TRIBUTES TO MANDELA

Ken Shelton

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Features

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

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

15 20 Insights
By Dave Ulrich
Win by applying them.

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

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**

Bravo: Saved by the Bell

I'm reminded of the standard of excellence.

By Ken Shelton

Recently I attended a concert of classical music performed by violin virtuoso *Joshua Bell* playing a program of Beethoven, Tchaikovsky, Tartini and Stravinsky.

I came away with two epiphanies:

1) Great music (performance and literary arts in general) is composed and played not just *by* the artist but *through* the artist. It passes through his head and heart and animates his every movement. The player or performer, while faithful to her coach or composer, must somehow make the work her own and bring it to new life.

2) The words *leadership* and *excellence* are used far too casually: *leader* often referring in the common vernacular to anybody who occupies a position above entry-level in a hierarchy; *leadership* to any activity of so-called *leaders*; and *excellence* or *excellent* to anything exceeding one's estimation of mediocrity.

I thank Joshua Bell for reminding me of *the standard of excellence*. When you sense it—see it, hear it, touch it, feel it, smell it, taste it—you instantly "get it." And, if you possess a modicum of honesty, you sense the gap between your current performance and that of the best of class. And if you play professionally any sport or performing art on a visible stage, screen or field in front of fans and critics (and often against tough competition), you either meet the high standard or find another way to make a living.

I was surprised to learn that Bell, aka "the poet of the violin," despite his boyish looks, has already logged 30 years as a soloist (he debuted at Carnegie Hall at age 17). Also of interest to me was the fact that his instrument, the violin he played, was 300 years old (made in 1713 by Antonio Stradivari in Cremona, Italy).

This month marks 30 years for me as soloist (editor) of *Leadership Excellence* (1984 to 2014). I've never missed an issue (or deadline), in spite of always having so much other work to do and so many obstacles and opposition to overcome.

I was born in March 1947, 100 years, almost to the day, after the March 1847 birth of *Alexander Graham Bell*, eminent scientist, engineer and innovator described as one of the most influential figures in human history and credited with inventing the first practical telephone (awarded the first US patent in 1876). Bell and his partners/investors offered to sell the patent outright to Western Union that year for $100,000. The president of WU balked, saying "the telephone is nothing but a toy." Two years later, he told colleagues that if he could get the patent for $25 million he would consider it a bargain.

Curiously, Bell himself considered his most famous invention an intrusion on his "real work" as a scientist and refused to have the instrument in his study.

I thank all who have been instrumental in the success of Leadership Excellence: 3 partners, 30 publishers and their many publicists, 300 past employees, 3,000 authors (like *Chip Bell,* a chip off the old AG Bell block) contributing some 9,000 articles, and 300,000 readers worldwide. Special thanks to *Warren Bennis* for serving as our namesake and affirming that leaders should be missionaries as well as mercenaries.

I hope my play has helped set a high standard for *authentic leadership* and *genuine excellence*. I suppose my work was to supply the *sheet music—*some form of notation using words and symbols on paper, cassettes, CDs and computer screens that could be used as a record of, a guide to, or a means to perform the "music" or art of management and leadership. From the start, I've worked with a sense of stewardship and at least some semblance of "editorial integrity" (what many people consider today to be just another oxymoron), as *advocacy journalism* reigns and *content* is just a marketing ploy to promote and enrich its publisher.

I can testify of this: all the content of *Leadership Excellence*—every article—has not only been played by me but through me. While I'm no AG Bell, I believe that the instrumentation of *Leadership Excellence* is worthy of a *Bravo* and worth $25 million.

Ken Shelton
Editor of LE, 1984-2014

Ken Shelton

Tributes to Mandela

His leadership was something special.

By Ken Shelton

Obama Praises Mandela

. . .as a heroic model of real leadership.

President Obama hails Nelson Mandela, who died Dec. 5 in South Africa at age 95, as a hero and leader who showed uncommon courage and mercy, and set a wonderful example for the world. "When you think of a single individual who embodies the leadership qualities that we all aspire to, the first name that comes up is Nelson Mandela. His journey from prisoner to president embodied the promise that human beings and countries can change for the better. And the fact that he did it all with grace and good humor, acknowledging his own imperfections, only makes the man more remarkable."

President Obama said he earnestly seeks to emulate Mandela: "I am one of the countless millions who draw inspiration from Nelson Mandela's life. My first political action was to protest against apartheid. I studied his words and writings. The day he was released from prison gave me a sense of what human beings can do when they're guided by their hopes, not by their fears. Like many people, I can't fully imagine my own life without the example of Nelson Mandela. As long as I live, I will learn from him."

Source: Alexis Simendinger. Email *asimendinger@realclearpolitics.com*.

Selected Remarks of President Barack Obama at Nelson Mandela's memorial service in Johannesburg, South Africa on December 10, 2013:

It is a singular honor to be here today, to celebrate a life unlike any other—the life of Nelson Mandela (Madiba). It is hard to eulogize any man—to capture in words the essential truth of a person: the private joys and sorrows; the quiet moments and unique qualities that illuminate someone's soul. How much harder to do so for a giant of history! Born far from the corridors of power, a boy raised herding cattle and tutored by elders of his Thembu tribe, Madiba would emerge as the last great liberator of the 20th century. Like Gandhi, he would lead a resistance movement—a movement that at its start held little prospect of success. Like King, he would give potent voice to the claims of the oppressed, and the moral necessity of racial justice. He would endure a brutal imprisonment. Emerging from prison, without force of arms, he would, like Lincoln, hold his country together when it threatened to break apart. Like America's founding fathers, he would erect a constitutional order to preserve freedom for future generations—a commitment to democracy and rule of law ratified not only by his election, but by his willingness to step down from power.

Given the sweep of his life, and the adoration that he so rightly earned, it is tempting then to remember Nelson Mandela as an icon, smiling and serene, detached from the tawdry affairs of lesser men. But he strongly resisted such a lifeless portrait. He insisted on sharing with us his doubts and fears; his miscalculations along with his victories. It was precisely because he could admit to imperfection—because he could be so full of good humor, even mischief, despite his heavy burdens—that we loved him so. He was not a bust made of marble; he was a man of flesh and blood—a son and husband, father and friend. That is why we learned so much from him—and still can. For nothing he achieved was inevitable. In the arc of his life, we see a man who earned his place in history through struggle and shrewdness; persistence and faith. He tells us what's possible in our own lives.

Mandela showed us the power of action—of taking risks on behalf of our ideals. Perhaps Madiba was right that he inherited, "a proud rebelliousness, a stubborn sense of fairness" from his father. Certainly he shared with millions of South Africans the anger born of "a thousand slights, a thousand indignities, a thousand unremembered moments…a desire to fight the system that imprisoned my people."

But Madiba disciplined his anger; and channeled his desire to fight into organization, and platforms, and strategies for action, so men and women could stand-up for their dignity. Moreover, he accepted the consequences of his actions, knowing that standing up to powerful interests and injustice carries a price. "I have fought against white domination and against black domination," he said at his 1964 trial. "I've cherished the ideal of a democratic and free society in which all persons live together in harmony and with equal opportunities. It is an ideal which I hope to live for and to achieve. But if needs be, it is an ideal for which I am prepared to die."

Mandela taught us the power of action, but also ideas; the importance of reason and arguments; the need to study not only those you agree with, but those who you don't. He understood that ideas cannot be contained by prison walls, or extinguished by a sniper's bullet. He turned his trial into an indictment of apartheid because of his eloquence and passion, but also his training as an advocate. He used decades in prison to sharpen his arguments, but also to spread his thirst for knowledge to others in the movement. And he learned the language and customs of his oppressor so that one day he might better convey to them how their own freedom depended upon his.

Mandela demonstrated that action and ideas are not enough; no matter how right, they must be chiseled into laws and institutions. He was practical, testing his beliefs against the hard surface of circumstance and history. On core principles he was unyielding, which is why he could rebuff offers of conditional release, reminding the Apartheid regime that, "prisoners cannot enter into contracts." But as he showed in painstaking negotiations to transfer power and draft new laws, he was not afraid to compromise for the sake of a larger goal. And because he was not only a leader of a movement, but a skillful politician, the Constitution that emerged was worthy of this multiracial democracy; true to his vision of laws that protect minority as well as majority rights, and the precious freedoms of every South African.

Mandela understood the ties that bind the human spirit. The word in South Africa, Ubuntu, describes his greatest gift: his recognition that we are all bound together in ways that can be invisible to the eye; that there is a oneness to humanity; that we achieve ourselves by sharing ourselves with others, and caring for those around us. We can never know how much of this was innate in him, or how much of was shaped and burnished in a dark, solitary cell. But we remember the gestures, large and small—introducing his jailors as honored guests at his inauguration; taking the pitch in a Springbok uniform; turning his family's heartbreak into a call to confront HIV/AIDS—that revealed the depth of his empathy and understanding. He taught millions to find that truth within themselves. It took a man like Madiba to free not just the prisoner, but the jailor as well; to show that you must trust others so that they may trust you; to teach that reconciliation is not a matter of ignoring a cruel past, but a means of confronting it

with inclusion, generosity and truth. He changed laws, but also hearts. Madiba's passing is rightly a time of mourning, and a time to celebrate his heroic life. But it should also prompt self-reflection. With honesty, regardless of our station or circumstance, we must ask: how well have I applied his lessons in my own life?

It is a question I ask myself. Like South Africa, the United States had to overcome centuries of racial subjugation. As was true here, it took the sacrifice of countless people to see the dawn of a new day. But our work is not done. The struggles that follow the victory of formal equality and universal franchise may not be as filled with drama and moral clarity as those that came before, but they are no less important. For today, we still see children suffering from hunger, and disease; run-down schools, and few prospects for the future. Today, men and women are still imprisoned for their political beliefs; and persecuted for what they look like, or how they worship, or who they love.

We, too, must act on behalf of justice and peace. There are too many of us who happily embrace Madiba's legacy of racial reconciliation, but passionately resist even modest reforms that would challenge chronic poverty and growing inequality. There are too many leaders who claim solidarity with Madiba's struggle for freedom, but do not tolerate dissent from their own people. And there are too many of us who stand on the sidelines, comfortable in complacency or cynicism, when our voices must be heard.

The questions we face today—how to promote equality and justice; to uphold freedom and human rights; to end conflict and sectarian war—do not have easy answers. But there were no easy answers in front of that child in Qunu. Mandela reminds us that it always seems impossible until it is done. South Africa shows us we can change and choose to live in a world defined not by our differences, but by our common hopes; a world defined not by conflict, but by peace, justice and opportunity.

We will never see the likes of Nelson Mandela again. But I say to the young people of the world—you can make his life's work your own. Over 30 years ago, while a student, I learned of Mandela and the struggles in this land. It stirred something in me. It woke me up to my responsibilities to others and to myself and set me on an improbable journey that finds me here today. And while I will always fall short of Madiba's example, he makes me want to be better. He speaks to what is best inside us. After this great liberator is laid to rest, let us search for his strength and largeness of spirit somewhere inside ourselves. And when the night grows dark, when injustice weighs heavy on our hearts, or our best laid plans seem beyond our reach, think of Madiba, and the words that brought him comfort within the four walls of a cell: "It matters not how strait the gate, How charged with punishments the scroll, I am the master of my fate: I am the captain of my soul." What a great soul it was. We will miss him deeply.

Learn and Lead
by Mandela's 15 truths.
By Rick Stengel

My book, *Mandela's Way*, is a distillation of countless hours of conversation between me and Nelson Mandela into what I see as **15 core truths** of Mandela's life: 1. Courage is not the absence of fear. 2. Be measured. 3. Lead from the front. 4. Look the part. 5. Lead from the back. 6. See the good in others. 7. Keep your rivals close. 8. Have a core principle. 9. Know when to say no. 10. Know your enemy. 11. It's always *both.* 12. Love makes the difference. 13. It's a long game. 14. Quitting is leading too. 15. Find your own garden. We would all be wise to live by these 15 truths.

Rick Stengel, former editor of *Time*, heads Public Affairs for the Obama Administration.

On Life and Leadership
Quotes attributed to Nelson Mandela.

"A leader is like a shepherd. He stays behind the flock, letting the most nimble go out ahead, whereupon the others follow, not realizing that all along they are being directed from behind. Lead from the back — and let others believe they are in front."

"When a man is denied the right to live the life he believes in, he has no choice but to become an outlaw. Courage was not the absence of fear, but the triumph over it— and inspiring others to move beyond it. The brave man is not he who does not feel afraid, but he who conquers that fear. The greatest glory in living lies not in falling, but in rising every time we fall. Do not judge me by my successes—judge me by how many times I fell down and got back up again. I am not a saint, unless you think of a saint as a sinner who keeps on trying."

"I am an optimist. Whether that comes from nature or nurture, I cannot say. Part of being optimistic is keeping one's head pointed toward the sun, one's feet moving forward. There were many dark moments when my faith in humanity was sorely tested, but I would not, could not, give myself up to despair. That way leads to defeat and death."

"As I walked out the door toward the gate that would lead to my freedom, I knew if I didn't leave my bitterness and hatred behind, I'd still be in prison. Resentment is like drinking poison and then hoping it will kill your enemies. To be free is not merely to cast off one's chains, but to live in a way that respects and enhances the freedom of others."

"No one is born hating another person because of the color of his skin, his background, or religion. People must learn to hate; and if they can learn to hate, they can be taught to love—for love comes more naturally to the human heart than its opposite."

"I've walked that long road to freedom and tried not to falter, but I've made missteps along the way. And I've discovered that after climbing a great hill, one only finds many more hills to climb. I've taken a moment here to rest, to steal a view of the glorious vista that surrounds me, to look back on the distance I've come. But I rest only for a moment; for with freedom come responsibilities. I dare not linger, for my long walk hasn't ended."

"It always seems impossible until it's done. There is nothing like returning to a place that remains unchanged to find the ways in which you yourself have altered. There is no passion to be found playing small—in settling for a life that is less than the one you are capable of living."

"If you talk to a man in a language he understands, that goes to his head. If you talk to him in his language, that goes to his heart. A good head and good heart are a formidable combination. But when you add to that a literate tongue or pen, then you have something very special. And, since appearances matter—remember to smile."

"The first thing is to be honest with yourself. You can never have an impact on society if you have not changed yourself. When I was negotiating, I learned that until I changed myself, I could not change others. Where you stand depends on where you sit. Great peacemakers are all people of integrity, of honesty, and humility."

"No one truly knows a nation until one has been inside its jails. A nation should not be judged by how it treats its highest citizens, but its lowest ones. Overcoming poverty is not a task of charity—it is an act of justice. Like Slavery and Apartheid, poverty is not natural—it is man-made and it can be overcome and eradicated by the actions of human beings. Sometimes it falls on a generation to be great. You can be that great generation. Let your greatness blossom."

Potential and Performance

Standard evaluations de-motivate; self-evaluate.

By Tom Peters

W. Edwards Deming, the quality guru-of-gurus, called the *standard evaluation process* the worst of management de-motivators. I agree.

Do football coaches or theater directors use a standard evaluation form to assess their players/actors? Does the CEO use a standard evaluation form for her VPs? If not, then why use one for front-line employees? Evaluating someone should be an ongoing conversation/dialogue, not filling out a form once a year. If you (boss/leader) are not exhausted after an evaluation, it wasn't a serious conversation.

