for that observation." "You must have some experience with similar situations." "I'm sure others may feel as you do." "That's something else we may want to consider in the decision." Break eye contact, and move on.

Hostile Questions

People ask hostile questions for several reasons: 1) They disagree with you or have wrong information. 2) You have no credibility with them. 3) They misunderstand you. 4) They think they are saving the day for others. 5) Their personality makes them look for the cloud in every silver lining. 6) They have a hostile tone and expression without realizing it. 7) They are angry with someone else and are taking it out on you. 8) Their question is neutral, but you are reading hostility into it.

Tip: Rephrase a legitimate question minus the hostile tone. If the question is, "Why do demand six years of experience for all work? That's unreasonable," rephrase it: "Why do we think six years' experience is necessary? Well, first. . . ." Don't feel that you have to refute an opposing view in detail. Simply comment: "No, I don't think that's the case." Your answer will sound authoritative and make the asker appear rude and argumentative if he or she continues.

Tip: Acknowledge and accept feelings. By acknowledging the feelings of the asker, you may defuse the hostility and help him or her receive your answer more openly. Examples: "It sounds like you've been through some difficult delays with this supplier" or "I don't blame you for feeling as you do, given the situation you describe."

Tip: Agree with something the questioner has stated. Try to find something in the hostile question with which you can agree. This diffuses the inclination to argue. Then give your answer.

Most high-level presentations include Q & A. Just think of it as one more component for which to prepare and to use to win over your audience. **LE**

Dianna Booher is a keynote speaker and author of more than 40 books, including The Voice of Authority *and* Communicate with Confidence. *Visit www.booher.com or call 817-318-6000.*

ACTION: Prepare to handle tough questions.

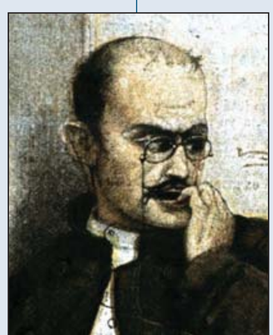
Build Credibility

Shed the Superman cape.

by David Benzel

SUPERMAN IS A SUPERhero due to his many powers. However, even with all his strengths, Superman has a vulnerability—Kryptonite. In spite of his weakness, Superman's credibility is beyond reproach.

Most managers desire to appear a "Superman" to their followers; perceived as perfect, flawless, impenetrable, and invincible. Perhaps they wonder, "Why would anyone trust and follow me if I'm flawed and vulnerable?" So, they get caught up in a game of being right, or *acting* as if they're right. This is like parents who might not know why they give a command or punishment to their children, but say, "Because I said so" to save face. Ironically followers at work, like children at home, know that their leaders have flaws.



Attempts to create the illusion of perfection just distract from whatever credibility is there in the first place. Credibility is the key ingredient in leadership. The Latin root word is *credo*, meaning "I believe" or "I trust." Credibility is given to those who are trusted—to leaders whom followers find believable. If you're not believable, nor trusted to represent yourself honestly, you will have little credibility.

How to Build Credibility

The answer to the paradox of how to build credibility without being bullet-proof is found in being real or authentic. As a leader, you can demonstrate your genuineness in five ways:

1. Honor others, let others honor you. Shining a light on the accomplishments of others reinforces the behaviors you want to see, boosts morale, and teaches the habit of *honoring* to everyone. You can't successfully honor yourself, as this will be seen as boasting. Soon others will be slapping their own backs. When you sincerely edify those around you, you are elevated in the minds of followers as trustworthy and humble.

2. Become a learner, not a judge. When you ask good questions, you learn more. Credible leaders are learners who ask, listen, and then decide. Sadly when most people are promoted, they stop asking questions and become answer-telling machines that are all-knowing, all-seeing, and certain-of-everything. They jump to conclusions and judgments, as if any hesitation or inquiry indicates incompetence.

3. State conclusions tentatively. After gathering and processing information, most leaders just blurt out the answer and command: "I've made up my mind, so go do it." However, leaders who trust the opinions of followers will state their conclusions tentatively, leaving a door open for unknown facts or opinions to find the light of day. When leaders overstate a position, they leave no room for other positions except through confrontation! What can followers say in response to, "This is the only way to go." However, if you say, "The data I've seen has me leaning toward this option, unless there's something I'm not aware of," your credibility is enhanced by your openness to feedback from others.

4. Admit not knowing all answers. Since no one has all the answers or information, admitting that you don't know an answer does not make you incompetent. Making up answers just to appear smart backfires. Wise leaders seek information through many sources. Being resourceful is a sign of competence. They know how and where to get answers and say: "I don't have the answer, but I know where to look."

5. Apologize for mistakes or poor judgments. Have you ever noticed the look of relief—and surprise—on a person's face when you apologize for a mistake or poor judgment? Once your followers learn that you are a leader who takes personal responsibility for your decisions—and apologizes for mistakes—your credibility with them soars. It takes courage to admit mistakes, but your relationships grow stronger.

