

Warren Bennis

# Leadership Excellence

ESSENTIALS

» 01.2014

Vol.31 No. 1

Essentials of leadership development, managerial effectiveness, and organizational productivity

Presented By

HR.com

The Standard of Global Leadership Development

\$9.99 a month

Tributes to Mandela  
By Ken Shelton  
His leadership was something special.

Respect and Trust  
By Warren Bennis  
The two most salient attributes of leaders.

20 Insights  
By Dave Ulrich  
Win by applying them.

Heart and Head  
By Laurie Cure  
Lead with reason and emotion.

## TRIBUTES TO MANDELA

Ken Shelton

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## Features



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## 10 Resolutions

As the year starts up, many leaders are wondering how to be more effective and setting New Year's resolutions. I offer these 10 Resolutions for Servant Leaders. **PG.17**

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# Style and Substance



## What to look for in new leaders.

By E. Ted Prince

Years ago I was on the board of a company where we had to hire a new CEO. We chose a man who had long experience as a senior executive in a large company. We were pleased with our choice. He seemed to be confident, personable and charismatic. The staff loved him. We felt that he was *the right man for the job*, and we waited patiently for great results—but they never came. Instead, expenses shot up and sales declined. After a year we had to fire him and sell the company for next to nothing to a competitor.

We had chosen the wrong CEO—he was *all style, no substance*. He talked a good game. He fooled us, and himself. He didn't know himself that he could not be a CEO. Being a good or even great executive doesn't mean that you will be a good CEO.



### First Time Is Worst Time

**Style without substance is a common problem among first-time leaders.** No-one teaches you how to be a CEO. The first time you go into a CEO Job, you lack leadership experience. You face many temptations. People often accord you respect, even if you don't deserve it. Your employees treat you differently. They laugh at your jokes, even when they're bad. They often don't tell you the truth because they think you might not want to hear it. Suppliers and vendors entertain you to win you as a client. All of that can make you vain and over-confident.

**Leaders who will fail due to problems in style shares send these signals:** They like to have expensive meals, homes, offices and cars. They spend a lot on their image and public relations. They use company money for personal expenses. They don't like to be told the truth. They criticize employees in front of others, talk badly about them when they are not present. They don't allow their employees to disagree with them, or react badly to other opinions. They constantly try to show people that they know more or best. They won't acknowledge when they make mistakes or are wrong about something CEOs with such symptoms favor style over substance—and will likely fail, even if they are making money, for one or more of three reasons: 1. His **employees** will not trust him, the good ones will leave, the bad ones will stay, and he'll find it difficult to get new employees who are good; his product development and sales will suffer; and his employees won't come up with new ideas to help the company. 2. His **investors** won't trust him because he is spending their money irresponsibly, often to make himself look better rather than to benefit the company; that

means they won't invest more money and won't get their friends to invest either, so the company may run out of money. 3. The **board** will not trust him because they see employees and investors losing confidence in him; and they'll see in their meetings with him that he favors style over substance, and they won't help him to make the company successful.

### Nine Tips for New CEOs

New CEOs should take these nine tips:

**1. Your true personality will surface when you are in a position of power.** A new CEO won't know in advance how he'll respond to a situation where he has power. He might think he'll act responsibly and humbly. Some people do, many don't. If you don't act with humility in a position of power, you won't know about it in advance. Most people who become a CEO for the first time assume they'll act well. If they let the power go to their heads, they won't realize it. They'll believe that they are acting responsibly and proactively. Also when they act badly, their employees won't tell them about it, because they'll be too scared. The new CEO won't know that he is acting arrogantly.

**2. Your employees see everything about you, even though you don't realize it.** People are perceptive. Your employees see you making decisions many times a day on different issues so they rapidly gain a good sense of who you are, your strengths and weaknesses. If they don't like you or see you making big mistakes they won't tell you. They'll pretend to like you and make believe that you are making good decisions even when they know they are terrible. If you can get your employees to trust you, they can be an invaluable source of great ideas and advice. If they don't trust you, you'll never receive the benefit of their support, and so you'll almost certainly fail.

**3. Everything you do sends a signal about you and your expectations, even when you don't realize it.** People watch every move, every decision, body language, facial expressions, reactions and responses. Such things send signals to them about who you are, what you expect, and how you'll respond to them and their work. Your employees become ultra-interested in these things because you have the power to fire them, help them, and give them more salary. So, be aware that even minor decisions, actions, and expressions are closely watched and interpreted. If you look dissatisfied, you send a signal. So, monitor your facial expressions, reactions, body language, and decisions—these impact how people respond to you, trust you, and support you.

