

LEADERSHIP Excellence

Warren Bennis



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

March 2013



**Ritual for
Leaders**

**Improving
Leaders**

**Leadership
Impropriety**

Why It Happens

David Brookmire
Consultant



"LEADERSHIP EXCELLENCE IS AN EXCEPTIONAL WAY TO LEARN AND THEN APPLY THE BEST AND LATEST IDEAS IN THE FIELD OF LEADERSHIP."

—WARREN BENNIS, AUTHOR AND USC PROFESSOR OF MANAGEMENT

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LEADERSHIP *Warren Bennis* Excellence



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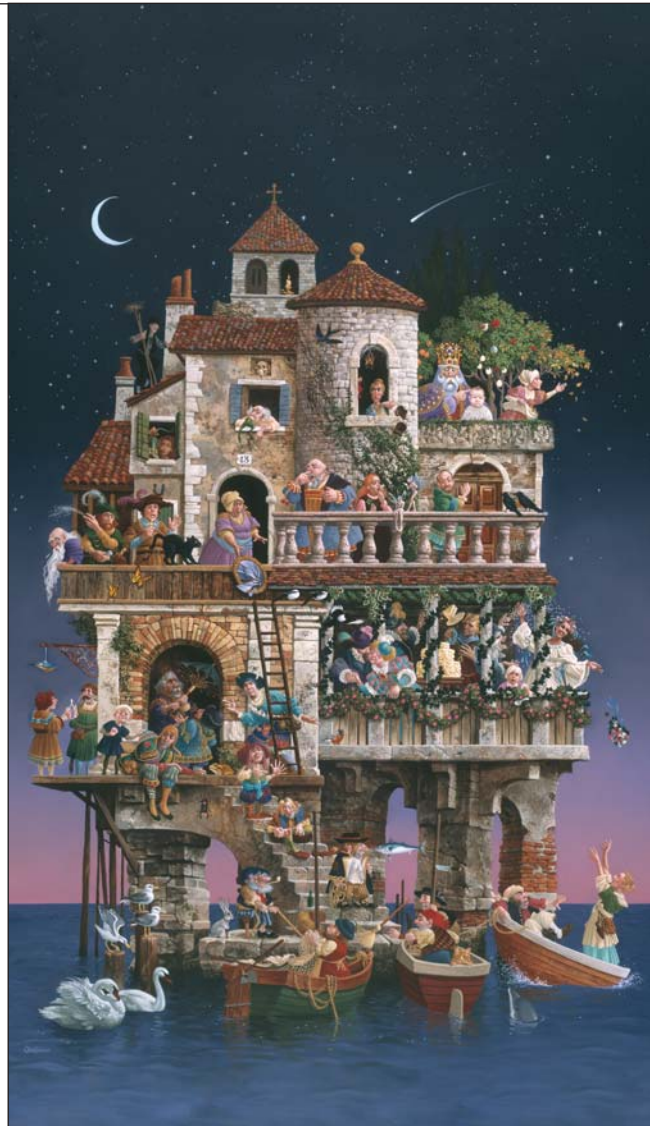
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Global Leadership

Bench strength is a top concern.



by Ken Shelton

CLOSING LEADERSHIP GAPS and coping with diversity are big challenges, according to **Josh Bersin**, founder of Bersin by Deloitte. He looked at different *leadership styles* across eight countries and concluded: “*Leadership competencies that matter vary by country and culture. For example, leaders in China and India are far more hands-on and focused on operational management—on process, measurement, and execution. A charismatic strategic leader may not excel there.*”

Variations in leadership style and focus are caused by both cultural and economic issues, says Bersin. “In a fast-growing country, businesses often excel by getting to market fast. While they need *clearly defined market strategies*, their achievement and failure are often driven by their timely ability to hire, train and manage people. They are less interested in *long-term vision* or sustainability initiatives. Change management takes place hierarchically through top-down direction.”

By contrast, he says, “leaders in Nordic countries focus more on planning, strategy and communication. Their companies are older and often global—creating a need for *common vision, values and long-term thinking*. While innovation continues to thrive, their culture focuses on the *collective good*.”

American leaders have a more hybrid leadership model, notes Bersin. “They tend to be hard drivers and have a more *push-oriented* approach to change management. The *rugged individualism* of the U.S. culture creates a leadership style that often focuses heavily on execution, with the weight of accountability focused on the individual.”

Leaders need to understand national stylistic differences, and target LD to accommodate these styles and address the demands ahead, he says. “Today, we need *hands-on leaders* who are specialized in their skills, who adapt as needed, and who are sensitive to diversity and other top issues like *driving transformational change and restructuring any HR structures and systems* that get in the way.”

In 2013, leaders need to be bold—to push the envelope, ignore some sacred cows, and implement programs that address the hot issues, he says. “You’ll find enthusiastic reception from your people when you move

HR and L&D from working *on the business* to working *in the business*. Your job is not so much to design, develop, and roll out programs—but, look at what your company is trying to do, and to use your expertise to make it happen faster and more effectively.”

Worries about Leadership Bench Strength

Two-thirds of U.S. employers are concerned about gaps in their leadership and management ranks, says **Sandi Edwards**, SVP of AMA Enterprise. “Only 28 percent are confident their companies have sufficient leadership and management depth. Since *employee turnover* will increase as the job market improves, organizations are looking at their bench strength—and finding gaps in their pipeline. Only 19 percent regard themselves as *well prepared* to deal with *retention and turnover*.”



Yoweri Museveni

Leaders need to be proactive, says Edwards. “Don’t wait for bad news from high-value employees. Talk to them and address their aspirations. Have one-on-one career discussions with high-potential, high-value employees. Let them know *how they contribute to the success of the firm* and *what role they play*, today and in the future.”

Leaders, Repent!

The most refreshing item to cross my desk last month was the prayer by **Yoweri Museveni**, President of Uganda: “Father in heaven, I stand here to close the evil past in the last 50 years of our national leadership, to confess our sins—which have hampered our national cohesion and delayed our political, social and economic transformation—and to repent and ask for your forgiveness. We confess sins of idolatry, witchcraft, shedding innocent blood, political hypocrisy, dishonesty, intrigue, betrayal, pride, tribalism, sectarianism, laziness, indifference, irresponsibility, corruption, bribery, sexual immorality, drunkenness and debauchery, bitterness, hatred, revenge, injustice, oppression, exploitation, rebellion, insubordination, strife, and conflict.

These sins and many others have characterized our past leadership. Lord, forgive us all these sins and give us a new beginning. Help us to love and respect one another and to appreciate unity in diversity. We pray for prosperity.”

LE
Ken Shelton
Editor since 1984

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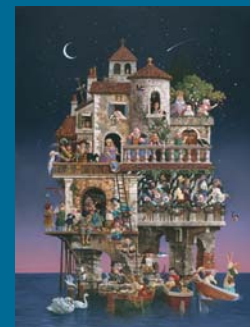
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Ritual for Leaders

Revitalize using three practices.



by Dan Holden

RECENTLY, I'VE LAPSED into feeling that forces much greater than me are at play and threaten to take me where I do not wish to go. I struggle to remain awake, open to new information and yet discerning. *How can I consider what history shows without being imprisoned by it? Can I be present and see each person and circumstance anew and not merely default to my memory of past interactions? How can I remain open and curious about what wants to happen today, and yet not be naive and stupid? Can I find simplicity amid complex, turbulent times without overlooking important, interlocking dynamics, and tough realities?*

These are questions that all leaders face every day—and there are no easy answers. Still, some practices have stood the test of time. Poet William Stafford reminds us of three of them.

A Ritual to Read to Each Other

If you don't know the kind of person I am and I don't know the kind of person you are, a pattern that others made may prevail in the world and following the wrong god home we may miss our star.

For there is many a small betrayal in the mind, a shrug that lets the fragile sequence break sending with shouts the horrible errors of childhood storming out to play through the broken dyke.

And as elephants parade holding each elephant's tail, but if one wanders the circus won't find the park, I call it cruel and maybe the root of all cruelty to know what occurs but not recognize the fact.

And so I appeal to a voice, to something shadowy, a remote important region in all who talk: though we could fool each other, we should consider—lest the parade of our mutual life get lost in the dark.

For it is important that awake people be awake, or a breaking line may discourage them back to sleep; the signals we give—yes or no, or maybe—should be clear: the darkness around us is deep.

Practice 1: Know Yourself

The greatest barrier to self-knowledge is the belief we already possess it—that what we know about our-

selves is true and is *all there is to know* about us. Today, sadly, you can pass through most MBA programs without being required to assess and improve your self-awareness as a leader! It's possible to lead large-scale change models—on collaboration, innovation, facilitative leadership, teamwork, customer service, quality improvement, and patient satisfaction—and not be expected to examine your self-awareness and assess its likely impact on the change effort. And, if you're a senior leader, you'll only get (and apparently only need) the two-hour overview; it's assumed you already know the rest! Self-awareness is seriously underrated.

Stafford warns us if we don't know who we are, "*a pattern others made may prevail in the world and, following the wrong god home, we may miss our star.*"



We're easily led astray when we don't know who we are and miss what's truly important. As leaders who pride ourselves on self-reliance, autonomy and resilience, the ease with which we can be led astray may feel exaggerated. Here is how simply it can happen.

As an executive coach, I add several action items built around *self-awareness* and *understanding others*, including:

1. Know your strengths and default tactics (where you go when under stress or duress). For example, your strength might be *achieving results by pushing hard for improvement*; the default is *excessive control, abusive power*. Your strength might be *strong relationships and team effectiveness*; your default: *acquiescence and silence, refusing to stand up when things get tough or expressing (behind closed doors) demeaning assessments of those not present*. Your strength might be *intellectual brilliance, conceptual adroitness, seeing through complexity*; your default: *belittling others for their stupidity and foolishness or criticizing*

lesser beings whose opinions differ from yours. Your strength might be *courageous authenticity and candidness*; your default: *self-righteousness and arrogance*. Your strength might be *systems awareness and political savvy*; your default: *cowardice and secrecy* dressed up as living to fight another day. Your strength might be *openness to learning and personal change*; your default: *arrogance and resistance* to those in other camps.

2. Know what drives your actions. This life-long work is easier when you accept two plausible realities: 1. *You never react for reasons you think you do*. You think you're reacting to external events, circumstances, and people. Yet unless you have *high self-understanding*, you invariably react to an inner story you make up about the external conditions. 2. *You make up a world in your mind and then react to it, while treating it as reality you had no part in creating*. Find your story and you'll find your leverage and power to change. You won't be *the elephant* that leads others astray.

3. Know the impact of your actions on others. Few of us act out of ill intentions, *in our perspective*. Even the most outrageous action usually makes sense to the author. Clarifying intentions is monologic action: I know my reasons and have no need or imperative to engage anyone in conversation about them. To assess the behavioral impact of my behavior, however, requires a dialogic response from me. I must engage other people to find out what my behavior does to them. No explaining my intentions is needed; no *yes-but* rebuttals, no justifying and no lectures on the virtues of my behavior are required here. Just be curious and open. That's all—as if it were easy.

Practice 2: Do Your Part

Do your part—even if others don't do theirs. This is where your leadership conversation shifts from personal—know yourself—to professional.

For there is many a small betrayal in the mind, a shrug that lets the fragile sequence break sending with shouts the horrible errors of childhood storming out to play through the broken dyke.

And as elephants parade holding each elephant's tail, but if one wanders the circus won't find the park, I call it cruel and maybe the root of all cruelty to know what occurs but not recognize the fact.

Forces that are very old drive us at times. We're then betrayed by forgotten or un-examined patterns. We know this happens and yet don't acknowledge the role we play. We wander and take others with us; we collectively

miss the park. My silence and desire to fly under the radar—a *childhood pattern*—makes it easier for others to remain silent. My speaking up makes it easier for others to step up.

I'm older now and lost my desire to change the world. I no longer think about my *legacy* or the *lasting impact* my words and work will have. Who can know whether any action or intervention will change anyone or anything? I do my part because it is what I know to do. If nobody ever notices or even cares, that's fine with me. In recent years, I've lost two family members—a mother who lived a long and full life and a sister who died too young. Their memories fade more in me each day. The memory of my life will also fade, like a figure in a dream, in those I leave.