Leaders shed their Superman cape when they exhibit authenticity. As the illusion of perfection fades, the image forms of a leader who is flawed and vulnerable, but ready to learn lessons and move on. Which leader would you choose to follow? **LE**

David Benzel is founder of Winning Ways, a coach in leadership and peak performance, and author of Chump to Champ. *Call 1-800-616-1193 or email davebenzel@cs.com.*

ACTION: Build your credibility with constituents.

Leading Change

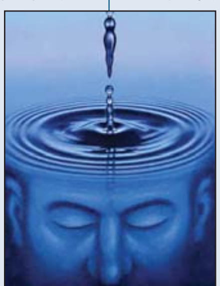
Handle reorganizations.

by Gary Bradt

TODAY, COMPANIES are reorganized, bought and sold regularly. These changes are usually made with the best of intentions but don't always yield the intended results because leaders pay more attention to the logical aspects and the business case than to the psychological aspects of how to get people to enthusiastically embrace the new entity or new way of doing business.

Here are five keys to meeting this challenge.

1. Accept that in the eyes of employees, a merger of equals rarely occurs. When two organizations come together, senior managers often say that "there are no winners and losers." Employees, however, see it differently. They notice which name the new company adopts and how many executives from each company end up in similar roles on the new team. They keep score, and their initial feelings toward all the changes often depend on their final tally. As a leader, you need to offset negative perceptions. Try to balance the new team with people from both companies. The *best-person-for-the-job* should be your primary criteria, but a perception that both sides are represented is important. When meeting with people, acknowledge your desire to make it a merger of equals. Ask them to judge you and the process on what they see—not on what they hear as rumors.



2. Get to know new people. It's easy to stick with the people you know, so learn the talents, skill-sets, and personalities of those from the new organization. Discover where hidden talent may lie. Don't rely on rumor, reputations, or HR. Spend face-time with key people. Learn what makes them tick—their values, work ethic, thinking and decision-making. Make assessments based on your direct experience.

3. After the merger, attend to the psychological aspects of change. Premerger activity is filled with logical analysis. Everything from geographies, facilities, technical expertise, market share, and supply chain logistics are examined. Often, the soft side of the deal—culture and people—get short shrift. All of your analysis will come to naught if you don't get people to act in accordance with your logical assumptions once the deal goes through. Ignore the soft side and you risk watching your plans sink into a psychological swamp, swallowed up by fear and resistance. To avoid this outcome, involve people meaningfully in making the change happen. Then they don't have time to worry or complain about it. Getting them involved on teams will help you make better decisions (after all, they know their day-to-day business better than you do), and their buy-in and commitment to decisions will increase.

4. Be honest: Share what's in it for them, both the good and the bad. Don't assume people will see the benefits of change. Touting the benefits to stockholders is fine, but it won't calm the fears of those who feel threatened by the change. Articulate how benefits will accrue to those who embrace the change. And be honest about the potential downside: if the change will result in some pain and sacrifice (loss of jobs, positions, or relocations), be up front about that too. The same question is on people's minds: "What is this change and how will it impact me?" Until you answer this question, anything else you share will be tuned out, or misinterpreted as fulfilling employees' worst fears.

5. Passion plus patience equals long-term success. Senior executives who are involved in making decisions tend to feel more passionate about change. They're involved from the start, see the benefits, and feel personally invested. Most others feel as if they are just along for the ride. They feel powerless. So, let patience be your guide. Get people involved in the change, tell the truth about where you are headed, why you are going there, and ask for their help.

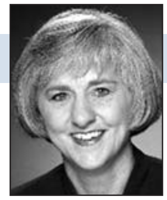
Analyzing the business case and getting the deal done constitute the easier aspects of leading change. Less comfortable is the people part—addressing the emotions and needs of people whose buy-in is needed to succeed. Being a leader of change means stepping out of your comfort zone to help employees re-establish theirs. **LE**

Gary Bradt is a popular speaker and author of The Ring In the Rubble. *Visit www.TheRingInTheRubble.com.*

ACTION: Get your people on board.

Increase Retention

Treat your people with TLC.



by LeAnn Thieman

WITH INCREASED workloads, demanding staff ratios, and challenging work conditions, many people feel burned out. Today's workers are not signing on and staying on just for money. They are opting for employers who care about them. How they are treated on the job is a primary factor in their satisfaction, resistance to burnout, and willingness to be loyal. Work-life balance is often a top priority.

Only one in eight employees say their employers put effort into keeping them on their jobs. Considering that it costs thousands of dollars to recruit and hire new employees, leaders are eager to retain the ones they have in addition to attracting the emerging workforce. Many have learned that to recruit and retain, they cannot simply offer more money or bigger benefits.

They need to give employees a hefty dose of nurses' medicine. All businesses can benefit from these 10 tips, by treating their employees with the same competent, compassionate TLC that nurses give their patients:

1. Smile a lot. Be kind. Visit them often. Keep an open-door policy. Don't just speak to your staff members when they make a mistake, visit with them when they've done a great job and commend them in person, rather than in an email or memo. No matter how busy you are, don't act rushed or distracted. Make your employees comfortable around you and allow them to speak their feelings, ideas and needs.

