

LEADERSHIP Excellence™



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

VOL. 23 NO. 8

AUGUST 2006

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Downpour of Ideas

My experience at SHRM in D.C.



by Ken Shelton

AT THE ANNUAL CONFERENCE of the Society for Human Resource Management (SHRM) held in Washington DC. during four days of torrential downpour in June, I met with about 15,000 of my closest friends to hear Colin Powell and David McCullough, among others, underscore the importance of authentic leadership.

So, as I greeted people, I asked them, "What do you do in the area of leadership development?"

Sadly, even shockingly, some HR directors admitted that they do nothing (or next to nothing) to develop the leadership capabilities of their people—no program, process, plan, model, map, or mindset.



At the opening General Session, *General Colin Powell* said that leadership makes all the difference—on the battlefield and in the workplace. He urged HR professionals to create an environment where people are inspired, not just motivated or engaged. "Leadership is getting 110 percent out of your relationships—it is the art of accomplishing more than the science of management says is possible."



Historian and best-selling author *David McCullough* said that the spirit of 1776 is needed in 2006. In addressing the adventures of George Washington, he taught lessons on leadership. "The great men and women of history lived in the present," he said. "They had no idea how things would turn out. Their lives provide us with lessons and standards for measuring our own courage, patriotism, and leadership. As leaders, we need a sense of history—a sense of who we are, where we came from, and what it took to get us here."

SHRM chair *Johnnie Taylor* and president *Sue Messinger* talked about the courage needed by leaders as they face such challenges as rising health care costs, diversity, change, and competition—chal-



Johnnie Taylor



Sue Messinger



Louis V. Gerstner Jr.

lenges met by another speaker, former IBM CEO *Louis V. Gerstner Jr.*

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Ken Shelton

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

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

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

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

Internet Address: <http://www.eep.com>

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

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

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To order, contact:
The Greenwich Workshop
151 Main Street
Saymour, CT 06483
1-800-243-4246
www.greenwichworkshop.com



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Authentic Leaders

Engage more in creative collaboration.



by Warren Bennis

IN SOME WAYS, everything is different now from how it was even 20 years ago. Indeed, in *The Lexus and the Olive Tree*, Thomas L. Friedman writes: "The world is only 10 years old." The World Wide Web provides the most dramatic example. In 1989, the Internet's 400 early adopters predicted that it would revolutionize how people communicate, but even they could not imagine how pervasive it would become.

Technology has done what ideology could not—create a worldwide community. Even if the Berlin Wall had not fallen in November 1989, the ability of people worldwide to effectively communicate electronically would bring down all the walls that once separated nations. But even as technology has facilitated the exchange of ideas and made the world smaller, it has not made it peaceful. Instant communications has facilitated the rise of religious fundamentalism in a form that demonizes nonbelievers and puts the most up-to-date technology to medieval use. We live in a world where a woman can be stoned to death for adultery, and everyone can watch it on satellite TV.

The world has also undergone economic transformation. China has embraced entrepreneurship and other forms of capitalism. And the European Union is now a reality—replacing the franc and Deutsche Mark with the Esperanto of currencies, the euro. In the United States, the New Economy emerged, soared, and crashed—fueled by intellectual capital. The days are gone when the most important assets are buildings and equipment; ideas are now the currency of the global economy.

For leaders, the take-home lesson is that power follows ideas, not position.

And so, leaders will have to reward people who have the best ideas. In tough times, second-rate leaders can exercise power recklessly with impunity. In good times, leaders must treat their people not as underlings, but as colleagues and collaborators.

One dreadful trend of the 1990s was the emergence of celebrity CEOs. Americans tend to see their institutions as the lengthened shadows of great men and reward charismatic leaders out of proportion to their contribution. The disappearance of the middle class, made up of people who believe that loyalty and hard work will bring security and a comfortable standard of living, may be the most important economic story of this new century. And unless the

current trend toward more wealth in fewer hands is reversed, it could be a grim story indeed.

One thing that has become clear to me is that integrity is the most important characteristic of leaders—and one that they must demonstrate again and again. Too many leaders forget that they are under scrutiny and can be called to account at any time. They forget that just because something is legal doesn't mean it's right—and that what the public gives, it can later take away. Scandals have a devastating effect. Trillions of dollars of wealth were destroyed by men who walked away with princely severance packages.

Where does this leave today's leaders? People are now demanding more genuine performance of their leaders. Leaders will likely receive less money and more scrutiny. That will probably be a good thing. Everything we learn about creativity suggests that money is more often an obstacle than an incentive. Modest leaders concentrate more on the intrinsic rewards of doing good work and recognize that their role has

a moral dimension that is just as important as fattening the bottom line.

More people need to ask: What is our purpose, beyond creating value for stakeholders? Today, we see the organization as a community where we spend much of our lives and we hunger for greater balance between work and personal life. Even as we are shackled by our pagers and cell phones, we long for work that seems meaningful enough to justify missing out on big chunks of our children's lives.