And so I appeal to a voice, to something shadowy, a remote important region in all who talk: though we could fool each other, we should consider—lest the parade of our mutual life get lost in the dark.

I don't concern myself with what others do or don't do. Each time I look to others to join me, I create my own *powerlessness*. A look in their direction lulls me to sleep. Why waste time trying to fool one another? It makes more sense to be a *tipping point* wherever I am. The *shadowy voice within me* that prompts me to get off my butt and prods me to make the way smoother for another, is what I appeal to in others and myself. When I do this I feel alive, awake.

Practice 3: Wake Up

Tipping or turning point moments in life are often seen as not unusual or extraordinary at the time. I've drifted mindlessly through many moments like this in the past with whatever skill-set I could muster. However, a lot is going on in the present moment, if we're awake to it and follow its leading.

For it is important that awake people be awake, or a breaking line may discourage them back to sleep; the signals we give—yes or no, or maybe—should be clear: the darkness around us is deep.

Waking Up underlies all movement toward genuine, sustainable change. *Wake up!* is the shortest most powerful action plan for leaders today. In any meeting or conversation, *waking up* can revitalize the moment.

What will you do today? My answer: *Today, I will make my yes, no, and maybe clear. And you? What will you do?* LE

Dan Holden is a Senior Consultant for The Leadership Circle, Executive MBA staff at the University of Notre Dame, and is author of *Lost Between Lives-Finding Your Light When the World Goes Dark* (2004). Visit www.theleadershipcircle.com.

ACTION: Make your yes, no, and maybe clear.

Creating Value

Stick firm to your values.



by Gary Hamel

WHY DO OUR ORGANIZATIONS seem less trustworthy, adaptable, innovative, spirited, and noble than the people who work in them? What makes them *inhuman*? The answer: *management ideology* that defies control. Whatever the rhetoric to the contrary, control is the principal preoccupation of most managers and management systems. While conformance to budgets, performance targets, operating policies, and work rules creates economic value, it creates less value than it once did.

What creates value today is the unexpectedly brilliant product, the wonderfully weird media campaign, and the novel customer experience.

Where control reigns supreme, the *unique* gets hammered out. The choice is stark: we can think that we'll never be more adaptable, innovative, or inspiring than we are now, or we can search for an alternative to the creed of control. Better *processes* and models are not enough—we need better *principles*. That's why *ideology* matters more now.

The Great Recession was not a banking crisis, credit crisis, or mortgage crisis—it was a *moral crisis*, willful negligence in *extremis*. We aren't surprised when we witness base behaviors in lofty places, but the implosion of the investment banking industry revealed *Biblical scale transgressions*, like when the Jewish nation abandons Yahweh to bow before a golden calf. No force can erode moral footings more rapidly than self-interest.

The freedom of every person to pursue his or her self-interest is prerequisite for an open economy, but it's an inadequate moral foundation for capitalism. In a free market the only way to *do well* is to *do well for others*. Capitalism is animated by self-interest, but when it's not tamed by moral self-discipline, it can easily become mendacious. Then, the powerless get abused, the ignorant get duped, legislators get bought and safeguards get trampled. The *invisible hand* of the market is wonderful, but when not guided by a sense of moral duty, it

can wreak all sorts of havoc.

Thankfully, there is *benevolence* in each of us. Compassion, though, can shrivel. For leaders, this happens in two ways: first, compassion gets lost in the *pursuit* of success, and we start to see colleagues, employees, shareholders, and customers as accessories to personal ambition, as instruments to be used and abused; second, we lose our compassion in the *achievement* of success. A *position of power*, once attained, insulates us from the human consequences of our actions. As a leader, you must be alert to these risks and consciously cultivate your compassion.

All who have a stake in the future of capitalism have a responsibility to *raise our ethical standards* and challenge others to do the same. The rehabilitation of capitalism won't come from top-down programs of *corporate social responsibility*. While welcome, clever new strategies for producing private and social gains in tandem are not enough. A grand top-down initiative, admirable or even profitable, will never be a substitute for a bottom-up sense of *moral responsibility* that informs every decision. Corporate morality needs to be *proactive and pervasive*—too often it is neither.

The ability to buy and sell freely, to raise capital, to take a risk and get a return, to start a company, to invest where one wills, to expand or contract, to import or export, to innovate or cut costs, to buy or sell—these are extraordinary economic privileges. When they're abridged, everyone loses.

A company's values need not emanate from the top. Just as turpitude compounds, so does virtue. In a networked world, when one brave soul speaks up, it emboldens others. Yes, moral backsliding is contagious, but so is moral courage—so exercise yours!

Ask yourself: *Within my sphere, what standards do I regard as inviolable? What is my moral signature? What values do I want others to infer from my actions? And, where have I fallen victim to greed, hubris, or power lust? When have I shut up when I should have spoken up?* Moral failings (like the banking scandal) are impossible without an epidemic of moral dereliction. So, if you're incensed by what Wall Street did to Main Street, conduct a *fearless moral inventory* and stand tall for moral standards *you* believe in. LE

Gary Hamel is Leadership Excellence #1 ranked thought leader and author of *What Matters Now* (Jossey-Bass). www.garyhamel.com.

ACTION: Conduct a fearless moral inventory.

The Culture Secret

Five steps to creating culture.



by David Vik

ALMOST EVERYONE has been adversely affected by the down economy. Some of us have lost our jobs, houses, and retirement. People won't put up with it for long. We now have many choices of where we can work, who we give our money to, and where we buy things. In the Information Age, *transparency governs everything*, and *word of mouth* helps us decide how we spend and what companies we support.

Today, companies are free to sell or deliver most anything, and their *Culture* is usually based solely on that. But to ensure success, *Culture* also needs to be structured to align with the wants, needs and demands of its employees and customers. Companies need to be transparent in *What* they do and *Why* they do it to attract and retain people, and they must also treat employees and customers like they matter.

If you want a company that attracts and retains loyal employees and customers, is successful and will stand the test of time, creating a *Unique Culture* is Priority 1. Done right, it becomes part of your DNA and attracts loyal employees and customers, allowing the employees and the company to be empowered and grow.

The challenge is that articulating *Culture* in business is kind of *squwooshy*. Companies try to do many things to create a *Culture*, but the anticipated positive effects are not always realized because the structure that will create the *Culture* is often the missing piece. In all companies, there's already a *Culture*, it may not be what is wanted, since it's often created by default. So if you want to create your own *Unique Culture* that will help empower your employees and drive your company to success, transforming the *Culture* you already have is a great place to start.

Step 1: Vision. Create a compelling Vision. Within all companies, groups of people need to know "*What*" they are doing or delivering. Once they know the "*What*", all thoughts, decisions and actions can be aligned to it. This will help in creation, re-invention and be crucial for your employees to

find the best way to do things, which needs to evolve over time, and be a guiding light or *North Star* to follow.

With the right Vision, management doesn't need to tell the employees *what* to do, as they already know what needs to be done—which helps minimize management and allow for employee autonomy. The Vision needs to be the *What* you are doing or delivering that will also attract the employees that want to create it, and the customers that want to buy it . . . and shouldn't limit the future offering of the business.

And do your best to make your Vision short, memorable and repeatable, as long or confusing paragraphs cannot guide thoughts, decisions or actions of the employees, mostly because they can't remember or repeat it—one of the most common mistakes



made in creating a great and compelling Vision. Dump your Mission Statements, as they are the *How*. You don't need tell employees the *How*, once they know the *What*, contained in the Vision, they will create the *How*.

Step 2: Purpose. Everyone needs a Purpose in life and in business. The Purpose is the *Why* you're doing what you're doing. If your company's Purpose is only about making money, employees won't stand behind it for long. If the Purpose is compelling enough and gives them a great reason to work at your company, it will attract passionate employees who want to fulfill your company's Purpose.

If you create your Purpose that will be, or can be, a benefit to humankind, not just benefiting your company, you will not only attract employees, but retain them, which will produce the same affect with your customers.

Make sure you also make your Purpose short, memorable and repeatable, just like your Vision otherwise

your Purpose won't be remembered or repeated and won't give a concise reason for employees to work with your company or a reason to stay.

Step 3: Business Model. Take a good, long look at your Business Model. Is it in alignment with the wants, needs and demands of the customer? Is it aligned with all the possibilities and opportunities that the Information Age has to offer? For most companies, the Business Models are stuck in the past. Here's an interesting fact: The lifespan of an S & P company a generation ago was 50 years. Today the lifespan of an S & P company is 25 years and shrinking. Companies are "dying" at an unprecedented rate, and many times, it has to do with the Business Model not evolving with the times.

Today, in the Information Age, people have all the information they need, at their fingertips—on the Internet. They make their own choices and decisions of who to work with and who they buy from. They no longer want to be "sold", have binding contracts or want to be stuck with their purchases, by way of poor return policies.

The *middle person* is going away in every area of business. Most of us don't use stockbrokers or travel agents anymore. The same will be true for any other *middle person*, which is a means to an end unless they offer a lot of Value.

So if your company has its Business Model deeply entrenched in hard up-selling, long contracts, "middle person", or don't treat the customer like they matter, you may want to change it up a bit to align with the wants, needs and demands of the customer in the Information Age. People now have a choice and a voice, and companies must evolve or dissolve.

Step 4: Unique/Wow Factors. Having or creating Unique/WOW Factors may be the single most important thing in business today. Why should anyone want to work or buy from your company? What is Unique or WOW about it? Does what you sell or deliver, stand out from the rest?

Having a Unique/WOW Factor should not only be for what you sell, but how you deliver it, especially if you are a commodity or a service, as in those cases, what you sell may not be that unique in the first place.

Create your Unique/WOW Factors that set you apart, make you Unique or WOW your customers. You can choose from any of a number of things like: quality, value, price, service, delivery, the list goes on. Just be different! If everyone is building fences, dig a tun-

nel. Be different, Unique and or WOW.

Your Unique/WOW Factors need to be tangible. It's what the customers receive and not what you say you are. If you say you have the lowest prices, but that's not what the customer receives, it's not Unique or WOW. You'll know soon enough, the customers vote on if its Unique or WOW with their pocketbooks.

Step 5: Values. Values are another super important structure in creating your unique Culture. Values let the outside world know what you are all about. Company Values are basically what everyone *values* within an organization. To come up with your company's values, first get everyone's input, as they'll be the ones who need to embody them and live by them. Just look around inside your company and see what the current Values are and if they are not what are desired for the future, create Values that will guide the people and the company towards success. For example, if your company doesn't communicate promptly, you wouldn't want to state your value as "communicate when convenient", since that value won't allow your company to reach your potential. Create a value like, "timely communication". That Value would attract those that value timely communication and over time, that Value will become self-managing, while helping your employees and company to reach their full potential.

Make sure your Values are clearly stated to result in a consistent way the organization performs or will perform. Values shouldn't have to be explained or open to interpretation. You can have any number of Values, it's up to you, but keep in mind that your Values will direct the way you do things in the future, so choose wisely.

Create These Five Structures

Take some time and create the five key structures that will frame your unique culture, aligned with the wants, needs and demands of the employees and customers. Once the structure is set, allow people to create it. Over time, your Culture will become part of your DNA. Your culture will then be the blueprint of *What, Why* and *How* you do things . . . now, and long into the future, helping your employees and company to reach its full potential. LE

David "Doc" Vik is CEO of *The Culture King* (was Coach at Zappos.com where he helped drive the company culture) and author of *The Culture Secret: How to Empower People and Companies No Matter What You Sell*. Visit www.TheCultureKing.com.

ACTION: Take the five steps to a unique culture.

Corporate Culture

It's the secret to our success.



by Hiroshi Mikitani

WHEN I'M ASKED, "What is the secret to your success?" I reply:

There is no secret. It's written on our walls and on employees' ID badges. Anyone who does business with us can see it, read it, and experience it in every interaction with us. It is *our culture*. Walk into any room in Rakuten headquarters, and you'll see a poster with our *Five Principles of Success*—the core pillars of our culture. We display them to reinforce them as *guiding themes*.

1. Always improve, always advance. This concept of *continuous improvement* was made famous by Toyota when it introduced its guiding principle, *kaizen*. *Kaizen* was the watchword of Toyota manufacturing and the mandate that led the company to focus always on making better cars. At Rakuten, we apply that concept to people. Adopting *kaizen* begins with identifying absurd rules, processes, and traditions that act as obstacles. Those are your first targets. Refuse to tolerate old, absurd rules in silence. Challenge and revise them in the spirit of *kaizen*.