2. Ask, "How can I help you?" Don't assume that you already know. Hold a staff meeting on the topic, conduct an anonymous survey, or ask them what they need in an employee evaluation. You may be surprised what you learn when you simply ask the right question.

3. Do an "assessment" regularly. Ask about their condition or job position. Note what you observe. Evaluate the situation with each person, then make a plan and implement it. Give people access to the support they need to perform at their best. They will they do a better job and be more satisfied, and your company will profit, too.

4. Be prompt in answering their "call lights." When a patient has a need, they "call" for assistance; watch for instances where your employee "calls" for help, verbally or otherwise. Address each concern and attempt to meet their needs as soon as possible.

5. Explain procedures and changes. Make sure your people know why the changes are taking place and reiterate their importance. While it may not be an easy course, clarify the good that will come from it. Reinforce how their cooperation and positive approach will greatly affect the workplace.

6. Communicate often and clearly. Keep your employees up to date with what is happening so they feel more involved and less afraid of change. If they have concerns, be sure to listen first—without talking or interruptions. A gentle touch on the hand or shoulder conveys sincerity and interest.

7. Ease their "pain." Make honest efforts to relieve the pain. Ask for suggestions. If the pain is personal, such as a relative passing away, be considerate. Offer them a day off or an additional paid day of vacation. Send flowers or a sympathy card to show that you care.

8. Promote independence and self-sufficiency. Strengthen people. Offer continuing education. Compensate them and adapt their schedules so they can gain new skills. Give them as much control as possible, and they are more likely to cooperate with the "treatment plan" and other changes.

9. "Change positions." Being in the same position too long can be uncomfortable or stifling. Suggest a transfer within the department or organization. Offer flexible shifts, telecommuting, or job sharing. Encourage people to grow in their skill sets and job responsibilities.

10. Provide them "nourishment." Help nurture their minds, bodies and spirits. Remind them to take breaks, eat meals, and ask for help. Provide inspirational, encouraging books, periodicals, and speakers. Bring in a massage therapist after a stressful quarter or show your appreciation with a free lunch during a successful period.

Implementing these 10 tips creates a "care plan" that strengthens people, promotes a positive culture, and boosts productivity, creativity, loyalty, and the bottom line. Giving employees a dose of the same medicine nurses give their patients results in greater retention. **LE**

LeAnn Thieman, LPN, CSP, is an acclaimed speaker and co-author of Chicken Soup for the Nurse's Soul, Second Dose. *Call 1-877-844-3626 or visit: www.NurseRecruitmentandRetention.com.*

ACTION: Give people a dose of TLC.

Building Trust

I see skiing as a metaphor.

by Lance Secretan

LAST WINTER, I TOOK ONE of several groups of leaders to the top of a 12,400 foot mountain. They were visiting with me in my Colorado home to learn how to make breakthroughs in their skiing and leadership skills.

Skiing is a metaphor. I teach intermediate skiers how to ski double-black diamond runs in one day. Most skiers say it can't be done, but we do it as routine. First, we ask skiers to open themselves to new ideas and thinking and to let go of their existing, outmoded beliefs and techniques. This requires ***courage***. Then we teach them how to be ***authentic*** on the mountain. We ask them to model ***service*** and to tell the ***truth*** (*I am cold, I'm afraid, I'm hungry*). We model a loving teaching style and ask them to be loving in interactions with each other and to be ***effective***.

These are the qualities of a great leader—courage, authenticity, service, truthfulness, love, and effectiveness. Learning how to ski double-black diamonds in one day is the mountain equivalent of transforming leadership style and corporate culture and passion in a short period of time—both are within the reach of those who are passionate and yearning to grow as leaders.

After a series of wonderful runs, we disembarked from the button tow at the top of the tallest mountain in the area, only to be met by a sudden snowstorm, with ferocious winds that arrived without warning and visibility declining to about eight feet. We were the only people at the top of the mountain, and with no way down except by walking and carrying our skis. I huddled with my team in the storm.

Here Is the Plan

"Here is the plan", I told them. "The only way off the peak is to ski down the side of the mountain for about 1,000 feet as quickly as we can, in order to build up enough speed to shoot up the other side. But we won't be able to see anything, and you don't know the mountain. So, I will ski first, because I know the terrain like the back of my hand. I want you to ski right behind me as close as possible, one after the other. Watch my skis—it will be the only thing you will be able to see in the whiteout. If you see the tails of my skis going up and down, you will know I've just gone over a bump and you can brace yourself accordingly. If my skis turn, follow the direction they take. Trust me—we are going to be okay."

It went exactly as planned—a team of courageous, trusting, and safe skiers and leaders high-fived their success after we zoomed into the void together and arrived safely on the other side—all in one piece.

Six months later we held a reunion conference call with this team and relived the euphoria of our experiences.

Sources of Trust

What are the sources of the *trust* and *courage* that make for the essential components of leadership, I wondered? Why did they trust me? Why were they courageous? We know how important trust and courage are, but how are they acquired or bestowed? Every leader wants to know this.