Leaders need to create meaningful rewards and humanize the workplace. It would be tragic if scandals cause business to be perceived as an unworthy calling. Our attitudes toward leaders are cyclical. We tend to lavish disproportionate attention and praise on them for a time, to treat them like royalty, only to turn on them at some point and treat them like devils. Neither extreme is true. For every ousted CEO, there are thousands of able, honorable leaders.

Great leaders cultivate cultures of candor. Historically, dissenters are rarely embraced. Yet no one is more valuable than the person who speaks truth to power. Organizations sometimes go to absurd, even immoral, lengths to ignore bad news. But authentic leaders embrace those who speak valuable truths, however hard they are to hear. Nothing sinks leaders faster than surrounding themselves with yes-men and -women. Even when principled nay-sayers are wrong, they force leaders to reevaluate their positions. Good ideas are made stronger by being challenged. Those who speak truth to power need courage, and may pay the price for candor.

Great leaders and followers are always engaged in a creative collaboration. We still tend to think of leaders, like artists, as solitary geniuses. In fact, the days are gone when a single individual, however gifted, can solve our problems. Today we need groups of talented people to tackle complex problems, led by gifted leaders.

To lead a Great Group, leaders need not possess all the skills of the members. What they must have are vision, the ability to rally the others, integrity, and superb curatorial and coaching skills—an eye for talent, the ability to recognize correct choices, contagious optimism, a gift for bringing out the best in others, the ability to facilitate communication and mediate conflict, a sense of fairness, and an authenticity and integrity that creates trust.



Leadership often emerges after some right of passage or crucible. Some magic takes place in the crucible, whether the transformational experience is an ordeal, like Mandela's years in prison, or an opportunity, like being mentored. Whatever is thrown at them, leaders emerge from their crucibles stronger and with new skills. No matter how cruel the testing, they become more optimistic and open.

All leaders have four essential competencies. First, they engage others by creating shared meaning. They have a vision, and persuade others to make that vision their own. They are richly endowed with empathy, attuned to their followers, and feel their pain, wants, and needs. Second, authentic leaders have a distinctive voice—purpose, self-confidence, a sense of self, and emotional intelligence. Third, true leaders have character or integrity—a strong moral compass, a powerful belief in something outside themselves. Fourth, leaders have the adaptive capacity to respond quickly and intelligently to relentless change—to act, before all the data is in, and then assess the results, correct course, and quickly act again. Their adaptivity includes resilience or hardiness—a kind of creativity that enables them to identify and seize opportunities.

As I watch people become leaders, I am struck by how effectively some people recruit the mentors they need. This ability is more complex than networking. It is the ability to spot those people who can make all the difference in your life and get them on your side. In recent years, I've seen the process from the mentor's side, as talented younger people draw me into their lives and make me care about them. Mentoring is a reciprocal dance that benefits both parties.

The process of becoming a leader is the same process that makes a person a healthy, fully integrated human being. Timeless leadership is always about character and authenticity. William James said, "The best way to define a man's character is to seek out the particular mental or moral attitude in which, when it came upon him, he felt himself most deeply and intensively active and alive. There is a voice inside which speaks and says, 'This is the real me.'" Finding and nurturing your authentic self is the sure way of becoming a leader. LE

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ACTION: Nurture your authentic self.

Viabile Vision

Net your current sales.



by Eliyahu M. Goldratt

WHEN I ANALYZE A company, I am somewhat satisfied

only when I clearly see how it is possible to bring the company to have, within four years, annual net profit equal to its current total sales. That's what I mean by a "viable vision."

I'm careful when sharing this expectation with the top management; I expose the reasons why I believe this vision is viable. I share my diagnosis of what is blocking performance. Using logic, I deduce the steps that will remove that block. Then I detail the steps to take to capitalize on that breakthrough. In this way, the reaction of top managers is: "This is common sense. Why aren't we doing it?"

Any complex system is based on inherent simplicity. Capitalizing on the inherent simplicity enables incredible improvements within a short time.

The more data needed to fully describe a system, the more complex it is.

How complex is the system you manage? How many pages are needed to describe every process and the relationships with each client? Most companies, even small ones, are complex and thus difficult to manage.

We manage a complex system by dissecting it into subsystems that are less complex. However, this can lead to miss-synchronization, harmful local optima, and the silo mentality. Since our systems are complex, we might think that all we can do is to improve synchronization and foster collaboration between the subsystems. If this is the only option we consider, we'll believe that achieving a major jump in profit within a short time is a rarity. We'll think that creating net profit equal to current total sales in less than four years is unrealistic.

To see the potential of a company, we need to realize that the thing that makes our system difficult to manage

is that what is done in one place has ramifications in other places; the cause-and-effect relationships turn our system into a maze. But that fact also provides the key to the solution.

Examine a system and ask, what is the minimum number of points we must impact to impact the whole system? If the answer is "10 points," this is a difficult system to manage because it has too many degrees of freedom. But, if the answer is "one point," this system is easy to manage.

Now, the more interdependencies between the components of the system, the fewer degrees of freedom the system has. Considering the complexity of your system, only a few elements govern the entire system. The more complex the system, the more profound is its inherent simplicity.

To capitalize on the inherent simplicity, we must identify those few elements that govern the system. And, if we

clarify the cause-and-effect relationships among all elements of the system, we can manage the system to achieve higher performance.