2. Be passionately professional. To me, a *professional* takes his work to heart and makes it not just a source of income, but a source of pride and joy. The *passion*, the emotional undercurrent, is the critical component. Only *passionate professionals* strive for greatness and go above and beyond the parameters of their assignments. There are no inherently interesting jobs, only passionate professionals who make a job interesting. People who find joy and challenge in their jobs will go far.

3. Hypothesize->Practice->Validate->Shikumika (Systemize). All that passion requires a clear framework so that it does not create chaos but ensures that the best ideas rise to the top. This framework comes from the practice of *shikumika*—Japanese for *systemize*. This happens when children play in a sandbox: one child makes a mountain with sand, another brings water and pours it over the mountain, and then one

child says, "What if we used a bucket to carry the water?" They try that, but the sand mountain collapses. Now they say, "What if we build a bigger sand mountain?" They are putting out ideas, trying them, considering the results, deciding whether they have the right process or if they need to try some more. To constantly improve, we must have a spirit of experimentation. And to do that without chaos, we must give Rakuten employees the system in which to experiment usefully.

4. Maximize customer satisfaction. I'm not thinking only about the end user—for instance, the woman who will buy rice from a Rakuten merchant. Instead, I look at all *customers* in my ecosystem. That rice merchant is also my customer. Should I not also want to maximize his satisfaction? When I look to maximize customer satisfaction, I want that effort to reach *all customers*—vendors, merchants, and end users. They are all part of my satisfaction profile. No group should be sacrificed for another's happiness.

5. Speed, speed, speed! One strength of small business is that things happen fast. When someone has a great idea, it is tested and vetted immediately. Someone gets a hot tip on a new option, and the company can *swiftly move* to take advantage. As Rakuten grew, I looked for ways to keep speed. Instead of accepting slowness, I demanded speed.

Leaders often treat *culture* as a *happy accident*—something that develops organically, driven by personalities. They may seek to protect a culture once the company grows, but few work to form the culture from Day 1. What a mistake. *Culture is a critical building block of success*. I started my business with few employees. I could have had more because I had strong relationships with many powerful people who had an interest in the company. Still, I started small because I wanted to begin by building the culture.

Our culture built our company. Our culture is a system of shared beliefs and goals. It represents the *core themes* we pursue, no matter where we are or what project we undertake. This culture continues to make us strong. *Nothing* is more important to our success—and that is no secret. LE

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ACTION: Apply these five guiding themes.



Leadership Impropriety

Why it happens and how to prevent it.



by David Brookmire

WHEN A CEO FAILS, shareholders, employees, and customers lose, employee morale and productivity suffer, and customers start to question the integrity of the organization, often withdrawing their support.

Nat Stoddard and Claire Wyckoff estimate that the cost of CEO failure is between \$12M and \$52M, and estimate the impact of CEO failures in the U.S. is about \$14B annually, not including the losses in shareholder value. We've also witnessed excessive shareholder costs, like Bob Nardelli's \$210M post-Home Depot severance package.

A high percentage of CEOs fail, and we must examine these failures to see how they happen—and how to prevent them. We hear many cases of powerful leaders having fame, power, money, and family—and yet risking it all, jeopardizing their fame, positions, reputations, fortunes and family. Over the past decade, leaders embroiled in sex scandals reads like a *Who's Who* list: Jack Welch, Harry Stonecipher, Mark Hurd, Joe Rogers Brian Dunn, Stephen MacMillan, Ken Melanis, and General David Petraeus. And, the risks go beyond sex scandals. Ken Lay (CEO, Enron) and Bernie Ebbers (CEO, Worldcom) created huge bankruptcies by illegally reporting false results. In 2005, Dennis Kozlowski (CEO, Tyco) was so brazen, he had the company pay for a \$6K shower curtain and a \$1M birthday party for his wife.

Why do so many accomplished leaders make poor choices and risk everything, knowing there will be major repercussions when they are (inevitably) caught doing unethical, immoral, or illegal activities? Do they think they're so powerful that they're above company policies, societal ethics, and the law? Do they need continuous challenges so they take huge risks? Is their craving for power and money so great that they'll gamble for more?

Sydney Finkelstein believes *five habits* are major derailers:

- **They have the illusion of personal preeminence.** Many CEOs believe they're personally able to control the

company's success or failure. They often use intimidating behavior to dominate people who surround them.

- **They lose the boundary between personal and corporate interests.** They treat the company as an extension of themselves, acting as if they own the company and can do anything they want.

- **They have all the answers.** When CEOs fixate on *being right*, they often shut down their opposition. Executives *with all the answers* are often distrustful.

- **They ruthlessly eliminate anyone who doesn't support them.** This prevents them from having people who can help fix their problems.

- **They devote time to promoting the company image as their top priority.** They encourage financial reporting practices that promote that image and distort financial reports to *enhance* PR.



David Dotlich and Peter Cairo cite these five derailers:

- **Arrogance.** They think they're right and everyone else is wrong.

- **Melodrama.** They need to be the center of attention.

- **Aloofness.** They're disengaged and disconnected.

- **Mischievousness.** They believe rules are made to be broken.

- **Eagerness to please.** They strive to win the popularity contest.

To these, I add five other derailers:

- **Lack of feedback.** They rarely solicit candid feedback about their leadership—and rarely act on suggestions.

- **Fear of reprisal.** When they exhibit negative behaviors, team members say nothing to protect their jobs.

- **Isolation.** CEOs believe they have no one to talk to, and no independent, objective confidant to provide advice.

- **Limited Board oversight.** When Board members interact with company executives, it's typically in formal, controlled environments which don't lend themselves to open, candid dialogue.

Directors aren't encouraged to get into the day-to-day business details, and most are running their own businesses.

- **Limited finance or HR leaders.** CFOs and CHROs typically have access to Board members through committees. If these leaders aren't confident and courageous enough to report CEO problems, it's difficult for the Board members to take corrective actions.

How you can prevent CEO failures?

- **Strengthen the Board's Leadership Development Committee (LDC).** Typically, the LDC and the Compensation Committee are responsible to ensure effective leadership development and succession, but they spend little time on these tasks. Consider adding consultants to oversee the CEO's development and ensure ethical CEO practices. They can *audit* the CEO's effectiveness by assessing the situation and soliciting confidential input from their teams.

- **Improve CEO selection practices** by adding more rigor, time and training. Determine the critical competencies required to lead the company and examine candidates' *habits* and *possible derailers*. Most Board members are ill-equipped to select leaders—they tend to rely on their biases and hunches (and select leaders like HP CEO Leo Apotheker who lasted one year and destroyed most shareholder value).

- **Heed early warning signs that indicate a CEO has bad habits and derailing tendencies.** Consider the *arrogant CEO* who has few followers, disregards team input, dismisses others, believes they're the smartest in the room, and becomes unapproachable. Also, it's a red flag if the CEO fires or demotes outspoken team members who don't share their opinions and direction. Develop a checklist for derailing traits and gather regular feedback from the leadership team and external coaches.

- **Hire an outside executive coach.** CEOs should engage an external executive coach, since most don't want to engage their leadership team or Board members in discussions that expose their vulnerabilities, lack of confidence, pessimism, and inexperience. A coach can serve as a valuable confidant, providing advice and collecting feedback on performance, areas of risk, and potential derailers, helping to prevent a downward spiral and eventual failure.

Since leadership failures damage a company's *reputation* and *profits*, take every precaution to prevent them. LE

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ACTION: Prevent leadership impropriety.

Regaining Trust

It's priority number one.



by Sallie Krawcheck

RESEARCH SHOWS that financial services is the *least trusted* U.S. industry, with *less than half* of the public believing that banks will do the right thing. Thus it's worth betting that the big banks' 2013 strategic plans all include the goal of *regaining customer confidence* . . . and perhaps significant dollars for new ad campaigns. But it's also worth betting that greater change is needed.

Take Seven Steps

Here are *seven steps* that banks should take if they are truly serious about regaining trust:

1. Quit messing up. Understandably, this tops banks' lists for regaining trust. While the myriad regulations and bank compliance improvements since the downturn are certainly having an effect, the rash of new scandals last year does not bode well for "hope as a strategy" in 2013.

2. Change compensation policies. Bank Boards have not really used the big stick, which is fundamentally changing employee compensation. Here's an idea: to

improve customer satisfaction, *pay bank employees based on customer satisfaction and trust* instead of based on shareholders, shareholders, shareholders. In other words, shift *away* from incenting risk (which is what equity does, by its nature) and *toward* incenting trust. And if customers regain trust in a bank, its shareholders will do very well, I am confident.

3. Take responsibility when you're wrong and apologize—really apologize. Not the "I am sorry if offense was taken." Push the lawyers aside and be sincere.

4. Rethink product disclosures. Today's bank disclosures are clearly written by lawyers for lawyers . . . and for very lonely insomniacs. The typical checking account agreement is 111 pages long, and can include detail on topics such as how interest rates are calculated in a leap year (I'm not kidding) . . . but nothing on what the



customer's interest rate actually is. Instead use some common sense on what customers would find useful, and give it to them in plain English.

5. Really rethink cost disclosures. Unfortunately, a lesson that the industry could take from the Bank of America \$5 debit card fee roll-out (and roll-back) is to keep fees hidden. Don't. The real lesson there is that that the company mis-read the tolerance of its customers. More hidden fees may provide greater earnings in the short-term but will remain a long-term drag on customer confidence; and they give a real opening to new competitors.

6. Appoint a consumer ombudsman who reports to the Board and whose sole job is to be the voice of the customer and the customer's advocate inside the bank. The board should hear from this person at every board meeting, just as they do from a similarly positioned head of Audit. And this person should come to the bank from the outside, as a means of providing a different voice than the echo chamber that can occur from people who have worked together for many years.

7. Change the community volunteer days from picking up trash in parks to providing financial planning to families who need it. Helping families plan a path to financial security is one of our country's most significant challenges, and one that bank employees can help with. While picking up trash in parks is nice, that volunteer time can be used to much, much greater effect.

And banks may then be seen as part of the solution.

This list would represent a mind-set shift for the banks—and *more proactivity* on the part of their Boards (and, since one bank regulator recently found that 17 of the 19 large national bank boards don't exercise proper oversight of their banks, Boards might be open to this).

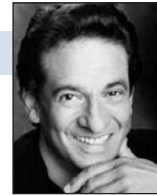
If, instead, banks continue with the same approach to customer confidence, they likely won't see a negative earnings impact this year. They may not see it next year. But a number of innovative start-ups are recognizing this *trust* (and *customer service*) *gap* and are moving in, and gaining some real early-stage customer receptivity. It's time for the banks to do something meaningfully different, while they can. **LE**

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ACTION: *Regain the trust of your constituents.*

Sense of Purpose

Tap into it to instill happiness.



by James A. Cusumano

LEADERS NEED TO PLACE people in a culture and jobs that tap into their sense of purpose and their personal essence—that special capability that differentiates them from others. Meeting this challenge yields great rewards for employees and companies.

A *lack of purpose* causes anxiety, and anxious people work inefficiently. They are not *engaged* in their work. Imagine the level of productivity and the sense of fulfillment and happiness that would occur, if you tapped into your employees' personal essence and sense of purpose? This might provide the ultimate competitive advantage!

What instills and reinforces a *sense of purpose*? I find that this happens when *five key elements* are addressed.

1. The challenges in a job draw on the person's personal essence. It does not good to ask a plumber to do an electrician's job. So, hire the right person for the right job at the right time; and when you make a mistake, exit that person with grace, dignity and compassion as soon as possible. It is in both the company's and the employee's best interest to do so. This is a difficult task, but it's a key factor in building a successful company. Also, work with employees to uncover the nature of their assets and strengths. The investment in time and money is more than worth the effort. At *Chateau Mcely*, the award-winning castle spa hotel near Prague that I developed with my wife, we do this by multiple recruitment interviews and day-long assessment tests conducted by skilled HR practitioners. This is followed by discussions with our employees, personal coaching and training. *We still make mistakes*, but this practice has led to a happier, committed team and to *commercial success*.