I'm not keen on formal *high-potential* employee I.D. programs. Managers should treat all team members as *potential high potentials*. Each *direct report* has an utterly unique professional trajectory. How could a standardized evaluation form serve any useful purpose? Standardized evaluation forms are as stupid for assessing the 10 baristas at a Starbucks shop as they are for assessing Starbucks' 10 SVPs.

I see no problem with a *shared checklist* to guide part of the conversation. But the *off list* discussion will be far more important. How do you identify *high potentials*? You don't—they identify themselves. *High potentials* will take care of themselves. The great productivity *secret* is improving the performance of people in the 60% middle of the distribution curve.

Video

Start with Self-Assessment

Leaders should develop a vision for the enterprise. Fine. Leaders should get people excited about their work. Fine. Leaders should be masterful problem solvers. Fine. Leaders should have high integrity. Fine. But, that's not enough. In fact, those items not only miss the boat, they're not even at the right dock.

What do leaders DO? First, they assemble and then develop a top-flight team of people. Here are my **Seven Steps to Sustaining Success**: You take care of the people. The people take care of the service. The service takes care of the customer. The customer takes care of the profit. The profit takes care of the re-investment. The re-investment takes care of the re-invention. The re-invention takes care of the future. (And at every step the only measure is *EXCELLENCE*.) Developing people comes first. It is the leader's job? Leaders *do* people! Until the activities of leadership are trained in and practiced and more or less mastered, it's premature to deal with vision and values, energy and enthusiasm (vitally important as these characteristics are!)

Take This Self-Assessment

I ask you to self-evaluate on these 27 essentials of leadership, scoring yourself on a scale of 10, where 1 is *awful* and 10 is *masterful*:

1. Aggressive listener. I am a visibly *aggressive listener*, giving, without fail, intense, undivided attention to the speaker and rarely interrupting; I try to be an implacable role model for aggressive listening. Listening is Item 1 in our set of Core Cultural Values, part of everyone's training and evaluation. I aim for the same level of *excellence* in listening that I aim for in a specialty like marketing or finance.

2. Expert questioner. I am meticulous in the construction of the questions I ask and give the person questioned space/time to formulate a thoughtful answer; my follow-up is *supportive* to a fault. I understand the complexity and the power of excellent questioning. I am a formal student of the art and science of asking questions.

3. Master of meetings. I view meetings to be my premier leadership opportunity; I do intense preparation for even brief meetings, and make it clear, beginning with body language, that I view meetings as opportunities, not annoyances or distractions, knowing that if I give off "another-damn-meeting" vibes, I'll infect everyone in a flash.

4. Creator of civil society. In meetings and other interactions, I make it clear that we are all part of a civil society; good manners, regardless of the passion for a particular position, matter a great deal.

5. Expert at helping. *Helping* sounds innocent, but it's not; giving help must be tailored to each individual. I've studied in depth the complex process of helping, and I am able to help in a way that is useful and psychologically sound.

6. Expert at holding productive conversations. Conversations are the meat & potatoes, of life. I have studied the science of conversations, learning the tools associated with making every communication count.

7. Fanatic about clear communications. I believe in the Iron Law of Communication: Regardless of circumstances, miscommunication is my fault.

8. Fanatic about training. I believe in effective and extensive training with passion. The quality of each training course is routinely *breathtaking*. Our Chief Training Officer is compensated and acknowledged on a par with, say, the CFO; line trainers are chosen with care and rigor.

9. Master of appreciation/acknowledgement. I go out of my way hour by hour to connect with everyone I so much as pass in a corridor, and make them feel, by eye contact, that I *get* their importance to our enterprise. Seeing the stunning power of acknowledgement, I thank people for their contributions—small even more than large; the TY words are *power words*. I keep track of my daily *Thank you* score.

10. Effective apologizer. Effective apology transforms relationships; I take visible responsibility for and initiative in addressing real or perceived screw-ups. And, I have instilled recognition of the power of apologizing in our workforce.

11. Creator of a culture of automatic helpfulness by all to all. I am always on the prowl for people who are regularly helpful to others, who drop their own precious task in a flash to give a hand to someone who needs a hand at a critical moment. I make it clear that mutual helpfulness is a core *cultural* trait, and account for it in all evaluations.

12. Presentation excellence. Talking and listening constitute our profession as leaders. Training in both is imperative. I visibly support presentation training and development; and practice ceaselessly to

improve my presentation skills.

13. Master of body language. I am a student of body language and assiduous in turning body language into a primary trait of effective leadership.

14. Master of hiring. I regard *hiring* as one of the most important tasks. I can call myself and 100% of my leader peers true *hiring professionals*, avid students and practitioners of hiring excellence.

15. Master of evaluating people. I have schooled myself in the intricacies of evaluating people, instituted formal training in evaluation, and designed the process with the same care I would assign to, say, budgeting. All leaders are strictly evaluated on the quality of their evaluation practice.

16. Time manager par excellence. I know that time is my only resource—and manage accordingly. I evaluate in exacting detail my time allocation to insure that it visibly matches my espoused priorities. I evaluate daily, weekly, monthly with rigor. In managing my time, I keep 25% of my calendar open to deal with the vagaries of leadership. I guard with zeal against the sin of chronic over-scheduling.

17. Avid practitioner of Managing By Wandering Around (MBWA). I am expert at and an avid practitioner of MBWA—the key to staying in touch and modeling core values and informally engaging employees. *Obsessive* MBWA effectively surpasses other priorities. I am thoughtful, not haphazard, in my approach to MBWA.

18. Avid student of influencing others. Am I an avid student of influencing others—or do I trust my instincts since I've *been around*? I consider *influencing* to be a discreet skill to be studied and mastered.

19. Student of decision making. I have made myself expert in understanding the complexity of decision-making. I am vividly aware of the (enormous!) biases that seep into the process, and work formally to address or reduce those biases—and instill this understanding and *studenthood* into all managers.

20. Student of negotiation. I am a brilliantly schooled and practiced student of negotiation. All jobs include at least informal daily negotiation, and negotiating skills are an implicit part of daily affairs. Training is available (required?) to one and all.

21. Creating a no-nonsense execution culture. Do I talk ceaselessly about the importance of execution, but assume that since it is an obvious priority it does not have to be a subject of directed study? This is often the case for young/first-time managers. Hence, the management of the execution process is a topic of study and practice.

22. Meticulous about employee development. 100% of our employees have specific development plans/programs carefully designed and precisely tailored for them and on which they—and their managers!—are rigorously evaluated? All employees can talk cogently about their development plan and progress (and how they are aided by their manager). Managed employee growth is a part of our core value set.

23. Student of the power of diversity—not the gender/race variety, but diversity on every dimension). I'm excruciatingly aware of the *diversity* of our team. I actively ensure that every team features an exciting mix of backgrounds that enhances the odds of their following creative paths to developing and executing projects.

24. Aggressive in pursuing gender balance. I am fully aware through study and analysis of the power and staggering value of gender-balance from top to bottom in our organization and relative to everything we do. I have a priority strategic program for addressing this issue/preeminent opportunity.

25. Making team-building excellence everyone's daily priority. Every leader and manager is exceedingly well trained in teambuilding and assessed on her/his team-building skills and results. Teambuilding is

on the daily agenda of our leaders.

26. Understanding value of matchless 1st-line management I fully understand that perhaps the most important asset--and determinant of our success on so many dimensions—is the full cadre of first-line leaders. We have the most extensive and effective first-line manager/leader selection and training and development programs in our industry, so good that they make one "gasp"!

27. Instilling business sense in one and all. Everyone (100%!) is trained in *business*—that is, the way a business works, including the financial aspects, so that he or she can have at least a rudimentary grasp of our place in the world.

I invite you to select three of these items and develop them! Every item on this quiz can be subject to study, training, practice and evaluation. For example, regarding *listening* (Item 1), I don't want you to *get better* at listening. I want you to: Study listening—book or video learning. Subject yourself to intense training in listening. Practice listening with effective feedback. Then practice some more. Then take refresher training regularly to become a full-fledged *professional listener*. Direct the same energy on becoming a professional listener as you did to learn accounting or marketing. **LE**

Tom Peters is CEO of The Tom Peters Company. Visit **www.tompeters.com**.

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9

Beyond Bureaucracy

Syndicating the work of leadership.

By Gary Hamel

We live in a world where never before has leadership been so necessary but where so often leaders seem to come up short. Our sense is that this is not really a problem of individuals but one of organizational structures—those traditional pyramidal structures that demand too much of too few and not enough of everyone else.

So here we are in a world of amazing complexity and complex organizations that just require too much from those few people up top. They don't have the intellectual diversity, the bandwidth, the time to really make all these critical decisions. There's a reason that, so often in organizations, change is belated, it is infrequent, it is convulsive. Because, typically, in those traditional structures, by the time a small team at the top realizes there's a need for change, by the time a problem is big enough or an opportunity clear enough that it prompts action, that it breaks through all the levels, commands the attention of these extraordinarily busy people up top—it's too late.

To build truly adaptable organizations, we have to syndicate the work of leadership more broadly.

The dilemma is that as complex as our organizations have grown, as fast as the environment is changing, *there aren't enough extraordinary leaders to go around*. We expect a leader to be: confident and yet humble; strong in themselves but open to being influenced; amazingly prescient, with great foresight, but to be practical as well; to be extremely bold and also prudent.

How many people like that are out there? I haven't met many people who have the innovation instincts of Steve Jobs, the political skills of Lee Kuan Yew, and the emotional intelligence of Desmond Tutu? That's a small set. And yet we've built organizations where you almost need that caliber of person for them to run well if you locate so much of the decision-making authority at the top.

How do we overcome formal hierarchy and promote more natural leadership? How do we dramatically expand the leadership capacity? How do individuals learn to lead without authority? Do you have a bold idea or a story that tackles these questions?

Creating Inspired, Open, and Free Organizations

In their book, [*Beyond Performance: How great organizations build ultimate competitive advantage*](#), Scott Keller and Colin Price identify *nine factors* that are critical to organizational health:

Direction	Accountability	Motivation
Leadership	Coordination & Control	External Orientation
Culture & Climate	Capabilities	Innovation & Learning

Organizations that thrive in good times and bad pay explicit attention to all these issues. Three of them, though, seem particularly crucial today.

Motivation: As products, services and even knowledge get commoditized rapidly, we need organizations capable of producing a steady stream of highly differentiated products and services. This requires imagination—the product of passion. In business, passion is the difference between *insipid* and *inspired*. Innovation doesn't come from dispirited employees. Amazing contributions don't come from employees who feel like conscripts (only 14% of employees worldwide are *highly engaged* in their work). This has to change. We must be as rigorous and inventive about inspiring passion and unleashing contribution as we are about every other aspect of business.

External orientation: In our hair-trigger economy, *customer preferences* change at light speed. Unexpected new challenges can pop up any time; new opportunities come and go in the blink of an eye. The environment for business is more dynamic, complex, and global than ever. We need organizations that can draw meaningful insights out of the maelstrom of fragmentary and incoherent data that surrounds them. We need companies where every individual is equipped to sense emerging trends, where the implications for action are rapidly recognized, and necessary resources quickly brought to bear. The *decision lags* typical of large, bureaucratic organizations are becoming untenable. Individuals on the front lines must have the discretionary power to respond instantly to shifting circumstances. Rather than moving information up to those with authority, authority must be pushed down to those with real-time information.

Coordination and control: With global supply chains, distributed production networks, and virtual teams, the challenges of coordination are more pressing. In most organizations, managers hold everything together. They connect activities, teams, programs, and business units. The implicit assumption: coordination requires a hierarchy of coordinators. Problem is, hierarchy adds costs and reduces responsiveness. What's needed now are ways of integrating complex activities with little management overhead.

And then there's *control*: Managers are often the enforcers. It's their job to ensure that procedures are followed, budgets are met, and slackers are punished. But again, a supervisory superstructure is expensive and profoundly disempowering. We need organizations where control comes less from rules and sanctions, and more from norms and peers. We need to radically reduce the management costs associated with both coordination and control.

Video

Your Ideas Are Welcome

Help us build organizations that are fit for human beings, characterized by:

Total Passion: We know a lot about what it takes to drive deep engagement: purpose, self-direction, a sense of community, and opportunities to grow. We seek examples where engagement is taken to new heights—where management assumptions, processes, and behaviors are radically overhauled in ways that create a sense of adventure, inspire leaps of imagination, foment excitement, and take the work out of

work. If you don't have a real-world case to share, invent a bold, new idea for turning contented team members into zealous ones.

Outside-In: How can we turn an entire organization into a sensory organ, ever alert to the changing marketplace dynamics? How can we dramatically improve the signal-to-noise ratio in environment scanning? How can we ensure that weak signals don't get filtered out when the implications are politically uncomfortable? How can we eliminate the lags between *sense* and *respond*? How do we mobilize teams and resources faster? How can we inject the *voice of the customer* into every decision? How can we create organizations where fewer people are inward-focused and more outward-focused —and where contributions at the edges are as important as those emanating from the center? Once again, we're looking for game-changing practices and mind-flipping hacks.

Managing without Managers: Managing is largely about controlling and coordinating—the question is, can the work of managing be pushed out to the periphery? Can it be automated? Can it be dispensed with? Can an organization be highly decentralized *and* precisely synchronized? Can you get discipline without disciplinarians? Are there ways of combining the freedom and flexibility advantages of markets with the control and coordination advantages of traditional hierarchies? Can we reduce the performance drag of top-heavy management structures without giving anything up in terms of focus and efficiency? To what extent can *self-management* or *peer-management* substitute for *manager-management*? If you've got some hard evidence, or just a wild idea, share it with the world. **LE**

Gary Hamel is co-founder of Management Innovation eXchange (MIX). See **The Beyond Bureaucracy Challenge** Visit **www.managementexchange.com**

Article "Help us Define the Next Big Management Innovation Challenge"
Article

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Read an excerpt from Gary's book "What Matters Now"
Book

Respect and Trust

Interactive

The two most salient attributes of leaders.

By Warren Bennis

It may be pure folly to try to put the world of leadership on the head of a pin. But after six decades in the practice, perhaps I'm entitled to a little folly.

As I approach my 90th year on planet earth, I'm more keenly aware of my aging body's **vital functions**—like the brain, heart, kidneys, liver, and lungs. *Vital* means that they are essential for survival. There are close parallels to these vital functions in all great *organizations* (collections of *organs*) and *corporations* (*corpus* being the root word).

I've always had an intuitive sense that my bodily health depended in part on winning the *battle of the bulge*—keeping off unwanted weight. Participating (as a tender 19 year old) in the terrible **Battle of the Bulge** in WWII taught me many life lessons, including: life is precious and precarious—hence, do not procrastinate; wars are won or lost on one or two decisive battles; and sustainable leadership is about winning the war.

My epiphany of late as it relates to sustainable leadership is this: **great leaders earn respect, daily, and build and maintain trust with all constituents**.

Yes, the two most salient attributes of leaders are respect and trust. Sure, there are other vital attributes—as vital to leaders as are the vital organs in the body—and yet without these two heart-and-lung elements, you won't survive the day, pass the test of time, or win the war. You will fall under the weight of your own ego, pride, arrogance, ignorance, ambition, greed, or some other deadly leadership sin.

1. Earn respect, daily. In my class at USC, the *Art and Adventure of Leadership*, I play **Aretha Franklin**'s hit song *Respect*. While the students sway to the rhythm, I underscore the importance of this vital attribute of leaders. To *respect someone* is to pay attention, to view somebody, to really see that person. In the global economy, leaders must learn how to earn and show respect—not just tolerance. Respect enables ordinary leaders to do extraordinary things because respect for others informs their actions. The ability to influence others' thoughts and behaviors begins with respect—for yourself and others, often manifest in your challenge to be and do your best. This is the genesis of my belief that *great leaders are not born but made* and that *leaders are people who do the right things*, while managers are people who do things right.

