

LEADERSHIP Excellence

Warren Bennis



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

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APRIL 2009

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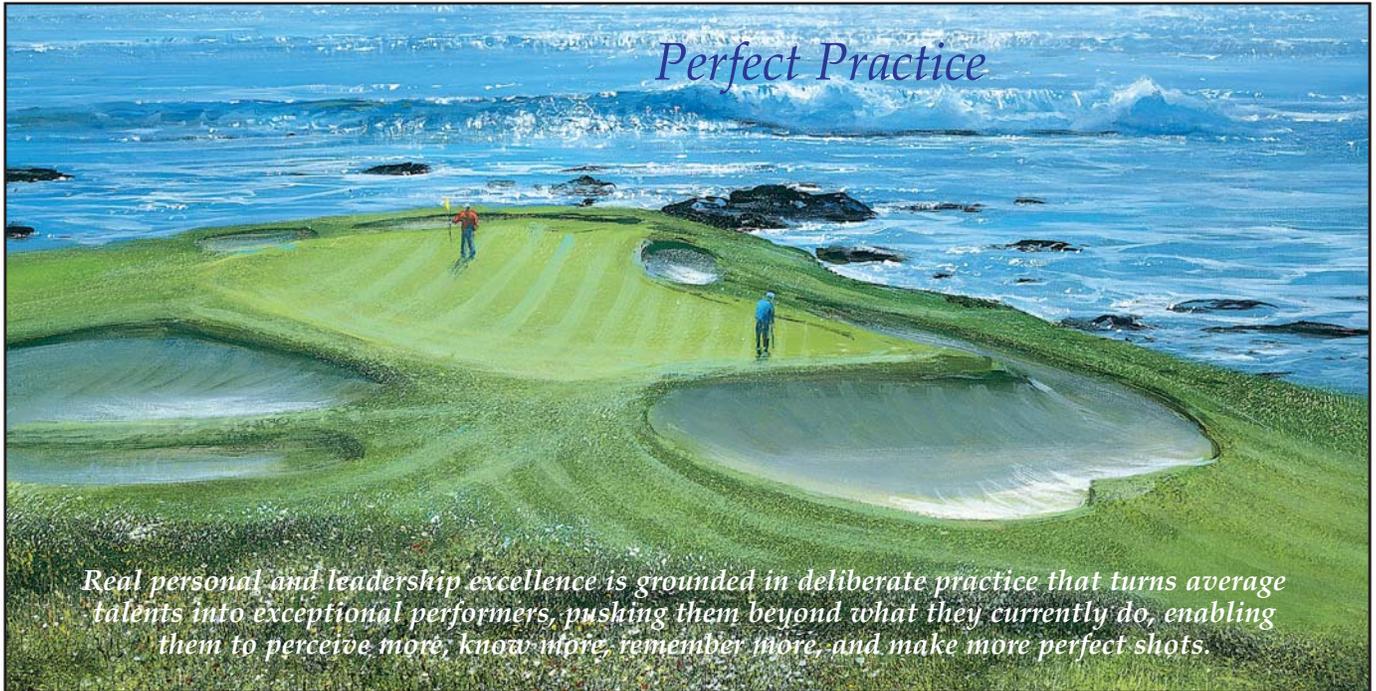
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VOL. 26 NO. 4

APRIL 2009



Real personal and leadership excellence is grounded in deliberate practice that turns average talents into exceptional performers, pushing them beyond what they currently do, enabling them to perceive more, know more, remember more, and make more perfect shots.

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Epic Leadership

And management innovation.



by Ken Shelton

ON MONDAY, MARCH 9, I took a 7 a.m. flight from Salt Lake City to Phoenix, witnessing the early morning light over the Grand Canyon in route and arriving in Scottsdale at 8:45 a.m. in time to capture the wake-up call issued by **Gary Hamel** at the HCI Human Capital Summit.

Gary addressed the Grand Canyon gap between the enlightened management we need and the “musty and mechanical” management we usually receive (“hand-me-down patrimony”). He calls for innovating how work gets done and who does it.

“All commitment is voluntary,” he says, as he presents his hierarchy of engagement, with obedience at the bottom, followed by diligence, intellect, initiative, creativity, and passion—where all involved “choose to bring their gifts to work in an organization that merits these gifts.”

He exhorts managers to become romanticists and “kindle passion for problems that have no near-term solution.” His idea of a “management moonshot” is to challenge dogma—beliefs based on false assumptions—and experiment with exciting ways to “loosen the chains of slavery” and liberate human genius.

Scanlon's Epic Leadership

After HCI and Hamel, I received an email from **Paul Davis**, inviting me to the oldest continuing conference on leadership (started in the 1940s at MIT) that brings top leaders and employees together (the conference is in Kalamazoo, Michigan on May 11-13).

“We still teach leadership excellence,” says Davis. “Servant leadership and the Scanlon Principles are a proven approach to leadership excellence. Last year, Davis published *Scanlon EPIC Leadership*. In his foreword, **Warren Bennis** writes: “I knew **Joe Scanlon** when he taught at MIT in the 1940s and 50s. Unlike his fellow faculty, Joe was a union man, a prize-fighter and former steelworker, who never went to college. Scanlon had acquired his wisdom in the streets, in steel plants, and in smoke-filled rooms where union reps and management fought out the terms that would determine the fates of companies and the quality of workers’ lives.

“At the university, Scanlon never wore a tie. His uniform was a suit-jacket and a

white shirt, open at the neck. When his lectures began to smoke, the jacket would come off and he would roll up his sleeves.

“Scanlon preached what was called the *Scanlon Plan*—an arrangement whereby labor and management collaborated on how to reduce costs, boost productivity, and eliminate waste. The resultant savings were shared by company and workforce. The shared bonus that was its ostensible goal was the least of its rewards. In order to make the plan work, management had to share responsibility and information with workers. Employees had to become more productive, more resourceful, and more flexible. And workers and managers had to sit down together, talk to each other, work together toward a common goal, and see themselves as colleagues. Scanlon described his message this way: ‘Since the average worker knows his own job better than anyone else—and could do many things if he has a complete understanding of the opportunity and need to express his intelligence and ingenuity—he becomes a more useful and valuable citizen.’

“Scanlon, a passionate supporter of labor, did not hate management. His vision required mutual respect, recognizing that we are all in community and that what is good for one side will ultimately help the other. For me, as a young MIT faculty member from a working-class family, Scanlon was a romantic figure who believed that organizations most likely to thrive were those that loosed the human potential of all their members. Scanlon’s lasting contribution is his recognition that we can’t tackle this central task of management with gimmicks or procedures or programs. The real task of management is to create conditions that result in genuine collaboration. Scanlon’s implicit recognition that workers are, above all, human beings with gifts and dreams is no longer seen as revolutionary. But now as then, that recognition is the first step in unleashing the extraordinary power of creative collaboration. Joe Scanlon humanized the workplace and helped create today’s workplace of ideas.”

Gary Hamel and Joe Scanlon, are soul mates in the war to abolish management terror and abound in *leadership excellence*. LE

Ken Shelton
Editor since 1984



Gary Hamel

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

Editorial Purpose:

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

Basic Annual Rate:

US \$129 one year (12 issues)
US \$219 two years (24 issues)
Canada add US \$30 postage per year.
All other non-U.S. add US \$70 per year.

Corporate Bulk Rates (to same address)

US \$109 each per year for 5 to 25
US \$99 each per year for 26 and up
* Ask about logo and custom editions and foreign bulk rates.

Article Reprints:

For reprints of 100 or more, please contact the editorial department at 801-375-4060 or email custserv@eep.com. Back Issues: (print) US \$25.00. Permission PDF US: \$50.

Internet Address: www.LeaderExcel.com

Submissions & Correspondence:

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

Customer Service/Circulation:

For information on products and services call 1-877-250-1983 or email: custserv@eep.com.

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250-A Center Court
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www.millpond.com

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Real Development

How deliberate practice works.



by Geoff Colvin

WE KNOW THAT THE right practice can turn someone of unremarkable talent into a much better, even exceptional performer, but how? What makes deliberate practice work?

Deliberate practice is all about pushing ourselves just beyond what we can currently do. It takes great performers beyond—or around—the usual limitations and enables them to: 1) perceive more, 2) know more, and 3) remember more than most people.

Perceiving more. Excellent performers see more by developing better and faster understanding of what they see. The difference isn't what they *see*—it is what they *perceive*. The superior perception of top performers extends beyond sight. They hear more when they listen and feel more when they touch. Everyone is hearing the same things, but through years of practice, top performers perceive more.

- *They sense important indicators that average performers don't notice.*

Excellent performers learn to spot important (but non-obvious) information—small but telling indicators that are well-guarded “secrets” in the sense that discovering, developing, and using them requires extensive deliberate practice.

- *They look further ahead.* When excellent musicians or typists look further ahead on the page, they sense what lies ahead for them, anticipate it, prepare for it, and perform better. They may be looking only one second ahead, but that moment makes all the difference. Much of the power of looking further ahead comes from simply raising your gaze and getting a new perspective—and doing it often, using practice principles. When was the last time you discussed the state of your business five years from now? Fashions in the market come and go, but the future always counts, and looking further into it—rationally—is an advantage.

- *They know more from seeing less.* We never have as much information as we want. Getting information pushes at the two constraints we all face: it takes time and costs money. Making

sound decisions fast and at low cost is a competitive advantage. Top performers, through extensive practice, learn this ability for decisions that are most critical in their field.

They make finer discriminations than average performers. All these crucial abilities are clearly results of training and practice. They are abilities that those in the field work on diligently, and that instructors try to teach. These specific abilities rarely transfer beyond the field in which they are learned, but they help us to excel in a given field.

- **Knowing more.** Great performers *know more* than average ones. Many companies try to give their top performers the widest possible knowledge by assigning them to many jobs that are different in nature and location—operating jobs, staff jobs, worldwide; in



this way, the top performers typically learn several, and sometimes all, of the most important parts of the business.

Best-performing companies recognize the importance of deep knowledge in their specific field, as opposed to general managerial ability.

Deliberate practice builds and develops such knowledge. Constantly trying to extend your abilities in a field requires amassing additional knowledge, and developing the critical connections that organize all that knowledge and make it useful. Since no one is born with vast knowledge about anything, great performance arises from deliberate practice as much as innate talent.

- **Remembering more.** Great performers remember more. What good is knowledge if you can't remember it and bring it to bear at the critical moment? How can great performers recall more and exhibit superior memory of relevant information? They develop a memory skill, a special abili-

ty to get at long-term memory, with its vast capacity, in a fast, reliable way. Top performers' deep understanding of their field becomes the structure on which they can hang the information they learn about it. They understand their field at a higher level, and have a superior structure for remembering information about it. Since their superior memory is built on deep understanding of the field, it can be achieved only through years of intensive study. It further requires consistency in relating new information to higher-level concepts. Experts' superior memory is part of their expertise—a skill acquired through years of deliberate practice.

Extensive, well-structured, deliberate practice develops the abilities of great performers to perceive more, know more, and remember more, and these abilities facilitate top performance.

Years of intensive deliberate practice actually alter the physical nature of a person's brain and body. We see great performers as being different from us, as operating on a different plane—because they *are* and they *do*. Great performers really are different. Their bodies and brains *are* different from ours—their abilities to perceive, organize, and remember information are far beyond anything that most of us possess. But their exceptional nature is not some mystery—rather, it is the result of a long and demanding path. Few will follow this path all the way to its end, but the journey is always beneficial and begins by applying the principles of the process.