2. The job or position appeals to the person's need to help the greater good. Almost everyone wants to do something meaningful, to make a positive difference. So, find the means to articulate an inspiring vision and mission that captures the excitement and imagination of employees. Keep it simple—present it in *one sentence* in the corporate *dream statement*, so that all employees

can remember and embrace it.

At *Catalytica Pharmaceuticals*, a company that I co-founded, our corporate dream was to “produce the lowest-cost pharmaceuticals using the cleanest technology.” Our 2,000 employees found it motivational to embrace this dream. Recently, I asked an executive what business he was in. He replied that he was in the business of manufacturing, marketing, and selling beer. A more inspirational answer might have been, “We stimulate conversation and foster hospitality by providing people with the best beer in the world!”

3. There’s a reasonable probability of success in achieving the goals that are set. No one wants to work hard without accomplishing *something*. One way to *keep employees motivated* when they are facing several challenging, longer-term goals is to set some short-term easier goals that demonstrate progress. In baseball, this is a *singles strategy*. You can’t focus only on *home runs*; there needs to be some *singles* along the way to show progress toward the final goal and thus maintain the employee’s motivation and focus. These small successes also raise the value of your enterprise and the validity and viability of your strategy in the eyes of all constituents, especially investors.

4. Employees enjoy great autonomy. Hire good people, work with them to set specific goals that support company objectives, and then let them decide how best to get the work done. Langer and Rodin report an increase in self-esteem, happiness and health when hospital patients are given even modest increased control in their lives. We all like to have reasonable autonomy over what we do. This motivates us, and we then find creative solutions.

5. Employees share in success that they help achieve. This could include public and private positive feedback, bonuses, a salary raise, stock options, and as we do at Chateau Mcely, meaningful profit sharing at the end of the year (note that monetary rewards are last). After reaching a reasonable level of financial stability, money is not the primary driving force for most people.

When practiced diligently, these five guidelines create a *great company*. They replace the anxiety of a relentless single-minded effort towards ROI with the passion, purpose and fulfillment of making this a better world. **LE**

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ACTION: Tap into the power of shared purpose.

Surprising Mistakes

Every leader must avoid them.



by Andrew Graham

THOUSANDS OF PEOPLE will advance into new leadership positions this year. But 40 percent of them will fail within their first 18 months on the job, perhaps mistakenly believing that their MBA education or experience will guide them through the thorny management issues. But even the most seasoned leaders make blunders.

Leader must avoid *seven mistakes*:

1. Don’t alienate the team. As an individual contributor, your goal had been to stand out from others. As a manager, your goal is to help your subordinates stand out. If your subordinates or peers perceive that you care more about your interests than theirs, you will lose them. And once you lose them, you will lose, period.

2. Don’t think you can maintain your current mindset. The things that got you promoted—working hard, demonstrating technical or analytic ability—are not the skills that will help get you success now. Fixing problems and fire-fighting might be your comfort zone, and even seem like important work, but these won’t earn results. In fact, you’ll need a new mind-set, focusing on high-value activities that deliver business results through the team.

3. Don’t think that being a leader means you can’t seek help. You will stumble. Maybe even fall. Rather than quit or withdraw, your best bet is to seek input from others. You will develop relationships, and, in so doing, improve your ability to navigate future challenges. Asking for help is not a sign of weakness; it’s the contrary.

4. Don’t rely on authority. The *responsibility without control* aspect of leadership can unnerve many leaders and cause some to fall back on an authoritative stance. But once they realize that their job is more about coaching and engaging each individual, valuing people and engaging them in high-value activities, they’ll find *control* in new ways.

5. Don’t try to prove that you have all of the answers. Many leaders focus on



accelerating deadlines, priding themselves on quick decisions and being the hard-charging heroic leader. But they don’t involve others in making decisions; they hoard knowledge and alienate peers. Then they’re blindsided when future success doesn’t come. Managers need to treat their peers as though they might someday be their boss.

6. Don’t ignore the multitude of transitions. Beyond just a role change, new managers deal with new teams, navigate changes in heading, and sort out tricky personal situations. They may not realize that they’re *in transition*, and this often results in struggle or failure to take on a new leadership position.

7. Don’t think that your MBA will prepare you. Many leaders are *unprepared to deal with people*, even though 85 percent of a leader’s success is through other people. Knowing the technical solutions to a problem is first nature, but learning to solve problems for people with different perspectives and personalities is *the tough part* of a manager’s job. By taking the time to *listen* to a person’s problem, solutions can be found.

Leaders struggle most with maintaining the current mindset since letting go of the technical abilities and skills that got them promoted is counter-intuitive. Suddenly switching from being a *go-to-resource* to developing a *team of go-to-resources* is a huge leap. It is not taught in MBA programs, nor does it come easily. This *people stuff* is not intuitive, and new leaders become swamped in a morass of responsibilities, not knowing where to focus.

For example, Forum worked with first-line leaders at a financial services firm. These folks were promoted, in part, due to their financial acumen. As new leaders, they lacked delegation skills, did not spend time developing their teams. They tried to do it all.

Most leaders spend too much time in *high-effort/low-value* activities. On the contrary, developing people via coaching and delegation is a *high-value* activity that requires *lower effort* in time. We help them track their activity, along with the *effort required* and *value provided*.

Leaders need to make the leap from *contributor* to *developer of talent*. That’s where the real value lies—for the leader, their team and organization. **LE**

Andrew Graham is president and CEO of The Forum Corp., a Boston-based training and development organization. Visit www.forum.com.

ACTION: Avoid these seven mistakes.

Executive Presence

It's the aura of leadership.



by Jennifer K. Crittenden

HAS A DIGNIFIED PERSON ever caught your eye as soon as he or she walked into the room? Have you ever heard someone say, "I trusted him right away." What intangible qualities make us take notice? *Executive Presence* may play a big role in your perceptions and assumptions.

A *Forbes* study found that over 25 percent of an executive's success could be attributed to *executive presence*. Yet many people have trouble defining *executive presence*, even if they feel that *they know it when they see it*. Developing this elusive quality can be daunting for minorities and women. Women find feedback about executive presence *hopelessly contradictory*.

Aspiring executives are told that wardrobe, manicures, presentation skills, confidence, reputation and authenticity are equally important and all contribute to *executive presence*. It seems to cover everything from your toenails to your brain. That's a lot to try to put into action.

Much garbled advice stems from confusion between cause and effect. We know that someone with *executive presence* makes us feel a certain way—that the person is trustworthy, for example—so we ascribe that characteristic to the person and claim that he or she is trustworthy. This is a fallacy. People with *executive presence* are not necessarily trustworthy, but they make others feel, suspect, or hope that they are. *Executive presence* could be called *the ability to master perceptions*.

Perceptions are what others think or feel; *behaviors* are what you do to make them feel that way. Advice about *executive presence* shouldn't turn into a discussion of leadership skills or empathy training or decision-making. Someone who wishes to enhance their *executive presence* cannot possibly learn all those skills overnight and be transformed into a seasoned leader. However, you can learn behaviors that improve how you come across to people and allow them to have a more positive impression of you in a short time.

The first challenge is to seek alignment between your inner qualities and external behaviors. As an example, people who are trustworthy and empathetic often behave in ways in which they naturally convey those characteristics to an audience. It comes automatically because their external behaviors reflect their internal frame of mind and set of values. So, they're open, relaxed, attentive to others; they speak honestly, they make good eye contact, and their body language conveys their inner state. Their audience tunes into these subtle behaviors and concludes that the leader is trustworthy and empathetic.

On the other hand, some professionals are *trustworthy* and *empathetic*, but their external behaviors work against them, so that they appear aloof or arro-



gant. They slump and look shifty; they mutter and study their shoes; or they stare over the heads of their audience and use esoteric terms that no one can connect with. These people could benefit from some *executive presence* training, as their behavior encourages people to draw the *wrong* conclusion about them.

It's far easier to judge someone else's *executive presence* than our own. We can easily perceive another's presence since we know what *impression* he or she is making on us. Seeing ourselves as others see us is far more difficult. *We are experts about the executive presence of others; we are eternal students of our own*.

Practical training in *executive presence* doesn't deal with large *leadership attributes*. Instead it focuses on tactical development exercises to address your *inner confidence, emotional detachment, style, verbal skills, body language*, and the *clues* that you give off that allow people to *read* you. You have control over most of these behaviors, but some aspects of your appearance are wired in—if you

are a woman, you can't change that. If you're bald, you have to live with that. However, you can learn how to *use your characteristics to enhance your unique executive presence* and make your quirks work for you. Once you start looking, you'll see many ways that powerful people use their unusual qualities to strengthen their executive presence to become more of who they already are.

Techniques used on the stage can be helpful in executive presence training, since actors must make the audience see them as someone different from who they are in real life. An actor recently described an awkward audition in which he had to pretend he was a medieval knight on horseback, fighting with a sword, when in fact he was standing in the director's living room in jeans. Dramatic exercises can assist actors as they struggle mightily to stay *present*, focus on the audience instead of their performance, and to internalize their characters, so that their performance is *truthful*. These exercises can help executives channel *the leader within*.

Developing presence is far easier in business than on stage because we are trying to let our natural inner self out, rather than pretending to be something that we are not. It is a creative process, as we select behaviors that feel natural and consistent with our inner state, that reflect who we are, and support a style that we enjoy portraying. Putting that all together will result in a unique and interesting package. Sadly, much advice about *executive presence* suggests that there's only one way to dress or talk. *Developing executive presence is about creating, not conforming*.

Executive presence is a key factor in a leader's success. It helps others take you seriously, identify opportunities for you, believe what you say, and trust you to make good decisions. To become part of the executive team, *you must look and act the part*. People must be comfortable sending you in for a board presentation. Although we tend to focus on *appearance* when we talk about *executive presence*, the more subtle messages that we send by how we talk and carry ourselves are the real drivers behind executive presence. Understanding the interplay between *our behaviors* and *how we are perceived* is integral to creating the right impression. It requires critical observation, self-analysis, and practice. Training based on practical developmental exercises speeds this process. **LE**

Jennifer Crittenden is author of *The Discreet Guide for Executive Women and Creating Executive Presence* (Whistling Rabbit Press). www.discreetguide.com or email jennifer@discreetguide.com.

ACTION: Enhance your executive presence.

Truth-Resistant People

Here are five ways to manage them.



by Steven Berglas

PEOPLE WHO HIRE AN executive coach like me do so, primarily, to work better with others. Why, then, in light of their stated desire to enhance their emotional intelligence, do these folks regularly interrupt or terminate coaching relationships with *Ostrich Moments*—hiding, avoiding or ensuring they won't get touched by the reality-based feedback they receive?

In psychiatry, the behaviors people engage in to ensure they'll be spared the stress of handling the truth is called *resistance*—a form of shooting the messenger who blocks the delivery of hard, cold, facts to someone who fears them. For example, when someone asks an executive for the truth, rejects it, and prompts the executive to react with, "You can't handle the truth," the resistant party is often described as being a *stubborn ass*, *avoiding ostrich*, or *barking dog* who won't bite, but still makes life miserable.

After years of helping people work through resistances, I'm sympathetic to the *frustration* executives feel when their direct reports can't handle the truth. When someone shoots the messenger, the person deludes himself into believing that he has dodged a bullet. But the short-term gains won by a misguided shooter are lost later, since there is no way to cope with a problem unless or until a person *identifies* it, *understands* it, and *purges* it from his behavioral repertoire. If someone chronically hides his head in the sand when his coach has feedback for him, he only ensures his ultimate suffocation.

I seek to help managers and leaders who feel driven to their wits' end by energy-leeching enigmas. No executive could tolerate the defensiveness of a breast-beating *gorilla*, if that ape doesn't merit attention, which is why most people who can't handle the truth are so vexing: often *stubborn mules* are smart, talented, and accomplished folks who validate the old saw that *the problem with attaining what you want is that it positions you to have something to lose!*

If some of your people are threatened by the *fear of loss* more than they are

driven to attain new heights, try using *five strategies* to get them off their rumps.