The few elements dictating the performance of the system are the constraints or leverage points—the Theory of Constraints (TOC).

About 20 years ago I demonstrated the TOC approach on production

systems in my book *The Goal*, and then on project-based systems in *Critical Chain*. The marketing and strategy of companies is in *It's Not Luck*. If you read these books, you'll agree that the conclusions are common sense, even though they fly in the face of common practice. Moreover, if you put it into practice, you experience impressive improvements in a short time.

Is a viable vision possible for your company? Is it feasible to have, within four years, yearly net profit equal to its current yearly sales? The obstacles are daunting. For example, such profitability is impossible without a huge increase in sales, and this is doable only if you have a remarkable new offer accepted by your markets. Can such an offer exist? Can you deliver on such an offer? What investments will be needed? And, is your team capable of implementing such a change?

Yes, if you follow my proposal. LE

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ACTION: Create a viable vision.



Assess Your Capabilities

You need a framework to avoid wishful thinking.



by Clayton M. Christensen

THE PACE OF CHANGE is accelerating, and the information available to managers—as well as the work and judgment required to sort through it—is increasing dramatically. The Internet exacerbates this trends.

This is scary news—because when the pace of change was slower, most managers' track records in dealing with change weren't so good. Seeing innovations coming wasn't the problem. Organizations just didn't react to what their employees and leaders saw in a way that enabled them to keep pace with required changes.

When managers assign employees to tackle a critical innovation, they try to match the requirements of the job with the capabilities of the individuals charged to do it. In evaluating whether people are capable of executing a job, managers will look for the requisite knowledge, judgment, skill, perspective, and energy. They may also assess the people's values—how they decide what should be done. Few think as rigorously about whether their organizations have the capability to successfully execute jobs.

Managers need a framework to help them understand whether their organizations are capable or incapable of tackling the challenge.

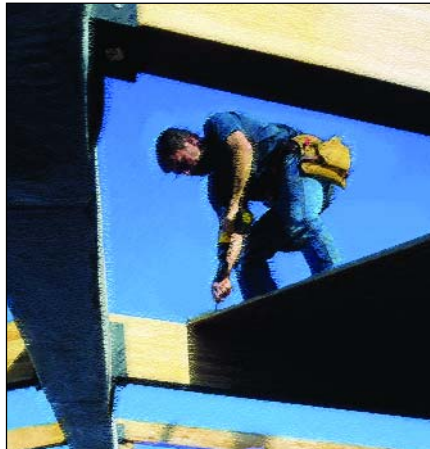
Capabilities Framework

Three factors affect what an organization can do: resources, processes, and values. When asking what innovations you'll implement, you learn about your capabilities by sorting your answers into these categories:

- **Resources.** Resources include people, equipment, technology, product designs, brands, information, cash, and relationships with suppliers, distributors, and customers. Resources are usually things or assets—they can be hired and fired, bought and sold, depreciated or enhanced. Resources are valuable and flexible. Cash, for example, is a very flexible resource. When assessing whether they can implement changes, managers instinctively

identify resources. Yet resource analysis does not tell a sufficient story.

- **Processes.** Organizations create value as people transform resources into products and services of greater worth. The patterns of interaction, coordination, communication, and decision-making are processes. They include those by which product development, procurement, research, budgeting, manufacturing, employee development and compensation, and resource allocation are done. Processes evolve to address tasks. When managers use a process to execute the tasks for which it was designed, it is likely to perform efficiently. But when the same process is employed to tackle a different task, it is likely to prove slow and inefficient. Processes are



inherently inflexible, meant not to change—or if they must, to change through controlled procedures.

- **Values.** Values carries an ethical connotation; however, values have a broader meaning as the criteria by which people make decisions about priorities—whether an order is attractive or unattractive, whether a customer is more important or less important, whether an idea for a new product is attractive or marginal, whether to invest or not invest in new products, services, and processes. Managers need to train people to make decisions about priorities that are consistent with the strategic direction, business model, and clear values.

As companies add features and functionality to their products and services to capture more attractive cus-

tomers in premium markets, they often add overhead cost. As a result, gross margins that at one point were attractive later seem unattractive. Their values change. Hence, as companies grow, they tend to lose the capability to enter emerging markets.

Sustaining or Disruptive Technologies

Sustaining technologies are innovations that make a product or service better along the dimensions of performance valued by customers in the mainstream market. Disruptive innovations bring to market a new product or service that is actually worse along the metrics of performance most valued by mainstream customers.

Industry leaders introduce sustaining technologies over and over again. As they introduce improved products to gain a competitive edge, they develop processes for evaluating the technological potential and assessing their customers' needs for alternative sustaining technologies. This capability resides in their processes. Sustaining technology investments also fit the values of the leading companies, in that they promise higher margins from better products sold to their leading-edge customers.

Disruptive innovations occur so seldom that no company has a routine process for handling them. And, because the disruptive products promise lower profit margins per unit sold and can't be used by their best customers, these innovations are inconsistent with the values. The companies have the resources—the people, money, and technology—to succeed at both sustaining and disruptive technologies. But their processes and values constitute disabilities.