Applying the Principles

You need to *know* where you want to go and what you want to do, because the demands of achieving exceptional performance are so great over time, no one has a prayer of meeting them without utter commitment. And to *know* these things, you need the help of mentors—experienced masters in your field who can advise you on the skills and abilities you need to acquire next, and can give you feedback on how you're doing.

The skills and abilities you can develop are infinite, but the opportunities to practice them fall into two categories: opportunities to practice directly, apart from the actual use of the skill or ability, the way a musician practices a piece before performing it; and opportunities to practice as part of the work itself.

Of course, practice activities are worthless without useful feedback on results. Practice opportunities won't do any good if you don't evaluate them.

Excellent performers judge themselves differently. They're more specific, as they are when they set goals and strategies. Average performers are content to say that they did great or poorly or okay. The best performers judge themselves against a standard that's relevant for what they're trying to achieve. They may compare their performance with their own personal best; compare it with the performance of competitors; or compare it with the best known performance in the field. The key is to choose a comparison that stretches you just beyond your current limits. Too high a standard is discouraging; too low a standard yields no advancement.

When you push yourself appropriately and evaluate yourself rigorously, you identify errors and discern what causes the errors. Average performers believe their errors are caused by factors outside their control: "My opponent got lucky; the task was too hard; I just don't have any natural ability for this." Top performers, by contrast, believe they are responsible for their errors. They set specific, technique-based goals and strategies and think through exactly how they intend to achieve what they want. When something doesn't work, they can relate the failure to elements of their performance that may have misfired.

When the experience isn't perfect or when parts of it are unpleasant, how do you respond? Excellent performers respond by adapting the way they act; average performers respond by avoiding those situations in the future. They go into a situation with no clear idea of how they intend to act or how their actions contribute to reaching their goal. So when things don't turn out perfectly, they attribute the problems to forces outside their control. As a result, they are clueless about how to adapt and perform better next time. They'd rather just avoid going through anything like it again, which means they have zero chance of getting better.

Since excellent performers go through a different process, they sense how to adapt, and their ideas for how to perform better next time are likely to work. They approach the job with specific goals and strategies, and believe in their own efficacy and effectiveness, giving them the motivation to press on.

Apply the principles of great performance in your life and work. The advantages start accruing immediately. **LE**

Geoff Colvin is Senior Editor-at-Large of Fortune magazine and co-author with Larry Seldon of Angel Customers and Demon Customers (Penguin Putnam). Visit www.washingtonspeakers.com.

ACTION: Explore upside development options.

Leaders as Coaches

Go back to leadership basics.



by Bob Schwieterman

LMARVEL AT HOW QUICKLY "new concepts" can take industries and professional disciplines by storm. In many cases, the new concepts are the same old concepts but with new packaging and terminology for something we should have been doing all along.

The art of coaching is one such concept. Teaching leaders and managers how to coach is now considered the missing link to improving performance. And while I'm a strong supporter of coaching, it is not new and not a silver bullet.

Recipients also think that coaching is worthwhile: 90 percent of those who receive coaching report it to be *some-what* or *very valuable*. The coaching paradigm is moving from an as-needed basis to regular meetings, and becoming an integral part of leadership development programs rather than a short-term tool to solve conflict.

We now need to get leaders to focus on the basics that seem to get overlooked with glitzy approaches and techniques. When facilitating coaching skills workshops, I tell participants that effective coaches are focused on having an ongoing dialogue with staff, creating intimate one-on-one relationships that demonstrate understanding of needs and wants, issues and concerns, and providing support to achieving goals.

Simple, right? But what skills make leaders good coaches of staff? Our work with thousands of managers has identified the ability to work productively with others—what we call Versatility—as the key element of work performance including coaching.

Four Fundamental Skills

In my experience with clients, I see four fundamental skills that effective leaders use when coaching staff:

1. **Advocacy** is sharing your thoughts, experiences, facts, and feelings that support your viewpoint.

2. **Inquiry** involves asking effective and genuine questions to discover and develop an understanding of a staff

member's point of view.

3. **Listening** is showing authentic understanding following your Inquiry.

4. **Feedback** is providing clear and direct messages about the impact of your staff member's behavior.

In coaching workshops, we learn about and practice these skills one by one using unique exercises. Most participants say that they've been taught these skills before, but they have great difficulty putting them consistently into practice. I ask them, "What is preventing you from demonstrating these basic skills in every conversation you have with staff members?" Their answer: "a lack of time and patience."

I often hear one simple example. A manager will often take a phone call or glance at email while having a conversation with a staff member, which tells the staff member that the issue he or she is discussing at that moment is at best equally important to the email the manager is reviewing. Managers justify this by saying they are pressed for time and need to multi-task. But according to MIT researchers, multi-tasking is a myth. In reality, you are just focusing your attention on one

thing and switching it to another quickly, and at the same time, you are sending a clear message to the other person that you are not authentically listening.

I believe there is a simple rule for coaching: if you are not ready to devote your attention to your staff member, it is better to say that and postpone the conversation until you can.

If the issue is urgent and needs immediate discussion, postponement might not be an option. But usually, the staff member will appreciate your honesty and that you want to be focused during the conversation when it finally takes place.

Hone the Basic Skills

Using the coaching skills associated with Versatility impacts the outcomes leaders seek to achieve through coaching. In our research, managerial performance indicators such as *ability to effectively coach others, communicating with others, and establishing effective relationships* are highly correlated with Versatility. When things aren't working, go back to coaching basics—*advocacy, inquiry, listening and feedback*. **LE**

Bob Schwieterman is GM of The TRACOM Group's Performance Consulting. Call 303-265-6143 or visit www.tracomcorp.com.

ACTION: Improve your coaching skills.

Engagement Gap

Four out of five are underperforming.



by Julie Gebauer and Don Lowman

TRAGICALLY, MOST LEADERS HAVE YET to harness the *power* of engagement, failing to achieve the performance lift that a fully engaged workforce can deliver. While most people regularly say they want to give more to their companies, only a fifth of the global workforce in our recent study is currently fully engaged. Put another way:

Four out of every five workers worldwide are not delivering their full potential to help their organizations succeed. Many workers are “enrolled,” meaning they are capable, they care, and they’re ready to be engaged. Unfortunately, they are not being inspired or motivated—by their organizations or bosses—to consistently put forth discretionary effort. As for the rest of the global employee population, they are either disenchanted (30 percent) or disengaged (8 percent). While the *disenchanted* report some connection with their companies that could be converted to stronger engagement, the *disengaged* show virtually no positive connections with their organizations. They may not be destroying value, but they aren’t performing near their true capability, and have no intention of doing so.

Think about your own colleagues, teams, and departments. How many people routinely go the extra mile? Are they learning new skills and growing their careers? How inspired are they to help your organization meet its goals? How well do they understand the role they play in the company’s success? Do they feel adequately appreciated and rewarded for their efforts? Do they truly believe your organization and its leaders have a sincere interest in their well-being?

Now, turn the tables, and ask yourself these questions: As a leader and manager of others, do you motivate people to go the extra mile? Do you help people develop new skills and advance their careers? Do you inspire

employees to do what it takes so the organization can meet its strategic goals? Do you inform people about how they contribute to performance? Do you show appreciation and recognize the efforts of work well done? Do you sincerely care about the people who work for you, and let them know it?

If you can’t say *yes* to these questions, there’s a gap between the effort your people are putting forth and what they are capable of giving. This discrepancy is the *engagement gap*—the difference between the discretionary effort that employees willingly give their employers, and employers’ ability to garner that effort from their workforce.

Engagement is a deep and broad connection that employees have with a company, resulting in a willingness to go above and beyond what’s expected of them to help their company succeed.



This connection has to occur at three levels: 1) the *rational* (the head): how well employees understand their roles and responsibilities; the “thinking” part of the equation. 2) the *emotional* (the heart): how much passion and energy they bring to their work; the “feeling” part. And 3) the *motivational* (the hands): how well they perform in their roles; the “acting” part.

An engaged employee understands what to do to help her company succeed; she feels emotionally connected to the organization and its leaders; and she puts that knowledge and emotion into action to improve performance—her own and the organization’s.

One or two connections is insufficient to create true engagement. Someone who understands what to do for the company, but lacks an emotional tie to it, might be just as happy doing his job at the competitor down the street. Another person who is passionate about the company and its brands,

but doesn’t understand how her job enables the company to achieve its goals, might make poor choices about how to spend her time on the job.

Engagement is not synonymous with company *loyalty*—commitment to stay with the company. Neither is engagement equivalent to occupational dedication, or identifying with your career or professional craft. People committed to their occupation likely work hard and enthusiastically, but have little or no loyalty to their employer, and may be quick to jump from one company to another. Finally, engagement is not the same as happiness. Happy workers are not necessarily productive; indeed, an employee may love a job or a company without contributing much.

Engagement is a relevant metric, as it correlates highly to performance.

Our *Global Workforce Study* helped us see what factors engage employees. We identified *the top 10 drivers of engagement*: 1. Senior management’s sincere interest in employee well-being. 2. Opportunity to improve skills and capabilities. 3. The organization’s reputation for social responsibility. 4. The opportunity to provide input into decision making. 5. The organization’s ability to quickly resolve customer concerns. 6. An employee’s readiness to set high personal standards. 7. Excellent career advancement opportunities. 8. An employee’s interest in challenging work assignments. 9. An individual’s relationship with her supervisor. 10. The organization’s encouragement of innovative thinking. *These 10 drivers are keys to unlocking engagement and business performance.*

Building on the drivers of engagement that we derive through statistical analysis, and related reflections from employees, we isolated five interrelated *courses of action* that will increase engagement, performance, and competitive advantage: *Know them. Grow them. Inspire them. Involve them. Reward them.* When you do this in the right ways, your coworkers will give more value-adding discretionary effort—the difference between *good* and *great* customer service, between meeting sales quotas and exceeding them, between tolerating problems and solving them, and between wasting thousands of dollars and saving millions. Engagement is the difference between ordinary and extraordinary performance. **LE**

Julie Gebauer is managing director of Towers Perrin’s workforce effectiveness strategies; Don Lowman is a member of the firm’s Board and managing director strategic growth. They are co-authors of Closing the Engagement Gap (Portfolio). Visit www.closingthemanagementgap.com.

ACTION: Close your engagement gap.

Leadership in Crisis

Take eight steps to avoid pitfalls.



by Jeff Wolf

IN THE NEWS, WE READ countless stories of rampant political corruption, financial mismanagement, government bailouts, pandemic layoffs, investment fraud, scandals, and unadulterated corporate greed.

As leaders, we must avoid potential pitfalls, making a concerted effort to keep people motivated and productive, while building teams and reducing stress. To maintain a healthy, disciplined work force, take eight steps:

Step 1: Flaunt your honesty.

Today's leaders must be honest, forthright and "ooze" integrity. Workers want their leaders to be role models whose allegiances and priorities are beyond reproach. Leaders must have a strong character and integrity, which means "walking the walk" and "talking the talk." The moment they bend the truth, they lose their credibility—and they'll never get it back.

Step 2: Focus on your people. People make a company. Without highly motivated and inspired employees, you will struggle to survive and thrive. Great leaders motivate people to work together and achieve goals, instill confidence, and earn employees' trust—a commodity that can never be bought.