Video

When I am asked: What makes a leader effective? Why do so many of them fail? And what qualities will leaders need in the future? I start my answer with *respect*. When you fail to respect people, the pain is palpable. As a leader, I want to be known as generous company, to connect with people, and to make them feel respected.

People don't need to know their leader personally as long as they feel that he knows and respects them. The ability to make people feel known and to soothe their fears, exemplified by **President Franklin Roosevelt**'s fireside chats during WWII, is a powerful tool. A great leader like FDR speaks in a way that makes people think, *he knows me, understands me, likes me, and respects me*.

The ability to earn and show respect will win you leadership roles. We often think of *leadership* as something innate that only a few rare and gifted individuals are born with. But leadership is often a function,

not of your personality or psychological makeup, but of the role you are in. Some qualities wait for life roles to pull them out of you. Role shapes the development of leaders. Before being appointed leaders, we may show no evidence of qualities required of a leader. But when thrust into the role, we find the inner resources to fulfill the demanding role. We then begin to act like leaders. Leadership is a performance art, and most of us become leaders only when we are cast in the role.

Build and maintain trust. The main determinant of trust is *reliability*, *dependability*, or what I call *constancy*. When I talk to board members or staffs of great leaders, I often hear: "She is all of a piece." "Whether you like it or not, you always know where he is coming from, what he stands for." Leaders need to be *consistent* in what they say and do. It's what leaders fail to say and fail to do after they create the belief that they will do something that gets them in trouble. Trust is first broken at the initial stages of the simple *say/do matrix*. It's what leaders say and don't say, do and don't do, that either inspires and energizes followers or deflates and depresses them.

Video

Embedded in trust is the ability to form and maintain relationships. True leaders *gain* loyalty and trust because they *give* more, and they find ways to make sure that nothing happens to that precious seed of trust. It's often the *little things* that get leaders in trouble—*little things* like not giving eye contact, not keeping promises, failing to remember names. Leadership is about being present, and *trust lost is leadership lost.*

For example, one big mistake that leaders make is taking credit for the work of others. Leaders gain the trust and loyalty of others when they pass credit on to them. They ask great questions. It's through inquiry and advocacy for others that leaders express their leadership. Leaders truly want to know why and what.

In *crucibles* or *ordeals*, the traits of leaders are intensified, for better and for worse. Consider President **Harry Truman**, thrust into the role at a critical time in history, and faced with tough decisions. In such times, poor leaders lose respect and trust; great leaders gain respect and trust, showing an extraordinary gift for coping with whatever life throws at them and turning it into something new and useful. To become great, leaders must first be liberated from the need to be loved by everyone—they can then ask for resignations, give candid feedback, make tough calls, do things they don't like doing.

Often leaders lose respect and trust by forgetting what we know about how to manage talent (genius): they encourage internal competition and extrinsic rewards; they forget that the best talent chafes at bureaucracy and hierarchy. The best leaders see themselves as facilitators. They don't regard others as *subordinates*; they see them as *colleagues* or *fellow crusaders* on a holy mission. These leaders unleash the talent of others to realize the collective vision. They discover talent

and cultivate the best ideas. They keep projects moving forward, ensuring everyone has necessary resources and protecting the group from outside interference. They display spirited collegiality, transparency, authenticity, and foster a free exchange of ideas.

Can a leader be authentic, or do the masks of command force the leader to be something other than his or her true self? Can a leader *both* act and be real? Shakespeare often showed his audiences a leader in the midst of doing one thing while thinking another. It seems that transparency is a luxury that few leader can afford. Leaders are routinely required to keep secrets and to balance conflicting values, such as the public's right to know and the need for national security.

Can a leader be less than forthcoming and still be real? Is a lack of candor sometimes justified? Is deceit justified if it saves human lives? I am not arguing for executive duplicity—we have seen far too much scheming and double-dealing in recent years—but I do acknowledge the dilemma faced by all leaders: "Heavy lies the head that wears the crown."

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

Leadership is the greatest performing art of all—the only one that creates organizations that can endure long after the stars who envisioned them have left the stage—if leaders build on the firm foundation of trust and respect. **LE**

Warren Bennis is professor of leadership at USC and author of Still Surprised, A Memoir of a Life in Leadership (Wiley/Jossey-Bass). Visit **www.WarrenBennis.com**.

Read an excerpt from "Still Surprised"
PDF

"Authenticity" Warren Bennis
Article

WHERE are your "READY-NOW" LEADERS?
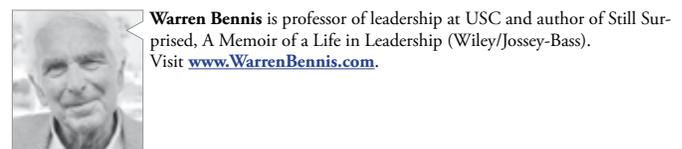
Culture of Trust

10 keys to creating one.

By Noreen Kelly

Leaders build trust by aligning behavior and with articulated mission, vision, values and goals; delivering consistent, credible messages with clarity so that every one is on the same page; and achieving buy-in of the business strategy.

Trust and communication are interwoven. At its core, trust is the basis of communication, and communication is key to building and maintaining trust.

Trust in communications is about relationships. Without a commitment to truth, openness and candor, solid relationships can't be formed. Trust—the essential element for collaboration and effective communication—is vital for creating more open, caring and ethical cultures. The better you communicate and trust, the better your ROI. Once you lose trust, you lose the ability to communicate and lead.

To create a culture of trust, leaders must keep high standards in their behavior and communication. For leaders, trust means doing the right thing and doing things right for the good of all shareholders through the strategic alignment of values with behavior, words, and actions.

Edgar Schein, former professor at the MIT Sloan School of Management, notes: "Communication is the bedrock of work and the basis of organizational effectiveness, and open communication depends on trust in a climate of giving and helping."

Trust matters in every interaction between managers and employees, customers and suppliers, coaches and team members, and one on one. The lack of authentic, honest and credible communication is why some leaders lose the trust of their employees, customers, suppliers, and other stakeholders.

Organizational communication. Provide communication strategies and tactics that strengthen your reputation: articulating the mission, vision, goals and objectives and then taking action based on that direction; consistently and clearly stating values and delivering on their promises; building employee engagement Trnd trusting relationships by improving your communication style, strategies and impact.

Personal trust. Organizational trust is based on interpersonal trust,

as trust works from the inside out. Erosion of trust can result not only from large scandals but also from daily breakdowns in relationships. Leaders can learn how to instill trust in their personal practices and create a culture that allows for honest, authentic conversations.

Change communications and transition management. Major change can happen only when the people involved trust the process. Timely, effective, consistent and regular communications is critical to building awareness, understanding and acceptance, changing behaviors, and improving results. A transition approach that honors the people side of change further builds trust.

Employee communication. Harmony in the workplace leads to success in the marketplace. Establishing trust can increase profitability, boost market value, add competitive advantage, lower costs, provide efficiencies, improve morale, and result in lower turnover, higher productivity, and increased job satisfaction. Open and honest communication creates mutual trust and understanding. Relationships built on trust enable us to get better, faster results with less stress.

Customer trust. Trust is a market asset and key to customer loyalty. Partnerships based on trust provide the greatest value to customers at the lowest cost. Distrust can result in refusal to buy or invest in a company's products or services. By seeing trust as a competitive asset, leaders can improve their bottom line and promote their highest good.

Knowledge sharing and collaboration. When we trust someone, we feel safe to share what is important to us, including our thoughts, ideas, efforts, hopes and concerns. Sharing of information in a climate of respect and collaboration leads to an increase in knowledge, understanding, and trust.

Public relations. Trust is an integral part of maintaining relationships with the media and public. Speaking the truth enhances your credibility and reputation. You need to create a unified message to the public, and ethically disseminate that message.

Principles and skills: Building trust in communications is in the process: listen to customers; talk directly to your people; show respect, concern and empathy; and reach audiences through clear, honest com-

munication. Practice consistency and alignment of written and verbal messages. Boost credibility with employees. Clarify and communicate the strategic direction with mission, vision, goals and objectives. Align messages with words and actions—do what you say you will do. Do the right thing. Say what you know when you know it. If you don't know, say so. If you can't tell, say so.

10 Actions for Leaders

Here are 10 actions that leaders can take to create a culture of trust:

1. Tell people what you know and don't know. Then tell them when you think you'll know more, and get back to them with that information.

2. Explain why. Explain why you or the company took a particular action, especially when communicating unpleasant or unwelcome information. If you don't do this, actions will be misinterpreted. If you announce a date or deadline and the date isn't met, explain why. Don't just ignore this—your credibility is on the line.

3. Be consistent. Repeating key messages reinforces them. Make sure your actions also reinforce those messages.

4 Don't spin. Don't try to spin bad news to make it look positive. People know when you're lying to them—and don't respect you for it. We handle the truth better than a lie or half-truth.

5. Communicate, communicate, communicate. Speak the truth with employees. Engage in open, honest conversations. Be forthcoming about the company's prospects and the future of their jobs. Have face-to-face interactions. Avoid *management speak*. Keep employees informed and address issues when you observe them. Provide timely feedback. Listen. Involve employees in the ownership of ideas and plans and at the grassroots of a project or decision when possible. Value people's input and opinions. Communicate the importance of ethics and integrity, along with shared vision and values. Provide clear and consistent communication to key stakeholders.

6. Be realistic. Don't over-promise and under-deliver.

7. Be accountable. Admit mistakes. Hold yourself accountable for your actions, words and decisions to your employees and customers.

8. Acknowledge and honor people's contributions, efforts, feelings and concerns. Respect the individual. Promote mutual trust. Be inclusive. Show empathy. Fairly reward employees.

9. Be authentic. Bring words and actions into alignment. Consistently live by clearly stated values.

10. Share information. Sharing of information within and between individuals and teams creates dialogue, promotes cooperation and helps build community over time.

Rate Yourself

Rate yourself on these trust imperatives:

Sharing & collaboration: Likely to share information and resources frequently and openly; Involve others in the ownership of ideas and plans. Promote collaboration.

Accountability: Accept responsibility for my actions, words and decisions. Admit mistakes. Hold myself accountable to the same standards set for others.

Authenticity: Engage in honest conversations. Demonstrate company's values through my thoughts, words, intentions and actions. Align words and actions.

Credibility: Am I trustworthy, believable. I walk the talk and inspire confidence through my actions and behavior.

Honesty/Transparency.: Tell the truth. Communicate simply, straightforwardly and consistently across the entire audience. *Say what I know, when I know it. If I don't know, I say so. If I can't tell, I say so.*

Integrity. Follow through on commitments and promises. Practice and promote alignment with the values. Take responsibility for my actions and act ethically.

Respect. Promote mutual trust and cooperation.

Inclusion. Acknowledge and honor people's feelings and concerns.

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Read Noreen's aticle "Restoring Trust in the Workplace"
Article

"Trust and Communication Must Be Interwoven to Realize Successful Change"
Case Study

Download the 2012 Edelman Trust Barometer Executive Summary

Mind the Trust Gap
It is widening in today's workplace.

By Andrew Graham

Despite the fact that employees who trust the decisions of their boss are more loyal and engaged, leaders often fail to cultivate employee trust. We find a deep *trust gap:* while 90 percent of leaders and employees say that it's important for employees to trust their leaders, 65 percent of employees rate their level of trust in their leaders as moderate; 37 percent of employees say that they trust leaders less today; and 47 percent of leaders say that their employees trust them less. Only 8 percent of employees say they trust their leaders *to a great extent*. Leaders should place a premium on trust since we see a strong correlation between *trust in leaders* and *employee engagement*. Employees with a low level of trust are not nearly as engaged as those with high trust in their leaders.

What erodes trust? Bosses not owning up to their mistakes is a huge factor: 89 percent of leaders say that they either *always or often* apologize for their mistakes, but only 19 percent of employees agree. Indeed, 43 percent of employees surveyed say that their leaders *rarely or never* apologize for their errors.

The main reason that bosses don't apologize is that they're afraid of looking weak and incompetent, but fear of tarnishing their image sacrifices employee trust and loyalty.

Employees also named other boss behaviors that erode trust, including: lying, taking credit for others' ideas, blaming employees unfairly, gossiping, lack of clarity, and poor communication.

Trust is bolstered (and the trust gap narrowed) when leaders take these four steps: 1) listening to employees and understanding their concerns; 2) walking the talk—leaders doing as they say; 3) following through on commitments; and 4) encouraging employees to offers ideas and suggestions. **LE**

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Visit **www.forum.com**

2013 Forum Global Leadership Pulse Survey "Driving Business Results by Building Trust"
Survey

Download Forum.com's "The First-Line Leadership kit"
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20 Insights

Win by applying them.

By Dave Ulrich

For four decades, I've been obsessed with improving organizations, believing that the places where people work can be remarkable sources of good. I find that leaders improve organizations by applying innovative ideas. These 20 maxims reflect my recommendations to leaders.

1. Start from the outside in. Most improvement efforts begin from internal crises. Sustainable improvements start by seeing how external factors affect what happens inside. When organizations don't respond faster than the external environment, they fail. The complex externalities may be simplified into *context* and *stakeholders*: *Context* refers to the social, technological, environmental, political, economic, and demographic conditions; *Stakeholders* refers to internal employees and leaders and external customers, investors, and communities. Leaders who find patterns in these contextual assessments and stakeholder expectations anticipate and respond to new requirements.

2. Value is defined by the receiver more than the giver. After I interviewed the direct reports of one bright leader, I shared with him that his colleagues felt he did not listen well. He retorted, "Yes I do! I understand what people are saying about 30% into the conversation, then I focus on other things while they finish." I said, "Listening is not that *you understand*, but that the other person *feels understood*." He then realized that he did not listen well. Value is defined by the receiver. Leaders deliver value by understanding the expectations of the receivers.

3. Strategy without organization is false hope; organization without strategy is mindless activity. To compete and differentiate their organizations, leaders must turn strategy into disciplines and actions .When I ask people to fill in these blanks: Our goal is to be the _____ By understanding and serving _____ By creating more empowered and dedicated _____ By investing in _____ And by working with unyielding _____, they usually list: *best, customers, employees, technology, integrity*. Such *strategy* declarations do not equal competitiveness.

4. Organization is not structure but capability. We admire companies not because of their shape or size, but because of what they are good at doing. The last 20 years have inundated us with ways to change the structure. Today, leaders need define what the organization is, should be known for, and is good at doing to create enduring capabilities.

5. Capability consists of talent, leadership, and culture. Every organization needs exceptional *talent* and *leadership*. Organizations don't think—people do; without the right people, organizations fail. Leaders make choices that align resources to goals; they set direction, get things done, and ensure that he *right culture* reflects organizational identity. Talent, leadership, and culture are the core elements of capabilities, the outcomes of investments in human resources, the keys to implementing a strategy, and the intangibles investors pay attention to.

6. Talent may be calculated as competence, commitment, and contribution. . Many programs and investments are made to attract, retain, and upgrade talent. Yet, it is easy to get lost in the myriad of promises, programs, and processes. I offer a deceptively simple formula for turning talent aspirations into actions: Talent = Competence + Commitment + Contribution.