Large companies often surrender emerging growth markets because smaller, disruptive companies are more capable of pursuing them.

Managers who face the need to change or innovate need to do more than assign the right resources to the problem. They need to ensure that the organization in which those resources reside is capable of succeeding—and in making that assessment, managers must scrutinize whether their processes and values fit the problem.

Creating Capabilities

A manager who determines that an employee is incapable of succeeding at a task would either find someone else to do the job or train the person.

Processes are not as flexible as re-

sources—and values are even less so.

The processes that make an organization good at outsourcing can't make it good at developing components in-house. Values that focus priorities on large customers can't focus priorities on small customers.

Managers who determine that their capabilities aren't suited for a new task are faced with three options: 1) acquire a different organization whose processes and values are a close match with the new task; 2) try to change the processes and values of the organization; or 3) separate out an independent organization and develop within it the new processes and values required to solve the new problem.

We have never seen a company succeed in addressing a change that disrupts its mainstream values absent the personal oversight of the CEO. Only the CEO can ensure that the new organization gets the required resources and is free to create processes and values appropriate to the new challenge.

Assess whether your values will allocate to the new initiative the resources it will need to succeed. If there is a poor or disruptive fit, then you will accord low priority to the project. However, if there is a strong, sustaining fit, you can expect that the energy and resources of the organization will coalesce behind it.

Managers who are confronting change must first determine that they have the resources required to succeed. They then need to ask: Does the organization have the processes and values to succeed? Few managers ask this question because the processes by which work is done and the values by which employees make their decisions have served them well. However, your capabilities also define your disabilities. So, ask, are the processes by which work gets done appropriate for this new problem? And will the values cause this initiative to get high priority or languish?

Understanding problems is the most crucial step in solving them. Wishful thinking can set teams charged with developing and implementing an innovation on a course fraught with frustration. Innovation often seems to be so difficult because managers employ highly capable people and then set them to work within processes and values that aren't designed to facilitate success. LE

Clayton Christensen is a professor of business administration at the Harvard Business School, and is author of The Innovator's Dilemma: When New Technologies Cause Great Firms to Fail and Leading for Innovation.

ACTION: Assess your processes and values.

Change How You Change

Observe six principles.



by Dave Ulrich

IN RECENT YEARS, I have lost a lot of weight. People ask me how. Most assume that the weight loss, or change, is tied to a diet and that I will return to my former size.

Most changes, even those that we know are good and right, do not endure. Best intentions to change behavior fall short when diets or programs that we depend on to cause change are not assimilated. Sustained change requires a new identity.

We need to change the way we think about change. Sustained change may begin with actions, checklists, and tools, but must evolve to adopting a different identity and assimilating a new way of thinking and acting. Assimilation requires a shift in thinking and behaving. It becomes a new identity where being and acting occur without thinking.

Making change an identity shift is simple but not easy. It is simple to say "we have to lose weight" and we need to eat less, eat right, and exercise more. But, it is not easy to do it. To assure sustained change, weight loss must come from a change in identity—letting go of an old identity, accepting personal ownership for the new identity, and turning the actions into patterns, routines, and habits.

To let an old identity die requires clarity about what has to change, *candor* about the need for change, and *courage* to make the change happen. When people internalize a new change, they take ownership for it. It becomes part of who they are. Identity shift means that we internalize new principles and associated practices so that actions come naturally.

Six Principles

To make the shift from events to patterns, from actions to identity, or from checklists to transformation, you

need to learn and apply six principles. Each one aligns with a question you need to ask of yourself and your team:

Principle 1: Focus. Question 1:

What do I want? Focus on the desired new identity. A focus sorts, prioritizes, and highlights what matters most. In change not everything worth doing is worth doing well. Some things that are important to do may simply not be priorities. Some things are so important to do they are worth doing poorly.

Having a focus requires that a leader may only have limited priorities that they personally champion; they can sponsor others, but can only own one or two. It is better to do a few things well than try to do too many things and do them poorly. Good is the enemy of great. Leaders need to address hard problems; they won't always make hard decisions correctly. Moving up in leadership means moving

on, trusting others to do the detail work, selecting the right priorities, and focusing on what delivers the most value.

To determine the focus or priority, ask the simple question, "What do I want?" Knowing what is wanted requires reflecting on what could be done, but then getting clear about what is wanted

in the situation. You pass the focus test by reflecting on these questions: Do I know what matters most to: investors, customers, and employees? Can I define what matters most to me? Do I communicate the same priorities in my public presentations and my private conversations? Do the agendas I follow for meetings reflect those priorities? Am I clear about what I can do that no one else can do? Am I clear about what I want to be known for? What percent of my time do I spend on things that matter most? Am I easily distracted? Without focus, you try to be all things to all people. Then what matters most happens least.

Principle 2: Explore. Question 2:

What are my options? Once you know what is wanted, you need to figure out options to get it done. Exploring options means looking for alternatives; seeking people who have counter-intuitive ideas; having forums for dialogue, innovation, and breakthrough thinking; not being locked into traditional ways; exploring what others have done; and experimenting



with new ideas and learning from those experiments.