Step 3: Develop a vision. Have a clear, compelling, and inspiring vision—and communicate it in a way that motivates and inspires people to work as a team toward common goals. Clearly define and paint an exciting path to the future, while providing ethical and logical reasons as to why you're moving in a specific direction. Articulate a clear framework and provide a cogent message that delineates each person's role in realizing the vision. This builds support and enthusiasm, creating a culture where people are aligned and eager to help achieve goals. Spark people's imaginations of what the future holds.

Step 4: Correct negative habits and behaviors. People leave organizations because of the boss. Poor leaders create a climate of negativity, coupled with rare—or no—praise and recogni-

tion. The inability to keep one's word, poor treatment of people, taking credit for others' successes, and blaming others to cover up mistakes a leader has made—are behaviors that result in high turnover and a lack of engagement by those who stay. By failing to delegate or empower people, poor leaders then micromanage others' work. Their inability or refusal to develop a culture of trust deprives people of opportunities to grow. If this behavior goes unchecked, there may be a point of no return that destroys a once-productive company. Poor leadership is often correctable—if swift corrective action is taken.

Step 5: Invest in training. Most first-rate leaders aren't born with extraordinary abilities; rather, they develop



their skill sets by learning, practicing and refining them daily. Leaders must commit to working hard, adopting a positive attitude, and seek constant learning. They must remain flexible, adapting their leadership style as circumstances dictate. Aspiring leaders must create a development plan, put it in writing, and then "work it."

- *Read the best books and attend the best training courses.* Vary courses so you can experience a spectrum of skills.

- *Learn the areas in which you must improve.* We see some of our weaknesses, but it's impossible to identify all of them. Working with a coach is a powerful way to improve your skills.

- *Learn what your company looks for in its leaders.* Study a competency model that identifies desired strengths and characteristics and practice them. If no such model exists, seek out successful leaders, and talk with them to understand how they became successful.

- *Volunteer to lead small projects that provide useful leadership experiences.* You'll gain confidence and enhance skills.

- *Use 360 feedback and other assessment tools to identify leadership competencies and skills.* This provides a valid measure of the areas that require work.

- *Always be curious.* Seek new opportunities and experiences; try something out of your comfort zone.

Step 6: Develop leadership programs.

Use coaching to enhance the capabilities and performance of leaders, high-potentials, and top producers. When leaders coach, people become more confident and motivated, which leads to higher performance and productivity. Leaders build relationships of trust when they support people so they can be all they can be. Organizations with a strong coaching culture develop higher engagement and performance.

A coach will ask: At what do people excel? What are the weaknesses, potential, limitations, desired directions? A coach works one on one with key personnel to stop bad habits and start positive ones. Participants can discuss what's working—and not working—in confidence, and the coach holds them accountable and supplies support.

Step 7: Retain high performers. Great organizations view employee retention as a competitive advantage, and they work hard to retain their most talented people. They understand that talented people are their most important asset. Retention starts with culture. If you want to keep your top talent, you must create an inspiring and energizing culture of which they can be a part. This means having an organization with shared values, openness and honesty, thereby creating trust and allowing talented people to share ideas, and then recognize and reward their successes.

Step 8: Have fun! You and your people should be excited and energized about going to work every day. After all, you spend one-third of your time at work. Fun in the workplace must be part of your strategy. Working hard and having fun are not mutually exclusive. So, appoint two CFOs: the traditional CFO and the *chief fun officer*, who creates ways for people to have fun at work. People rarely succeed at anything unless they have fun doing it. Having fun also impacts the bottom line. Fun breeds creativity, energy, productivity, innovation, and profitability—a win for all concerned. LE

Jeff Wolf is an executive coach, dynamic speaker, president of Wolf Management Consultants and author of The Essence of Effective Leadership. Visit wolfmotivation.com.

ACTION: Take these eight steps.

Collaborative Leaders

They hone five key leadership skills.



by David Archer and Alex Cameron

ONE OF THE FIRST CASUALTIES OF THE current recession was trust: trust between large financial institutions that stopped lending to each other; trust between banks and their customers; and trust between the public and their elected politicians.

A breakdown in relationships in one area of the economy can have unexpected, catastrophic results elsewhere. A reputation as a good and reliable partner is hard to build and easy to destroy, but that reputation—and the trust that you develop from it—is one of a company's most precious assets. Leaders must grow their reputation in their relationships with constituents.

The imperative is to break from the dangerous spiral of distrust that produces disinvestment and protectionism. It is a challenge for all leaders. If they can't build resilient and trusting relationships, ultimately everyone suffers. We need a new kind of leadership.

The skills of collaboration and the management of critical relationships should be top priorities. *Collaborative leadership* is different from the heroic style—typified by *Masters of the Universe* who stride across trading floors and lead consultancies and corporations.

Collaborative leaders operate on the basis of trust because they engage all participants by designing constructive processes for working together. In difficult times, these leaders know they can only succeed if they use collaborative skills to negotiate coalitions, deal with hostility, resolve conflict, and find win-win solutions.

To meet these aspirations, leaders must satisfy three key conditions: 1) form new alliances fast, even with entities that historically they may have disliked or distrusted; 2) repair broken relationships; and 3) handle and resolve the inevitable conflicts.

These collaborative skills don't come naturally to leaders who have risen to power in times of growth and opportunity, but they can be learned.

Conflict Is Inevitable

Most leaders see conflict as something to be avoided; hence, avoidance and collusion are common coping strategies: people tend to ignore the problem for as long as possible, or pass it up the line. The underlying fear is often that relationships may break down and result in litigation.

But in many collaborative ventures, conflict is inevitable—particularly in the “forced marriages” that appear as governments force corporations to join together. There is often a lot at stake.

And, the success of any collaborative venture is built on trust between parties. If conflict escalates and trust breaks down, you can quickly get into a downward spiral of litigation, delay, and cost overrun.

You need to handle conflict personally and directly to defuse disputes at the top and provide role models for the partnership. You also have to help your colleagues deal with conflict.

Few leaders are well equipped to do this. Coming down heavily on those who don't “toe the line,” marching in to solve other people's disputes, and over-stressing alignment between partners can leave conflict simmering. For many leaders, dealing with conflict requires new skills and strong self-awareness to better understand how and why you react to situations.

Five Key Leadership Skills

We identify five key leadership skills for managing conflict:

1. Courage to act for the long term. Collaborative leaders find common purpose with partners and look at success over the lifetime of the partnership. In the private sector, financial models are often built with a pay-back period of many years, and leaders are prepared to take a short-term hit if they are confident of the long-term health of the relationship. In the public sector, paradoxically, it can be harder to take a long-term view, because goal posts move at election times. You need to simplify these complex situations for your people so they can focus on a few principles that describe the long-term common purpose.

2. Preparation for how you'll handle conflict well in advance. Assume that some conflict will occur in the relationship and examine your habits and typical reactions. Will they help or hinder the partnership? What can you do in advance to build a mutual safety net? Also, recognize that there are some people or organizations with whom you just can't partner. If high collaboration is vital in a particular contract or situation, you may just have to rule those people out as potential partners.

3. Investment in strong relationships through the partnership, and with stakeholders. Nothing beats real connections when things go wrong.

Actively manage the tension between focusing on delivery and on building relationships. Imposing financial penalties on your partner can be counterproductive: it just takes money out of the system and reduces collaboration. When things go well, share the credit generously. Successful partnerships are not about single stars but constellations and galaxies.

4. Development of your interpersonal leadership skills. Key among these

are: *empathy*, understanding what drives others and causes them to respond in a particular way; *patience*, sticking at what you believe in, taking the time to bring people along, and not walking out on important relationships; *tenacity*, caring enough about the outcome to keep going, however hard the negotiations; *holding difficult conversations*, confronting issues honestly and early so things don't fester; and *coalition building*, developing networks of support, finding critical friends, and pulling together the coalition of disparate groups to get the job done.

5. An assured personal motive for collaborating. It's not just *being nice*—you also need to work out what's in it for you at a personal level. Being a great collaborative leader is good for your reputation and your career.

So, work to understand the common purpose with your partners. Be prepared for how you handle conflict. Be patient and tenacious in pursuit of the long-term aim. Invest in relationships at all levels. And be clear about what is in it for you—collaborative leadership isn't about altruism. LE

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ACTION: Hone these five leadership skills.



Strength in Recession

Leverage the leadership cycle.



by E. Ted Prince

THE DEPTH OF THE recession is a reflection of strength to come. Tightening and de-leveraging measures will increase labor, capital productivity, and margins—and hence build capital. This will lead to lower prices and increased competitiveness. The U.S. will become stronger at the microeconomic level in coming years.

However, this does not mean that there will be great improvement at the macroeconomic level. Our level of indebtedness will increase, and this debt will constitute a long-term overhead on our productive capacity and constitute a mortgage left to future generations to pay. This will divert much capital to debt repayment rather than to national rebuilding.

The extent to which we improve will be largely decided by whether our leadership behaviors improve. If they do, then the macroeconomic situation will improve more rapidly than otherwise. If not, we can expect the current recession to be followed by a boom and probably another bubble followed by another crash. In order to avoid this, we must improve our leadership behaviors at all levels.

The Leadership Cycle

The *Leadership Cycle* impacts the *Economic Cycle* and shows how leadership behaviors are interlinked with the economic cycle. In leadership, there are two basic approaches:

1. **The interpersonal skills approach.** This focuses on the skills possessed by a leader in inspiring, motivating, and directing other stakeholders. This behavioral approach uses personality and competency theories as its methodological underpinning (the main focus of leadership theory and development for many years).

2. **The business acumen approach.** The approach focuses on the potential of the leader to create capital, as distinct from consuming it. This is also a behavioral approach, but is based on the paradigm of behavioral finance and behavioral economics to provide

the methodological underpinning.

These two approaches focus on different but critical aspects of leadership and its development. The interpersonal skills approach focuses on the effectiveness of a leader in working with and harnessing the energies of others. The business acumen approach focuses on whether the behavioral traits of the leader will lead directly to the building of market value and strong financials for his or her company or organization.

The leadership cycle refers to the interplay between these two approaches and to the economic impact of one or the other assuming primacy at different phases of the economic cycle.

The Economic Cycle

The economic cycle has four phases:



• **Booms.** In the boom phase, it seems to be easy to make money and build capital. There is much less emphasis on business acumen in leaders because even people without it seem to be doing well. Companies are doing well and tend to select leaders who have the right interpersonal skills, since balance sheets appear strong and profitability is high. Leaders who appear to have business acumen frequently do not possess it but have profited by being in a company with strong financials and appear to have been a factor in building this position.

Booms also fuel a demand for leaders and promoters who can persuade people that they will make money for them, even if they have low business acumen. So booms encourage demand for leaders who have low business acumen and high interpersonal skills to generate support for projects that appear to have great, even spectacular

payoff prospects but are really black holes in disguise, which the leaders are not aware of because of their lack of business acumen.

So in the boom phase of an economic cycle, leaders and managers tend to be selected more for their interpersonal skills and less for their business acumen. Leadership development focuses on improving interpersonal skills and competencies. Business acumen tends to get much less attention because it seems there is little need for it. Usually companies bask in misplaced confidence that their culture, systems, and processes are such as to sustain their good financial results.

• **Busts.** Once the inevitable correction occurs, this all changes. Suddenly the emphasis on business acumen increases in comparison with interpersonal skills. Companies tend to favor someone to right their financial woes even if they lack interpersonal skills, or they are weak in that area. Promoters fall out of fashion. The mindset changes to survival, capital creation, and maintenance. This again encourages the emergence of and emphasis on leaders and managers with high business acumen.