One person replied, "I trusted you because you loved me—I could see it in your eyes, and I knew you wouldn't do anything that would hurt me." This got me to thinking about how important love is in building trust. Another said, "On the first day you explained how to ski moguls, then you demonstrated it, then you asked us to do it, then you explained and coached us. I trusted you from then on because you helped us to grow safely." Another said, "You never forced us to go beyond our potential competence—out of our comfort zone, yes, but not out of our possible mastery". Another said, "You didn't buy into my fear—you simply didn't think my fears were justified. I thought about your view of me and then I thought about my view of me, and I decided that I liked your view better—so I decided to trust you."

We had fun, we grew and learned together, we laughed and stretched ourselves, and we looked out for each other. Courage, trust and love—magic and essential ingredients for leaders in quest of the extraordinary. **LE**

Lance Secretan is an expert in leadership development. Visit www.Secretan.com.

ACTION: Build trust in your team.

Recognition and Reward

What are the top tenets and practices?


by Mel Van Dyke and Rick Garlick

WHETHER THE GOAL IS CUSTOMER centricity, growth or innovation, most organizations grapple with how to attract, retain and engage top talent in achieving core business strategies. The most effective tool to create and sustain a culture that engages and aligns employees behind business imperatives is a performance-based recognition approach called *Enterprise Recognition Management*. This unique approach is defined by 10 tenets.

1. Empower managers. Most managers lack the positive reinforcement skills necessary to attract, retain, engage, and motivate their people. Few managers use recognition as a motivational tool because they don't know how, they do not feel it is their job, or they do not feel their employees value it. All managers should be empowered with recognition training that helps them identify employees' motivation profiles, assess their strengths and weaknesses in positive reinforcement, and identify how real-time recognition can help them motivate their people to meet their personal business goals.

2. Ensure meaningful recognition. Most people are not consistently recognized in ways that are meaningful to them (and recognition that does not map to an employee's wants or desires is ineffective). So, managers and leaders need to understand what types of rewards and recognition are most meaningful to their employees—from verbal praise to merchandise to parking spots. Employers should consider using assessment tools to uncover what truly motivates their employees.

3. Measure success. Recognition tools enable managers to capture, track, and report the behaviors on which recognition is based. Employee engagement and pulse surveys allow employers to capture the voice of the employee and measure how often meaningful recognition occurs. Base the recognition program on measurable goals with metrics.

4. Commit from the top. Many recognition programs fail because executives view recognition and rewards as soft topics devoid of bottom-line impact or because employees fail to believe that executive management supports recognition. Executive briefings by recognition *Subject Matter Experts* (SMEs), visible executive involvement in launch campaigns, and dedicated senior sponsorship for the program combat these issues.

5. Consolidate efforts. Tighter alignment, increased visibility, administrative efficiency, and economies of scale are just a few of the benefits for developing and maintaining a strategic, enterprise-wide reward and recognition effort. This effort should include a documented plan, high-level framework for formal and informal recognition, and enterprise-wide tools of which all departments can take advantage.

6. Decentralize ownership. A consolidated, enterprise-level recognition strategy should not preclude individual groups from owning and implementing the recognition strategy in a way that will be meaningful to the people in their division. Each unit should have one or more "recognition advocates" that champion the programs, possess the tools to launch new informal and day-to-day recognition initiatives, and capture best practices.

7. Align with corporate goals and values. Alignment happens in the day-to-day actions of every employee. So, recognition programs should be designed to clearly communicate and encourage the desired values and behaviors while not stifling the creativity that employees will show when exhibiting these behaviors.

8. Apply consistently and equitably. Employee recognition programs that are implemented with no guidelines and complete discretion over who and what gets awarded ultimately get viewed as "favorite pet" awards. Online help guides, weighted "What Award Should I Give" wizards, value/behavior tracking tools, and embedded approval structures ensure that initiatives are implemented fairly and equitably.

9. Recognize real-time performance. Recognition initiatives that are not tied to performance or are of forced quantity and timeliness won't drive the desired results. Leaders should foster a culture where employees are awarded in real-time for exhibiting the defined behaviors that drive company performance.

10. Continuously improve. Lack of freshness is the largest complaint of employee participants in recognition initiatives. Instead of waiting for annual "update" campaigns, dedicated recognition advocates should meet frequently to share ideas, capture best practices, and make changes to the programs. These employees should be empowered with the tools necessary to update communications and incorporate program changes.

While everyone knows we aren't motivated equally by the same rewards, you might not know it by the way many companies manage their incentive programs. HR managers often assume that what is rewarding to them will be rewarding to others.

Rarely is segmentation research applied to employee populations to better understand what motivates one group over another, even though employees may be motivated by different recognition practices to maximize their productivity.

Six Reward Profiles

To understand how the workforce is segmented on its reward preferences, we conducted a survey and analyzed participants' recognition preferences. We identified six reward profiles, along with some characteristics of people in each reward segment.

1. Awards Seekers (22 percent) want incentives that have both monetary and trophy value. They are highly motivated by gift cards, travel awards, and status awards and are less motivated by things that take time away from their normal routines such as the opportunities to mentor other employees, work with people outside their own area, or take on challenging new projects.