- **Gorillas:** Nothing is more difficult than conveying *constructive feedback* (anything other than *adulation*) to a narcissist. Rashter than tell you that *he can't handle the truth*, he'll simply start beating his chest, growling, and snarling. To manage these valuable folks when they are in manic states, remind yourself that gorillas are normally shy, amiable creatures. Confronting them with the truth rarely leads to an actual attack, since they tend to rant and intimidate (*Do you know who I am?*). Ultimately, narcissists resort to *projection*—finding trace elements of their core problem in you, and hounding you about being ill-suited to sit in judgment of them. When dealing with a *gorilla*, try repeating the facts he refuses to acknowledge, over-and-over, until he does so or until he walks away. You can't shove truth down a gorilla's throat, but you can inundate him with reality hoping that the weight of your argument forces the *gorilla* off his haunches long enough to listen.

- **Foxes.** A form of denial that trumps the truth far better than hiding from it is flat-out rejection of it predicated on personal preference. You see it all the time as *sour grapes* or, "I don't need to hear that crap—that's not where I live." When a management nightmare tells you that something you know has gotten under his skin is a triviality or an irrelevancy in his life, do what Aesop's crows did to the fox who couldn't reach the grapes he rejected as being sour: Exaggerate the sweetness of them.

- **Equidae (Horse Family).** Trying to manage someone who mounts intense resistance to facts calls to mind someone who is as *stubborn as a mule* or acts like a horse that has been led to water but refuses to drink. These equines are everywhere, bizarrely gaining more psychic satisfaction from power struggles with executives than from meeting or exceeding expectations and reaping traditional rewards. If you fight these *neigh-saying* critters head-on, you can't win. Your only hope of stimulating the desired cognizance of what is right and

proper is to *admit defeat* (*abandon them*).

- **Owls:** Owls resist truth by debunking it with data and hubris: They flaunt a self-awarded sense of wisdom and omniscience to grind-down anyone who wants to show them the light. As nocturnal hunters, *owls* hoot with laughter when you try to convince them that they are avoidant and evasive. Every *owl* I've worked for was *vastly more intelligent* than they seemed to be when haughtily refuting facts, and I knew that from the lofty perches they put themselves on that I, a mere pedestrian, couldn't help them. I had to call upon an external advisor—a senior *owl* from their field—capable of having a *birds of a feather*, heart-to-heart discus-



sion with them. As a manager of *owls*, you can say, "Let me defer to a greybeard, *Rabbi*, or Senior Statesman who is as wise as you." Trapping an owl by handing-off responsibility to someone he can't dismiss enhances your stature. It shows that you are results-oriented, not defensive. And, in saying, "I'll let you work with someone at your level," you hoist the owl on his own petard.

- **Skunks:** Often when insecure people are confronted with the truth, they spray you with potent stink: they may start screaming at you, swear to ruin you, or simply fire you and ask for a new coach. Skunks don't mount resistances by simply shooting the messenger. Instead, they drag the messenger into the sewers, in an effort to taint the messenger with stigmata as vile as theirs. If you work with or for a skunk and become the target of his spray, never try to wash it off on your own. Instead, ask others to do so by having them tell the skunk that he stinks, needs to address his malodorous circumstance, and suspend his concerns about if and how the hygienic habits of others are impacting the workplace. When skunks learn that they can't taint the messenger in articulating the truth, they flee. You won't likely get them to see the light, however, since skunks are nocturnal, terrified, and paranoid animals who have only one defense, but you do deprive them of this noxious defense when you use group support to tell them that *they*, not *others*, stink. **LE**

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ACTION: Learn to manage truth resisters.

Leadership as Jazz

It can be totally transformational.



by Doug Williamson

AS WE ENTER ANOTHER new year full of *challenge* and *opportunity*, we need to rethink what it will take to lead organizations into the future. It will take something radically new and different! We may have reached a *tip-ping point* where we must pivot from a leadership system that worked well in the past to one better suited for the times to adjust to some new realities.

Jazz is the apt metaphor and appropriate model for this new leadership style. The rhythm of global business is unpredictable and disorderly—there is no set score to help keep the musicians in *check*. Hence, leaders need to master a new set of skills, like those of jazz musicians, based on imagination, improvisation, and instinct—an ability to go with the flow.

1. Freedom through abandonment. Surrendering old practices, mindsets and attitudes is tough. It's hard to unlearn what we have believed and practiced for so long. Abandoning the supposed *safety* of what has worked in the past takes monumental courage because we easily allow many of our habits and behaviors to become *automatisms* or automatic, reflexive responses. Jazz musicians defy this tendency. They abhor routine and structure, and commit to core beliefs and practices that enable them to be more fluid, less rigid and less scripted, more liberating. As a result of that self-granted freedom, they can better play with other musicians without the need for familiarity, process, or written music. In essence, they cast off the rigid constraints and master new skills that allow them to express themselves more creatively. Modern leaders, who want to be relevant, need to build new capabilities that provide them with the confidence and courage necessary to take their organization into uncharted, unscripted territory. Rethink the way you lead and re-examine the kind of leaders you need to move forward.

2. Creative chaos and collaboration. Great jazz masters train themselves mentally and physically to thrive in

uncertain circumstances or *creative chaos*. Rather than shy away from taking risks in expressing themselves fully and freely in front of peers and endlessly practice set routines in order to *get it right*, they reframe the top-to-bottom premise. Our leaders need to practice this same reframing to adapt and adjust quickly—stop wasting their time and energy on being better organizers and instead, spend their time becoming *better improvisers* and *natural collaborators*. We will need to overcome the bias that suggests *if there is no control or order imposed from above, people simply can't function properly and will dissolve into chaos*. Leaders who have this bias are outdated in their thinking and their understanding of human nature. To the jazz musician, *open source innovation*, as Frank Barrett terms it, is the only way



to grow, experiment, learn and improve in a changing environment where people are coming and going at will. While technically perfect, methodically tuned and alarmingly precise classical musicians may have been the best model for leaders to emulate in the past, those days are done. While we did not have a choice in the timing nor the magnitude of the changes taking place, we do have a choice to change how the music gets played.

3. Improvisation. Great jazz musicians know the definition of *failure* and *perfection* are a matter of personal taste; in the trade-off between *freedom* and *constraint*, they choose freedom, even though it carries certain other obligations with it. To take advantage of that switch in mindset, the jazz musician must make other kinds of tradeoffs. They understand the need to: 1) allow the other musicians to take the lead, at any time; 2) be comfortable with not knowing what's coming next, and 3) surrender rigid routine in favor of

allowing personal expression. In jazz, there is no necessary right or wrong, only a willingness to do what you can with what you have. There are not mistakes per se, because a mistake is seen as just another improvisational jumping off point from which a new pattern is allowed to then flow naturally.

4. Mastering dynamic interplay. In the world of jazz, musicians learn how to master the dynamic shifts that can occur when you allow chaos and freedom to replace control and prediction. The musicians take their cues not from a formal, preset script but rather from the sense they have of others. A jazz musician who is not willing to both enjoy and appreciate the non-conformist idiosyncrasies of the other musicians will not be successful. In a world where more collaboration is demanded, it will be those who think like a jazz musician who will thrive. In essence, the shift we are advocating is away from knowing to tinkering. It means coming to understand the modern organization as a *complex learning system* and that the learning never stops. As a result, the jazz musician is open to new opportunities, methods, beats and harmonies and can live comfortably with allowing sense to be made in *reverse*—to know and understand if things will work after the fact.

5. Deepening the dialogue. Since people do their best work when they are free from the fear of making mistakes or being wrong, leaders need to step back and consider three questions: 1) What do they really want from their organization and its people in the current climate? 2) What changes must be made to structures and mindsets to enable us to adapt? 3) What clues tell us the current approach is not working, is unlikely to work and must be changed? We need to include more voices and not be afraid of where the dialogue may take itself, shifting from *formal, infrequent, leader-led dialogue* to *informal, continuous and participant-led dialogue*.

6. Disciplined discovery. Jazz musicians approach each situation with an *open mind* and an *attitude of experimentation and discovery*. As a result, they cast off self-imposed constraints that trap many leaders and position themselves to embrace alternatives that emerge from the chaos. It's a measure of confidence when a leader can suspend their *need to know* and replace it with the *joy of discovery*. This shift allows the jazz musician to never feel trapped in any situation, especially unfamiliar ones. They know that no matter how impossible or difficult things may look, an

inevitable solution will emerge if they can only be patient, keep trying and go with the flow rather than fight it. As difficult as it may be for some leaders, the correct response is to relax and let go, not tense up and try to gain control.

Five Actions to Consider

The leaders we need to guide us into the future need the freedom to act and serve in new ways that are suited to the times. The human spirit thrives on change and adaptation. In an environment that looks more like a crowded jazz bar than an ornate orchestra hall, we need *leaders who can play jazz* in the up tempo, improvisational manner. Here are *five suggestions* to get started.

1. Change the mood. The change isn't easy, since the forces conspiring against a shift to jazz style leadership are huge. The leader needs to be forceful, colourful, and passionate in making the case—and this is best done by visibly creating a new rhythm.

2. Provide more freedom. In the new world we're advocating, *freedom becomes the preferred practice of choice*. People will be asked to accept that freedom and do their best with it. In the process, it will be expected that the others around them pick up the beat if it is dropped.

3. Banish stifling formality. Organizations and people in them are choking to death due to lack of oxygen. It's time to open the windows and banish the rigidity that works against the *impromptu, flexible, opportunistic actions* we need to take. There's no value in imposing monochromatic rules and policies that trap originality and lead to conformity. In a world where *no one knows the tune*, organizations must be populated by people who can make it up on the fly.

4. Go with the flow. The organization of the future will be even more collaborative than we see today. At the same time, the workforce will be more diverse and there will be more voluntary turnover as people move in and out of organizations rather than seek a job for life. The people who will thrive and contribute in this climate will be those who can course correct, easily shift roles and who are willing to share.

5. Get jamming. Jazz is passion, fun and hard work combined in an informal way. Business needs to move on and start valuing expression and effectiveness over efficiency, control and compliance. It's time to *start jamming!* LE

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ACTION: Experiment with these five actions.

Power of Teams

Learn from a Siberian Husky.



by Jack Zenger

I HAVE MANY OPPORTUNITIES to observe how organizations operate as teams. Invariably, companies that focus on *teamwork* and *collaboration* also maximize the strengths of *individuals*, since being a part of an effective team boosts their *work ethic* and *strengths*.

For example, I share a story that my colleague, Joe Folkman, tells about his dog, Kestler, considered a failure of a dog—until he became part of a team.

Several years ago, one of my children came to me at Christmas and asked if we could get a dog. I had rejected this request regularly over the years since my wife and several of my children have asthma.

However, my son made me a two-part offer that I could not refuse: 1) he would improve all aspects of his behavior; and 2) we could get a Siberian husky—an outdoor dog that loves the cold and snow (wouldn't affect anyone's asthma). We talked at length and finally I caved. We became dog owners.

As I thought about owning a dog, I imagined the dog going for walks with us, playing with a Frisbee, and playing with the kids in the back yard. When the puppy arrived, my son named him Kestler. He grew quickly. When I would take him on walks, he would drag me. When we took Kestler to the park to play Frisbee, he would grab the Frisbee and then run off with it. And our once beautiful backyard and flower garden became Kestler's kingdom of trenches. After two years, I realized that Kestler would never be the dog I had hoped he would be.

When our good friend Racer, who had five Huskies, asked us about putting Kestler in his dog sled team, we gladly obliged.

After a few months of training, Racer invited us to go on a dog sled ride to see Kestler in action. It's hard to describe how excited the dogs were about getting their harnesses on and being tied to the sleigh. The dogs took off and I wasn't prepared for the jolt. I stared in amazement at my dumb dog. There he was, between the two lead dogs! The dog I could never control was working in perfect unison with the other dogs on the team. He listened, he pulled, and he enjoyed working together with his



team. These dogs can pull a sled for 20 miles, and they love every minute of it.

Great leaders create and foster great teams. Have you ever been part of a *great team*—one that used your *strengths* and caused your performance and productivity to improve, just to keep up with other team members? A team where you love coming to work and every day is an exciting adventure?

In contrast, have you ever been a part of a *bad team*—one that nobody wants to be a part of and is full of conflict, disagreements and discontent? If so, you know that the contrast is huge. For instance, we studied the ability of a leader to create a positive team environment where everyone wants to belong, pitch in and engage. We looked at data from 276 leaders in a software company and measured *the extent to which team members felt that their group was highly productive and efficient*. The best leaders—those who knew how to create that positive, engagement environment—had productivity ratings at the 80th percentile. The worst leaders were at the 29th percentile!