• **Corrections.** In the correction phase of an economic cycle, the proportion of managers and executives with high business acumen increases, and the proportion of those with high interpersonal skills decreases—after the trough of the correction, once the reality of the financial situation sets in and when boards and hiring organizations have had time to translate this into hiring decisions. This change in leadership proportions continues for some time until the market starts to turn up again and for some time after while memories of the correction are still sharp.

• **Recoveries.** Once the market starts to regain health, the same dynamics kick in—profitability increases and hiring decisions start to shift to leaders with less or no business acumen but with better interpersonal skills. As the market heats up, this shift accelerates. Near the height of the boom, the focus shifts to leaders with high interpersonal skills who can sell deals that would look suspect to leaders with high business acumen. Leaders with high acumen but low interpersonal skills become de-emphasized.

The only exception to this is when internal appointments are made when boards are prepared to overlook a lower level of interpersonal skills because they know the candidate and their strengths and decide to prefer internal knowledge over interpersonal

skills. As we know, these leaders tend to be more successful than external candidates, who, we can surmise, usually have lower business acumen but whose higher interpersonal skills and articulateness tend to make them appear more attractive.

High Business Acumen

The leadership cycle has a strong relationship with the economic cycle. Different phases of the economic cycle lead to shifting preferences for different leadership skills. However, business acumen is harder to identify, assess and measure than interpersonal skills; so at most phases of the economic cycle, even if business acumen is a high requirement, the methods to find leaders with it are highly imperfect and usually do not work well, if at all.

Can we find leaders who have high business acumen and high interpersonal skills? It is possible, but difficult. High charisma is linked to low financial performance. While it is possible for the two to be found in one person, it is not likely—and companies rarely succeed in finding such leaders.

The message for the current economic cycle is that methods to identify business acumen and rigorously assess and measure it are required. These methods need to be used in succession planning to help find the best leaders to cope with the financial aspects of leadership. These approaches need to be integrated into LD and hi-po training. If companies do this, we can start to attack the problems of economic downturns at their core—by focusing on changing financial behaviors that ultimately lead to recessions.

Reforming the Leadership Cycle

To control economic cycles, we need to start with behavior, in consumers and managers, to prevent the problem in the first place. This approach contrasts with the one where we let it happen, and then de-leverage rapidly, leading to a greater downturn. The better way requires a paradigm shift on the part of companies and leadership professionals to bring it about.

If companies can do this, then we will prosper over the next few years. If not, the leadership cycle will continue to operate with no way to short-circuit it. In that case, we continue with the same boom-and-bust cycles. **LE**

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ACTION: Experience a paradigm shift in LD.

Who's Next?

Choose your successor.



by Marshall Goldsmith

DEVELOPING YOUR successor is a great accomplishment. At the start of this process, you must decide whether to put your energies into an internal or external successor.

External Succession: The Dark Side

There are many reasons to choose your successor from *inside* the company. If you hire an external CEO, the board will likely want a leader with a proven success record. These leaders are neither abundant nor cheap! If things aren't working out, the external CEO hire will likely expect a large exit package. However the damage of external CEO failure is far more than monetary. The negative press about the failure can cost the company severely in terms of its reputation. The damage exacted by the external CEO failure inside the company is even worse as employees are let go and resources slashed. Veterans are mad when they have to take less so the failed externally hired CEO can leave with more.

When hiring a name brand CEO from outside the company fails, it is often a disaster. Money is wasted, the board is embarrassed, and the perception that CEOs are overpaid and executives and board members are self-interested is perpetuated. Seen as part of the problem, you and your reputation as the former CEO goes down with the company's.

LD: What Message You Sending?

Hiring from the outside indicates a failure in leadership development (LD)—at least that's the opinion of one famous CEO who was hired from outside but has made it his personal mission to develop talent from within and to develop his own successor.

All leaders have to answer the question: "If I weren't here tomorrow, who could take my place?" If you can't think of anyone, you aren't developing a successor! You aren't doing what you require of your line managers. You aren't practicing what you preach—

you aren't developing future leaders!

Finally, external CEOs often bring their own entourage of trusted, high-level executives with them. Internal executives are passed over, promotional opportunities are negated, and leaders at many levels feel they have failed. Valued employees leave, feeling that they won't be promoted in the future and may even be fired.

Internal Succession: The Bright Side

If it is possible to develop an internal successor, that is often the best route. Effective internal succession can produce many positive outcomes.

Hiring from the inside shows that you, the CEO, are developing talent just as you are asking everyone else to do. When you promote from within, you open up another top-level position, which leaves room for the promotion of another internal executive.

As CEO, you have a vision that you want to carry on even after you leave. You expect your successor to have his or her own ideas; however, you don't want all your hard work to be negated. Who better to carry on your vision after you depart than someone who has lived it with you over the years?

Opposing Forces

Sometimes forces in the environment eliminate the possibility of an internal successor—even though this may be your goal. In one case, a high-level executive committed an ethics violation. While the CEO was not involved in the violation, he was held responsible for the damage. In another case, although an internal candidate was seen as a *potentially* excellent CEO, business conditions led to the selection of an external CEO who was seen as a better *immediate* choice.

To decide when not to develop your successor from inside, do a cost-benefit analysis. What will it cost to bring in an outsider? What are the potential benefits? What are the costs to promote each candidate? What are the benefits? And are there any outsiders who cannot be matched by anyone in the company? If the answer is "yes," hire them. If the answer is uncertain or "no," promote from within.

In developing your successor, help this person become a great leader! **LE**

Marshall Goldsmith is author of Succession: Are You Ready? and What Got You Here Won't Get You There. Visit www.MarshallGoldsmithLibrary.com.

ACTION: Start developing your successor.



Leadership Philosophy

Ask and answer nine questions.



by Steve Arneson

AS A LEADER, YOU CAN sit back and let the HR dictate your leadership strategy. After all, you're busy serving customers and driving revenue. That's a mistake! Since your success is tied to having great talent and you play a major role in developing future leaders, you should take an active role in shaping the leadership strategy. And the foundation of a leadership strategy is a core *leadership philosophy (LP)*.

A *leadership philosophy* defines what it means to be a leader and is unique to your company. It describes what leaders do and what is expected of them, and represents the basis for all leadership activity, including development, promotions, and movement. In many companies, the LP is abstract and ill-defined, but it can be crafted through a series of interviews and consensus discussions with senior leaders.

To create a LP, answer nine questions:

1. What are the critical leadership competencies? Clarify what you expect from your leaders. What attributes or behaviors do you want to develop and reward? Most companies have a point of view on leadership competencies, and there are many fine models to adopt. Some companies have a single leadership competency model, and others have different models for different leadership levels. What's right for your company? Are the competencies being leveraged, or are they merely a document on the intranet?

2. What are the key leadership roles? In your company, where do managers or leaders start to make a big contribution? Where does leadership really start to make a difference? This question grounds the leadership pipeline discussion, and shapes decisions about when to start serious identification and development of high-potential talent. Some companies feel that first-line supervisors represent critical leadership roles; others feel that leadership roles emerge at the director level. What is the right answer for you?

3. What is the most essential leadership outcome? If you could pick one

word to describe what you want most from your leaders, what would it be? This question serves to crystallize the essence of what leaders are being asked to do. Some companies might choose *results* or *customer satisfaction*. Others might say it is *innovation* or *people development*. Put this question to your senior leadership and see what happens—you might be surprised at the lack of consensus. This question reveals how aligned you are around what you want from your leaders.

4. What is the expanded leadership contribution? What you want leaders doing in addition to their primary function. All companies expect their leaders to do their day job well—set strategy, manage the work, develop talent, and get results. But what else



do you expect from leaders, and is this explicitly shared? Do you expect leaders to be active in functional networks, volunteer in the community, foster market-changing innovation, or bring in new customers? Think about an expanded leadership contribution to drive your company forward.

5. What is the view of hiring new leaders vs. growing your own? This question is best answered as a percentage, which can serve as a useful guide to how you recruit or promote leaders. Many companies have an unstated philosophy that they want to grow their own leadership talent. Great! But what's the right mix? Establishing this question as a stated goal gives clarity to all involved, and should be revisited every few years. If your goal is 30 percent new hires and 70 percent "grow your own", everyone is clear about the mission, and a planful approach to talent management can proceed.

6. What's your position on hi-pos? This sensitive issue calls for clear direction. Most CEOs agree that identifying and accelerating the development of your best leaders is a good idea. But, how to identify and develop them? Many companies don't have a clear philosophy on hi-pos, which can be frustrating for all parties, especially talented emerging leaders. Establishing a point of view on hi-pos is essential, as is ensuring senior leaders understand the position so they can get aligned on how you treat this topic.

7. What is your philosophy about movement? What role will movement play in grooming your leadership talent? Movement is the best development lever you have—whether it's a job rotation, swapping two executives head-up, or moving leaders to new roles. New job experiences are the best development you can provide leaders. And yet, many companies don't execute moves as part of an organized, proactive process. How can you leverage this critical development process?

8. What is the value proposition for leaders? Why do leaders stay with you? What keeps them excited and motivated? And what could pull them away to a competitor? Know your *leadership value proposition*—what attracts and keeps leaders in your organization. For some companies, it's growth, or an impending IPO. For others, it's the compensation package, autonomy, or the chance to make a contribution. Do you know your value proposition—what leaders find compelling? Articulate and then leverage your company's leadership value proposition.

9. What does the leader of the future look like? Are you connecting where the business is going with the leadership skills required to get it there? Are you growing and developing leaders to be successful in the future? Most likely, the leadership skills required for today and the capabilities needed 10 years from now are different. What leadership skill gaps do you see, and do you have a way to develop not just the skills you need now, but the skills you will need in the future?

LD strategies must be grounded in a shared belief system. Don't wait for HR to set the leadership strategy. Step up and help define it. By asking these questions, you lay the foundation for how you define and develop leaders. **LE**

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ACTION: Develop your leadership philosophy.

War Games

Be more competitive.



by Benjamin Gilad

EXECUTIVE DEVELOPMENT programs, external and internal, deal with many worthy issues related to business and leadership. What they do *not* deal with, almost without exception, is the skill of competing.

I can hear an indignant Dean of Executive Development or director of a corporate university exclaim: "What do you mean? We give our people the best analytical tools to deal with competitive challenges!"

True, but that is *not* the art of competing. The art of competing rests on two abilities: 1) the ability to do something really well (say Michael Phelps in swimming) so that you are better than your rivals; and 2) the ability to understand the other side so well, you can preempt and beat his best moves. ED programs dwell on the first ability. *They say nothing about the second.*

Why Understand Competitors?

Many executives think that understanding competitors is less critical than getting the best out of their people, processes, and resources. Executives demonstrate a shocking lack of capability in regards to knowing competitors' moves, notwithstanding the effect on performance! The prevailing attitude of many executives toward competitors is: "It doesn't matter what they do—what matters is what *we* do." This is a dangerous fallacy.

Examples of leading companies falling behind competitors are everywhere: Microsoft losing the battle with Google, Sony losing the battle with Nintendo, Boeing losing the battle to Airbus (until Boeing changed leaders), Sears losing to Wal-Mart, Delta losing to Southwest, J&J losing to Guidant—not to mention the looming threat of Chinese companies beating current market leaders in a few years. Such is the nature of competition—changing preferences, new technologies, and entrepreneurial insights unseat incumbents over time. However, there is no excuse for companies being caught *unprepared*. They are simply never trained in what it takes to keep tab on

competitors, old and new alike.