2. Nesters (20 percent) are turned off by incentives that take them away from home. Travel awards and the opportunity to attend conferences are least appealing. Nesters are more likely to enjoy days off, flexible scheduling, and a reward of a meal with their family.

3. Bottom Liners (19 percent) are extrinsically motivated but have less concern about trophy or award value and are only concerned about the monetary value of rewards. This group places high importance on receiving a cash bonus. They also value awards, such as point programs. They place very little emphasis on receiving direct praise or recognition in any form.

4. Freedom yearners (17 percent) are less materially motivated, with limited interest in gift cards and award programs. They are best rewarded by giving them flexibility—flexible hours, freedom to choose how to best achieve their goals, and the ability to choose interesting and challenging projects. Define the outcomes you want them to achieve, and allow them to find their own best path to achieve their goals.

5. Praise cravers (16 percent) value praise—whether given verbally, written, formal or informally given by peers. They desire to have their work acknowledged, with or without an accompanying award of monetary value. These people also have the least interest in taking days off or flexible scheduling, suggesting that they achieve a great deal of personal significance from a job well done at work.

6. Upward movers (8 percent) are the most satisfied and committed and the least interested in cash bonuses, days off and flexible scheduling. They love their jobs and want to move up in their companies. They place high importance on status awards and opportunities to mentor other employees and work with people outside their areas. These people find a company that is a good fit and commit to making it successful.

Providing the wrong recognition, reward or incentive might achieve unintended and undesired results, even facilitate resentment and de-motivate employees. Managers need to recognize and reward people in ways that are meaningful to *them*.

Recognition and incentive programs improve when you provide a choice in reward options. Offering the right mix of rewards ensures all your people are personally motivated to higher performance. In fact, three out of four employees prefer a choice of rewards rather than a pre-selected item. Meaningless rewards and recognition is about the same as nothing at all.

You need to know employee preferences to facilitate the best ROI on investments in recognition programs. **LE**

Mel Van Dyke is a consultant of Employee Engagement Practice and Rick Garlick is Director of Consulting and Implementation at Maritz. Visit www.maritz.com or call 877-4 MARITZ.

ACTION: Offer a choice of rewards.

Retaining Top Talent

How much do you care?

by B. Lynn Ware

TODAY THE CHALLENGE of sustaining a competitive advantage preoccupies the minds of many leaders. Customers have many providers to choose from, and they often perceive your product as a commodity. How do you distinguish yourself? Today, leaders depend on their top performers to innovate and provide superior products and services that differentiate the company and get results for shareholders.

We addressed the attrition dilemma by conducting research with 30 companies. Here are five key findings:

1. The costs of attrition can be staggering, but often hidden. Do you know what it costs when you lose a top performers? Some costs factors are obvious, such as the productivity losses. However, there are often unseen costs. One company estimates it loses $150,000 when an employee leaves. Another company calculates that attrition costs them annual productivity losses of 65 to 75 percent in the position the employee departs. Another estimates $1 million of potentially lost sales when one salesperson leaves. Multiply these costs by the number of employees who leave in a year, and you see the impact is dramatic.

2. The reasons employees stay are not the same as why they leave. Most managers don't know the real reasons why employees stay, or why they depart. They may try to capture the causes of attrition through exit interviews, but these fail to differentiate between factors that make the new job attractive, versus the reasons why employees consider leaving. When asked to diagnose the reasons for an employee's departure, most managers fail to take any responsibility. They may report "better compensation" as the reason for leaving, even when the person left for other reasons—like the absence of career development. This is also true when an employee is actively recruited by the competition. When managers misdiagnose the situation and fail to surface the most critical factors that contribute to attrition, their solutions fall short of the mark.

3. Misguided thinking: "Attrition is inevitable." Some attrition is unavoidable, even desirable to compensate for hiring mistakes. However, HR and senior line managers often question whether they can increase their retention ratios. They can. In one organization, the attrition rate in one division, before our intervention, was 18.5 percent, with 25 percent attrition in one mission-critical group. After implementing proper retention strategies and making retention a priority for every manager, the attrition rate dropped to 11.7 percent overall, and 15 percent in the critical group, although there were reductions in employee compensation during this time.

4. The manager's role in attrition is paramount but underplayed. Most managers lament the loss of talented contributors and point to various external factors as the causes of attrition, failing to take any personal responsibility. They rarely acknowledge any factors within their control. For example, managers often attribute attrition problems to compensation or to corporate policies that dilute employee autonomy. However, most factors contributing to attrition are within the manager's circle of influence. For example, how frequently is the employee appreciated for their contributions? Do employees have a chance for input on how to improve results, and do they feel that their opinion counts? Are they making progress in their career aspirations? Do they respect and value other members on the team? As the managers' span of control has widens, each contact must influence employee commitment to prevent defection.