Adopt the mantra: Think big, start small, fail fast, learn always. Explore the options for creating that new identity and examine each option.

These questions will help you to explore options: Have I looked inside and outside my industry for best practices and new ideas? Have I tapped into the expertise to accomplish what I desire? Have I assigned creative and talented people to explore options that might work and given them resources and support to generate ideas?

With focus and exploration, you know what you want and explore alternative paths to make it happen.

Principle 3: Claim. Question 3:

What do I think? Some leaders get lost in the options game. They can see so many ways to do a project that they never get around to doing it. They don't claim a choice or decide on a solution. At some point, leaders need to claim the option that will achieve the focus. Leaders stake, claim, own, and are accountable for their choices. They recognize things that could be done, but claim the unique combination that works best. They take a stand and become known for something. They talk publicly and privately about the direction they are headed and the path to get there; they put energy and passion into these paths; they monitor progress; and they gain or lose credibility by the extent to which they accomplish their claim. With a focus, options, and ownership, leaders pass a calendar test of their time, an emotional test of their passion and energy, and a resource test of the investments required to deliver on the option.

To pass these tests, leaders should ensure that the option is congruent with personal values. They must explain not only why the company wants to do something, but also why they personally want to do it.

To claim an option requires personalizing the change and answering the question, "What do I think?" This question internalizes an identity. It makes the identity something that the leader petitions and claims. Ponder these questions: Am I clear about the path I will take to reach my goals? Have I passed the calendar test? Have I dedicated 20 percent of my time in the next 90 days on the option I have chosen? Have I passed the rhetoric test? In every speech, do I find ways to talk about the option and imbue the message with new metaphors, symbols, and images? Have I passed the passion test? Do I put

my energy into the path I have chosen? Is my direction and path consistent with what I believe? Do I feel passion for it?

When leaders declare their desires with a focus, explore their options with insight, and claim their path with boldness, they lead. They set an agenda, define a path, and engage others. They forge a new identity for themselves and their organization.

Principle 4: Decide. Question 4:

What decisions do I need to make? The leader must now decide to make things happen. Clarity of decisions leads to lucid actions, while ambiguity leads to delayed or random acts.

In the absence of decision, clarity and rigor, actions may be delayed or misguided. A pattern of decisions shapes an identity. A leader chooses how to spend time, who to spend time with, what information to process, what meetings to hold, and what issues to address. Through this pattern of decisions, she creates an identity.

Being clear about decisions and protocols enables leaders to shape an identity. Decisions protocols also turn a direction and path into a set of choices. Just as leadership is a choice, so is the identity that follows from what and how leaders make decisions.

Thoughtful leaders ask four questions: 1) What decisions do I need to make? Leaders focus on the few key decisions they need to make. 2) Who will make the decision—and who is accountable for the decision? 3) When will the decision be made? Work expands to fill the time provided. Deadlines generate commitment to action. 4) How will we make a good decision? This involves knowing the quality level the decision requires, accessing the right information, asking the right people for input, finding out what others have done, testing alternatives, and involving key people. When people feel heard, they more likely accept the decision. When people know the *why* they accept the *what*.

As you follow this protocol, you pass the decisiveness and decision test. You not only know what you want, you know the options, which option works best, and the key decisions that will move the change along and shape a new pattern or identity.

Principle 5: Act. Question 5: What actions do I need to take? A new iden-

ty requires new actions. We often judge ourselves by our intent, but others judge our identity by our actions. Make actions part of the new identity.

• *Start small.* Seek small, first steps. Look for lead customers who might engage in a new project. Look for early adopters of a new idea. Seek a lot of people making small changes.

• *Let go.* New identity requires letting go of old actions consistent with an old identity. As old actions are replaced with new ones, others begin to expect the new identity and its actions. As actions accumulate, they become patterns, and a new identity is forged.

• *Involve others.* Change requires a social support network. Leaders who act to sustain change will need to surround themselves with those who model the desired changes.

• *Sustained change takes time.* Try this "four 3s" methodology: 1) 3 hours: What can I do in the next three hours to make progress? 2) 3 days: What can

I do in the next three days to make progress? 3) 3 weeks: What can I do in the next three weeks to sustain progress? And 4) 3 months: What can I do in the next three months to show progress? In three months, old patterns may be replaced by new patterns.

Principle 6: Learn.

Question 6: How will

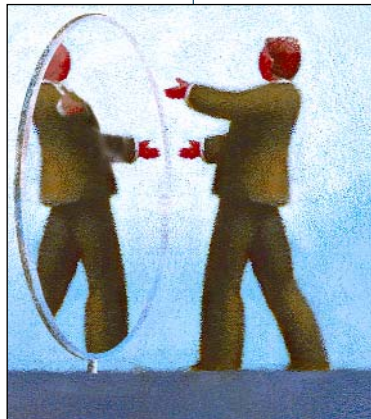
I know and grow? Sustained change requires follow-up, monitoring and learning. Without indicators to track progress, learning can't occur. You must weigh in and figure out what helps or hinders your goal. In change, you should look for early signs of success by identifying lead indicators of what is or is not working. The tracking indicators should lead to insights, improvements, and upgrades.