The case worsens when it comes to predicting market response to one's *own* moves. Executives are trained in operational, financial, and HR management crucial to making their strategy work. Little is said about: "What will your rivals do when you are out with your grand plan?" One assumes that having been exposed to different businesses on their way up the ladder, experienced executives can draw on their track record to assess and manage market dynamics. Perhaps. But wouldn't it *help* if those executives were trained in reading the competitive environment in advance so that as they climb to the top they need not rely solely on their intuition and luck?

How to Best Train Executives

How do you train managers to read the competitive environment? Would an MBA suffice? Alas, the art of competing requires training in soft skills that are not well understood in academic circles. Every military commander



is taught that you never go into a battle without the best intelligence you can get. The same focus on "knowing your enemy" is missing in business training or executive education. Competitive intelligence is rarely taught. To complicate things, there is a strong element of personality involved in using intelligence. Some executives like to dig into the mentality of the other side ("get inside their heads"), and others prefer the less "hands on" knowledge coming from financial statements and public statistics (this is a great excuse to stay away from competitive intelligence).

We assume that executives know what they need to know about competition and that since leaders are naturally smart, competitive and ambitious, they will give a good fight. Alas, as military commanders know, giving a good fight does not win battles—having better uniforms does not win wars.

How do you train executives to understand competitors? Make every manager who enters your develop-

ment program go through a mock war game. The experience will change their mentality about reading competitors.

War Games are an ancient art. Hammurabi used them. General George Patton was so aggressive in his first one, that he beat his rivals in one day! Col. Van Riper played his side ("Red Team", a middle eastern enemy) in the famous Millennium war game leading to the invasion of Iraq so well that he embarrassed his bosses at the Pentagon who ran it in 2002; it had to be "restarted".

The essence of war gaming is the role playing of rivals aimed at developing and stress-testing your strategy.

Business war games are structured workshops in which teams, role-playing competitors' moves or counter-moves provide input into developing or testing a plan. I don't mean "hypothetical" war games using some models. While such games may have some analytical use, they have no value in an effective training of future executives. Instead, getting "under the skin" of a competitor, the way Van Riper played the Iraqi side in the Millennium war game, is what executives need to learn. Van Riper declined to use modern communication equipment, fearing (correctly) that the American forces (the "Blue team") would eavesdrop on his messages. Instead, thinking like the enemy, he used motorcycled messengers and calls through the Mosques during prayer times to deliver his orders to his "troops". It is eerie how close he came to playing the insurgency the U.S. faced later on.

Any manager going through mock war game training will realize quickly, the importance of having solid competitive intelligence that brings true understanding of what drives a competitor, and goes beyond the obsession with market share and sterile number crunching. To play an effective war game, people must *think* like a competitor. This is an eye-opener for executives-in-training who are focused on thinking like their own team, or worse, are encouraged to develop quiet disdain toward the competition.

Include training in *using* competitive intelligence for every manager who is marked for a leadership position. It is no longer enough to be great at reading your own people—you need to be great at reading *others* as well. **LE**

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ACTION: Participate in war games.

Get Beyond Fear

Try *situational leadership*.



by Paul Hersey

WE'VE ALL HEARD: "When the going gets tough, the tough get going!" Today's economy is tough. To get more done with fewer resources, you need to develop your leadership potential to leverage limited resources.

Fear, anxiety, and panic are emotions that influence our behaviors in these tough times. These emotions can sap our creativity, motivation, and ability to perform. They can also unite and ignite! As Betty Davis said in *All About Eve*, "Fasten your seat belts, this is going to be a bumpy night."

We are looking to leaders at every level now, more than ever. Making payroll next week may well depend more upon the shipping supervisor reducing cost and getting better rates than a management retreat focused on discussing a company vision for 2010.

With all the uniqueness of today's challenges, six tried-and-true lessons from years past will serve us well:

1. Believe in your people. They are tougher than *you* think; in fact, they are tougher than *they* think! Budgets will get tighter, and not all jobs will be secure. Certainly they need you to listen when fear is getting the best of them or becoming a distraction. Don't listen to the point that you become an endorsement of the fear. Get on to the igniting—talk about what they *can* do in the here and now. Enjoy the ingenuity born of facing adversity head on. Celebrate success. Challenge thinking and old practices. Get people open to challenging what was once considered good performance. Old practices and standards should be open for review under these challenging times. The reasons why we did the things we did may have changed and may no longer apply. Part of working smarter is asking why?

2. Fight with facts. How much does that cost us to do? What is the return on that investment? When will we see that return? We need to have people coming up with good ideas—ideas that are supported with documentation and consideration of costs and

benefits. "It feels right" won't cut it. You won't have the time or money to chase butterflies—nor will they. If you haven't said this before, start modeling and teaching it now. Solid, well-stated truths will erode scary rumors. What are our sales, our aged accounts? What does that access inventory cost us? Is there a better way? There is wisdom to be had in the voices of your people.

3. Meet face to face. Pep rallies can only do so much (they are more for spectators). Deliver tough news in person. Have those courageous conversations when they have to toughen up, when they need to be brave in their actions. You cannot hear conviction in an email, if you can't get face to face, get on the phone. Your strength is only



contagious if they can catch you.

4. Read before you lead. You can't delegate some tasks. At times some economic insecurity will show up on the job. Watch for signs that someone is in need of a little face-to-face time. The discussion won't be on economic insecurity as much as making sure that the two of you are aligned and focusing on the right stuff. It is amazing how much feeling aligned with your boss on a goal can reduce anxiety. Stressors can cause high performers to start spinning their wheels. Read that body language and change in behavior and respond with open ears and even some direction if necessary before frustration sets in. Lead on purpose.

People need to understand that your behavior is designed to help their readiness to perform. Your interaction needs to be about what *they need*, not what you're comfortable providing.

One challenge we face in teaching *Situational Leadership* is getting leaders

to reject the notion that one style fits all. Performance readiness is dynamic—it changes from task to task and with the need for change. As readiness changes, so should the leader's response.

5. Meet head-on the saboteurs. You need to make time for learning. What you don't have time for is a pre-occupation with placing blame, fault, and guilt. You don't have time for pity parties, the voice of doom, and their devastating effects on performance. Remember that saboteurs come in all flavors—passive and aggressive. Make good team play a condition of employment. If you can't play well with others, you need to find a new sandbox.

6. Do everything for the willing. If they want to play, train, coach, lead, and then train some more. Invest in them. You will need to get much more done with much less. If someone is on board and wants to learn—help, get on with what needs to be done and take them along with you. As a leader, you need to respond skillfully, and that means having the right tools on hand to do so. Our expectations of training and coaching will become much more pragmatic and performance based—more needed as tough times continue.

Situational Leadership is a simple behavioral model that can be used to develop your ability to effectively train and coach. It's about investing in your leadership potential and developing leaders at every level. There isn't time to wait. Leading today is a tougher, more demanding job than ever before. The obstacles are more numerous and the stakes are higher. Time can be an enemy. We need to create a performance language that is uncomplicated and fosters straight forward conversations about getting things not only done, but done well. Leaders are retiring in record numbers, and the young are called to lead long before we asked that of generations before them. They have days to learn what others were granted years to perfect. Leaders must take the time now to train, guide and mentor, to leave an enduring legacy.

The *Situational Leadership* model involves matching your leader behaviors (training, guiding and mentoring) with the performance needs of the individual or group you are attempting to influence. Skillfully adapting the *directive* and *supportive* behaviors you use to match the readiness of others to perform specific tasks or functions has a direct impact on performance. LE

Paul Hersey is the originator of the Situational Leadership model. Visit www.situational.com.

ACTION: Use the SL model to get desired results.

FutureSizing

Positioning for success.



by Malcolm P. Heard and
Matthew P. Spackman

FACING MULTIPLE QUARTERS OF PROFIT declines, the leaders of Circuit City, the consumer electronics retail store chain, faced a daunting challenge. If the bottom line did not improve, the company faced bankruptcy. Executives recognized that, though they could not immediately influence profits, they could directly affect the bottom line through decreasing salary costs. The fiscal needs called for quick action. The executive team settled on a strategy of work force reductions, beginning with sales associates whose salaries impacted the bottom line most. The 3,400 most highly compensated sales associated were laid off. After a brief bounce in sales performance, the chain saw steady declines in sales until finally filing for bankruptcy.

This scenario could describe several organizations who, when faced with poor performance, decide to reduce their work forces, only to find that their actions don't solve their problems. In fact, work force reductions based upon tenure, salary, or performance are largely ineffective in resolving financial woes. These work force reductions are largely ineffective because they are the result of short-sightedness on the part of leaders who make decisions to address an immediate crisis, not long-term performance.

When facing economic difficulties, a reduction in work force may be necessary. How leaders decide who to retain and who to let go will determine both short-term survival and future viability. In troubled times, leaders need to plan for the future, not simply react to the exigencies.

Retention decisions may be made on the basis of many criteria; however, none of them address the need for leaders to meet current economic challenges and position the organization for future success. In fact, terms such as *downsizing*, *rightsizing* and other work force reductions are so tied to

addressing current economic conditions (not the future desired state), that we coined a new term, *FutureSizing*, to describe our process of aligning a work force to meet present and future needs.

FutureSizing aligns a work force to the demands of the current market and to the desired future state. Since retention decisions are made on the basis of both current performance and potential performance, *FutureSizing* is sensitive to current economic realities and visionary. It enables leaders to address current challenges while positioning themselves for future success.

Tenure, salary and performance metrics are examples of criteria traditionally considered when leaders make decisions regarding who to retain and who to let go. They should serve, however, as only a small part of the data considered when making these decisions. These criteria are limited in the sense that they reflect the organization as it is *currently* constituted. The Circuit City example shows the pitfalls of making retention decisions solely on the basis of compensation and with regard only for current economic concerns. The result was that the organization defensively positioned itself for short-term viability. In the long term, Circuit City lacked the talent necessary to succeed.

To best determine who to retain and who to let go, leaders must consider the talents of their work force and how those talents will affect performance in the future, desired state. Tenure, salary and performance metrics are measures of previous accomplishments, but *talent*—a person's innate capacity to perform a particular task at near-perfect levels—indicates capacity for future performance. *FutureSizing* enables leaders to assess the talents of a work force and to align those talents with the desired future state by identifying the talent-based potential of each employee. By selecting those to be retained and those to be let go on the basis of talent, leaders can maximize the potential of the organization.

Leaders considering a workforce reduction can think of their associates as falling on a continuum ranging between *those you can't afford to lose* and *those you might do better without*, based upon current performance and outcomes. Some people fall in the extremes of this continuum, and the decision to keep them or let them go is fairly simple. However, most people

likely fall between these two extremes, and these decisions are more difficult. You need an assessment of talent—not simply a consideration of tenure, salary and performance metrics.

For 20 years, Talent Plus' assessment technology has assisted leaders in talent management. Our structured interview process provides leaders with a measure of employees' talents and suitability for current and future roles. When combined with performance metrics and other assessments, measures of talent can identify those who should be retained. The ability to objectively measure associates' talents and fit for the desired future state is essential to *FutureSizing*. Otherwise, retention decisions can't address both present concerns and future goals.