5. Prevention is the best medicine. Since the loss of key employees can be devastating, ask yourself how highly you rank retention as a priority. Most managers only think about retention when they receive a resignation. The solution lies in thinking about retention as integral to sustainable success. Treating retention as a priority enables you to focus on proactive measures to nourish long-term employee commitment rather than on reactive attempts to reverse surprise resignations. **LE**

B. Lynn Ware, Ph.D. is CEO of Integral Talent Systems. Email drware@itsinc.net or visit www.itsinc.net.

ACTION: Prevent your top talent from leaving.

Strategic Thinking

Learn to optimize its power.

by Susan Reece

Most leaders rarely reflect on their thinking patterns and biases and miss critical information that is vital to their growth and profitability.

Great strategies result from rich and varied viewpoints, facts, and instincts. Great strategists discern what is critical, identify their preferences, understand their biases, and plan for blind spots. Insight into thinking preferences, power, and politics provides a leader with a strong platform for strategy formulation and implementation.

One organization's path of strategy development demonstrates the power gained by moving beyond its comfortable, predictable thinking patterns. A staid consumer products organization had plateaued in revenue growth and profitability. The company languished for years because it had little insight into the thinking and assumptions that were driving its leaders. By challenging long-held beliefs about what presaged company success, leaders doubled revenue and reached unparalleled profitability—even during a time when its industry was flat.

Nine Dimensions

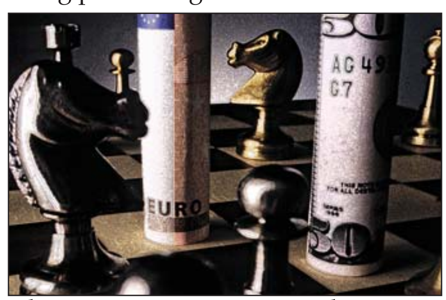
Leaders vary in their approach to strategy along ***nine dimensions*** that comprise the strategic process: structure, inclusion, locus of dominant influence, origination, risk tolerance, risk assessment, success drivers, manifestation, and adaptation. Our *Strategy Preference Indicator* reflects thinking preferences in these dimensions. A description of possible dichotomies on these dimensions provides a framework for how biases can be transformed into breakthrough thinking.

• There's an old debate as to whether strategy is the idea, process, or plan. The need for ***structure*** varies from a formal planning process to serendipity. Some see strategic planning as a linear process that starts with planning and ends with execution. Other leaders assume that strategy evolves on its own.

• ***Inclusion*** in formulating strategy varies from the CEO as sole strategist to seeking inputs from many constituents.

• ***Locus of dominant influence*** reflects a leader's tendency to be driven by an internal or external perspective. An internal focus recognizes the ability to execute but pushes strategy toward the tried and true. An external focus keys off the plays of competitors and industry expectations. If one perspective tends to dominate strategic thinking, the deleterious effects range from a seduction into products, services or technologies that are too far afield from the current brand equity or a tendency toward incremental improvements.

• Some leaders believe that strategy is created; others believe it is selected—***origination***. Generic strategic positions are described as *technology leader* or *low cost producer*. Leaders who engage in innovative thinking can define differentiating positioning that creates a tailored value proposition or new market space.



• Leaders vary in their ***tolerance for risk*** and are often unaware how it affects their strategic thinking. Risk-aversion and risk-seeking preferences tend to be personality-based, but are moderated by the inputs they rely on.

• ***Risk assessment*** identifies and analyzes strategic risk—omission and commission. Strategic risk is often viewed as abstract and gets short shrift. Identifying omission errors is a difficult undertaking because it is easy to critique an idea but challenging to examine the white space for "what else."

• Leaders differ in their emphasis on the ***success drivers*** of growth and profitability. Many leaders are not clear on the relative value of each to their shareholders. Savvy leaders have a clear view of their financial drivers and the blind spots associated with a bias toward growth or profit.

• Some strategists are great analysts and idea people; others focus on execution. If the desired end state is *top of the mind* as strategy is formulated, the odds of ***manifestation*** (commercialization of any strategic idea) is enhanced.

• Organizations ***adapt*** over time through orderly transformations or in response to revolutionary change. Some leaders prefer to put strategies into motion and maintain them; others hypothesize shifts that threaten strategy and add change management muscle.

How These Insights Add Value

Few leaders know where they fall in their strategic thinking styles. Since successful strategy is multi-dimensional, preferences reveal areas for exploration for missed potential.

The strategy odyssey of the consumer products company illustrates the breakthroughs that are possible with a catalyst to challenge status-quo thinking about strategy. The leadership team embarked on a new multi-year strategy formulation path that stimulated the thinking of the senior team. Honest reflection enabled them to focus on what they did well, identify the enabling structures, and plan how to capitalize on them in new ventures. Shared clarity was created—crucial as preferences differed vastly.

Since alignment had been lacking, employees had pursued areas that had limited commercial potential, stressed resources, and flamed fiefdoms. A plan was implemented to align information, budget and people resources. Once a consistent view of the strategy was reinforced, the attributes that once sapped energy diminished greatly.