Leaders observe events, see patterns, think critically and creatively about problems, are self-aware about strengths and weaknesses, try new things, and adapt and improve what they do and how they do it.

These six principles and questions help you move from the tyranny of to-do lists, events, and programs to the assimilation of a new identity. **LE**

Dave Ulrich is a professor of business administration at the University of Michigan and has authored and co-authored many books including The Boundaryless Organization (Jossey-Bass). www.josseybass.com.

ACTION: Change how you change.



Diminishing Fear

Unravel all of your mixed messages.



by Judith Glaser and Nancy Snell

FEAR SOMEHOW TOUCHES ALMOST every aspect of our lives. It is woven invisibly into the fabric of our existence and often sets into motion a chain of reactions and circumstances.

As leaders we need to ensure that fear does not consume our workplaces and degrade the performance of our people. The key to reducing fear at work is direct and clear communication that eliminates mixed messages—the catalytic driver of fear.

Communicative people are less fearful and more secure because they know where they stand. They are less afraid to ask the awkward questions and less intimidated to have difficult conversations. They know that meta-messages live inside of every communication, and they strive to create clarity and understanding.

For example, if you seek new business, you may fail to keep your team in the loop. As time passes, you leave your team without a leader. Soon your people feel disconnected from your activities. Worst-case scenarios seem to be whispered, and one-on-one side conversations echo the halls.

As a result, fear starts to dominate your team. It shows up as people start distrusting your leadership capability, turning to other leaders outside the team for advice and information, creating concentric circles of communication with others, and building mountains out of molehills.

Our sense of security and well being are profoundly affected by how well we are kept in the vital loop, how well our leaders interpret and integrate the dynamics and complexities of workplace life for us.

Interpreting Meta-Messages

Fear is a natural response to a perception about the future. Employee fear often becomes the ever-present fabric when their managers and leaders are suddenly behind closed doors, speaking in hushed tones, and refusing to address rumors directly. This sends a very direct message. Great leaders put themselves in someone else's shoes temporarily in an effort to interpret these events for them in a straightforward and truthful way. In doing so, they create a sense of calmness, control, forward movement, security, and direction. Unless leaders set a clear and explicit context for this communication, employees create their own worst-case scenarios.



Fear elevates under certain conditions. Lack of shared focus, purpose, and vision creates confusion. Lack of communication opens the door to paranoia (the ultimate fear response). Lack of interpersonal communication causes more emotion, misunderstanding, and fear. Emotions

have a dramatic effect on our success. Positive emotional connection is good for business. Lack of respect for others undermines security, which causes resentment—another form of fear. Failure to tap the inner talent and creativity causes deeper isolation and fear. Failure to develop team agreements, strategies, and decision-making policies enhances isolation. Management's self-serving and exclusionary approaches cause isolation and fear among employees. Negativity and complaining become both the cause and effect of fear. Low morale due to leadership's inability to acknowledge the truth causes fear.

Tips for Leaders

How can you as a leader build an environment where people feel safe? Mixed messages cause employees to

retreat into fear. For example, when you say you care about keeping people in the loop, yet fail to do so, you send meta-messages. When you talk at employees and give directives, but do not ask questions to clarify understanding, you set the context for mixed messages. Inevitably employees will think one thing while you say something else, and confusion will result. Mixed messages create a metaphorical moat. We don't know which side of the river we are standing on, and without the security of knowing where we stand, we can't do our best.

Instead of allowing mixed-messages and worst-case scenarios to take over, set the context for inclusion:

- **Don't be afraid to stand up for your people.** Create a safe environment so they know that you are there for them. When having vital conversations about the future direction, minimize misunderstandings. Repeat what employees say and ask questions to uncover hidden implications. Be sure that reviews are realistic so that people know exactly where they stand at all times. Be genuinely interested and acknowledge good effort and accomplishments for others to see. Clarify what employees are saying before drawing conclusions or making assumptions.
- **Keep an open mind even if you disagree with what is being said** so you can understand employee concerns. Remember emotions don't always reside in logic; they reside in fear, and that's what you want to release, not amplify. Evaluate information without bias. Ask questions to hear concerns.
- **Respond rather than react.** Acknowledge employees' issues and points of view; listen actively so that you can respond. Listen to the logic and the emotion—convey that you hear what is being said at all levels.
- **Accept responsibility for the impact of the way you are communicating.** Walk the talk—people will know that they can trust you. Say what you mean and mean what you say!
- **Don't be a people pleaser**—speak the truth. Be a change agent. Take timely action. Give constructive feedback.

Understanding how unspoken fear is affecting your business. Dealing with it by unraveling mixed messages will have a big bottom-line payoff. LE

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ACTION: Turn down fear and turn up clarity.

Capitalize on Talent

Keep your WITS about you.



by Michelle Gall

WHAT DO PEOPLE turn to you for? Maybe people seek you out because you know how to transform volumes of data into a concise exhibit. Perhaps they turn to you when they struggle to articulate their ideas or to gain their perspective.