**4. Your most powerful tool is to listen to your employees, no matter how junior they are.** As a CEO you might think you know a lot, but there is so much to learn—and your employees have many answers. The more you listen to them, the more power you'll have with them (the more you talk, the less power you have). The more approachable you are, the more your employees will trust you, be honest with you, and work hard for you.

**5. If your experience is only with large companies, you're at a disadvantage in a small company.** In large companies, you're supported by teams of people with skills you don't possess who compensate for your weaknesses. So it's easy to believe that you are stronger than you are. In a smaller company, you won't have this support. You'll

be confronted with weaknesses you never realized you had. In this case, you need to find a mentor, perhaps a retired CEO of a small company, who can help you with these issues.

**6. If you have a PhD or have been a professional researcher, you are also at a disadvantage in a small company.** You tend to see any problem as needing careful research to find a solution. In small companies, there is no time, money or resources to do this—you have to make the best decision under the circumstances. As a researcher you'll find this uncomfortable or disconcerting. Unless you cure yourself of your addiction to careful research, you'll soon fail. Again a mentor who has been a CEO can be helpful.

**7. If you come from a technical or product development background, you need to become good at sales.** Often product developers and technical people look down on sales and salespeople. They often don't understand the importance of sales, sales skills and sales training. Often they're introverted and don't like meeting with people, or selling or promoting their products. If you become a CEO without ever having worked in sales, take a sales training course and go regularly on sales calls with your salespeople.

**8. If you don't come from a financial (or legal) background, that can be a major problem, too.** Financials are what investors, shareholders and boards care most about. [Learn to read income statements and balance sheets and interpret them](#) since companies often massage their financials to look better. Either take a financial course (accounting for nonfinancial managers), or get a mentor and guide

such as an experienced auditor, accountant, or analyst who can teach you some of the many tricks of the trade.

**9. Know yourself—and be agile.** Only when you have the *mental and leadership agility* to recognize that what you know might be wrong or misleading can you move ahead. The true substance of leadership is the ability [to constantly unlearn what is not useful and to see what is useful](#), no matter where you get it. This also applies to experience. You can't assume your experience will be relevant to you as a new CEO. You need to have the self-awareness to understand what your behavioral vulnerabilities are, and how to address them constructively while you are the CEO.

**Leaders of style and substance** are aware of their weaknesses, and the mental agility to change beliefs quickly as needed. They learn from everyone around them—no matter their position or title. Assess your behavioral vulnerabilities, and get a coach who will tell you the truth. **LE**



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## 70% Disengagement?

You can inspire top performance.

By Jack Zenger and Joe Folkman



Recently we read *Gallup's 2013 report* about employee engagement, in which they contend that *seven out of 10* workers are either *actively disengaged* or *not engaged* in their work. While we believe that *all facts are friendly* and to be faced, we have reason to question the accuracy of this research—and we're concerned about the impact that negative message has on leaders.

**Is the message correct?** We doubt it for four reasons.

**1. We don't believe that all the organizations we deal with can be hiding 70% of their work force from us.** We go into retail stores, check in at airports, grab a quick meal in fast-food restaurants, visit factories in Silicon Valley, sleep in hotels and motels, and consult or train or speak in dozens of organizations. Our experience does not confirm that 70% of these workers are disengaged, indifferent, checked-out, or just *killing time*. True, not all are "gung-ho," but most are engaged and trying to make progress.

**2. We talk with leaders,** and they vehemently disagree that 70% of their workforce is disengaged.

**3. The 70% number differs sharply from an Associated Press survey** that found 9 in 10 workers age 50 or older say they are *satisfied* with their jobs. Over the past 40 years, the share of people saying they are satisfied with their jobs rises steadily with each ascending age group, from 80 percent for those under 30 to 92 percent for 65 and older.

**4. Our data sharply disagrees with Gallup's conclusion.** We administer 360-degree surveys to thousands of leaders each year, and we

ask their subordinates five questions that describe their commitment or engagement. They are responding via the same five-point scale (strongly disagree to strongly agree), and our questions cover many of the same issues that Gallup's Q-12 instrument measures. Gallup does not disclose how it separates *engaged* from *not engaged* or *actively disengaged* employees. But our data shows that 59% report that they agree or strongly agree with the 5 questions that measure *employee commitment*.



**What difference does it make if managers believe that 70% of the workforce is disengaged?** Some might argue that this should motivate managers to implement policies and practices to boost employee engagement. But we believe the opposite is likely occurring. If senior leaders assume that 7 out of 10 people are disengaged in their work, their willingness to 1) experiment with more flexible work hours and schedules, 2) allow people to work part of the time from home, 3) explain the company's direction and strategy to everyone, and 4) provide developmental opportunities will likely decrease.