You'll never recognize a person's full potential until they are placed in the right team with the right people, just like Kestler.

Leaders have the responsibility to cultivate a collaborative environment in which team members can flourish.

We all know the difference between *great teams* and *bad teams*. So, create a great team culture and environment. Your people will burst with excitement and energy and love coming to work.

The *performance norms of teams* is one of three forces that drive productivity gains (the other two being the *internal motivation and drive of individuals* and the *dimensions and culture* of the company). When individuals are part of a cohesive team, they are strongly influenced by their peers. The team sets the expectations for individual output, the amount of effort expended, the hours worked, and the appropriate response to requests from demanding customers. However, individual contributors work *in* the system, while the leader works *on* the system. The leader's level of *inspiring and motivating behavior* has a big impact on a work team, which strongly influences individual behavior. LE

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ACTION: Harness the power of teams.

Pause for Purpose

Go from success to service.



by Kevin Cashman

PAUSING FOR PURPOSE elevates leaders to go from self to service, from success to significance. Purpose nourishes the heart and soul of leadership, *elevating souls beyond the dust of daily life revealing the interwoven patterns of leadership meaning and service* for value-creating, enduring performance.

Although *Steve Jobs* is regarded as an icon of innovation, I view him as an icon of purpose. He was driven by beauty and aesthetics. His admiration for Zen-inspired simplicity and elegance was evident. Jobs was an artist in his heart and soul, with expectations for everything and everyone to measure up to his sometimes impossible standards. His vision, drive, and sense of beauty leveraged technology to serve humanity. He changed the world through his passion and purpose. *While we all die to some degree in the middle of our story, the underlying meaning and plot of our life story—our purpose—lives on.*

Taking the time to clarify purpose, stepping back to step forward with new strength and conviction, is crucial for leaders. The pathway to purpose is charted with the compass of pause. Just as explorers need to pause and establish their bearing periodically to keep on track, leaders need to regularly recalibrate their direction and purpose.

Getting to the heart of our individual core purpose takes regular doses of pause. Clarifying purpose strengthens self-awareness and core contribution; bolsters the power of our passionate voice; helps people see what we stand for; reinforces that *service is key*; enables us to see our value-creating, value-serving influence; allows us to see when to step into situations with force and when to *step back* for others to show up.

Helping leaders to define and clarify core purpose accelerates leadership development, as core purpose is the spark that ignites their latent energy.

Leaders rarely fail due to lack of talent but to lack of character, values and purpose. Core Purpose is the high performance intersection of a leader's core strengths in service of core values—the *sweet spot* of leadership, where

the *whole person* is present and self-aware, bringing talents to bear by serving what is most important. You then contribute to what you are most passionate about—your *Core Purpose*. It's the ultimate convergence of the best of *I* and *We* leadership. The strengths of the *I* are actively engaged in serving the needs of the greater *We*.

We contribute to something bigger through our unique combination of strengths, knowledge, expertise, and competencies. *Purpose* inspires passion and awakens energy. **Howard Schultz**, CEO of Starbucks, says that his core is his deep love for the company and a sense of responsibility to its people. "People want to be part of something larger than themselves if they believe in it. There has to be an emotional connection based on truth, authenticity and trust."

As leaders we push and create pressure to perform, excel, achieve now. We need a *relief valve* to release steam, heat and pressure and provide perspective.

Paradoxically, pause powers performance. Today, we can't get ahead simply by running faster. We need to train for the race differently—to *step back* powerfully in order to *lead forward with purpose*.

Seven Pause Practices

Apply these seven pause practices:

1. Be on-purpose. As Warren Bennis notes, "Leaders remind people what is important." *Meaning* inspires us to go beyond what is, to contribute something extraordinary. *Purpose* is the intersection of competency and contribution that inspires us to achieve something more meaningful beyond our needs and goals. Purpose gives context, drive and meaning to growth.

2. Question and listen. Questions are the probing language of pause, forcing us to step back, reframe, revise, and reconsider; they're *learning links* that connect *knowing* to *wisdom*, enabling us to dig deeper for growth. *Listening with authenticity* is the receptive language of pause. It opens doors to *self-knowledge*, understanding others, innovative possibilities, new ways of thinking, behaving and seeing the world. Listening is the incubator for growing *clarity* out of *complexity*; it is the silent, pause-ful soul of transformative learning. Managers assert expertise to get results; leaders receive to foster new possibilities.

3. Risk experimentation. Managers minimize risk and experimentation to increase predictability; leaders manage risk and accelerate experimentation to

foster breakthrough. Stepping back to try the new and the different leads to learning and discovery. If we hold onto the status quo, we are left with efficiency as our main source of value creation. When we experiment, we foster new ways to create value. Experimentation requires boldness and courage to face failure and leverage its potent learning. It challenges how we see ourselves and our world; it's the essence of discovery.

4. Reflect and synthesize. Managers analyze, judge and decide to manage current realities; leaders reflect and synthesize to create new realities. As leaders, we tend to *over-analyze*, *under-reflect* and *under-synthesize*. Addicted to speed and action, we become *transactive deciders* versus *transformative synthesizers*. Great leaders incubate analysis to discover more strategic, forward thinking solutions. *Reflective synthesis* is needed to develop innovation breakthroughs

and unlock the doors of authenticity, transformation, and innovation.

5. Consider inside-out and outside-in dynamics. Good leaders look outside themselves for strategic solutions; great leaders look inside and outside themselves for enduring transformation. *Pause* is an integrated process of considering dynamic forces *within* us and *outside* of us (both endogenic and exogenic forces) to gain more potential personal insight, talent insight, and strategic insight. Pausing facilitates profound personal, strategic, interpersonal and organization growth and authentic, enduring break-throughs.

6. Foster generativity. A generative leader pauses to prepare the next generation. *Generativity* is the energy and enthusiasm we get by helping people to surpass us. It's the joy of giving, coaching, mentoring and stretching people to go beyond us, *multiplying our impact* and enabling human potential to flourish.

7. Be authentic. When you authentically become the change you wish to see, what you want others to aspire to, the attractive force is irresistible. People rush in to engage and contribute. *Pausing* to be more authentic with yourself, your people and purpose, is key to creating enduring value. *Managers build dependability through accuracy; leaders build credibility through authenticity.*

These seven *pause practices* breathe life into leadership influence. LE

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ACTION: Engage in these seven practices.



Improving Leaders

Great, but is it sustainable?



by Dave Ulrich and Norm Smallwood

MOST LEADERS EARNESTLY ATTEMPT TO become more effective through performance management, coaching, personal development, and training—and it's not cheap, in terms of both time and money. About 20 percent of all training dollars go for *leadership development* (LD) and *management training*, making this the largest area of investment. How much of what is taught in leadership courses transfers to leadership practice is debatable, but clearly the investment in leadership training could have greater impact.

Investments in LD come in response to persistent calls for improving the quality of leadership. Developing leaders remains a top priority, and we find that *companies that invest wisely in LD have higher business performance*. Yet, much of the money and time invested on improving leadership does not build lasting value. Unless and until *leadership insight* turns into *leadership action*, efforts to increase leadership quality amount to flying lessons for confirmed pedestrians.

The Personal Case. Most leaders have a few *personal habits* and *dysfunctional behaviors* that they need to change. For example, Dan, a leader we coached, was head of finance at his company. He had exceptional technical skills, having spent 25 years gaining all the right certifications. He was well liked by his team, respected for his technical insights. But *he talked too much*. In personal interchanges and meetings, he dominated conversation. When asked questions, he would ramble. He recognized that he tended to be verbose. He respected others and valued his team, but *he couldn't help himself when he spoke*. We collected feedback on his behavior, shared with him the unintended consequences, agreed to an action plan, and followed up—but still, his behavior did not change.

The Company Case. Leaders need discipline to turn *aspirations* to *actions*.

We were asked to help a company prepare its leaders to become better strategists. The company couldn't anticipate changing market trends, articulate a clear vision for its future, or increase customer service scores. We worked with line managers and strategic planners to map out what the company had done with their strategic work. We trained leaders how to define market trends, practice applying principles of strategic clarity to their vision and mission, and define and practice actions to increase customer share. For a time, the models and frameworks took hold. The company created market position statements, crafted a strategic vision, and put in place customer service programs. But after six months, many of these initiatives faded and people fell back to their pre-



vious practices. We covered the *knowledge transfer checklist*, but it didn't stick.

The Implications

While individual leaders can make a difference in company results, make a lot of noise and raise the bar on expectations, *collective leadership* is what binds all leaders to shared actions.

- **Leadership development matters.** As the world changes, the skills of leaders must evolve. Leaders derail when they fail to learn and grow with their markets. Sadly in many development experiences, leaders *learn* but *don't change* enough to do things differently.

- **Personal change isn't easy to sustain.** Most of us know one or two things we want to change about ourselves (more caring for loved ones, more patience, more healthy eating, more sleep, more balance in our lives, more financial responsibility). But knowing what to do does not mean we do it: 98 percent of us fail at keeping New Year's resolutions to change bad habits; 70 percent of Americans who pay off credit

card debt with a home equity loan end up with the same or higher debt in two years; Americans spend \$40 billion a year on diets, but 19 out of 20 lose nothing but their money; marriage counseling saves fewer than one in five couples on the brink of divorce.

- **Change through coaching, transfer from training to practice, or individual development plans is also difficult.**

Even tailored *performance management systems* rarely make much difference. Leaders find that *knowing* is not *doing*, and the challenge is often less *what to do* and more *how to build the discipline to sustain it*. Ultimately, as individual leaders improve, the companies where they work also improve and become better at sustaining the transformation.

Leadership Sustainability

We call this work *leadership sustainability* (LS). The term draws logic and insight from the field of *environmental sustainability* (ES), which has evolved from isolated *corporate social responsibility* (CSR) programs to a broad focus on changing a culture to include patterns of action that enhance reputation.

The concept of ES began by considering the context of the organization. The concept of LS begins by recognizing what matters is the impact of the leader's actions on others—not just what the leader does or means to do. This addresses the natural human tendency to judge ourselves by our intentions while others judge us (and we judge others) by behavior. LS has to show up not only in personal intentions but also in observable behavior.

ES is about caring for the earth's resources by reducing our demand for things that can't be replaced and our output of harmful emissions. LS is about caring for the organization's resources by adapting and changing leadership patterns so that they are consistent with shifting requirements. ES has shifted to a social agenda through giving back to the community through CSR initiatives. LS occurs when leaders take personal responsibility for ensuring that they do what they say they will do, with beneficial results. ES has evolved to become a long-term commitment to changing the world in which we live and work and to creating a new culture inside the company. LS is a durable commitment to creating personal change and a culture of leadership improvement. LE

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ACTION: Boost your leadership sustainability.

Leader Sustainability

Start mastering the new normal.



by Susan Battley

WELCOME TO THE *New Normal*—a period marked by continued economic uncertainty, globalization, digitization and social media, and increased government oversight. It's a time when the United States continues to decline in global competitiveness, falling to fifth place, behind Switzerland and Singapore. Leaders in South America and Western Europe are well represented on the elite list of 100 best performing global CEOs. As American businesses look to expand into new markets overseas, countries like Brazil, Russia, India and China are eager to lure away American jobs.

The *New Normal* is hypercompetitive for customers, talent and material resources. It is complex, with employees, customers, vendors, and supply chains spanning the globe. It is fragile and subject to disruptions caused by political instability, labor disputes, natural disaster, ageing infrastructure, and bad publicity. Executives need a winning game plan of *leader sustainability* to ensure ongoing success and legacy. *Sustainability* refers to protecting and renewing critical resources.

Five Sustainability Imperatives

The *New Normal* places a premium on *five sustainability imperatives*:

1. Culture: Keep your culture nimble and aligned with strategy. The *New Normal* is characterized by emergent opportunities, quick starts, and sudden course corrections. The leader's *secret weapon*, the culture, is key to sustainability. Culture encompasses the shared values, attitudes and behaviors that distinguish *what* work gets done and *how* it gets done. Companies are destined to decline if they are tradition-bound, coasting on past successes, or behave in ways that impede information flow and timely decision-making.