7. Competence: invest in talent. Creating competence comes by taking four steps: 1) articulating a theory or setting a standard. 2) Assessing employees on the extent to which they meet standards, evaluating both results and behaviors, and helping people to know what they can do to improve. 3) Investing in talent improvement to fill gaps in six ways: *Buy*: recruiting, sourcing, securing new talent; *Build*: helping people grow; *Borrow*: bringing knowledge in through advisors or partners; *Boost*: promoting the right people into key jobs; *Bounce*: removing poor performers; *Bind*: retaining top talent. 4) Tracking how well individuals are developing their skills.

8. Commitment: build an employee value proposition (EVP that motivates employees to give their discretionary energy to the firm's success. Employees who give value should get value back. People more committed when seven dimensions exist: *Vision*, direction or purpose; *Opportunity* to grow, develop, and learn; *Incentives*, a fair wage or salary for work done; *Impact*: an ability to see the outcome of work done; *Community*: peers, bosses, and leaders who build a sense of community; *Communication*—knowing what's going on and why; and *Flexibility*; giving employees choice about terms and conditions of work.

9. Contribution: meaning making makes money. When people's needs are met at work, they feel that they are contributing and finding abundance. Leaders help people answer seven questions: 1) *Identity*:

Who am I? How does my identity meld with the company reputation? 2) *Purpose:* Where am I going and why? How can the organization help me reach my goals? 3) *Relationships*: Who do I travel with? Do I feel connected to the organization's support community? 4) *Work environment*: How positive is it? 5) Work challenge: What challenges do I enjoy at work? 6) *Learning*: How well do I learn and grow at work? 7) *Delight*: Do I find delight and fun at work?

Video

10. Leadership matters more than leader. *Leaders* and *leadership* are not the same thing. An effective leader may be no good at developing processes that help other leaders grow and develop. Over time, leadership matters more than leaders. An exceptional individual leader can deliver outstanding results for a while, but the quality of leadership sustains results and builds stakeholder confidence. Build leadership by answering three questions: why, what, and how.

11. Why of leadership: create a case for effective leadership. Most people can identify a leader who made a positive difference in their life. Effective leaders increase employee productivity, organization's ability to deliver strategy, customer connection, investor confidence, and community reputation. When leaders deliver these outcomes, they add value. Better leaders deliver better results.

12. What of leadership: define what makes an effective leader. Effective leaders excel in five areas: 1) *Strategy*: leaders position the company for the future; 2) *Execution*: leaders make things happen through execution, decision making, accountability; 3) *Talent management*: leaders coach and communicate employees to have competence, commitment, and contribution; 4) *Human capital development*: leaders invest in future employees through employee branding, workforce planning, and empowerment; and 5) *Personal proficiency*: leaders build trust through intellectual, emotional, social, physical, and spiritual energy.

13. How of leadership: ensure that leaders do what they know they should. Leaders may want to improve and know what to improve, yet don't make the improvements. Leaders who accomplish what they know they should cultivate *seven disciplines*: *Simplicity*: start small, focused on a few key changes. *Time*: make sure the change shows up in your calendar. *Accountable:* take personal ownership for making the change happen. *Resources*: find help in accomplishing the change. *Track*: measure and monitor the change. *Meliorate*: learn and grow (show grit or resilience) in persevering. *Emotion:* ensure the desired changes are consistent with your personal passion and identity.

14. Culture from the outside in shifts from event to pattern to identity. Most people define culture as internal values, norms, unwritten rules, behaviors, and expectations. The study of culture needs to shift from an *event* to a *pattern* to an *identity*. By focusing culture on an *external identity* (what we want to be known for by our best customers), the events and patterns have a clear focus.

15. Culture may be embedded through an intellectual, behavioral, and process agenda
After defining the desired culture (identity), make it real to all through: 1) *Top/down intellectual agenda*: communicate the desired identity (many times). *Bottom/up behavioral agenda*: each employee needs to act daily on the desired identity. *Side/side process agenda*: the desired identity should show up in staffing, promotion, compensation, financial controls, and IT. When these agendas are woven around a desired identity, they ensure that external expectations shape employee thoughts and actions.

16. HR professionals should be architects of talent, leaders, and culture; line managers are owners. Building talent, leadership, and culture requires thought leadership and disciplined action. The primary accountability for HR issues is the line manager who is the owner. HR professionals are architects who create blueprints of what can be done and facilitate dialogue to come to a common decision. They bring unique insights on technical issues, ensure that regulations are followed, and manage the content and process of strategic and organization clarity.

17. HR should align with the structure of the business. The HR organization should match the business structure. If a business is centralized, the HR department should be centralized. If the organization is a holding company, the HR organization should be embedded in each business. If the organization is a matrix or allied diversified company, HR should operate as a professional services firm serving the needs of line managers (internal clients).

18. Align, integrate, and innovate HR practices. Effective HR practices should: 1) align with the strategy and with outside customers and investors and deliver value to all stakeholders; 2) integrate HR practices to shift from *best practice* to *best system;* and 3) innovate HR practices and systems, constantly be looking for new ways to solve old problems.

19. Competencies of HR professionals affect the perception of HR effectiveness and business results. Clearly the competencies of HR professionals drive business success. We've identified six competence domains that impact the perceived effectiveness of HR professionals and their impact.

20. Shift from analytics as data or information to insights, implementation, and impact—start with the decision. The clamor for better HR analytics tends to emphasize cloud and data networks (wrong place and wrong focus). HR analytics needs to evolve from data to insight to intervention to impact. Impact means getting clear about decisions that need to be made to make more informed choices. A decision choice logic for analytics requires a business mindset and a clear understanding of how the business will succeed.

I hope these ideas help you make your enterprise more successful. **LE**

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Read the RBL 2012 Human Resource Competency Study overview

White Paper   Download the RBL white paper "Building Capability"

10 Resolutions

Servant leaders make them.

By Mark Miller

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:

Fight the gravitational pull of today. My role, and yours, is to create the future. I suggest that leaders invest enough time and mental energy to see it, marshal the resources to fund the journey, and help chart the course to make it a reality. Be careful—without focused effort, today always pushes out tomorrow.


Focus on individual team members—not just the team. Since each member of the team is unique, leaders must remember that what motivates and inspires one is not always the same for the next. **Identify specific improvement targets.** When leaders focus time, energy and resources on problems or opportunities, progress is made. This applies to life, the team, and the organization. Generalities don't drive improvement—specifics do.

Value people and results. The best leaders value results and relationships. Since most people have a natural bias toward one or the other, I suggest that leaders value both the people and their production to obtain desired results. If you can get results without others, you're not leading.

Walk the talk. I'm not perfect, by a long shot. However, the people we lead don't really expect us to be perfect. What followers expect, and deserve, is the integrity that comes with attempting, daily, to align our words and our actions. People always watch leaders to see if they walk their talk.

Video
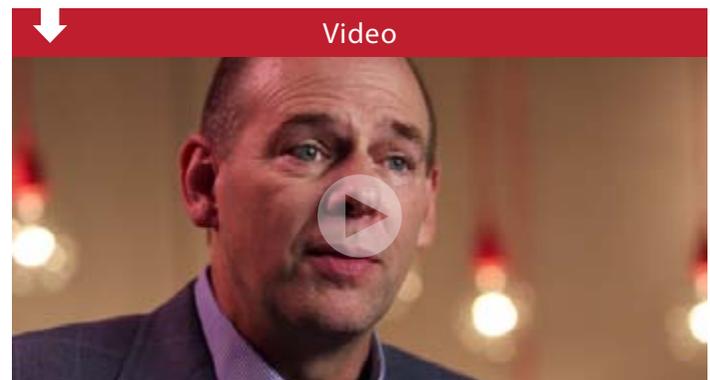
Learn something every day. Leaders are learners – period. If you stop learning, your leadership journey is over. While it may be a while before it actually ends, it's like cutting down a living tree. The tree will still have leaves on the branches for a while, but the tree is already dead—even if it doesn't know it yet.

Fight pessimism in your life. Pessimism is like cancer for a leader, and it will destroy a leader's influence. As Napoleon said, "A leader is a dealer in hope." Leaders must see a preferred future and believe they can help create it. People don't rally to be part of a future created by pessimists.

Own mistakes and share praise. Do not blame others for mistakes. The best leaders own mistakes and share praise. Leaders have high levels of personal responsibility and need to be quick to give praise. This single resolution, if honored, will help earn the respect of those you lead.

Be more courageous, daily. Courage is the catalyst for leadership. Without courage, you can't lead well. Don't wait for the *big opportunity*. Courage, when absent daily, ensures that the big moment will never appear. I encourage you to continue to pursue the courageous path. **Think others first.** This is the genesis of servant leadership. If you slip into the quicksand of self, you will not lead for long. People want to follow a leader who has their best interest at heart. Servant leaders don't think less of themselves—they just think of themselves less often.

As I strive to implement these 10 resolutions in my life, I invite you to share your New Year's leadership resolutions with me on my blog. **LE**

Mark Miller is VP for organizational effectiveness at Chick-fil-A, and author of *The Heart of Leadership and The Secret of Teams*. Visit **GreatLeadersserve.org**.

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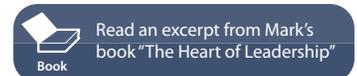
New Leadership Imperative

Leadership development and business transformation.

By Bill Adams and Roma Gaster

Leaders today face rapidly escalating complexity, ambiguity, uncertainty, volatility, and at times, market disruption. Along with this comes the challenge of developing leaders to reshape the organization in response to market conditions and the evolving needs of customers. Today, the pace of leaders' development (LD) must match or exceed the pace of change in the conditions under which they operate.

Few LD programs are up to this challenge. Many approaches focus on developing competency and capability—necessary, to be sure, but insufficient. We need to also develop the complexity of the *minds* of leaders. If the mental capabilities of the leader exceed the complexity of the challenge, then they can lead effectively. *If the complexities of the challenges we face are more complex than we are, we are outmatched. But if we can evolve the complexity of the mind of the leader to be equal to or exceed the complexity of the challenge, then we can lead.* The greater the responsibility a leader bears, the greater the need for self-awareness and the mental capability to manage complexity. Accelerating change means accelerating LD by mixing the best of what we know about developing *competence* with the best of what we know about developing the leader's complexity of mind (*consciousness*).

Video

Flexibility, Agility, Innovation (Part 3)

By Bob Anderson
Founder and CEO of

The ability to develop leaders capable of navigating complexity is a strategic priority—and competitive advantage. Leadership will set the agenda for the future. The influence of business is so pervasive that our collective future is intertwined with it.

We need leaders dedicated to creating a thriving future for global business and our sustainable collective welfare. Leaders must exhibit the creative capacity to invent the future and the capability to navigate the delicate balance between short-term profitability and long-term common good. As Einstein said, "We can't solve problems by using the same kind of thinking we used when we created them."

Preparing Leaders to Lead Change

We need *better leadership at all levels*. Systemic change and sustainable results are possible only when accompanied by personal change. We must develop leadership because we can't change organizations without it.

In global organizations, people at lower levels are becoming more involved in managing the business, shaping its future and its form. Some businesses are making this transition because competitive pressures and the demands of rapidly changing environments demand it; others are undertaking the transition because it is good for the human spirit, innovation, and creativity. As anyone who has tried it can testify, this is harder than it sounds.

Genuine change must take place at the structural/cultural level. Structures include mechanisms like org charts, job descriptions, policies and procedures, building or office layout. Structures also include basic processes such as strategies, budgets, business and marketing plans, goals, objectives, and decision rights. In addition, we include intangible and invisible components such as vision, values, beliefs, conscious or unconscious operating assumptions, and norms. All of these elements, taken together, form a complex interrelated web of forces that powerfully influence how people act and the pattern of performance. In fact, structure is the primary determinant of performance and business results.

A primary role of leadership, when pursuing a new vision for the future, is to help discover new structures that alter the system. Through these new structures, employees' efforts are channeled naturally toward manifesting the new vision.

The real challenge is to develop a *change strategy* that fosters broad involvement in the renewal of the business. The deeper work of LD needs to take place in tandem with system redesign. When LD is integrated into a well-conceived strategy for involvement in systems redesign, visions become reality. People grow and translate that growth into improvements.

Innovative organizations are implementing new visions and improving results both in terms of the bottom-line and individual empowerment—not by effecting minor modifications but by revolutionizing structures. These changes are more than window dressing or short-term programs. They completely alter the way leaders lead and the way work gets done. *Designing such change characterizes leadership as architecting structure.*

Achieving sustainable systemic change requires leadership of creativity, courage, experimentation, and perseverance—if the business is to manifest its vision. Such change only happens when leaders take responsibility for implementing structural change. So, the challenge for leaders is to initiate change from the bottom-up while also approaching their own development from the inside out at a rate that outpaces the organization change requirement.

In preparing leaders to pilot the path of global transformation, we need to first develop them to nimbly adapt to complexity—to rapidly evolve their mindset to model new behaviors and engage people in making structural and systemic changes. In all organizations, leaders hold the key to initiating and fostering long-term, sustainable change. **LE**

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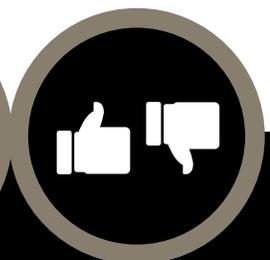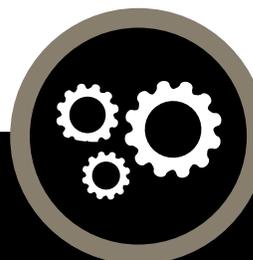
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Five Ogres and an Angel

Guarding the gates of improvement.

By Miles Kierson and Bruce Hodes

Much business literature regards change. There are terms such as: *change agents, change initiatives, transformational change.* Yet many organizations still struggle after all this changing. This begs the question, what is really happening? What eludes us? What obstacles (ogres) are blocking improvement?

When we considered the resistance to change, we created six assertions—*five ogres* and *an angel.* These five ogres impede improvement. Once you are aware of them, you can improve performance. Assess to what degree they exist for you.

Video

Ogre 1: Fear. People who have never been held accountable are scared of accountability. In most organizations, people are assigned accountability for activities or to oversee activities rather than being assigned accountability for results. Also, most people hold themselves accountable for activities not results. When people are accountable for results, they have to *deliver.* If they do not, they are failing at their job, and there are consequences, real or perceived. Some people have such accountability. For example, commissioned salespeople can't feed their families if they do not sell and make their quotas. Many people resist accountability because they fear not being able to produce the desired results. They fear that they will fail, look bad, and suffer the consequences. Fear of accountability impedes performance improvement and produces terror. However on *the other side of terror is freedom.* If you are accountable, you do not waste time blaming or justifying. You can focus and engage in creating results by looking at what steps you need to take to produce the desired result.

Ogre 2: Comfort. Most people just want to be comfortable. People like things to stay the same. Now, imagine how it is at work. You learn your job; you have a certain routine, and you feel good about what you do. Then along comes somebody who says, "We are going to do things differently around here and ensure that you all have measurable goals that you'll be accountable to accomplish." It is a double hit: This change agent threatens your world. Many people just wish to be left alone to do the job they know how to do. Resistance to change comes from simply not wanting to adjust to something new. This resistance often blocks willingness to listen to why the change needs to happen. For many people, their first reaction to any change, big or small, is to be annoyed. The way out of the box is to first understand that you are in this comfort box, comfortable with a routine and resistant to being uncomfortable. The way out is to *get comfortable with being uncomfortable.*

Ogre 3: Broken Promises. People do not keep their promises. If you think you're the exception, we challenge you to record all the promises you make, big and small, this week and see if, in fact, you keep them all. You do not have to say "I promise" for it to be a promise—just say, "I will" or "okay" to a request. If you say you are going to do something, it is a promise. You likely believe that you keep your promises. But as long as you believe you keep your promises, you don't recognize when you do not. If you don't recognize that you do not keep your promises, then the chance of getting better at keeping promises and doing what you say you are going to do are slim and limited. Getting better at making and keeping your promises is essential in improving performance.