FutureSizing involves six steps:

1. Identify current economic demands and the future desired state.
2. Identify associates who you can't afford to lose and those you can afford to lose.
3. Identify associates who fall between these two extremes, and gather performance metrics and other data for them.
4. Conduct structured



interviews with the middle group in line with their current or future roles.

5. Make retention decisions on the basis of how people's talents, performance, and other metrics align with the future, desired state.
6. Address the developmental and support needs of those retained and ensure that they receive the support necessary to achieve goals.

By laying off their highly compensated salespeople, Circuit City's leaders also lost their best salespeople.

We create *Talent-Based Organizations* through the selection, development and retention of the best people. Every person has talent, and the expression of talent depends upon opportunity: $(Talent + Fit) \times Investment = Growth$.

In making workforce reductions, leaders must decide how to determine who to retain and let go. This decision affects whether leaders can address the economic concerns of today and succeed in the future. *FutureSizing* takes account of associates' talents—not simply their tenure, salary, or performance metrics—enabling leaders to address current economic concerns and position for success into the future. LE

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ACTION: *FutureSize your organization.*

Great Leaders

They don't rest on strengths.



by **Randall P. White**

GREAT LEADERS LEARN, grow, and adapt—to overcome weaknesses and develop new strengths. Only the self-aware, not the strong, survive.

I try to put the strengths-based approach to development in perspective. The seductive appeal of the strengths movement obscures how this philosophy inhibits learning, growth, and adaptability—leading indicators of success in a dynamic, competitive global marketplace.

An exclusive focus on strengths is shortsighted. A strengths-based approach, when examined in the cold light of day, is not up to the challenge of producing the skilled, dynamic, and adaptable leaders required to succeed in today's turbulent economy.

In my 30 years of studying what makes good leaders great, I've never been struck as sharply as I was by this irony: Marcus Buckingham, a leading advocate of the strengths movement, is one of the best examples why the "stick with your strengths" strategy doesn't work. Marcus had to overcome his own weakness to reach the top of the guru game. As a child, he stuttered. Years later his speech, once his weakness, is his greatest strength.

The American ethos is primed for finding a quick-fix leader. The economy stinks. We're in a leadership crisis. We're looking for answers. At work, people constantly flex in new directions—a response to changing technologies, merging businesses, stiff competition, and uncertain economy. We're seeking relief. So when a new movement—like strengths—comes along promising easy answers, it gets the rock-star treatment.

Proponents of the strengths movement seem to be passing out permission slips: "Stop stretching yourself in different directions; instead, focus on what you can do." Then, reality sinks in. Business requires that you shed strengths you no longer need, and develop new ones required to remain viable and relevant. Relying on your strengths is the antithesis of what you need to do—continuous learning and dealing with the unknown is critical

to development and continued success.

Relying too heavily on your strengths is a key dynamic leading to executive derailment because it promotes stasis and stagnation while inhibiting growth and development. The danger in yoking your future to what worked in the past is multiplied by the fact that many of today's executives don't know what their company needs from its leaders to win in the marketplace.

Further complicating matters are the complex issues skirted over by admonishments to "play to your strengths." It is tenuous to define a strength as a strength, given the contextual nature of leadership—a strength in one environment isn't necessarily a strength in another. Leaders routinely flex the wrong strengths—not knowing their strengths, they are prone to applying them at the wrong time and to the wrong degree, and this comes at the expense of complementary skills that also have their time and place.



In my research, I find that continuous learning and dealing with the unknown, untested, and untried may be the secret to success—and this is undermined by playing to strengths. Exploiting strengths by repeatedly assigning the person to one type of job (for instance, turnarounds) inhibits the person from developing a wider repertoire and broader perspective, which matters at the top. Playing to strengths may have a short-term advantage—you capitalize on deep smarts and well-honed skills—but a long-term disadvantage: the opportunity loss in not providing the diversity of job experiences needed to develop a seasoned and well-rounded leader for the future.

The short-lived tenure of today's leaders—two years, on average—underscores how learning is critical for your career. Political biographer Doris Kearns Goodwin states that the best candidate for president of the United States would be the one who could learn, grow, and change—hardly the poster child in finding your strengths and building a career around them.

The development of effective leaders involves transitioning through increasingly difficult and complex skills. Increases in complexity demand a greater ability to imagine further into the future. Hence, as leaders deal with greater complexity at each career stage, they need to be armed with a more widely developed skill-set and a broader perspective for viewing complex problems and anticipating the consequences of various solutions.

One insidious reason why the strengths-based approach may resonate with individuals, especially in cultures that embrace individualism, is that it permits leaders to ignore weaknesses and excuses them from development. When expressed with a single-minded focus, the strengths movement is an exercise in self-indulgence. It focuses on what comes easy, what the leader enjoys doing, and what fulfills the individual. What is ignored is what the organization needs from the position that the leader's job is designed to provide. The strengths approach offers an example of putting the needs of the individual above the needs of the greater good.

A strengths-based approach is not the best way to manage your career. To stand out, you've got to learn what you can't do, or don't know how to do. To differentiate, you've got to strengthen your current strengths as well as develop new ones. We don't tell children, "Stick with the crayons, kid. You'll never get better with anything else." We encourage them to try a variety of things. The same is true for leaders: the great ones discover what they didn't even know they could do. We often find a disconnect between what leaders are good at and what organizations need them to be good at. Most executives have their greatest strengths in areas that aren't central to the kind of leadership organizations need to be competitive. The danger these executives could face is relying on strengths that won't make them better leaders.

Development Is Hard Work

Finding flaws is human. Growth and development—especially in areas in which you are weak, or even flawed—takes humility and hard work, not to mention rising above your ego. It's easier to believe in a notion of a perfect leader than it is to do the work necessary to change and become a better or more effective leader. The emphasis on playing to strengths provides an escape. The underlying belief is that talent is born, not made, and if you aren't born

with a natural inclination in a particular area, well, just forget it. We all know that's not true. The real test of leadership is getting people to follow you. Leadership isn't about just being great at something—it is about inspiring other people to greatness.

What's considered a *strength* in one culture could become a disadvantage when transitioning into a different one. Global leadership requires that you change and adapt to fit the customs and the cultures. What worked splendidly in one culture could bring disaster in the next.

The secret to long-term career success is having a well-rounded portfolio of skills and a lack of glaring weaknesses. Successful executives learn a little bit of everything. Derailed managers rely too much on a few towering strengths to the neglect of complementary skill sets.

Managers who derail in the middle of their careers can turn it around and get back on track if they are willing to make an honest self-appraisal of both their strengths and weaknesses.

Playing to strengths is only as good as the degree of certainty and stability in your situation. In business, leaders face unpredictable events each day. Managers work at an unrelenting pace, their activities characterized by brevity, variety, and discontinuity, and they are strongly oriented to action, and dislike reflective activities.

Dealing with this uncertainty makes leaders great. Successful leadership is born from unpredictability, mistakes, "re-dos," and the propensity to accept challenges. Managers who can tolerate risk also value the learning opportunity afforded by making mistakes. In fact, one leader said that he wants his people to fail fast, but to fail forward.

The greatest risk in not trying new things is overplaying what you know—a cause of derailment. This is a line extension to natural development. Skills in childhood won't serve adolescence. And young adults can't rely on skills that got them through their teens.

In an anxious workplace, leadership trends and project plans rarely survive the fiscal year. People flex and bend outside their comfort zones as technology comes and goes, businesses merge, fold, or struggle to break even. One result is disillusionment with leaders.

The United States is an ideal environment for the strengths movement.

We like to find a strength and build on it. We have a uniquely over-inflated sense of abilities. We rate ourselves and others highly. We have a cultural halo around everyone's head. We don't differentiate. Everyone is an A or B—no one is average. Everyone is above average. The reality is that we do have strengths and weaknesses.

The most effective leaders don't rest on their strengths. Going outside their strengths is key to survival and success. They use strengths to find weakness. For example, Google doesn't rely on the strength of past or predicted sales revenues to improve business. They do a deep-dive to seek and find problems. They spot a weakness and jump into the middle of it. Google seems to believe that there is no news in good news and that "performance only improves if people know what they are doing wrong." The actions of several leaders at the company underscore the need to move away from simply building on strengths to also examining the downsides, the negatives, and the "fix-its." The willingness to be reflective, and examine their weaknesses, and not just assume they'll go away is the critical point. Google is willing to look at their weaknesses and not be blinded by their strengths.



A strength can become predictable with tidy conclusions—like a situation comedy. The formula works, proves successful, and is repeated. You get the same variety of roles, and you put people in the same roles again and again. Soon the audience becomes numb. When there is no difference, no variety, leaders then rely on the same old tricks.

Remember when you first saw John Cleese and the cast of Monty Python's Flying Circus? It was a troop of actors trying new and different things. Were they playing to their strengths? Or were they celebrating absurdity? Their formula was to be imperfect and to be in the moment—leverage strengths sure, but also stretch themselves into risky new territories, and, ultimately, allow themselves to learn and grow.

If you only play to your strengths, will you ever learn to laugh at yourself for trying? To only play to your strengths means you will stop growing—and that is no laughing matter. **LE**

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ACTION: Don't rest on your strengths.

Groom Leaders

Plan for succession.



by Joyce A. Thompsen

FINANCIAL UNCERTAINTY underscores the need to maintain succession plans for C-Suite executives. Failing financial health often leads to rapid change, as top talent is lost through layoffs or other forms of attrition.

The uncertain health of Apple CEO Steve Jobs, causes worry and speculation about who will be next to lead, even as Jobs said that treatment for a "hormonal imbalance" would not force him out. People clamor for a clear signal.

Unrest among stakeholders is just one reason for developing your leaders. Yet **most organizations have no set succession plan for C-Suite executives**—and such a deficiency could cause the business—and its executives—to fall short of potential for years.

Despite having anticipated C-Suite vacancies within the year, about half of organizations lack a succession plan for C-Suite executives, reflecting an overwhelming lack of preparedness to fill those vacancies. While organizations have existing or imminent needs to fill C-Suite positions, half of them are not prepared for effective transitions. They underestimate both the risks of lacking a plan and the benefits of installing an active succession strategy.

While succession planning often is associated with CEOs, pay attention to junior executives. Below C-level, there is a great flight risk with executives who display the potential to be tomorrow's leaders. Dinged badly by fears dredged up by the economy, employees now give low marks to their businesses in the area of loyalty and trust. The percent of people who feel loyal to their company and trust their leaders has fallen 42 percent over the last year!

To ensure effective coaching and development of senior leaders, analyze specific goals and examine processes for achieving those goals. Understand the senior leaders' current or targeted roles, identify how senior leaders want to perform and what processes will help them achieve that performance.

Also, understand how senior leaders want others to perceive their strengths, contributions, and reputations. In coaching and developing

leaders, clarify what the business requires from them, including what qualities should be demonstrated and which skills they need to show those qualities.

Focus on Five Skills

Leaders should develop five skills:

1. **Sifting noise.** This skill is needed to distinguish the important aspects of any communication. Managers must attract and act on critical information, address key issues, and achieve results. Sifting noise also involves listening for what's *not* being said and recognizing value in what others contribute.

2. **Creating line of sight.** Ensure that everyone understands the direction the organization is taking, and how their work contributes to goals. In creating line of sight, senior managers achieve results as they build commitment and focus effort at every level. They create links between executive strategy and day-to-day outcomes and communicate a unified vision. Everyone should answer four questions: *Where is your organization going? What financial or external factors support that direction? Where is your organization today? What are the goals and plans for closing the gap between where the organization is today and where the organization is going?*

3. **Aligning performance.** Senior managers meet strategic initiatives as they maintain the performance needed to move forward. They recognize performance that contributes to the advancement of goals and provide feedback when performance is off-track.