A *winning culture* is agile, feedback-rich and responsive. However, it also must be clearly aligned with the enterprise's strategic initiatives and priorities. This is a leader imperative: to communicate and monitor values,

goals and direction. As Herb Kelleher, former CEO of Southwest Airlines, said: "We have been successful because we've had a simple strategy. Our people have bought into it. Our people fully understand it. We have extreme discipline in not departing from the strategy."

2. Customers: Focus on customer excitement and delight. In the *New Normal*, a *satisfied* customer is loyalty-neutral, primed to look for a better price, a newer, cooler experience, or more convenience. So, to grow and retain their customer base, leaders need to differentiate their products and services. They need to delight and entice customers on an emotional level that generates brand loyalty and positive word-of-mouth.

Since customers want to know who they're doing business with, leaders must be transparent and compelling. They need to win minds and hearts, and monitor and enhance customer relationships. Nothing about that relationship can ever be taken for granted, regardless of whether customers are around the corner or around the globe.

3. Talent: Maintain a top-flight talent pipeline, including succession planning. In the *New Normal*, leaders must renew to sustain. With more Boomers retiring, taking with them critical skills and knowledge, *next-generation talent development and acquisition* is an urgent issue. Still, many enterprises are operating with lean headcount in recovery mode. However, there is a difference between *being lean* and *being anorexic*.

The best leaders make a habit of *talent grooming* in good times and bad because the alternatives—just-in-time recruitment or premature promotion—are too risky. Every critical management and key contributor position should have a designated successor.

Leaders need to hold themselves and their management team accountable for ensuring this pipeline is current and relevant to the organization's future needs.

In C-level succession planning, start early and have a formal succession plan

in place. Invariably, it takes longer to develop and select people for senior executive positions. Don't put all the proverbial eggs in one basket with a single candidate, and don't get caught under-prepared since a setback in the executive suite helps the competition.

4. Reputation: Protect your reputation for quality and business integrity. Warren Buffett once said: "It takes 20 years to build a reputation and five minutes to ruin it." This is the case when disgruntled customers, employees, investors and other stakeholders have access to smart phone cameras, social media, Internet chat rooms, and round-the-clock news. In *New Normal* time, reputation damage is made, recorded and posted in five minutes.

Leaders need to set the right tone by

consistently reinforcing *standards of excellence*, quality, and business integrity.

They need to require these same standards of business partners, vendors and suppliers. In today's global, interconnected world, a company only is as ethical and admired as its weakest link. Regulatory compliance is a given. Standout companies and their lead-

ers are *passionately* committed to acting in the best interests of their stakeholders, even if this comes at the expense of profits, or making unpopular decisions.

5. Risk Management: Clarify your major risks and how crisis situations will be managed. *Risk management* and *crisis preparation* are intertwined sustainability essentials relating to strategy execution, the bottom line, and corporate reputation. So, ensure that controls and oversight are robust. Place a premium on safety. Work with the Board to agree on the company's appetite for risk in setting and implementing strategic initiatives, and stress-test continuity crises ranging from *industrial accidents* to *supply chain disturbances* and *sourcing to natural catastrophes*. Since crises can quickly spin out of control, you need an *emergency response team* and a *clear communications protocol*. You also need to *ask hard questions* about *what's changed* in the environment, and challenge overconfidence and complacency in *risk identification* and *management planning*.

Leader sustainability means protecting and enhancing culture, customers, talent pool, and reputation. LE

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ACTION: Master the five imperatives.



Managing Up

Survive the difficult boss.



by Dana Brownlee

MANY OF US STRUGGLE to succeed in spite of difficult bosses.

However, we can learn to *manage up* and earn their respect!

Clearly, there are many permutations of the *difficult boss*; however, *four types* appear with unsettling frequency.

1. The Tornado: “I hope you don’t mind me intimidating everyone with my overbearing nature at your team meetings—I’m just trying to help you speed things along.” If your boss is a *problem participant* in meetings, try this:

- Meet with your boss before the meeting and discuss what you need from him.

Write out talking points (without telling him what to say). Ask him to withhold his opinion until others weigh in to avoid tainting their input.

- If others are intimidated by the boss, do a *round robin* so the boss is last to speak.

- Stand up! You immediately regain control (temporarily). Thank the boss for her input (even note it visibly) and redirect the conversation as needed.

- Repeat his point and write it down.

Often someone will get on their soap box (and not get off it) because they don’t feel heard. When you repeat the point back to them and then write it down, you reassure them that they’ve been heard and communicate appreciation for their point.

2. Wishful Thinker: “Would you boil the ocean . . . and solve world peace?” Some bosses expect you to achieve the impossible. They think you’ve got a magic wand. When you encounter this boss, try these techniques:

- Identify the specific mandatory requirements (separate wants from needs). He may ask for a Porsche when a skateboard will do. Also, he may not realize that there’s a quicker, easier way to get him what he really wants.

- Quantify anticipated risks. Instead of wringing your hands thinking about risks associated with a project or task, try to quantify them by multiplying anticipated probability times estimated impact if the risk event occurs, resulting in estimated severity. By calculating severity amounts for anticipated risk events, you can easily

estimate total risk for the project or task. This positions you to bring the concerns to your boss. Now you’re not whining—you’re raising documented concerns and giving him a chance to change course, apply added resources, or even pull the plug on the project. If you’re concerned about moving forward, ask him if he’s comfortable with that level of risk. And, ask for support in developing mitigation strategies or backup plans proactively (*what can we do if that does happen?*). Even if he insists that you proceed without providing much support, having communicated these risks provides you some cover if the task/project implodes, shows that you’ve done your homework, and elevates your credibility with the boss.

- Remember the triple constraints of cost, time, and quality/scope. When one element changes, it impacts the others. If there is a reduction in time, emphasize the impact on cost and scope. (e.g. Jim, I understand that you now need to roll out the new release a month earlier than planned and we can do that, but there will be an impact on cost and scope. I can either reduce the scope and hold off on some of the features until the next release or spend about \$50K more to expedite things. What is your preference?)

- Push back if it’s not realistic. For example: Jim, I would be irresponsible if I didn’t tell you that I don’t think this can be accomplished with the level of quality we expect. I know you would prefer that I be honest now (before any time and money are invested) rather than hear a list of apologies after an unsuccessful project. I’d really like to be positioned for success, and I honestly have real concerns here.

3. Clueless Chameleon: “I’m not clear on what I’m looking for, but I’ll hold you responsible when I don’t get it.” If your boss has only a vague idea of what he wants or keeps changing his mind, sending employees on a wild goose chase, try these practices:

- Clarify the effort early and often. Identify in-scope and out-of-scope items, tangible deliverables, timing expectations, budget restrictions, roles and responsibilities, known risks, key stakeholders.

- Identify soap box issues early and emphasize what’s in it for them. If they don’t know exactly what they want, ask them to explain their motivating/driving factor. Often, execs have a soap box issue, predetermined bias, or hypothesis they want validated.

- Ask the boss to prioritize scope/quality, time, and cost (good, fast, and cheap) for key tasks or projects. Learn which criteria matter. With fast food, the focus is intentionally fast and cheap. Be clear which constraints drive the effort.

- Ask how she will define success. When the boss is assigning a key task, always ask her to finish this sentence: *I will consider this task/initiative/project a success if . . .*

4. Naked Emperor: “I love the sound of my voice because my ideas are brilliant” (NOT)! Bosses who only see what they want to see and are blind to reality (even when it reflects poorly on them) are particularly dangerous since their blind spots might derail your success if you become closely associated with them and they go down in flames. Rather than go blindly along, try these techniques:

- Ask for permission early to be honest. It’s difficult to tell bosses that their latest idea isn’t so great, but you need to spare everyone wasted time, effort, and resources. You might ask, “How do you want me to handle it if I think we’re

headed down the wrong path or if I disagree with one of your ideas?” In most cases, the boss will ask for your candor. This can be very helpful when you later need to deliver a difficult message.

- Avoid allowing bad ideas to grow—kill what’s ugly while it’s young (not later on when time and resources are spent). Ask your boss to define criteria early for evaluating ideas before they’re implemented (to ensure that you don’t waste time on ideas or activities that waste time and money).

- If and when you need to deliver bad news or give your boss a reality check, frame it as giving him the best information possible and leave the ultimate decision to him. It also doesn’t hurt to include a bit of a tease about potential consequences to instill some healthy fear. “I respect that ultimately, it’s your decision; I just want you to have as much input/data as possible. A few key customers have mentioned to me that they might walk if the new structure impacts response times.”

If you are on a sinking ship, get off! At least build a broad network and develop a plan B to prepare proactively for the worst-case scenario. LE

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ACTION: Start managing your difficult boss.

Make Hope Happen

Create your when/where plans.



by Shane J. Lopez

Other conditions being equal, *hope* leads to a 14 percent bump in desired outcomes. This *hope-productivity link* has been shown in many studies targeting various outcomes, across countries and professions: hopeful sales-people reach their quotas more often; hopeful mortgage brokers process and close more loans; and hopeful leaders meet their quarterly goals more often.

When researchers examine the *hope-performance link*, they find a connection. Consider, for example, a study of fast-food outlets. Each of 59 managers of a fast-food chain was ranked from low to high in *hope* on a self-reported *hope scale*. With the help of the corporate office (which didn't know the managers' *hope scores*), researchers paired data on each franchise's profitability with the manager's *hope level*. The highest-hope managers recorded more profits. The same trend held for employee turnover.

I find that *hopeful people are more productive* because they show up, think creatively, and thrive in the face of adversity.

1. Hopeful people show up for work. A study by James Avey, Central Washington Univ. showed that high-hope engineers in a high tech firm missed an average of less than three days of work in a 12-month period. Low-hope engineers missed more than 10 days of work each, on average, costing the firm nearly four times as much in lost productivity. No other workplace measure (job satisfaction, company commitment, confidence) counts more than *hope* in determining whether an employee shows up.

2. Hopeful people are more creative. Executives at a financial services group took part in a creativity study conducted by Suzanne Peterson, Arizona State Univ. They were given two weeks to come up with as many high-quality solutions as possible to a complex problem. The more hopeful executives produced better, more creative solutions, and submitted many



more strategic solutions, knowing that some wouldn't be viable.

3. Hopeful people are more resilient during times of adversity, uncertainty, and change. Hope is a more significant predictor of performance in start-up businesses than in more established firms. Why? More hopeful employees love a good challenge and marshal extra psychological and social resources when performing in difficult situations.

In *Making Hope Happen*, I detail proven techniques for building a high-hope mindset that is also effective for meeting short- and long-term goals. Hope is more than an emotional lift brought about by platitudes and wishes for the future. It is a time-tested belief that the future will be better than the present and an unshakeable confidence in your ability to make it so. That hopeful mindset is built over time when people experiences successes and are led by high-hope bosses who are excited about the future.

One strategy that boosts hope and productivity is to create when/where plans for every work-related goal. A *when/where plan* uses the psychological power of cuing to prompt you to work on the long-term projects that matter most to you. A well-designed *when/where plan* keeps you on track, guards you against your tendency to procrastinate, keeps you from getting overwhelmed by competing demands, and battles your personal demons. Making a *when/where plan* is a straightforward process. Each time you get an assignment or set a goal, choose the day and time you will start working on it, and the place where you will work.

For example, this was my plan for writing this article. When: Wednesday, January 29, 2013 at 2 p.m. Where: In an airplane. On the flight to Colorado Springs. Bring notes, book, and laptop.

Once you get in the habit of making good *when/where plans*, spread a little hope by teaching the strategy to colleagues and employees. You may not have the budget or staffing you want or need, but you do have an infinite and invaluable resource in your hopeful thinking and in the hope of your colleagues and followers. Now, the challenge is to create a meaningful future that pulls you all forward. **LE**

Shane J. Lopez, a Senior Gallup Scientist, a leading authority on the psychology of hope, and author of Making Hope Happen: Create the Future You Want for Yourself and Others (Atria Books). Visit makinghopehappenow.com; twitter @hopemonger.

ACTION: Create your When/Where Plan.

Managing Conflict

Yes, put the fish on the table.



by Daniel Goleman

PART OF LEADERSHIP IS managing conflict.