Ogre 4: Language. Most words associated with *performance improvement* have negative connotations. To many people, *accountability* means "somebody will beat me over the head if I do not do what I was told to do"; worse, is the phrase *hold people accountable*, which for many means *we can't easily get away with stuff.* We don't need to change the words; rather, we need to redefine the context. The language of performance improvement needs to relate to accomplishing the vision, initiatives and goals. Shift the context of being a victim and powerless to one of being a partner and empowered. Southwest Airlines, Google, Apple and Zappos have done this.

Video

Ogre 5: Drift. Drift aids in avoiding discomfort and repeating history (most people call it *culture;* we call it *drift).* What is *drift*? If you are swimming in a river and stop to float, your body will move in the direction of the current. You will *drift* away. Every organization has its own drift – it is *how things work around here.* The tendency is to maintain the status quo; drift maintains the status quo. Drift is very strong. There is a *"no change here"* attitude. If you try to change things, know that this ogre will rear its ugly head and, if it can, eat you. Handle the drift as if you were trapped in a canoe grabbed by a rip tide and being pulled out to sea—begin to paddle at an angle, not directly against the tide, to break free. When dealing with drift at work, adopt a similar strategy. Honor the drift, and at the same time introduce strong initiatives that will allow the organization to move in a new direction. Examples of such initiatives would be adopting lean manufacturing, breakthrough business planning, or the Keyne Method of improving performance.

When you try to improve performance, know that these five ogres are at work to resist change. Some team members will likely try to nix the idea. They will say, "Our way works. We've tried these improvement interventions before, and they do not stick." Or, "We have enough to do without another initiative that supposedly improves performance but only worsen the situation because it is one more thing to do." If you're aware that you'll disturb sleeping ogres, don't run the idea by your team first. Trust your intuition—be convinced that even in the face of resistance this is the way forward. As a leader, you need the vision, intuition, courage and commitment to make the decision alone and move forward. Then figure out how to get your team on board.

Improving and transforming performance is not for the faint of heart. Such transformations require leaders who understand that they are ultimately accountable for the success of the enterprise. It is a terrific idea to empower your team and involve them all you can in the decisions. But there are some decisions that you can't make by going to the team and discussing them. The decision to go forward with implementing gut-wrenching transformational improvement is one of them. Responsibility, comfort, language, broken promises and drift—all of these ogres will stand in your way.

Now, One Angel

Angel 1: Performance Improvement. The age of performance improvement is upon us! Intelligent and systematic performance improvement plans are being created and implemented with real results.

The signs are there. *Three Laws of Performance* by Steve Zaffron and Dave Logan, *Great by Choice* by Jim Collins and *Switch* by the Heath brothers outline some ideas and possibilities.

In the past, when speaking to leaders about transforming performance, we might as well been talking about space aliens. Now, change gets people's attention. More performance improvement and transformation systems are appearing. This age of the angel *is* upon us, and this angel will trump the ogres every time! Knowing about the ogres gives you power in dealing with them. Being in the age of change, the age of angels, empowers you. **LE**

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Survival of the Hive

`Interactive`

Learn about leadership from bees.

By Deborah Mackin and Matthew Harrington

We are in leadership trouble—or bankruptcy. Gallup reports that 7 out of 10 people "hate" their job, 70% of workers are disengaged as a direct result of poor management and leadership, and only 12% of organizations report having the leaders they need to succeed. We are in a global crisis as senior leaders are edging toward retirement, and new leaders are assuming the ranks with poor leadership philosophy.

Looking for a new way to explore leadership models and apply them to our current *bankruptcy*, we studied one of the most complex, highly functional leadership systems found on earth – the honeybee hive. *Biomimicry* is the imitation of models, systems, and elements of nature for the purpose of solving complex human problems. We've seen great examples of this as humans have studied the bird in order to build the airplane, or studied fish to build a better swimming outfit for the Olympics.

What if we were to take the lessons of the highly functional beehive and its emphasis on decentralized leadership and apply it to a new era of leadership? Here were some new leadership concepts that we found when looking at a beehive:

Survival of the hive: Bees are obsessed with what is good for the whole hive over what is good for any one bee. The hive's vision, strategy, and belief help define "due north" so every bee is committed to the greater purpose, direction, and philosophy of 'surviving.' Do we have a *hive philosophy* in our work or organization?

P-factors: The pheromone system in the queen bee ensures that her leadership exudes certain characteristics: what we label the P-Factors for pheromones. The leader bee's *footprint P-Factor*, the ability to use

their *calming P-Factor* and *unifying P-Factor*, as well as the strength to seek resources through their *resourcing P-Factor* help prepare them to face any situation. When you think about it every leader has a certain set of P-Factors or pheromones they exhibit. And when we look at the challenges that leaders face today, we see that these P-Factor attributes are vital.

Video

Colony culture: A strong *colony culture* of collaboration, cooperation, and trust happens uniformly and automatically at every place within the hive. There is a belief that being *in colony* will produce something exceptional, far greater than doing it alone. The beehive honey comb pattern exemplifies this concept of being interdependent and united. The leader's role is to build the colony culture. It's done in every meeting, in the break room and hallway. The leader defines the *what* and *why* and let's staff define the *how*.

Front porch philosophy and CAMP: Forage and scout bees use the front porch of the hive to pass off collected pollen and nectar to worker bees in the hive. This is a great way of looking at *responsibility and accountability* as a behavior that every leader and follower accepts as they cross the *porch* of their organization. Based on the *CAMP* method of motivation—*Competence, Autonomy, Meaningfulness, and*

Progress—found in the hive, bees commit to *self-discipline and self-direction*. As leaders, we need to ask: Do my staff members know they can take accountability and that I'll have their backs when they do?

Bee-2-Bee waggle dance and BUZZ: Bees achieve a spontaneous and constant form of communication. As leaders we can define our *waggle dance* of communication and spread the *waggle dance* philosophy of communication, creating a unique and organic *BUZZ*.

Perfect product honey stream: Bees only know to make a perfect product. Their honey stream can contract and expand dramatically to meet the honey production needs of the hive in the short time between spring and summer. Honey is the only food that includes all the substances to sustain life (enzymes, vitamins, minerals and water) with 0% defects in every batch. The rhythm of the honey flow is known to every bee. Leaders today must be immersed in the flow of work, rather than observing from a removed position. Great leaders put themselves at the center and move openly among workers. They identify challenges, bottlenecks, and constraints and work with staff to address them every day.
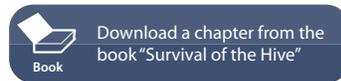
Protecting the hive and leaving the post: Often there are so many internal battles that no one is even watching for real risks—like robber bees—outside the hive. Leaders can learn to respond to those risks,

like bees, with the 4Rs Approach: *Research, Report, Respond, and Recover,* making sure not to react until the research confirms a problem and devoting time during recovery to surface, discuss and evaluate lessons learned. To make the *4Rs* work, there must be a *leaving the post* mentality, like the bees have where they leave their task to help another bee in trouble.

As leaders we should look to models to help us form and mold our leadership style. Leadership takes practice, and the more experience you get with it the better you can become at it—if you're willing to work like a honey bee. **LE**

Deborah Mackin and **Matthew Harrington** are authors of **Survival of the Hive: 7 Leadership Lessons from a Beehive.** They also have a bi-weekly leadership podcast, **Cross Pollination**, available at **www.SurvivalOfTheHive.com** and at the iTunes store. Email **matt@newdirectionsconsulting.com**.

Book	Download a chapter from the book "Survival of the Hive"
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Don't Panic, Stay Calm

Leaders keep calm, even under pressure.

By Fraser Marlow   ⊡ Interactive

Good leaders keep a cool head even when the situation provokes an emotional reaction. Great leaders also help everybody else stay calm and contribute to the team with rational and objective input rather than emotionally laden statements. They achieve this through self-awareness and active listening skills, developed though practice.

Drama in the workplace is the enemy of productivity. From hushed rumors that build anxiety to emotional outbursts that arise from fear or frustration, work suffers when people lose their cool. And when the system is stressed as a result of bad news or a sudden change in working conditions, drama can flare up out of nowhere. One characteristic of strong leaders is *grace under pressure*—an ability to control emotions, and help others remain level-headed when emotions are rising.

Anthropologists would tie this characteristic back to the alpha-male or -female trait: when the group is in danger, it helps to have a strong leader who can think clearly even under extreme pressure, knowing when to stand and fight or when to flee.

Advances in neuroscience enable us to understand how we respond to external pressure and burn-out, and how we respond to the influence of others in times of stress.

Neurological anatomy teaches us that the brain is not one homogeneous organ – it is composed of several sub-structures. Our brains are a composite of three levels of evolution. The *reptilian brain* manages immediate body functions, such as heart rate, breathing, balance. The *neocortex* handles rational thinking, language, imagination, and consciousness. The *limbic brain* is the center of our emotional being and believed to be the seat of the value judgments we make, often unconsciously, that exert such a strong influence on our behavior. It is believed to be mostly binary: it answers yes or no. It has little capacity for ambiguity. It is a reactive part of the brain and

not a learning center. When people are using their limbic brain to respond – in arguments, for example – they fall back on absolute statements: "We never get projects completed on time" or "Everybody here hates me." Whenever logic or reason is called for, a limbic response is a poor guide.

While far from independent, in any given situation one of these three will take a dominant role in controlling our behaviors.

Two Ways to Manage Drama

An effective leader manages drama and steers people away from an emotional response back to a rational and objective response by taking two steps:.

Video

First, identify limbic behavior. When it comes to your own behavior, this is easier said than done: as the limbic part of the brain flares up and takes over, it dampens the ability of the higher-order thinking to process an event. Within your train of thought, these extreme and volatile statements will make perfect sense. The limbic part of the brain does this well. But making such polarized and overstated arguments undermines your credibility as a leader. It will also convince others that you can't be trusted to stay objective under pressure.

Operating 80,000 times faster than the thinking part of the brain, the *emotional limbic lobe* (through its messenger-switch the amygdala) pushes us to *react* to emotional stimuli, often before we know

what we are doing. Hence in tense situations, we retort rather than respond, often with unintended consequences. Leaders are rarely made aware of their knee-jerk reactions. Instead, they are often left wondering about the lack of response or are surprised to receive adverse reactions to their spontaneous retorts.
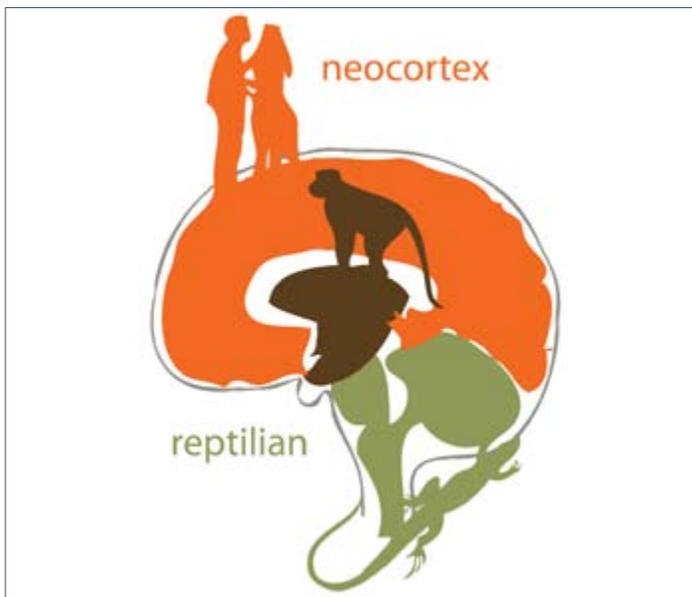
Once you understand limbic responses, you can recognize the signs in yourself and mitigate the impact of poor reactions. This involves developing a stronger sense of self-awareness and the capacity for building a pause into your reactions. Dr. Srini Pillay, CEO of NeuroBusiness Group (NBG), notes: "We are learning more about thought control. For instance, to control your emotions effectively, your brain needs to be fairly relaxed." Dr. Pillay references recent research indicating that "stress is an added load – it makes emotional control more difficult. For this reason, leaders would be well advised to look more closely at their stress or burnout levels."

Second, diffuse the drama in others. Here, your best tool is *listening and responding with empathy*. Developing purposeful active listening skills will do more than improve two-way communication or make a colleague feel valued: it can ease the person being listened to out of limbic mode and back to rational thinking.

Here's how it works:

Often when we are in these types of situations, we try to calm others down with logic. However, due to the person's decrease in capacity for logic resulting from increased emotion, this oftentimes causes the person's emotions to increase even more.

So, when faced with an emotional situation, we need to listen actively and show empathy for the other person, reflecting his/ her emotion and thus validating it. Only after doing that will the individual engage in more logical, rational conversation and focus on problem solving. By listening you learn what motivates others, what concerns them, and how they view themselves, their work, and the organization. Listening actively builds trust, which leads to increased confidence, satisfaction, productivity, collaboration, and ultimately engagement.

This can feel counter-intuitive, especially if we disagree with the other's emotion or see a logical resolution clearly in our own minds. It's important to realize that all others are not like us; not everyone responds in the same way to stimuli, so we must be respectful and allow others to react in their own way.

Three Levels of Active Listening

We distinguish three levels of active listening, each progressively more complicated to develop as a skill:

Acknowledging. The easiest form of active listening is acknowledgement. It is used to convey to the other person that you are paying attention to what they are saying. In a world full of distractions and short-term attention spans, this in itself can mean a lot.

Paraphrasing. Used to convey that you are correctly understanding what the other person is saying.It provides opportunity for clarification and keeps both parties engaged in the dialogue.An easy enough skill to develop, but some managers struggle to make this feel natural and authentic.
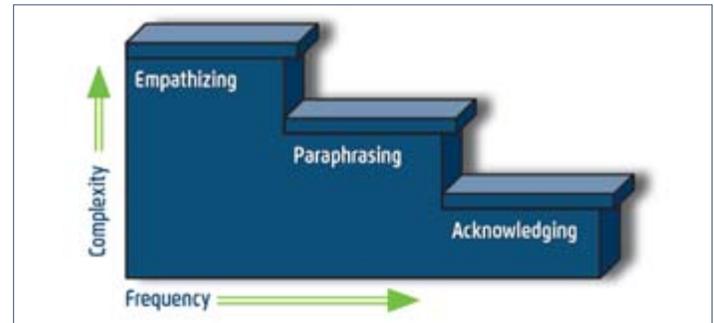
Empathizing. The harder skill for managers to develop: empathizing helps develop a communication environment in which the other party feels safe and where stress is reduced. According to Dr. Pillay, there are two kinds of empathy: cognitive empathy and emotional empathy. Cognitive empathy refers to the ability to see a situation from another person's point of view. Emotional empathy refers to feeling what other people feel. In fair negotiations, effective leaders know that cognitive empathy can be much more effective than emotional empathy. Use empathy statements to diffuse emotional situations before getting into analysis and problem solving.