4. **Exploring ideas.** In group and one-on-one sessions, senior managers build their expertise as they tap into the creativity and experience of others. Effective leaders proactively seek and encourage ideas, using that knowledge to address complex business issues, and facilitate cross-functional input when addressing challenges.

5. **Lobbying.** This is often required to get the resources needed to execute strategy. In lobbying, executives get things done by gaining commitment through persuasive communication that is clear, compelling, and results-oriented. Leaders also secure resources needed to meet goals, develop and maintain key relationships, and gain influence and support from supervisors, peers, and subordinates.

Developing the skills of leaders being groomed for C-Suite positions is integral to an effective succession plan. **LE**

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ACTION: Engage in succession planning.

Look Ahead

Be ready for challenge.



by Gregg Thompson

THIS YEAR WILL BE AN incredibly difficult year for most leaders and organizations. The world economy is in tatters, consumer confidence is in the dumps, bankruptcies are rampant, massive layoffs are imminent, and the financial sector is in chaos. Most of us are facing the worst recession of our working careers. And yet I say: *What a wonderful opportunity for the leader!* Now is your time.

Be ready. Unremitting leadership challenges will test you as you have never been tested before. Will you triumph or be found wanting?

Let's look at this haunting question from an unusual vantage point. Let's take a backward look ahead.

Foresee the Future

In the movie *It's a Wonderful Life*, Jimmy Stewart's character is taken into the future by a novice angel named Clarence to see a dismal version of the future without him. Allow me to be your angel for a moment and take you to January 1, 2010. Unlike Clarence, however, I'm going to show you the future with you at your best as a leader.

My hope is that you will be able to look back on 2009 and honestly say:

• **I did not lie.** I was sorely tempted as I faced the slings and arrows of leading in difficult times, but I didn't yield. I decided that this year I would tell the unvarnished truth to everyone associated with my organization—my staff, my colleagues, my boss, my customers. No more spinning, half-truths, and managing-the-news. It wasn't easy. Job losses, compensation reductions, career changes, sales decreases, reorganizations, losses—all difficult issues, but I decided that people are not fragile. They did not break when I told them the truth.

• **I took the hit first.** This was a year of sacrifice for everyone, and I made sure no one sacrificed more than I did. I worked harder and longer than anyone else. I took more risks, deeper

pay cuts, more responsibility, and less credit. Whenever suffering, hardship, and misery came our way, I was the first in line.

• **I was a true servant.** This was hard. With markets crashing, sales plummeting, and my very livelihood threatened, I often found it difficult to have a servant's heart—but I am proud to say that I did. All year, I could hear Jimmy Stewart's voice saying: "Just remember this, Mr. Potter: that this rabble you're talking about, they do most of the working and paying and living and dying in this community. Well, is it too much to have them work and pay and live and die in a couple of decent rooms and a bath?"

• **I was a coach.** Surprisingly, everyone here says that this was the best year of their career. They felt special all year. They were challenged, and they were affirmed. They were held accountable for mission-critical outcomes that stretched their performance far beyond anything they had ever done before. We won't be doing performance appraisals this year—no need. Everyone was an "A".

• **I shared the pain.** I resisted the urge to turn to that old imposter of a friend: autocracy. The allure of short-term gains was powerful, but collaboration, participation, and involvement defined our year. We suffered together, toiled together, and triumphed together. Some call it *teamwork*, but we call it *community*. We truly worked for each other. The burdens would have been far too heavy to bear alone. We would have failed if I had walked this road alone.

• **I crafted a big, new story.** Well, it was really more *our* big story. The organization galvanized around our "Survive and Thrive" plan. Everyone was involved. Everyone had a starring role. It became a cause, a movement. Looking back, the environment was far worse than we had imagined, but it was surprisingly rich with undiscovered opportunities. It took all of us to find them, but find them we did. We survived and thrived.

This was such a wonderful year. I can hardly wait for next year! **LE**

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ACTION: Envision your future and create it.



NASA's Leadership Alchemy

Seven principles of leadership development.



by Kanu Kogod

SEVEN PRINCIPLES drive NASA's award-winning leadership development program, *Leadership Alchemy*, a program designed to develop "forward thinking leaders" by developing internal change catalysts who can lead the innovations that most support NASA's mission.

These principles are based on the notion that leadership is a *way of being*, and that *doing things differently* begins with a shift in *thinking about things differently*. All *Leadership Alchemy* workshops, coaching, and action learning assignments are based on these principles.

Principle 1: Breakdown to Breakthrough. *The place of chaos and uncertainty is the place of most potential because it is in those times that new patterns can best be developed.* All humans possess language, body, emotions and a spirit that brings all these to life. These domains of being are coherent with each other. The patterned expressions of this coherence are culturally-based and widely-shared. For example, a feeling of despair brings with it declarations of suffering and a body that is sunken and closed. An exclamation of joy brings with it the feeling of joy and the body opens with enthusiasm. By changing the movements of the body, our mood shifts. By changing the mood, different expressions in language show up.

These patterned expressions are learned from birth within each culture. By adulthood, the patterns are entrenched. When we break through old patterns in ways of being, thinking and doing, we experience a period of uncertainty—perhaps chaos—while coherence seeks to re-organize. The disruption can be caused by internal events (prolonged illness, learning something new) or external events (death of a loved one or loss of a job).

The place of chaos and uncertainty is the place of most potential—in those times, new patterns can best be developed. Individuals, teams, and organizations all have cyclical patterns of high expansion and productivity, as well as times of contraction and confu-

sion. Times of uncertainty and confusion are often the point of greatest creativity and inspiration. The pattern is this: we prepare, we work at something (such as a problem, a relationship, a challenging project), we get stuck, we struggle, we resist change, we let go. And in the letting go of control, a shift occurs and inspiration shows up. We see a new future we never saw before. The world's greatest insights and inventions have manifested in this way.

People are uncomfortable when things are uncertain, unclear, or chaotic. Yet, these times afford opportunity for new ideas, solutions, and possibilities to emerge. Since leaders anticipate or invent the future, the most uncertainty holds the most potential for creating something new.



Principle 2: Intentional Commitment: *Whatever we focus on expands.* "The world is as you see it." Our experience is at the mercy of our habitual thinking. Whatever we focus on expands. There is another level of creating our experience we call *intention*—for the sake of what? Each of us has wanted something with great longing—only to find that upon having it, it wasn't what we thought. We ask ourselves, "for the sake of what do I want X?" Out of that question, clear intentions are generated. Becoming more purposeful in our intentions means we apply more focused energy on what we want and what we are creating for ourselves. We call this focused energy *commitment*. At the same time, we let go of a certain kind of control. When we live with enthusiasm and focus on possibilities, we attract possibilities. We call more of what we want to ourselves.

Principle 3: Wise Leadership: *Before we can lead others, we must lead ourselves.* Our five senses help us to navi-

gate the physical world. Now imagine we make a giant leap from the world of sensory perception to the unseen world of intuition. Our sixth sense or intuition provides us a way to access our inner world and use the wisdom we find there. Imagine combining our logical mind with our intuitive knowing. Consider the incredible benefits (such as less stress, more creativity, and greater freedom) and the virtues (like openness, clarity, wisdom and so on) to be gained. Developing inner insight leads to sharpened leadership foresight. Before we can lead others, we must lead ourselves. Because leaders set an example for others to follow, a powerful leader takes time to reflect and pays attention to his or her own inner resources to develop greater poise, clarity, direction, and wisdom.

Principle 4: Appreciative Inquiry: *Ask questions from a space of possibilities.* Asking questions opens options. The ability to make more purposeful choices comes from *thinking about our thinking*: Do we limit ourselves to simple problem-solving, or do we see multiple right answers? Do we believe we are doing our best, or do we sense that we can contribute so much more? Do we focus on what is not working and try to fix that, or do we also focus on what is working and build on strengths? Do we live in a world where resources are fixed and limited, or do we live in a world of abundance in which a number of options might manifest that would creatively nourish a better world?

The questions we ask and decisions we make reveal our thinking process. We often assume that we can improve our performance by imitating those we admire. But imitation does not reliably produce results or learning. We need to ask new questions: "How could we streamline our processes and improve the quality of our product?" By changing our *internal* questions and self-talk, our external communications, actions, and relationships also change. By asking new questions, we can create a new future and cause needed innovations.

Principle 5: Recognizing and Shifting the context: *Trade a limiting context for a world of possibilities.* Rather than engage in thinking that limits options and possibilities, innovative leaders shift the *context* of their personal situations, teams, organizations, and environment to promote the actions that will turn a vicious cycle into a virtuous one. A *context* is comprised of the conclusions you make in relation to circumstances or events. Often your conclusions are unconscious, unexamined,

or automatic. Without choice, you act *as if* these conclusions are true. Leaders who become adept at revealing and shifting contexts are true innovators. They trade a limiting context for one that opens possibilities and offers originality and greater contribution. This expanded stand shifts the context to allow other people, other resources, and other networks of help to show up.

Principle 6: Mood Cultivation: *Seek four emotions of a leader: gratitude, curiosity, ambition, and joy.* Moods (long-term states) and emotions (temporary states that occur in response to events) are predispositions for action. Certain moods, like resignation, lead to inaction. As we change our moods, different actions follow. Four moods have great import to leaders—*gratitude* (or appreciation), *curiosity* (or wonder), *ambition* and *enthusiasm* (or joy). These moods are antidotes for negative actions. *Gratitude* eradicates complaining and predisposes one to appreciate the contributions of others. *Curiosity* removes rigidity and allows for resiliency. *Ambition* eliminates laziness and sets the stage for forward-thinking action. *Enthusiasm* removes apathy and energizes. These moods set the stage for powerful leadership. *Moods are contagious.* We catch each other's moods. A leader knows how to model moods that create a positive environment. For example, a mood of curiosity leads to greater creativity and innovation. A mood of enthusiasm creates a "can do" attitude, higher morale, and confidence. Learning to shift the moods of others and create a culture where people thrive is the hallmark of a leader.

Principle 7: Communities of Practice: *Building trusting relationships to learn together.* Adults learn best in a social environment where there is accountability, trust, and shared goals. In such social learning, participants refine their social intelligence, including situational awareness, presence, authenticity, clarity, and empathy. Learning is stymied when adults are "talked at" and "lectured to." We may learn about a topic, but we never practice new concepts. Experiential social learning is practical, challenging, and fun.

Leadership Alchemy cultivates learning skills and practices with people who have common goals and support each other to achieve them. Group learning enables you to turn new concepts into successful action. LE

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ACTION: *Refine your leadership development.*

Year of Opportunity

Your character will be revealed.



by Susanne Biro

AS YOU START THE second quarter of the year, what are your thoughts, hopes, and beliefs?

I invite you to take out a blank sheet of paper and write all the thoughts you have about the year. Do not censor yourself—simply capture whatever comes to mind so that you can more fully know in what direction you are focused.

- Write what you believe 2009 will mean for you personally (think of your health, finances, relationships, career, spiritual and personal development),
- Write what you believe it will mean for your family (your partner, your children, and other loved ones), and finally,
- Write the implications you believe 2009 will have on your organization (your company's brand, bottom line, future, people, and access to resources and opportunities).