IMD professor George Kohlrieser made a clever comparison between *conflicts* and *fish*—about *hashing out differences before they sour a relationship*: “If handled well, conflicts lead to *increased* motivation and inspiration to move forward and solve problems. Conflict is a difference characterized by tension, emotionality, disagreement, and polarization—*when bonding is broken or lacking*. You and I can have a big difference but if we keep the bond, it's not a conflict. If we break the bond, a *small difference* can become a *huge conflict*.”

“Leaders must attend to differences in styles of communication, goals, or status and engage in dialogue to bring two people together. You don't have to *like someone* to form a bond. You only have to *have a common goal*. For example, one man was so upset with his boss that he considered resigning from his job. I said, ‘Before you do this, talk to your boss. Put your concern *on the table*, because *conflicts are like fish*—if you put the fish *under the table*, soon it starts to smell.’

“**Why go through the mess of cleaning a fish?** The great fish dinner at the end of the day. So he had to put the fish on the table with his boss. By doing so, they resolved the difference—it was a complete misunderstanding. Then, the boss became his sponsor and mentor to move to a new position. The man didn't leave his job!

“To this day he's grateful that he learned to *put the fish on the table*, to have that courage to engage in that conflict-management process.”

Emotional intelligence (EQ) now counts more than IQ or expertise for excelling on the job. EQ dictates how people manage feelings, interact, listen, communicate, control impulses, socialize, or give feedback. To cultivate *EQ leaders*, focus on **four domains**—*self-awareness, self-management, social awareness, and relationship management*. **LE**

Daniel Goleman is Co-Director of Consortium for Research on Emotional Intelligence and author of Leadership: A Master Class (More Than Sound). Visit danielgoleman.info.

ACTION: Put the fish on the table.

Leader's Gene

Why would others follow you?



by Jack Lim and Russ Rao

IN OUR COACHING, WE INVITE LEADERS TO reflect on one question: Why should others follow you? In the film *Invictus*, Nelson Mandela asked Francois, captain of the South African rugby team: *what is your philosophy on leadership?*

A common answer we hear in China is that a great leader has strong *Qi*, or *air around him/her*. What is this puzzling and superstitious *Qi* made of? People might say: charisma, character, influence, and credibility.

By looking at this puzzle, we arrived at a three-layer framework that we refer to as the *Leaders' Gene* model:

Layer 1: Leading to Get Results

Good leaders balance two sets of driving forces that seem opposite: Visioning vs. Execution and Resilience vs. Agility (VERA). This balance makes them effective in the *what* and *how* of leadership. They can “fly the aircraft and fix an engine in flight” by being both *agile* and *resilient*.

In Chinese classic *Yin-Yang* logic, *Visioning* (seeing through one's goals and direction in life) is viewed as *Yang*; while *Execution* (being down to earth and realizing one's goals step by step) is *Yin*. Similarly, *Resilience* (being bold and persistent in a defined direction) is viewed as *Yang*, while *Agility*, (being flexible to new people and adjusting to new challenges) is viewed as *Yin*.

Based on these two dimensions and their style for achieving results, leaders can be categorized into *four different leadership types*:

1. Visioning-Resilience leaders display a glorious *spiritual leader* image. They're heroic and legendary. Often not well understood at first, abandoned by team members from time to time, these leaders eventually bring about unbelievable change.

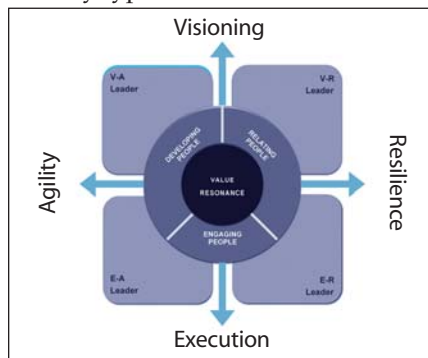
2. Execution-Resilience leaders are most often seen among first line management. They are not *fancy*, may even

be seen as dull, since they focus firmly on action. When business faces a tough challenge, you can rely on these leaders.

3. Execution-Agility leaders are like the Moon which reflects sunlight to the Earth. They are white-water kayakers, balancing a canoe skillfully when facing unpredictable challenges. They live in the moment, enjoying the process of adventure. These rare and precious leaders help organizations thrive.

4. Visioning-Agility leaders display a style where leadership becomes a journey full of dreams. With so much forward thinking, they acutely grasp the trend of an industry and market. Sometimes they can generate ideas faster than other people can absorb or apply.

In our leadership consulting and coaching practices, we've applied the VERA model with hundreds of managers. Awareness of the types and dynamics of the VERA model helps executives realize their blind spots, and build teams with diverse and supplementary types.



Layer 2: Leading People

We believe that there are three fundamental factors in leading people:

1. Relating people. One distinctive characteristic of a top leader is their ability to *establish relationships*. Personal relationships (*Guanxi*) are vital for business success in China. Ironically, we often discover that good Chinese managers (in MNCs) often excel in building external relationship but are less adept as their expatriate peers in managing internal and cross border relationships.

2. Engaging people. In large matrix organizations, executives seek to integrate resources and efforts for a common goal. Mature executives are *people leaders* rather than *action takers*. While many mid-level managers are good at driving for results, relying on their technical capabilities, these bossy *trail-blazer* leaders often struggle when promoted to executive positions.

3. Developing people. Managers know the importance of nurturing talent, yet for many, it is “*important yet not urgent*”

and may be put aside in favor of other short-term goals. Moreover, due to high talent turnover in a fast-growing market like China, managers are concerned that talent they develop will leave for competitors, and so many don't address leadership development as a real priority.

Layer 3: Leading with Value Resonance

In 1963, Dr. Martin Luther King delivered his famous speech “I have a dream” at the Lincoln Memorial. There was neither twitter nor other web promotion, and yet 250,000 people participated. An “*I have a dream*” speech has that power, whereas an “*I have a plan*” speech could never attract such follower interest. This is the *resonance of values*. People follow the speech because they feel *This is also my dream*.

True leadership is the ability to trigger resonance of values. Successful leaders create resonance in different ways, like being role models or living their values in their actions. When they are faced with value conflicts, they demonstrate core value to people who then follow them. The concept of *Authentic Leadership* points out that *profound leadership comes from the inside out by aligning all efforts with core purpose*. While such alignment can make you authentic as a person, it's not enough to make others follow you. Only when you create *resonance* among followers does authentic leadership truly occur.

In Physics, if two or more objects have similar frequencies, when one generates vibration, resonance occurs among others. Likewise with leadership, it requires two elements to work together. First, find people with a *similar frequency*, or shared value, and then create the vibration to ignite resonance and create followership.

Simply creating a *values statement* and putting it on the wall does not imbue these values in employees' hearts or create resonance. Nelson Mandela stated: “*If you talk to a man in a language he understands, that goes to his head. If you talk to him in his language, that goes to his heart.*” Articulating the culture is simple, but *creating resonance* differentiates great leader from others.

Leadership development—by training, coaching or stretch assignments—needs to *go beyond competencies* and *touch the heart and soul of leaders* so that they can create value resonance. LE

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ACTION: Develop leadership by three layers.

Two Vital Skills

Leaders need them to excel.



by Nick Tasler and Kevin Wilde

IN COMPLEX, CHAOTIC AND UNCERTAIN times, two skills make some leaders stand above the rest. Managers who excel at 1) providing clear strategic direction and 2) taking bold, decisive action are *eight times more likely to be excellent leaders*.

This should not be surprising, since *Strategic Thinking* tops several lists of *most important skills for leaders*. And a huge body of research also indicates that people who possess an innately decisive mindset perform better on measures of everything from sales and customer service to annual incomes and job satisfaction.

What we find fascinating is the huge impact of combining these two skills in a single leader. The analysis of 20,000 managers reveals that only *one percent* of managers who demonstrate *sound strategic judgment* are high-performing leaders—if they also fail to show *decisive action*. If that clear sense of *strategic direction* remains in a leader's head, it's impossible to generate results. Only 11 percent of decisive managers who lack *strategic judgment* are among that elite group of top-performing leaders. And managers who excel in neither skill have *zero chance* of becoming an *excellent leader*, regardless of their other gifts.

When a leader demonstrates both skills, we see *Strategic Behavior*—a habitual pattern of strategic thinking and decisive action. And *Strategic Behavior* changes everything.

Strategic Behavior

Remarkably 88 percent of managers who have nothing else in common except the abilities to *think strategically* and *act decisively* end up in the top 10 percent of highest performing leaders. When leaders learn to transform *strategic thoughts* into *bold decisive actions*, it changes the competitive landscape.

How do you generate strategic behavior where it doesn't already

exist? How do you not only explain what it means to *think strategically* and *act decisively*, but also make it a *habitual pattern*? A simple three-part *Know-Think-Do* framework enables strategic behavior at all levels—from emerging leaders who are just trying to get a handle on their first management role, to executive teams seeking to transform departments and organizations.

1. Know the decision pulse. The most basic unit of strategic behavior is the decision. For a manager's decision to be *strategic*, it must align with the organization's strategic direction. The challenge is that direction is rarely clear. McKinsey finds that even at the healthiest companies, 25 percent of managers are unclear about the strategic direction, and that number climbs to 60 percent for managers at unhealthy companies. The problem is not a lack of direction, but an overabundance of directions with no known priority outside the CEO's brain.

The *decision pulse* forces leaders to clearly state for their teams what the one supreme strategic direction is. That one direction should sum up the strategy by identifying what the company does better than competitors that customers want to pay for. Like the pulse of a human body, the *decision pulse* deserves top billing in every decision situation. When that one thing is clear, it enables every manager to have their finger on the *pulse* of the company's strategy. At Southwest Airlines the *Pulse* is "*The low fare airline.*" At Starbucks, the *pulse* is "*The coffee authority.*" At another, the *Decision Pulse* is "*The top provider of service excellence.*"

The Decision Pulse enables leaders to make difficult tradeoffs. As Michael Porter said, "Tradeoffs are the essence of strategy" and are critical to strategic thinking. At Starbucks, **Howard Schultz** made the tough decision in 2008 to pull the popular and profitable breakfast sandwiches from their stores because the smell of burnt cheese overpowered the scent of coffee. Although customers liked breakfast sandwiches and they contributed 3 percent of Starbucks' total revenue, the smell was eroding Starbucks' coffee authority and ultimately contradicting their strategy. Schultz made the difficult tradeoff and pulled the sandwiches. He reinstated them nine months later after R&D had produced a sandwich with cheese that did not overpower the smell of coffee. What is your organization's primary

strategic direction? How does your team align itself with that direction?

2. Think strategically rationally, not objectively rationally. Strategic thinking is always rational, but rational thinking is not always strategic. In the Starbucks example, the rational thing to do for a profitable, growth-driven enterprise would be to deliver profitable products and services. That is a rational decision, but not a strategic one. To be *strategically rational*, the leader must view every decision through the lens of her organization's unique strategic direction. Around the time Schultz pulled the sandwiches from Starbucks stores, Panera Bread *added* a warm steak sandwich. Panera is a bakery first, and not a coffee company. So both Panera's and

Starbucks' decisions were strategically rational for their specific organizations.

Similarly, former Southwest CEO Herb Kelleher said that he could teach any reasonably competent person to run his airline if they remember: Southwest is "*THE low fare airline.*" He noted that when surveys tell us that our loyal cus-

tomers want a meal, we say *no* because that would not maintain Southwest's position as "*THE low fare airline.*" On the other hand, in the *service excellence* client, their *decision pulse* enabled them to decide to actively dismiss price-sensitive customers who did not want to pay what it would take for the company to profitably provide premium service. They were *knowingly* giving these customers back to their competitors.

3. Do take decisive action. All your strategic thoughts and clear direction amount to nothing if managers do not act decisively. The biggest obstacle to decisiveness is often a fear of losing the options we do *not* choose. Managers are well served to remember that the Latin root of the word *decide* is "to kill or to cut." The hardest part about making a decision is rarely about choosing the right path. The challenge is in closing the door on all other *possibly right* paths.

Many leaders resist providing clarity about the strategic direction, afraid that if they choose one clear direction, then another direction will turn out to be the right one. But then again, isn't providing clear direction for an unclear future what leadership is all about? **LE**

Nick Tasler is author of The Impulse Factor and CEO of Decision Pulse. Kevin D. Wilde is CLO at General Mills and author of Dancing with the Talent Stars. Visit www.DecisionPulse.com.

ACTION: Think strategically, act decisively.



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