Keep these actions in mind to become an active listener:

- Don't interrupt or complete other's sentences.
- Don't rush to fill in pauses or silences.
- Use appropriate body language to show you're engaged in the conversation.
- Ask follow-up questions to signal you're listening and absorbing what's said.
- Offer insights and perspective without judging.
- Wait to be asked for advice.
- Paraphrase to ensure understanding.
- Don't overuse the same response—you become predictable and inauthentic.

When you next respond harshly, abruptly or in sweeping generalizations, ask yourself: is it your *rational self* talking or simply an emotional response? As you develop this skill as a leader, your awareness of responses/reactions will increase. You'll better analyze and understand your behaviors and better manage the emotional reactions of others—assuming that your limbic brain doesn't take over. **LE**

Fraser Marlow is the head of research at BlessingWhite. Email raser.marlow@blessingwhite.com.

"Four Priorities"
Christopher Rice
Article

"The Engagement Equation:
Leadership Strategies for an
Inspired Workforce"
PDF

Create a Strategic Plan

And avoid eight common mistakes.

By Alex Raymond

I work with CEOs of high-growth companies on executing their strategic plans and turning their visions into reality. I usually work with them once they have a clear plan and vision for the company; but in some cases we collaborate to formulate the strategy. Although every CEO I work with is highly competent, experienced and results-oriented, they often craft plans that fail to move the needle for their companies.

Strategic plans are needed to provide both long-term guidance and specific performance goals. They need to be carefully created, implemented, and adjusted as necessary. This *agile approach* provides close alignment between intention and action, ensuring the plan is relevant to daily operations (plans that lose relevance become clutter). To ensure the strategic plan works the way it should, avoid **eight common pitfalls**.

Video — Alex Raymond

1. Not thinking big enough. Look at the big picture and see the distant horizon. Why settle for being *just another player in the market* when you can dominate your niche? Encourage your stakeholders to be ambitious and reach for the stars. When you put numbers on paper, you can always recalibrate and shoot for the moon.

2. Not seeing the big picture. Every department needs to be in alignment and contribute to the company's success. Give appropriate consideration to how the organization functions in real life, and adjust the processes accordingly. Consider external forces that may change over time¾markets, taxes, regulations, demographics, consumer tastes.

3. Lack of integration. To be effective, your strategic plan must be aligned and integrated with the capabilities of your people. Make sure that a project in one area is not pursued in isolation, but is synchronized with other departments. Integrate strategic planning into business meetings and daily operations so that it becomes strategic execution.

4. Limiting future goals because of current reality. Rather than working from "what is now," work from "what could be." Don't let the transitory limitations of current reality limit your future. Your people and operational plans are the drivers of the changes required to meet your future. Identify those areas that require strengthening as the organization expands, such as hiring specialized talent or finding a new supplier.

5. Ignoring real information. If you're not working with current market, financial, and employee data, your planning will be off course. Eliminate guesswork by having an objective perspective based on the facts that you see on your networked dashboard. Don't discount or change the data just because it leads you to an unexpected conclusion.

6. Excluding key stakeholders. Don't shortchange your efforts because you don't want the process to get messy. One person or group of executives can't see every angle. Involve key employees representing all departments and levels, and even suppliers, vendors, and other key influencers. People support what they help create, so by including differing opinions you'll create a sense of ownership. Bottom-up strategic planning processes take longer but can be more innovative and successful than top-down ones.

7. Not measuring key activities. You get what you measure: management, compensation, *key performance indicators* (KPIs), and the financial scorecard should all reveal tactical progress against the strategic plan. Your *networked dashboard* is a valuable tool to keep you and key participants in the loop with real-time information. Don't focus only on the numbers. Instead, go behind the numbers to see what actions are required to hit your key metrics.

8. Not having an agile strategic plan. Use your plan regularly and make it a living document. When you measure your progress against it and note a deviation, you can choose to either bring performance into alignment with the plan, or adjust the plan to fit the reality of your operations. A change in your agile plan is not always because of negative developments¾after all, it's possible that your plan will need to be tweaked because of a project completed ahead of schedule or revenues that exceed projections.

By being aware of these mistakes in creating a strategic plan, you're in better shape than most leaders. Your plan should be ambitious, clear, inclusive, and well defined. People should immediately understand and relate to the key elements of your strategy.

Once you have a plan in place, consider how to implement it. It's much harder to make your plan a reality than you think. Many leaders drastically underestimate the communication, alignment and follow-up required to make their plan and vision work. **LE**

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Visit **www.kaptasystems.com**.
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Article — "Track the Implementation of Your Strategic Plan"

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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.

Video

Dr. E. Ted Prince

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 responsibility 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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White Paper	"The Role of Business Acumen in Leadership Development"
Article	"Learning to Unlearn: The Innovation Connection"

70% Disengagement?

You can inspire top performance.

By Jack Zenger and Joe Folkman   ◉ Interactive

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-egree 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*.

Video

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.

Why? In education, 46 studies confirm the impact of a teacher's preconceptions on student performance. As Eliza Doolittle said in addressing the ever-gracious Colonel Pickering in Shaw's play Pygmalion: *"The difference between a lady and a flower girl is not how she behaves, but how she's treated. I shall always be a flower girl to Professor Higgins, because he always treats me as a flower girl, and always will; but I know I can be a lady to you, because you always treat me as a lady, and always will."*

The drum-beat message to managers that 70% of their workforce is disengaged is inaccurate and creates negative prejudices in the way managers perceive and behave toward their *subordinates.* This, in turn, becomes a destructive self-fulfilling prophecy.

Inspire Top Performance

So, what's the solution to the engagement dilemma? Often, leaders possess a remarkable quality that sets them apart, causes others to be attracted to them, and enables them to achieve remarkable outcomes. That quality is often labeled *charisma* (Greek meaning *gift*). Many people believe this gift is *divinely bestowed* upon some and not others. But we find some approaches to inspiring leadership go beyond having *charisma* and **the ability to inspire and motivate others is a skill that any leader can develop**.

Leaders who receive the highest scores for *being inspiring and motivating*, use **six approaches**: *Visionary*—providing a clear picture of the future and communicating that to the team. *Enhancing*—creating positive one-on-one and team relationships by being a great listener and connecting emotionally with people. *Driver*—displaying a focused pursuit to make the numbers and complete things on time and being accountable for performance. *Principled*—providing a powerful role model of doing the right things in the right way. *Enthusiast*—exuding passion and energy about the organization, its goals and work. *Expert*—providing strong technical direction that comes from expertise.

Most leaders tend to use one or two of these approaches frequently. We tend to think that *being inspiring* requires leaders to be *enthusiasts.*

However, we find that *leaders who use more than one of these leadership approaches are more inspiring*. Leaders can learn to become more inspiring. One test group of 300 leaders improved their ability to inspire others greatly by receiving good feedback (awareness) and having a development plan. As a group, they moved from the 42nd to the 70th percentile— a big leap!

Everything a leader does, every day, impacts employees. So, take a few minutes to ask people how they're doing, thank them, and encourage them. You don't need *charisma* to inspire people. Find your preferred method, and start making it count. **LE**

Jack Zenger and **Joe Folkman** are co-founders of Zenger-Folkman and authors of several books on aspects of management and leadership. Visit **wwwzfco.com**.

Article	"Teachers' Expectations Can Influence How Students Perform"

Report	Read the Gallup report "State of the American Workplace"

Heart and Head

Lead with reason and emotion.

By Laurie Cure

Leaders often say, *Emotion is the enemy of rational thought and we cannot allow it to cloud our thinking.* It is easy to believe that somehow thinking and feeling lie at two different ends of a long continuum. Emotion is perceived to function opposite of thought; and even act as a barrier to sound decision making. In reality, thinking and feeling; emotion and thought operate in conjunction with one another; hand in hand in a generative cycle that continues indefinitely.

Thoughts drive emotion. Emotions result from our reaction to events. This reaction is a thought process. Our thoughts feed our emotional experience and the emotion we feel creates new thoughts. Without a cognitive assessment of an event, no emotion is felt. As leaders, it is within our power to shift negativity, anger and fear into hope, pride and challenge. First, we must understand how emotions work.

Our emotions reflect who we are. Our personality, values and motivators surface in our emotions. What is important to us is displayed in our feelings. If you have an employee who is motivated by recognition of a job well done, then they will feel happy when rewarded and frustrated when they are not acknowledged. On the other hand, if your employee loves challenging work, you might see negativity when they are bored. Understanding your employees and what they value is the first step to leading them effectively.

Emotions are driven from our goals. As individuals, we strive to create equilibrium in our well-being. We have certain goals that we want to achieve. We seek security, positive contribution, and competence in our job. Sometimes, we want control or achievement. Perhaps we desire camaraderie with others. When these goals are met, we feel internal alignment where satisfaction or other *positive emotions* are the result. If our work experiences do not support our goals, we will have negative emotions, such as anger, fear or resentment. For leaders, *reading* your employees emotions can serve you well. Fear is generated by a perception of threat. If your employees are fearful, you need to understand what goals they believe are being threatened. This can help you mitigate the fear. Anger is driven from a perceived injustice or unmet expectations. When employees display anger, get to the bottom of their unmet expectations. Alternatively, hope is the belief that something is attainable. If we want to generate hope, we must instill confidence that a team can achieve their goals. A shift in message can move employees from one emotion to a more desirable one and understanding the underlying goal is a pivotal step.

Emotions are based on individual appraisal. Perception is reality. As leaders, we must understand the perception our employees have about a situation and shift this perception when needed. I recently met with employees who feared losing their jobs. They saw sales numbers and orders dropping and assumed that business was lagging and layoffs would result. What the leaders failed to communicate is that they were preparing for a product shift that would grow volume and jobs. Without this communication, assumptions led to fear. Leaders assist people in changing their perception, in countless ways. We communicate messages to diminish threat. We might offer support to aid in growth and development. We seek to increase con

fidence. And, we can structure our workplace to maximize positive emotions and thinking, thus diminishing negative appraisals. Starting a meeting with positive stories or gratitude can be so effective. You begin by changing the context of the emotion.

Five Tips for Managing Emotions

Understanding and influencing the drivers of emotion can be the best way to alter how we translate thought into emotion. As leaders, we can apply these five tips to embrace emotions and use them for enhanced performance.

1. Offer data, information and research to balance the thought/emotion cycle. Information changes the way we think, aids positive emotions, and is a key variable in changing perceptions.

2. Learn how to read emotional cues. Our emotions are guideposts. They tell us what is important to us, how we want to be treated, where we are in danger and what we want to create more of in our lives. Negative emotions distract us from being our best. Really knowing employees enables you to communicate and operate in ways that aligns to their values. Being aware of their emotional signals can assist you in using their emotions to support performance.

3. Talk about feelings in a productive way. Often, it is our general response as leaders to shut off emotional discussion. We are not well equipped or prepared to handle emotions. Having productive discussion is the key. Otherwise, our conversations risk melting down and we feel a loss of control. Productive conversations have structure and boundaries that promote dialogue, but also ensure we stay focused on the issues at hand. Discussing emotions can be intimidating, but allowing people to open up is also revealing and healthy.

4. Ask powerful questions. As leaders, we are great at giving advice and telling others how to do things. However, asking powerful questions can support them with self-regulation of their emotions. Questions might sound like: what do you need to better support you? what triggered that emotional response from you; what would you have wanted to occur differently; and how might you achieve that outcome next time? These types of questions can all aid employees in arriving at their own conclusions without leaders directing behavior.

5. Provide support to employees in ways that boost their confidence. This can be as simple as offering feedback or reassurance. It can also mean providing mentorship, or giving them projects that support their growth. Different situations demand different support, but elevating confidence is the key to emotional management.

The next time you hear, "we are a data driven company, and we can't allow emotions to get in the way of good judgment", know that *emotions ARE the judgment*. Change the emotion; change the thoughts, and the behavior follows. **LE**

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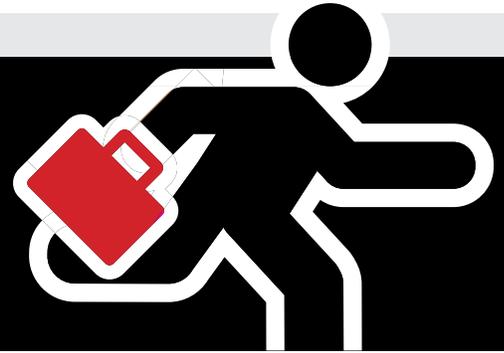
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Leadership Ascent

Build a leadership launch platform.

By Vinay Nadig

In today's world of the goal to *become someone* rather than to *do something*, leadership becomes a façade rather than a behavior. A better way is to stand on your own *Leadership Launch Platform*—a sustainable model of leadership behavior within yourself that enables you to lead others? Why not *be* more substance than form? It is simple and straightforward, not easy. The *Leadership Ascent Curve* provides you with that framework, the roadmap for your journey toward exceptional outcomes and fulfillment.

The LAC, based on the *Leadership Launch Platform (LLP)*, is a model and system toward sustainable leadership behaviors. It illustrates the ascent of a leader through four levels: *Seeker, Expert, Enabler* and *Transformer*. Moving up this ascent curve requires you to focus on the building blocks of your LLP.

Video

First things first...

You may already be on your way, or you may be constructing your platform. The reality is that these four building blocks require constant care—you are never *done*. It is an on-going commitment to yourself.

1. Acquire—Core skills. The essential core of any leader is, first, competence. Whatever your chosen field is, commit to a relentless pursuit and mastery of those core skills. An incompetent leader is a pretender, at best. Leaders who are at this stage of the ascent are typically Level 1 leaders—*Seekers*. They have a personal mission statement. They know what their core should be and they tirelessly build it up by acquiring skills and knowledge.

2. Accomplish—Initiatives. Your competence and core skills need to drive you to *finish* projects—the starting and finishing of purposeful work is where you use and polish your core skills. Whether you are starting off, changing careers, adding skills, or taking on more responsibility, this is a key building block to your platform. Leaders who are at this stage are typically Level 2 leaders—*Experts*. They finish initiatives and are sought-after, *go-to* resources in their communities. They lead and are put in leadership roles due to complete mastery in their areas.

3. Achieve—Credibility. You are credible based on what you accomplish, whether outcomes you generate or outcomes you enable in others. Credibility is a result, not an action. It appears, as if by magic, once you pursue the first two building blocks. Leaders who are at this stage of the ascent are typically Level 3 leaders—*Enablers*. At this level, leaders are no longer looking to solve problems based solely on their functional expertise. They are now leveraging the strengths of others to solve issues. They know that to empower others, they no longer need to be the "smartest person in the room." While lesser leaders shrink from giving others visibility and power, Level 3 leaders are always focused on ensuring the success of those around them.

4. Nurture & Leverage—Relationships. You collaborate, connect, and engage yourself and others to achieve higher performance. This is the zone where you can launch yourself, and others. You see that the *leadership behavior within yourself* now results in *outcomes for others* whom you lead and who have chosen to follow you. At this stage, leaders are typically Level 4 leaders—*Transformers*. They transform the people they lead and get them to their highest possible performance. They do not shirk the attributes of the *Seeker, Expert* or the *Enabler*; in fact, they use those attributes when necessary, but always in the service of transforming someone else to peak performance, so that ultimately the whole achieves fulfillment.

Commit to these four building blocks and embrace leadership as a daily behavior, and you are sure to do exceptional work and thrive in today's workplace. **LE**

Vinay Nadig is consultant, entrepreneur, business unit head, and author of *Leadership IS for Everyone: 20 Leadership Secrets for Exceptional Outcomes and Fulfillment at Work.*
Visit **www.vinay-nadig.com** and **www.leadershipdharma.com**.