The leadership team reconciled their divergent comfort levels with risk related to investments and growth. The sustainable growth level was modeled and consideration given to how and when to pursue acquisition or organic growth. The level of risk tolerance was affirmed by the Board and used to fill in missing components of strategy. The next-level management group was included in visioning work on logical adjacencies and untapped market space. New thinking enabled them to reach into new markets, distribution channels, and technology. As a result, their execution effectiveness was magnified. Internal process improvement initiatives were launched. A multi-faceted strategy emerged that produced unparalleled profitable growth.

Your long-term success hinges on the ability to explore strategy with curiosity and challenge long-held beliefs. **LE**

Susan Reece, Ph.D., is president of Dalton Spencer Consulting. Call 770-476-5583 or email reecesusany@aol.com.

ACTION: Optimize the power of strategic thinking.

Celebrity Leadership

Seek instead for Level 5 Leaders.

by Jim Collins

VIRTUALLY EVERYTHING our culture believes about the type of leadership required to transform organizations is wrong and dangerous. There is no more corrosive trend to the health of our organizations than the rise of the celebrity CEO, the rock-star leader whose ambition is self-centric.

In 1996, my research team and I began to wrestle with a simple question: Can a good company become a great company and, if so, how? We embarked on a five-year study to answer this deceptively simple question, examining merely good performers that had somehow transformed themselves to achieve great results.

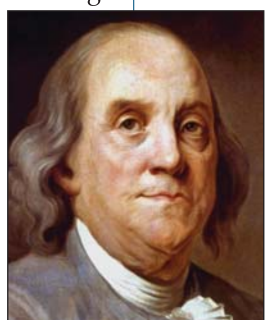
We uncovered several key requirements and variables for turning a good company into a great one. But the most intriguing—and certainly the most surprising—is the type of leadership that turns good into great.

Consider Darwin E. Smith. In 1971, this seemingly ordinary man became chief executive of Kimberly-Clark, a company that for 100 years had been merely good, never great. A mediocre player in the middling paper industry, Kimberly-Clark returns to investors had fallen 36 percent behind the general stock market over the past 20 years. Over the next 20 years, Smith led a stunning turnabout, generating returns to investors that beat the general stock market by over four times!

Despite being a great CEO, Darwin Smith remains largely unknown. A shy and reserved man, Smith shunned any attempt to shine the spotlight on him, preferring instead to direct attention to the company and its people. Despite his shy and self-effacing nature, when it came time to make the big decisions required to make the company great, he made them. In the end, Smith's stoic resolve paid off. Kimberly-Clark became the number one paper-based consumer products company.

Level 5 Leadership

Every good-to-great company in our study had a leader from the Darwin Smith school of management at the helm during the pivotal years. We eventually came to call these remarkable people "Level 5 leaders," referring to a five-level hierarchy. Level 1 relates to individual capability, Level 2 to team skills, Level 3 to managerial competence, and Level 4 to leadership as traditionally conceived. Level 5 leaders possess the skills of levels 1 to 4 but also have an "extra dimension": a paradoxical blend of personal humility and professional will. They are somewhat self-effacing individuals who deflect adulation, yet resolve to do whatever it takes to make the company great, channeling their ego needs away from themselves and into the larger goal of building a great company. It's not that Level 5 leaders have no ego or self-interest. Indeed, they are incredibly ambitious—*but their ambition is first for the institution and its greatness, not for themselves*.



Preferring to be clock builders rather than time tellers, Level 5 leaders are comfortable with the idea that their companies will tick on without them, reaching even greater heights. The fact that most people will not know that the roots of that success trace back to them is not an overriding concern.

These leaders quietly go about building greatness step by step, without much fanfare or hoopla, while generating extraordinary results. In contrast, some comparison CEOs became wealthy celebrities—covers of magazines, bestselling autobiographies, massive compensation packages—despite the fact that their long-term results failed to measure up to the Level 5s. In two-thirds of the comparison companies, we noted the presence of a gargantuan personal ego that contributed to the demise or continued mediocrity of the company. These leaders were ambitious for themselves, and they succeeded admirably on this score, but they failed utterly in the task of creating an enduring great company.

Looking for Level 5 Leaders

Boards and succession planners would do well to search for Level 5 leadership—correlated with the best and most enduring results. To do otherwise is to sacrifice long-term effectiveness for short-term expedience.

So, how should we go about identifying Level 5 leaders? The key is to stop looking for outsized personalities and egocentric celebrities, and instead to scrutinize for results. Look inside where extraordinary results are being produced but where no person is standing up to take excessive credit for those results. There you will likely find a Level 5 leader. And if you feel you must look to the outside, then look for people who show these four two-sided traits:

- Creates—and is a clear catalyst in creating—superb results. Yet demonstrates a compelling modesty, shunning public adulation and never boastful.
- Demonstrates unwavering resolve to do whatever must be done to produce the best long-term results, no matter how difficult. Yet acts with quiet, calm determination and relies on inspired standards—not an inspiring personality—to motivate.
- Sets the standard of building an enduring great organization and settles for nothing less. Yet channels ambition into the organization and its work, setting up successors for even greater success in the next generation.
- Looks in the *mirror* to apportion responsibility for poor results, never blaming other people, external factors, or bad luck. Yet looks out the *window* to apportion credit for the success of the company—to other people, external factors, and good luck.