Whatever your distinctive talent, it flows like water downhill—naturally and effortlessly. You may not know what's natural for you, but the people around you *do*. In fact, one way to identify your distinctive talents is to look at the dependencies you create in others. That indicates a natural strength. People seek colleagues with WITS not so much for what they do but for what they *elicit from others*.

WITS refers to people whose skill set is ideally suited to removing boundaries and helping others thrive. They are *wise*, *innovative*, *thoughtful*, and *spunky*. They bring out the best in others. They cultivate growth with great energy, purpose, and sense of calling. They know how to *create a culture that invites growth*. This makes change safe and fun, which encourages people to change their behavior and improve their performance.

WITS are curious about what makes people tick, and that's what draws people to them. Sometimes being understood is more important than being loved. People don't necessarily love their protégés, but they may *understand* them in a way that no one else does. Like expert gardeners, WITS invest in the environment without possessing it. They're in touch with a sense of wonder and purpose. They define value and permanence very differently than most people. WITS value connection; and even if that *connection* turns out to be temporary, the feelings that accompany it are *permanent*. This is where WITS get their fuel and why change doesn't paralyze them. They carry a lot of permanence around *inside* themselves. Each time they connect with someone, they reconnect with an essential part of themselves: a deep inner place

where water flows naturally downhill. This inner spring replenishes them and helps explain why change doesn't deplete WITS; it merely ushers in more opportunities for connection and transcendence. Change deepens their sense of purpose, presents opportunities to help others, and adds to their reservoir of permanent experience.

An employee with WITS can energize himself and others even when he himself is undergoing great personal loss and challenge. The idea of draining others is unthinkable to WITS. They pull themselves up by their own bootstraps, so it's hard to tell when they may need support. They experience adversity and happiness without ever losing complete touch with either. They're resilient and empathetic



because they're in touch with every experience they've had. Their pool of experience is always present and accessible to them. This gives them a highly complex but nimble perspective on life. This perspective increases their gratitude during good times, tempers their anxiety during bad times, and enables them to empathize with a wide range of people.

How much simpler life would be if we all knew exactly where water flowed naturally downhill for us, and if we knew how to use that wellspring to our best advantage. Locating our inner spring and figuring out what to do with it can be a tricky process. Springs begin deep underground, and they often stay hidden there. No neon sign points the way. Most of us invest a lot of blood, sweat, and tears digging

holes that lead nowhere. Your own unique artesian well is such an essential part of you that you might not see it. Or, if you do, you may discount it as ordinary or unnecessary. Some people do see where water flows naturally downhill for them, but they may experience it as an unwelcome flood that they have to work around or as an annoying, dripping faucet in the background that they block out in order to concentrate on their career. They don't see it for what it really is: *talent*. WITS not only help colleagues locate their inner spring, but they also show them how to honor and refine it. WITS are attuned to the sound of water flowing naturally downhill, and it calls to them. They help people bring their inner spring to the surface, drop by precious drop.

Think about those moments when you lose track of time. When do you find yourself so absorbed in what you're doing that you enter a state of flow? This is a good indicator that you've identified a spot where water flows naturally downhill for you. Do you lose yourself in numbers, spreadsheets, and detail? Maybe it's writing, speaking, and big-concept thinking that come naturally to you. Perhaps abstract ideas bore you, but creating a tangible finished product mesmerizes you. The corporate world is full of people in miscast roles because they ignore the call of water flowing naturally downhill deep inside themselves. Their jobs drain them, and they watch the clock. In honest moments, they feel like frauds. They build their careers on a pebble of talent and experience debilitating, unsatisfying success.

It takes a lot of misspent energy to make a mountain out of a molehill. A real mountain is natural, not contrived. It rests on bedrock and has the power to inspire. Your inner spring is your piece of greatness. So why do so many people end up on molehills instead of on mountaintops? *The Herd Instinct* and *the Power of Confusion* lead a lot of good people astray.

- **Herd instinct.** The herd instinct refers to animals that all look alike and behave alike without much individual thought. Each member suspends judgment and choice in deference to the herd. Members look to the herd for direction and sustenance. Each animal sacrifices its identity and freedom in exchange for insulation. The herd represents a small, swaddled existence. Many hardworking employees live their entire careers inside the herd.

Individuality (where water flows naturally downhill) undermines the herd order of things and is repressed. Herds travel together on common ground for a common cause. *Conformity* determines a herd's survival, not individuality. People have a very human need to belong. The herd feeds and responds to this common need. The result is a bigger herd that keeps trampling over the same ground. Most people can't resist the siren song of the common herd. That's how corporations end up with a swaddled workforce that is disconnected from the marketplace. A herd can still be productive, but its productivity is limited to what the *entire* herd can or will perform. This often means that performance is determined by the lowest common denominator.

• **Power of confusion.** It would be easier for you to capitalize on your distinctive talents if life weren't so confusing. You want to do the right thing and live up to your potential, but you have no idea what that is. The brighter you are and the more choices you have, the more confusing life can be. Education often raises expectations without providing clarity. Experience usually helps you define what you *don't* like—not discover what you *do* like and what you're good at. That's why so many people end up ricocheting through corporate life. Without their inner spring to guide them, even smart people can mistake molehills for mountains and pap for vision.