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Reverse Innovation

It all starts with education.

By Vijay Govindarajan

Historically, multinationals innovated in rich countries and sold those products in poor countries. Reverse innovation is doing the opposite—innovating in poor countries and selling those products in rich countries. Since two-thirds of world's growth in GDP is likely come from poor countries, reverse innovation is vital.

Engineers are good at solving problems presented to them. But what if they proactively sought them out by asking: *How do we engineer and design products to solve the world's toughest challenges?*

Some engineering schools have already started thinking in this way. Earlier this year, I was invited by the Tata Center for Technology and Design and the Department of Mechanical Engineering to speak at MIT about reverse innovation. The students and faculty affiliated with the Tata Center, which focuses on creating solutions for resource-constrained communities in India through academic research, are pursuing theses on emerging market challenges and strive to create high-performance and low-cost technologies that will be globally relevant.

And recently, I spoke on reverse innovation to students at University of Alabama in the Science, Technology, Engineering, and Math (STEM) disciplines. These students — majoring in fields such as engineering, biology, chemistry, and other technology areas — read my book, *Reverse Innovation* and then worked in teams to innovate new business models and products for problems faced by the poor. I was inspired after interacting with the smart young STEM majors. They listened and wanted to act. One student told me, "Your work has inspired me to change my mind-set to problems. I look forward to visiting emerging economies."

Other universities need to follow their lead. Of the earth's population, about 2 billion can afford good products—the remaining 5 billion are poor non-consumers. Innovating to solve the problems of the 5 billion poor represents *the* big opportunity for corporations. However, this also presents difficult technical challenges for humanity, where we can't simply adapt solutions used in wealthy markets. We have to innovate anew. The constraints posed by serving the poor will push innovations toward high-performance, low-cost products that have the potential to transform everyone's life.

Consider these examples. The U.S.-based Harman International Industries, known for ultra-sophisticated dashboard audiovisual systems for high-end automobiles, engineered a radically simpler and cheaper auto infotainment system for mid-price and entry-level cars in emerging markets. The company later migrated the low-cost platform to serve the needs of luxury cars as well. General Electric engineered an $800 portable, battery-operated, easy-to-use electrocardiogram (ECG) machine for rural India at a time when they were selling powerful $10,000 ECG machines in the U.S. The $800 ECG platform is now sold in wealthy countries as well, creating new applications and growth.

To solve poor-world problems, engineers must create technologies that meet or exceed the performance of their wealthy equivalents, but for a fraction of the price. The constraints one faces in poor countries will force them to create new technologies; modifications to existing technologies can't achieve the performance/price combination we

need. Opportunities exist to push the price/performance paradigm in several areas including health care, energy, housing, education, clean water, and transportation. Once we create these new technologies, we can reverse innovate to modify the technology for the American context, adding features and functionality for what America demands and supports. Reverse innovation will be a catalyst for new ideas and a valuable design tool for engineers striving to create technologies that have global impact.

We are at a crossroads. We can either eke out 1 or 2 percentage points of growth by restricting ourselves to the needs of the 2 billion rich, or play the pioneering role we have played in the past by bringing the other 5 billion into the fold and ensuring a future with strong growth and indelible impact. Clearly, I would vote for the latter. American universities should offer programs where engineering students play a part in designing and engineering products that address the needs of people in emerging economies. **LE**

Vijay Govindarajan is the Earl C. Daum Professor of International Business at the Tuck School of Business at Dartmouth and coauthor of Reverse Innovation (HBR Press, April 2012).

blog Read Vijay's blog article "Reverse Innovation Starts with Education"

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Article "Reverse Innovation" Vijay Govindarajan and Chris Trimble

Ethical Leadership

7 Lenses: principles and practices.

By Linda Fisher Thornton

Interactive

How do you get people to act ethically at work and create an ethical culture?

It starts at the top—it begins with ethical leadership. People want a leader who treats everyone with respect, is fully inclusive, respects differences, and is willing to build trust inside the organization and across political, economic, social and cultural boundaries.

How can leaders best address the challenges ethical issues pose in daily life? Ethical leaders have a great impact on how people behave and what they achieve. Those who succeed in leading ethically not only improve their business and culture, they also help make a difference in the world. Effective leaders focus on what's right and exemplify to their people that they are there to help, and not to exploit the vulnerabilities of others. Their organizations typically respond to their example and their desire to serve others and make a positive difference. Here are **seven actions** leaders can take to inspire ethical conduct:

1. Face the complexity involved in making ethical choices. Don't oversimplify decisions. Openly discuss the ethical grey areas and acknowledge the complexity. Involve others more in ethical decisions. Talk about the difficult ethical choices, and help others learn to take responsibility for making ethical decisions carefully.

2. Talk about the right thing to do in the context of your daily challenges. Don't separate ethics from day-to-day business. Make it clear to your people that ethics is "the way we operate" and not a training program or reference manual. *Every activity,* whether it is a training program, a client meeting, or an important top management strategy session, should include conversations about ethics.

3. Demonstrate respect for everyone all the time. Don't allow negative interpersonal behaviors to erode trust. Make respect a load-bearing beam in your culture. Be an ethical leader who expects it and practices it. Cultivate a respectful environment where people can speak up about ethics and share the responsibility for living it. Build trust, demand open communication and share the ownership of organizational values.

4. Take responsibility broadly, and reach for high ethical leadership. Don't think about ethics as just following laws and regulations. Take action and show consumers and other stakeholders that you are actively engaged with ethical issues that matter. Recognize how ethics influences their reasons to buy from you, and demonstrate your commitment to go beyond mere compliance with laws and regulations. Prove that you are committed to ethical issues, including human rights, social justice and sustainability.

5. Hold everyone accountable, and expect leaders to model the standards. Don't exempt anyone from meeting ethical expectations. Allow no excuses. Make sure that no one is exempted from meeting the ethical standards you adopt. Maintain the status of ethics as a total, absolute, "must do" in the organization. Hold everyone, particularly senior leaders and high profile managers, accountable. No exceptions!

6. When you talk about ethics, don't just talk about the negative. Celebrate positive ethical moments. Be a proactive ethical leader, championing high ethical conduct, and emphasizing prevention. Talk about what positive ethics looks like in practice as often as you talk about what to avoid. Take time to celebrate positive ethical choices.

7. Don't ever stop—talk about ethics as an ongoing learning journey, not a once-a-year training program. Integrate ethics into every action of your organization – everything people do, touch, or influence. Talk about ethics as an ongoing learning journey, not something you have or don't have. Recognize that the world changes constantly, and that ethical conduct requires that everyone remain vigilant. Ethics has an important and permanent role in our work lives for as long as we live.
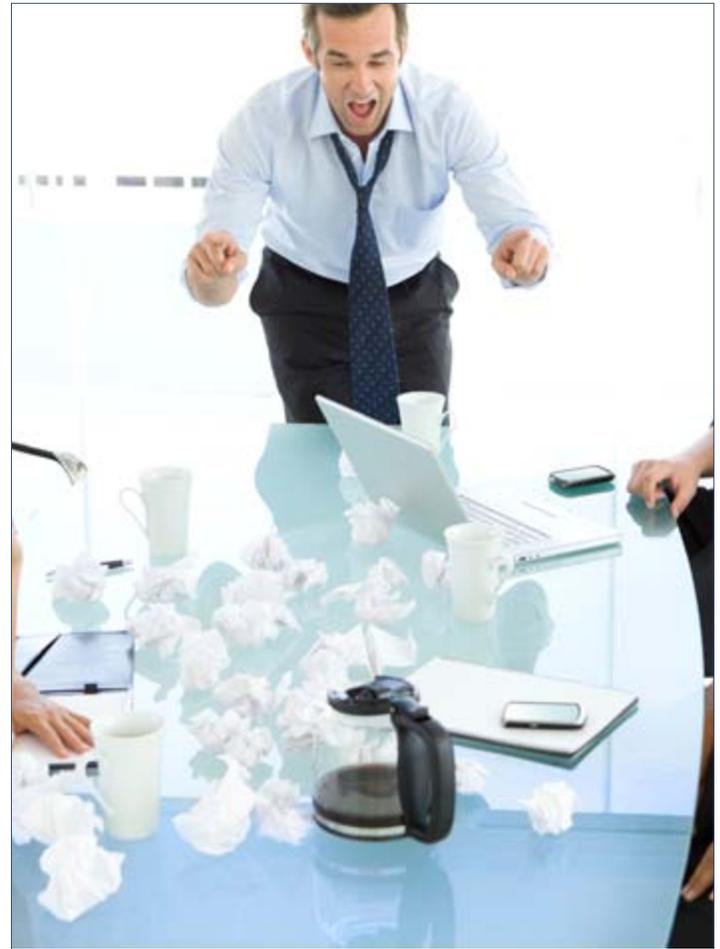
You will reap many business benefits from intentionally practicing highly ethical leadership? I invite you use my 7 Lenses as an actionable road map for leading ethically, engaging constituents deeply and building trust for the long term. **LE**

Linda Fisher Thornton is CEO of Leading in Context, has been developing leaders for 25 years, and is author of *7 Lenses: Learning the Principles and Practices of Ethical Leadership.* Email **Linda@LeadinginContext.com**.

Article — Download Linda's article "What Ethical Leaders Believe: A Change This Manifesto"

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34

Be Prepared

Take prudent steps now.

By Lucien G. Canton

I invite you to treat disaster preparedness and planning as part of normal business operations, since disasters often begin with day-to-day problems. The processes you use to resolve them can be adapted for use in disasters.

1. Identify your risks. We usually think about risk as a specific event, such as an earthquake or flood, and focus our attention on the frequency and magnitude of the event. You can't do much about these factors. The secret to preparedness planning is to see that you can reduce your *vulnerability* to the event. Consider *impacts* not the *cause* of the emergency. Risk is relative. What is a crisis for one firm can be routine for another. The difference lies in your vulnerability to the event. Mitigation reduces the potential impact of the event by reducing or eliminating the harm done. For example, seismically retrofitting a plant in an earthquake zone increases the chance of it surviving a quake.

Video
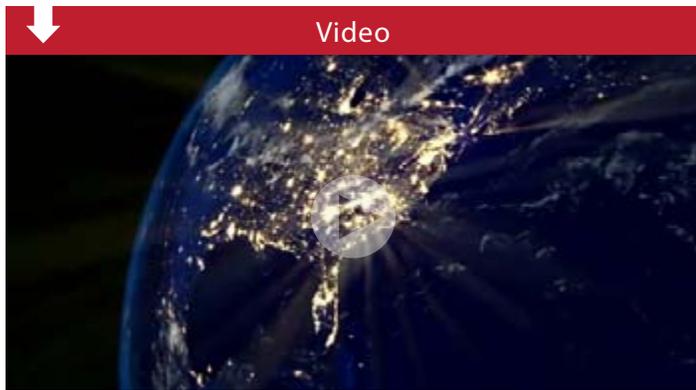
2. Know potential impacts and what these would do to your business. If you are forced to close for a time, what will it cost you in lost business, lost discounts, late payment fees, or contractual penalties? You should know what it costs you to be out of business for a day, but other potential impacts aren't so quantifiable. Would a disaster result in less demand for your services because your clients are affected, or will it increase business because new clients need your services permanently or short term? How likely are your clients to remain in business after a disaster?

3. Know how your staff is likely to perform in a crisis. You already know which of your employees are reliable in crisis. You likely rely on the judgment and advice a few key employees for daily operations. Consider them to be the nucleus of your crisis management team. It's not about job titles but about trust and expertise. By using this team in crises, you train them and build a rapport that will pay dividends in a big crisis.

4. Think systematically. Disasters aren't always big events, and plans must be scalable. Instead of focusing solely on big events, think systematically. How do you approach a routine emergency? Your first thought is, "Is everyone okay?" Your next thought is, "What do I need to do to fix this and get back to business?" You try to figure out what's happened, gather people who can fix the problem, and get on with it.

In a larger event, take these six basic steps: 1. Take life safety measures to protect your staff and limit damage. 2. Assemble your crisis management team. 3. Assess the damage, including what is happening with resources in your community. 4. Develop an action plan, identifying things that need to be done immediately and addressing a few long-term issues that need to be decided on. 5. Plan for personnel support—your employees may be anxious, injured, or unable to get home, so make provisions for taking care of them. 6. Implement a plan to communicate with your employees and customers. Keeping them in the loop may be the key to keeping their business.

Your preparedness plans must be an outgrowth of how you do business. You can't just switch off your daily routine in a crisis. Instead, the trust and relationships that you build and the procedures you have in place *before* the crisis will determine whether your organization stays in business.

Counter the Costs of Disaster

Many businesses fail after disaster because of a failure to understand the true costs of the disaster. Many concerns could affect the business.

1. Physical damage. Many businesses fail because they either don't carry sufficient insurance or misunderstand the coverage, severely limiting their resources for reconstruction. They also assume that needed resources are available to rebuild. However, damaged infrastructure that affects deliveries and an increased demand for building supplies and contractor services create delays that prevent timely resumption.

2. Financial loss. The financial losses from a disaster include the need to pay overtime for additional work by employees to restore facilities or reduce work backlog. Others are more subtle. For example, failure to pay a suppliers bill on time can result in a service charge. Failure to meet the terms of a client contract might result in penalties.

3. Community. Don't make the mistake of looking solely at the business and not being aware of what is happening in the community. Three areas are often overlooked:

What's happened to community infrastructure? How bad is the damage? Are transportation corridors closed or damaged? If so, for how long? Damaged transportation infrastructure will impact recovery. Long-term utility outages also impact resumption, particularly if you lack off-site backups of critical files and records or rely on Voice over Internet Protocol (VOIP) and Private Branch Exchange (PBX) systems.

What's the impact on your customer base? Is the demand for services likely to increase, decrease, or stay the same? Is there potential for generating more business? Failure to adapt to these changing demands might result in a competitor taking over the client and experience suggests that once lost, these customers are seldom regained.

What's the impact on your labor pool? Are employees likely to remain or will they move out of the area? Will employees leave for higher wages in other communities or with competitors? Will there be large-scale evacuations? Will there be a labor shortage, exacerbated by extended unemployment benefits and government assistance?

To Avoid Pitfalls, Take Four Steps

To avoid many pitfalls associated with disasters, take these four steps:

1. Plan for adequate financial reserves. This is not always easy, but it is critical in dealing with disaster. Review insurance coverage annually and understand what is covered and what is not. Know

the process and requirements for filing a claim and get emergency contact numbers.

2. Prioritize employee welfare. Develop people-focused plans that center on managers and key employees and consider families as well. Employees are more apt to remain on the job if they know their families are safe. Keep the lines of communication open with employees during the crisis. Rumors about the business closing or not meeting payroll can heighten anxiety and cause employees to seek other jobs.

3. Manage customer expectations. Open lines of communications as early as possible and share your plans with them. Customers can accept delays or inconveniences if they know about them and are not taken by surprise.

4. Pay attention to what is going on in the community. Disasters don't create social problems. They take problems that were already there and make them worse. A demographic shift had been going on in Northridge for several years before the earthquake; the disaster accelerated the process.