Our problem is not a shortage of Level 5 leaders. They exist all around us. Level 5 leadership jumps out at us as soon as we change how we look at the world and alter our assumptions.

Our misguided confusion of celebrity and leadership is neither right nor healthy. If we allow the celebrity model of leadership to triumph, we'll see the decline of our organizations.

Yet I remain optimistic. I sense an increasing unease with celebrity leaders. Smart people see the dangers of entrusting our future to self-serving leaders who use organizations to advance their interests. The seed of Level 5 leadership is widely dispersed. It can be identified, cultivated, and developed with encouragement and the right tools, it can flourish. **LE**

Jim Collins is the best-selling author of Good to Great. *Visit www.jimcollins.com.*

ACTION: Develop and promote Level 5 leaders.

Invest $8-$10 a month in Leadership Development, Sales and Service Excellence, and Personal Growth!

For more than 20 years, our three monthly magazines have been the best source for the best and brightest insights from all the top consultants, coaches, authors, and top executives.

Subscribe to *Leadership Excellence, Sales and Service Excellence*, and/or *Personal Excellence*—all part of the **Excellence Performance System**—and gain ***exponential return on your investment.***

Team Leadership ($10/month). *Leadership Excellence* brings together the best thinking in the world on all the issues that leaders encounter, and offers it all in the most time-effective format.

Leadership Excellence
print or audio CD
- ☐ 1-year (12 issues) $129
- ☐ 2-year (24 issues) $199
- ☐ 3-year (36 issues) $269

print + audio CD combo
- ☐ 1-year (12 issues) $199
- ☐ 2-year (24 issues) $299
- ☐ 3-year (36 issues) $399

Recent contributors include: Rudy Giuliani, Jim Collins, Tom Peters, Anne Mulcahy, Warren Bennis, Michael Porter, Noel Tichy, Frances Hesselbein, and many others!

Sales/Service Leadership ($5/month). ***Available in electronic format only.*** *Sales and Service Excellence* covers seven dimensions of sales, marketing, and service.

Sales and Service Excellence (electronic)
- ☐ 1-year (12 issues) $59
- ☐ 2-year (24 issues) $99
- ☐ 3-year (36 issues) $139

Recent contributors include: Jake Steinfeld, Margaret J. King, Dianna Boohrer, Oren Harari, Pam Bilbrey, Dave Anderson, Jim Taylor, Peter W. Shutz, and many others!

> "*Sales and Service Excellence* is crisp, succinct, and actionable—a nice change from Harvard Business Review, whose articles are interesting but too academic to be useful."
> —Peter G. Balbus, CEO & Managing Director of Pragmaxis

Self-Leadership ($8/month). *Personal Excellence* focuses on seven dimensions of personal development and leadership.

Personal Excellence
- ☐ 1-year (12 issues) $99
- ☐ 2-year (24 issues) $169
- ☐ 3-year (36 issues) $229

Recent contributors include: Laura Schlessinger, Jim Morris, Tony Alessandra, Tom DeCotiis, Kurt DuNard, Joe Klock, Sr., Marshall Goldsmith, Ruben Gonzalez, Wayne Dyer, Diane L. Dixon, Peter Block, Dan Higginson, and many others!

> "Personal Excellence is the only reading you'll need to do for continual self-improvement both personally and professionally!"
> —Sharlene Hawkes, Former Miss America, award-winning ESPN broadcaster

Master of Excellence Leadership Package
- 1-year *Leadership Excellence* (Print or Audio)
- Your choice of 1-year *Sales and Service Excellence* or *Personal Excellence*
- 20-year Instant Consultant leadership library CD
- 3-book package on leadership*

☐ $329 (save over $150)**
☐ $399 Receive all three publications**

Use all of our FREE Development Tools:

- ***Personal Excellence Plan,*** an easy-to-use guide designed to help you create and implement a vision and mission, goals, and priorities.
- ***Excellence in Action Cards*** to help you put into action those ideas that will bring about desired change.
- ***Excellence Worksheet,*** the perfect way to bring *Excellence* into a meeting or team.

20-Year Instant Consultant CD archive: comprehensive, searchable database of the best ideas and strategies on management, leadership, and productivity. Instantly access the perfect article for your presentation, meeting, or personal study. with over 3,200 articles by best-selling authors, leadership experts, coaches, and consultants, ***it's the largest searchable database of management and leadership articles in the world.***

☐ $199

Please start my subscription!

Please sign me up for the item(s) I checked.

Name ______________________

Company ______________________

Address ______________________

____

____

Phone ______________________

Email ______________________

☐ Visa ☐ MC ☐ Amex ☐ Disc ☐ Bill me

______________________ exp. _____

Signature ______________________

Get Started Today! *Call 1-877-250-1983 or email custserv@eep.com.*

LEADERSHIP Excellence
PERFORMANCE SYSTEM

*Books may be different than shown. ** For Canadian and International subscriptions, add $40 U.S. postage per year—all three publications include *Leadership Excellence, Sales and Service Excellence,* and *Personal Excellence.*