Now, reflect on everything you wrote. As you read over your thoughts and see them in black and white, how do you feel?

Are you excited at what you believe lies ahead? Or, do you find yourself anxious, fearful and overwhelmed? Perhaps you experience some combination of the two.

Remember that it is never what happens, but rather, how you respond to what happens that defines you. Indeed, your character is most often revealed during difficult times. When things are good, it is easy to be visionary, optimistic, positive, giving, motivated and driven. It is only when you face significant challenges, are beaten down, have few resources, and lack any tangible evidence to believe you can overcome the obstacles you face, that you have the opportunity to fully demonstrate who you are and what you have to offer.

For better or worse, this is the year your character will be revealed. What, then, will 2009 reveal about you? What can your people expect from

you? And perhaps most importantly, will you be proud come 2010 of the leader and person you've become?

Re-read all you wrote down—therein is your answer. Make no mistake; leadership is an inside-out game. The only way to grow as a leader is to grow as a person, and we humans grow most when we experience set-backs, failures, and are forced to work through problems and manage complicated dilemmas that have no easy answers.

Do you see the opportunity this year presents you and your organization? If not, look again. The economy is going to do what it will do; so much of this is simply out of your hands and unnecessarily focusing on it is a distraction you cannot afford. As the saying goes, "Grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference between the two."

In *Good to Great*, Jim Collins cites how Admiral James Stockdale helped his men survive imprisonment in the Hanoi Hilton. First, he said he had to "confront the brutal facts of the cur-

rent reality;" second, he had to retain the faith they could prevail, despite the difficulties. Stockdale concluded: "Leadership is a two-part job: Define reality and offer hope."

During challenging times, offering hope becomes increasingly important. More than anything else, President

Barack Obama has provided Americans (and people the world over) with a sense of hope. He made us believe (again) that we can make tomorrow better than today.

Consider these three questions: 1) What is possible for you, your business, and your organization in 2009? 2) What is in your and your people's power to achieve and become this year? 3) What can you do to make tomorrow better than today?

An opportunity of gigantic proportions awaits you. Your job is to find this opportunity and enroll others in your vision. You can't afford to miss all this year is offering you and your organization. LE

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ACTION: *Enroll others in your vision of the future.*



Outside-the-Box Ethics

Take 'boring' out of ethics training.



by Luis Ramos

IN THE QUEST FOR AN ethical culture, leaders are finding that one-size-fits-all ethics training doesn't work. *Right-sizing* behavior starts with messaging that speaks directly to employees about specific ethical issues they are likely to encounter on the job. And it delivers the resources and tools they need to do the right thing when it comes to their own actions and to speak out against unethical activity by others when they see it.

Companies that consistently rank high on the lists of *best corporate citizens* tend to make ethics training part of a company-wide initiative to promote integrity. They look for ways to tackle tough subjects and benchmark results to ensure that people don't just get the message, but understand and apply it. These companies see that an investment in an ethical workplace delivers dividends—including a more unified workforce and stock growth.

Cisco does ethics right. With more than 65,000 employees worldwide, building and sustaining an ethical culture is complicated, but the commitment the company has made to an ethical workplace has earned it the status of "repeat performer" on the *Corporate Responsibility Officer's* (CRO's) 100 Best Corporate Citizens.

Five Key Characteristics

Five key characteristics set apart companies with an ethical culture:

1. Leaders encourage a two-way dialogue about business conduct. The message about ethics starts at the top with support from executives and top management who show their commitment to an ethical workplace by modeling behaviors they want to instill in employees. Words like *trust*, *honesty*, *values* are part of the vernacular in an ethical company. Internal and external communications reflect the behavioral expectations for every stakeholder.

2. The company's code of ethics is a living document. A code that's built to satisfy curious investors or to fill new-hire packets underserves the company. A Code should represent the center-

piece of an ethical culture and serve as a ready resource. It should also reflect the look, tone, and voice of the company. Although crafters should work with the legal department to review and approve policies, the Code should reflect an easy-to-read style that reinforces the company's core values, and guides ethical decision-making.

When Cisco re-wrote its *Code of Conduct*, active voice and user-friendly language drove the process. Once topics were defined, each section began with an affirmative statement written in an employee voice—"I Respect Others," "I Protect What is Ours," "I Follow the Law." The language was conversational in tone, suggestive of one Cisco employee speaking to another. The design was crafted to com-



plement the user-friendly style, with quick-read call-out-boxes that helped employees to "Connect With the Code," "Learn More" links that provided more detailed policy and "What If" scenarios that customized the Code to address Cisco-specific issues.

Although Cisco's Code won awards, the real winners were Cisco employees: 95 percent of them agreed that the new Code was easy to read and comprehend. And a Code that's easy to read is also likely to be easy to follow.

3. Ethics isn't a "program" but a way of doing business. The word *program* suggests a starting and stopping point—not a defining feature of an ethical culture. In its Code, Cisco emphasizes "doing the right thing is part of our DNA." An ethical culture is the result of a continuous, dynamic process that engages every employee; keeping the ethics *message* visible through media keeps ethical *behavior* at the forefront.

Branding enhances visibility—a name makes an ethics initiative recognizable.

Then promote it using media that "fit" your workplace and employee demographics. Monthly manager meetings provide great forums for discussing conflicts of interest, proprietary information, or corporate gift policy. A mix of traditional communication vehicles and customized interactive components—translated into every language that employees speak—helps to disperse and reinforce the message about ethics.

4. Training about ethics is relevant, maybe even fun. If the people depicted in an ethics training don't look or sound like its employees or face ethical situations that employees face, the message won't resonate with them. If the messaging is one-way, they will tune out. If the training is long and boring, they will multitask until it's over.

Cisco knew that ethics initiatives needed to appeal to a global workforce that was highly technical. They wanted something dynamic and interactive, easily accessible from desktops and relevant to the Cisco experience.

The result was "Ethics Idol" a series of four, fun modules, each of which introduced an animated "contestant" who told the story of his or her ethical dilemma using action-packed visuals and witty song parody. Once each episode played out, three quirky judges offered their opinion and employees voted on which judge provided the most ethical answer.

The parody of *American Idol* created a buzz about ethics, winning awards and showing that learning about ethics didn't have to be rote, boring, or easy. Scenarios were designed so that the proper course of action wasn't obvious.

5. Employees are actively engaged as corporate citizens, aligned with the company's values. A poster on the wall tells employees that ethical behavior is important. A certification program tells employees that ethical behavior is mandatory. Thanks to an effective launch and a multilingual format, Cisco's annual *Code of Business Conduct* certification process was seamless; within the four-week period of the certification campaign, 98 percent of employees certified that they had received and read the Code and, within 10 weeks, 99.6 percent of employees certified.

Companies with an ethical culture ensure employees have the resources they need to promote ethics. Leaders have the power to shape and sustain an ethical culture and inspire people to do the right thing. LE

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ACTION: Charge up your ethical culture.

Leader Snapshots

Start managing your image.



by **Reldan S. Nadler**

EMployees quickly make inferences and assumptions of their leaders; and whether incorrect or based on limited data, these assumptions powerfully influence motivation, creativity, mood, and performance.

As a leader, you are scrutinized all the time. People see you when you are good and bad. Most leaders underestimate their influence on others. They are more concerned with getting tasks done than how they are perceived.

Snap-shots of you are quickly collected to form an impression, as team members and co-workers quickly make positive or negative fixed impressions of you as a leader. If your behavior, posture, and style are similar in three to four of these snapshots, you get “thin-sliced” as “that is you.” People don’t take the time to understand your intentions or rationale. They want to know quickly if they can trust you. If you are unpredictable, you are untrustworthy in their eyes.

These snapshots may not be accurate portraits of who you are as a leader, but unfortunately they stick in people’s minds and become “reality.”

How Are Snapshots Formed?

Here are some premises that make leadership a challenging endeavor:

- People don’t have time to get to know you; they take the easiest short cuts.
- 2 X 4 rule: The impression you make in the first four seconds is so powerful that it takes four more minutes to change it, even 50 percent of it.
- Many snapshots take place in meetings—where your image is crystallized.
- These snapshots are reinforced as people see you in that pose again.
- You are always communicating, even if you are not saying anything.
- Everything you say or do counts. There are no second attempts, editing, or deleting of what you say or do.
- When words leave your mouth, you can’t control how they’ll be interpreted.
- Listeners are constantly *story making*—interpreting what you say or do.
- Your words or actions are transformed

or reorganized to fit into the listener’s personal story, snap-shot or preconceived idea of you or similar situations.

- There’ll be more than one story. Each listener will create his or her own.
- The story that is created from your communication or actions determines the meaning, not what you say or do.
- The story or the snap-shot of you, not what you say or do, will be remembered, passed on, and communicated.

Given these premises, the likely outcome of your communication or actions is that you will be *misunderstood or misinterpreted*. So, you need to be very clear, deliberate, and focused in your communication and behavior.

Here are eight things you can do:

1) Be clear about your intent, 2) What actions or reactions do you want from



your audience, 3) What is the most effective delivery method, 4) Be congruent in how you communicate, 5) Clarify their interpretations of what you said, 6) Listen well with empathy, 7) Let them know you see their perspective, 8) Reiterate or reframe what you said honoring, incorporating or repudiating their perspective calmly.

Getting the Benefit of the Doubt

If your snapshot image is positive, your colleagues and boss will give you the “benefit of the doubt” if you miss a deadline or make a mistake. The problem occurs when these snapshots are negative; because once the impression is made it is almost impossible to change. If this impression was created because you’ve been unpredictable or impulsive in your behavior, your direct reports, peers, and boss are constantly poised for that same behavior. They can’t trust that you can control yourself. Even if you make changes over six

months, if the same impulsive behavior happens again, in most people’s minds you haven’t changed at all. They think, “There he or she goes again.”

I’ve met with executives about the performance of an individual victimized by “Snapshot Management.” The question was, “If this person actually made positive changes, would they see and recognize them?” Original snapshots are so powerful that they blind people to the multifaceted sides of a person. The person’s wins, strengths, and capabilities in different settings with different people can blur the original fixed snapshot, but it is a slow process and doesn’t always stick.

Become aware of how you present yourself in meetings and learn how to manage the snapshots you give people.

The goal is to counter the one hand of snapshots with a “collage” of your successes and efforts. That may mean communicating more than you feel is necessary about what you have accomplished. You may say, “I don’t want to toot my own horn” or “They will see my results.” In communicating in a respectful way what you’ve done, you can ensure that your co-workers and boss “see” more of you than just a few snapshots. Otherwise, you leave your image management more in the hands and minds of others (negative snapshots may be ingrained in the minds of your supervisors or co-workers).

For example, here are *micro-initiatives* you can say without boasting: “I feel comfortable with our progress thus far in . . .” “The team is performing well with . . .” “I’m proud about . . .” “I’m excited about our direction with . . .”

To better manage your image and challenge initial assumptions you have of others, address these questions:

- What are the snapshots of you? How many are positive or negative?
- Are you presenting the “collage” of your successes and efforts?
- What preparation do you need to take to ensure at meetings you are presenting your best snapshots?
- Do you have snapshots of people that are limiting how you see them?
- Can you spend more time inquiring about other successes they’ve had and multiply your snapshots of them?

If three or more of your top five snapshots are negative, you’ll have to stay consistent and let others see your changes. Everything you say and do counts when you are a leader. **LE**

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