The true cost of a disaster is not only the physical damage or temporary loss of business—it also includes intangible costs caused by the long-range impacts it has on the affected community. Recognizing these impacts and adapting to them is the only way to ensure solid business resumption. **LE**

Lucien G. Canton, CEM, prepares managers to lead better in crisis by understanding the human factors often overlooked in crisis planning. He is a popular speaker and author of *Emergency Management*.
Visit **www.luciencanton.com**.
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White Paper — "The Upside of Disasters: Rethinking the Loma Prieta Earthquake"

Article — "Crisis Leadership" Noel Tichy and Warren Bennis

Proactive Prevention

Mitigate safety and security threats.

By David L. Johnson — Interactive

All entities face risks of harm, loss and vulnerabilities in their operations, with their personnel and patrons, or against their facilities—no organization is immune. The daunting task faced by leaders lies in knowing how to identify and proactively manage those risks to ensure the safety and security of staff, minimize the disruption to operations, and mitigate the negative financial impact when adverse incidents occur.

While basic safety plans satisfy legal requirements set forth by OSHA, the ADA or other governmental mandates, they're insufficient to guide action in a true crisis and may not address security issues at all. The key to weathering crises is effective planning.

Many companies develop basic safety and security policies and procedures to comply with legally-mandated requirements. While better than no policies or procedures at all, this approach leaves too much room for interpretation to enable people to respond effectively in an incident. To better prepare staff, take the next step and build a plan around company policies, procedures and resources. The plan should add measures such as security for employees or intellectual property, which may also be at risk.

Often the basic policies and procedures aren't expanded due to a lack of incidents that would flag areas of vulnerability or demonstrate the need for improved planning. Other times, leaders are aware of the need to fill in the gaps and make planning a priority, but the organization lacks competency on staff. Or, the gap is due to the lack of fiscal resources allocated to safety and security planning.

Value of Planning

Compared to the cost of interrupted operations or associated fiscal losses, the investment in developing and implementing a plan to address safety and security is nominal. In particular, the cost associated with conducting assessments is low. Often simple and inexpensive measures can eliminate or reduce exposure to identified risks.

Operating any entity implies exposure to risk. Having measures in place to prevent, mitigate and remediate risk, however, is rarely elevated to high priority until an unfortunate event necessitates it. Hence, leaders are bereft of the right tools when needed most. Worse, responses are driven by panic or shock. Decisions made in a crisis are of lower quality than those made with careful thought and analysis. A plan is only a plan when prepared in advance, and is wellworth the investment of time and resources.

Who's on the Job?

While ensuring the safety of personnel and security of company assets is a leadership responsibility, the role may be filled in many ways. In large organizations, it is often held by a person dedicated to solely those issues, such as the Chief Security Officer or Director of Security. In small operations, security tasks tend to be added to the duties of managers and owners. If the skills necessary to develop a comprehensive plan are lacking, or if the responsibility isn't delegated to a particular person or department, contracting with a professional security consulting firm can provide the guidance necessary to develop and implement a plan with the benefit of expertise.

An Ounce of Prevention

According to the Association of Threat Assessment Professionals, enterprises face **five types of risk**: disruption of service, damage to reputation, corruption of data, exposure of confidential information, and liability. The planning process, involves multiple steps, designed to probe the possibility of exposure to each type of risk.

The first step in assessing risk is to specify the things that should be protected, such as intellectual property, assets, and personnel. Next, identify vulnerabilities in the physical structure or security measures. Third, determine whether threats are being made to the current business or its leadership, and how those threats could be enacted. Fourth, evaluate natural disasters and environmental hazards of operating in a specific geography for their potential impact. Once all assessments are conducted and compiled, use them to craft specific, actionable policies that enable the organization to deter, detect, respond to and mitigate the damage associated with crises. With such policies, the goal of resuming *business as usual* in the wake of such an incident will be more easily achieved.

After developing a comprehensive plan, don't relegate it to a binder on a shelf or archived in the intranet—an effective plan reaches maturity only when a full-scale implementation occurs. Implementation requires communication of the right information to the people to whom it is relevant, in a timely fashion. Conducting drills ensures

the entire staff knows and can execute their key responsibilities. Review what's been learned from each exercise, whether the drill was merely a table-top discussion, a walk-through, or a full run-through. In such evaluations, identify and close gaps in the plan. Conduct drills and the associated after-action reviews on an on-going basis.

A Pound of Cure

While all organizations are vulnerable to risks, many risks can be anticipated, and mitigated with diligent planning. The full value of a good plan is only realized in a crisis—the hours and dollars spent in planning are returned with incalculable dividends. Operations can resume more expediently; financial losses can be curtailed; and the safety of employees can be improved with adequate preparation based on assessments to determine needs and vulnerabilities. Policies and procedures embedded in a plan and practiced can facilitate a more expedient recovery from a crisis, Even unanticipated situations will be handled better when staff have been trained and drilled in

other scenarios and thus able to respond in a level-headed manner.

While safety and security issues sometimes involve a reactive component, they are more effectively addressed through *proactive prevention*. They are definitely worth the investment of time and money involved to reduce and eliminate risks. **LE**

David L. Johnson is President of ITG Consultants, Inc., a Veteran-owned business providing training, consulting and security management services, and author of *Advance – The Guide for Conducting a Protective Security Advance*.
Call (866) 904-4ITG (4484)
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White Paper "Vulnerability Assessments: A Cornerstone of Effective Security Planning"

Risk Management Sins

Sadly leaders often commit them.

By Shivan S. Subramaniam

Interactive

The past decade has brought a series of unprecedented natural disasters, including Hurricane Katrina, massive floods in Thailand and Pakistan, the earthquake and tsunami that pummeled Japan and Superstorm Sandy. 83 percent of enterprises surveyed by the U.N. Global Compact stated that weather poses a risk to their products and services.

Video
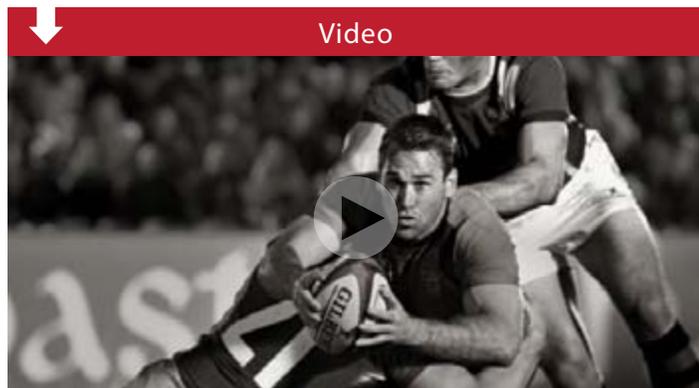
Since 2000, economic losses from natural disasters are estimated at US$2.5 trillion globally—50 percent more in damage than previously expected – according to a report released by the U.N. Office for Disaster Risk Reduction in May 2013. In light of this gap, it would appear that potential economic losses from natural disasters necessitate more stringent board and senior executive management examination.

While companies cannot prevent a natural disaster, they can manage the considerable risks to their property, infrastructure, ongoing business operations and global supply chains, risks of which business leaders are certainly aware. A survey of chief executives by PwC revealed that a "natural disaster disrupting manufacturing and supply chain operations" was considered the "worst impact" by 58 percent of the respondents; 86 percent of respondents to the U.N. Global Compact

survey described their ability to effectively respond to weather-related risk as a "*competitive opportunity*."

A case-in-point is provided by the global electronics industry in the aftermath of the Japan earthquake and tsunami. Production of critical components for the automotive industry was severely disrupted. One Japanese auto maker cited a loss of US$1.2 billion in product revenue from the earthquake, due to parts shortages which resulted in 150,000 fewer cars being made in the U.S.

To help mitigate these risks, we identified the Seven Costly Sins of leaders who underestimate the potential impact of natural disasters: 1) undervaluing the identification, assessment and mitigation of natural disaster impacts on the business; 2) making insufficient efforts to quantify supply chain exposures; 3) failing to insist that the board of directors and senior executives provide oversight on risk management; 4) seeing only the "statistical" risk, and not the real risk of whether a business is at peril; 5) relying on insurance alone to protect their business; 6) lacking a tested emergency response plan; and 7) not creating a culture of risk management.

These *seven sins of omission* provide a clear guide to CEOs seeking to re-evaluate how natural disasters impact their business resilience as companies continue to invest trillions of dollars in hazard-exposed regions. In the business world, as in the spiritual, prevention beats penance every time. *Most property loss is preventable.* **LE**

Shivan S. Subramaniam is chairman/CEO of FM Global, a $5.5 billion mutual business property insurer dedicated to property risk management. Visit **www.fmglobal.com**.

White Paper Read the white paper "Prepare for the Expected"

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Build a Great Company

Learn from Oracle's Larry Ellison.

By Igor Sill

By working 11 years (1983-1994) with Larry Ellison CEO/Chairman of Oracle and owner of Oracle Team USA, I learned his key to growth and success: recruiting and selecting exceptionally talented and capable management leaders.

Recently, Oracle Team USA clinched victory to capture America's Cup trophy in a rally that rivals one of the greatest sports comebacks. As Oracle Team USA berthed their winning boat, Larry jumped on board and said, "You just won America's Cup!"

"It's about the team," Oracle Team USA's Captain exclaimed. "On your own, you're nothing. But when you have a fantastic team like this around you, they can make you look great."

There's a correlation between the most successful technology companies and their competitive spirit, drive, and culture. At their core exists the basic trait inherent in a CEO's ability to hire world-class team players. Here are ***10 lessons:***

1. Seek intelligent, driven people: These are the "type-A" over-achievers with an inbred "fear of failure" personality. You are looking to hire people far more capable than yourself, people who are driven by something to prove to themselves and their peers. "A" players hire "A" players, and "B" players hire "C" players. You spot these prospects by asking deep questions about their roles, their company's mission, and how they sought to fulfill their company's vision. Ask "how" they achieved their results. Look for strategic thinkers seeking to improve their employer's systems, processes and results. Ask what they accomplished in their roles. Look for details accurately articulated, team oriented descriptions. Look for people striving to improve themselves, utilizing innovative resources, while providing credit to their subordinates and other colleagues. Always hire talented people with great DNA who are incredibly bright, hungry and ambitious.

2. Seek evangelistic "believers": These people believe in your industry, your products and services. They "see" and "get" the full value proposition to customers. Of course, you need to establish that key accomplishments, appropriate education, and relevant industry experience are a good fit for the position, *but* a burning passion for your company's solution offering far outweighs lesser irrelevant duties. Ask candidates to describe your company and its products to you. You'll sense of how well your they prepared for the meeting and how likely they'll prepare for critical customer meetings. Well placed passion is a key element for a long-term hire.

3. Hire ethical, high integrity players: Ask situational ethical behavioral questions on such sensitive topics as personal integrity, revenue recognition, customer side letters, sexual harassment, customer promises, and hiring preferences. By exploring such topics with prospective new leadership hires, you shift through the marginally ethical, and send a clear message of your company's ethics expectations. Seek candidates who are employed by highly ethical and successful companies. They'll bring that same sense of ethical behavior to your company. Quality in, quality out.

4. Check references: You learn so much about a company, its management style, processes, and the prospective candidate's work ethic via reference checking. To verify a candidate's credentials, ask for functions and responsibilities, and who held them in the candidate's last position during the initial interview. Take accurate notes of names and titles mentioned. Often these are not the same names provided as referents. Pursue those individuals who worked closely with your candidate to verify work responsibilities, work style, leadership skills, communication skills, and performance. If you locate a peer, ask about the company's compensation scheme, salary, bonus, incentives, and

stock options. This informs you what a comparable level professional at the same company earns versus what you may have been told. If there's a big discrepancy, ask your candidate why. Look for tell-tale signs of exaggerations and embellishment.

5. Trust your intuitions: You can discern so much by looking directly into a candidate's eyes and facial expressions as he or she describes their roles, accomplishments, performances and organizational interactions. Act on your intuitions.

Video

6. Be decisive: Once you identify your top choice, don't procrastinate. Set a plan for completing the hire with dates, position expectations, compensation discussion, board member preview of stock options to be offered, scheduled meetings with other key company management and an expected start date. Once you determine that you have the right candidate lined up, make the hire a time-sensitive priority. Be clear and specific in communicating your expectations and performance requirements.

7. Compare the prospective candidate's credentials against your management team: Take another look at your current teams' experience and pedigree. Make sure that you are augmenting your team with superstar additions; people who they will respect, admire, and say, "Wow, we were able to attract her/him here!" Great moral booster.

8. Don't assume the candidate will accept: Present the position offer personally. If possible, invite the candidate and spouse for a dinner outing. Nothing demonstrates the genuineness and importance you share in the candidate's future than spending some social time outside the office. Nothing emboldens and bonds a candidate more than sharing their stature in front of their spouse at such an outing. Follow up personally and get a verbal offer acceptance, then, follow-up again before the candidate's start date. If the candidate is looking to resign and then come over, consider inviting him/her over for a strategic company review meeting before they start employment as a way of getting involved and committed. Use all the resources available to land your ideal candidate, including your CTO, CIO, CFO, board of directors, and company advisors.

9. Integrate and transition the new hire: Once candidates join, invest time in detailing the vision, mission, expectations, operations, executive functions and roles, resources, and management communications. Check in once or twice during orientation to insure that all is going smoothly while building trust—a critical dimension to team moral and sustainability. If your new hires are *trainees*, place them in a telesales role when possible—an excellent training ground. As they learn your customer's needs and mature into the business, these hires reduce company risks and become *promotables*.

10. Seek referrals from your best hires: Once you hire your su-

perstar, ask for recommendations of other potential employees. The new hire will always point to the top 2% achievers in their previous employers. It's an effective vetting process to recommend someone you know. Superstars know at least six other high achievers, and no one wants to recommend someone who'll them look bad. *A players attract A players!*

Oracle Corporation has spawned some of the tech industry's top entrepreneurs and CEOs whose post-Oracle successes are a tribute to the "house that Larry built." **LE**

Igor Sill manages Geneva Venture Group, an advisory, investment and M&A firm. He worked with Larry Ellison and many other CEOs during their pre-IPO high growth period.
Visit **www.genevagroup.com**.

Article — "How to Build Your Management Team"

Article — "Hiring Leaders" Elaine Genser

Setting Goals
Seven mistakes leaders make.
By Ron Ashkenas

One area that tends to tie a company in knots is the way leaders set goals. Most managers struggle to find the right balance between being too tough or too easy — and when they overcompensate either way, it can cause unintentional complexity.

Years ago, my colleague **Robert Schaffer** identified *seven deadly sins of goal-setting*, all motivated by the desire to avoid *uncomfortable confrontations*. As you read of these **seven sins**, ask yourself if you recognize any of them in your dealings and interactions:

Backing away from tough expectations: You spend more time negotiating the goal downward than in figuring out how to achieve it.
Engaging in charades: You and your people know from the start that the goal is just an exercise to convey the appearance of progress, but there's no hope of achieving it.

Accepting seesaw trades: When your people take on one goal, they are relieved of another one.

Setting vague or distant goals: The time frame is not explicitly defined or set too far into the future, so no one takes it seriously.

Not establishing consequences: You don't differentiate between those who achieve goals and those who do not.

Setting too many goals: By assigning too many goals, you allow people to pick and choose those that they want to do or find easiest to do—not necessarily the most important ones.

Allowing deflection to preparations, studies, and research: You allow people to spend time planning instead of committing to and achieving a real goal.

Setting specific goals in a clear and compelling way — and insisting that people work together to achieve them—is the best way to get results. Are you putting the right demands on your people—or are you committing some of the deadly sins? **LE**

Ron Ashkenas is a senior partner of Schaffer Consulting, and author of Simply Effective: How to Cut Through Complexity and Get Things Done.

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