Like a hidden magnet that attracts iron filings across a sheet of paper, our inner spring has *presence* whether we acknowledge it or not. WITS respond to that presence and feel compelled to cultivate it. They help colleagues discover their natural talents. This defuses the *Herd Instinct* and disables the *Power of Confusion*. WITS help colleagues define themselves and their relationships. WITS do this naturally and creatively because developing others is *their talent*.

No company can thrive without WITS, and yet most leaders don't know how to identify or find these valuable people—or don't appreciate how WITS contribute to a healthy culture. An exceptional culture translates into a sustainable competitive advantage. Locate your potential WITS. They remind colleagues how important it is to find the right fit. LE

Michelle Gall is an executive coach, author, and speaker. This article is an excerpt from her book, Keep Your WITS About You. www.michellegall.com.

ACTION: Fit your talent to their roles.

Creating Partners

Stop having subordinates.



by Ira Chaleff

WHO WOULD YOU rather have at your side in a tough spot? A partner who shares full responsibility for decisions and their outcomes? Or a subordinate who does just what you say and shuts up about ideas he has that may be better?

Rationally, you want the former; emotionally, you may choose the latter.

Reflect on your career. Have you ever kept quiet when superiors were creating problems? What caused you to withhold your counsel?

I guarantee you they were being "the boss." Everything about their tone, body language, verbal language, and bearing was signaling you that they were the boss and you were the subordinate. Chances are you learned from them what a boss looks and sounds like. Whether you admired their style or not, some of it rubbed off on you.

When you act as a superior, you will have subordinates. Act as a partner, and you will have partners. Yes, you may be the *senior* partner, but they are still partners, not underlings or subordinates.

One key difference between the behavior of a "boss" and a "partner" is the way you talk. You talk differently to partners. It is not just what you say, but how you say it. To a subordinate, you might say, "This client wants his order fulfilled now. Make it happen."

What is the message? It's not just "Get the order done now," but it's also "I'm the boss; this is what I want—and there could be consequences if I don't get it." It doesn't require a dramatic act to make the point that the receiver is your subordinate. Are you aware of how often and in how many ways you send similar messages?

This is not how you would talk to a partner. You might be just as clear about what you want and when; however, your delivery would create part-

nership, not subservience. You might ask, "How can we do that?" Or, "Can you make it happen?" You would seek the individual's knowledge, responsibility, and mutual commitment.

You talk differently to folks below you than to folks across from or above you. So what? The higher you go, the less direct experience you have of customers, stakeholders, and problems. It is harder to get a real feel for what is happening. You become more dependent on good information and insight from those who *are* in touch. So, they need to feel invited to tell you the reality they see, especially when it differs from the one you believe is out there.

You likely *think* that you already extend this invitation, but you may discourage people from giving you inconvenient information. Unless you make an effort to discover in what ways you do this, you will continue to do so.

Creating Partners

To create partners, try this exercise:

• Start every meeting with a question: "Is there anything I'm not getting about this issue that you think I should?"

• Whatever the answer, respond with interest and ask, "Can you tell me more about that or give an example to help me understand it better?"

• Ask questions until you have clarity on the points. Don't argue. Don't interrogate—just clarify.

• Thank the individual or group making these points.

• Incorporate what makes sense into the decisions.

• If no one spoke up, after the meeting ask the individual who is likely to be forthright, "What am I doing that keeps everyone from talking?"

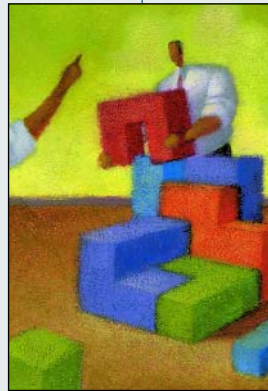
• If this individual gives you insight into how you discourage feedback, convey your gratefulness. Find a way to reward the honesty.

• Invite this truth-teller to sit in on more meetings and after each one give you feedback on anything you did that made others act as subordinates.

By doing this you will have the self-awareness to create partners. You will also have earned their trust. They will give you their best advice and enthusiastically support decisions that are based on reality. LE

Ira Chaleff is president of Executive Coaching & Consulting Associates and author of The Courageous Follower: Standing Up To and For Our Leaders. www.exe-coach.com.

ACTION: Create partners with your people.



Culture of Appreciation

Your assets will increase in value and worth.



by Noelle Nelson

MOST OF US THINK we appreciate our employees. We say “good job” for work well done, we give out Employee of the Month awards, and we honor our top producers. Yet, two out of three workers say they didn’t receive a single word of praise or simple recognition in the past year. Well, you think, “That’s the other guy—I appreciate, I’m grateful.” Yet, the number 1 reason people leave jobs is lack of appreciation—not low pay, not too many hours, or too few benefits. People quit first because they don’t feel appreciated!

How much does turnover cost you? How much do you spend in recruiting, hiring, and training new hires? How much time—productivity—is lost in the process? And what about absenteeism and lack of motivation and enthusiasm? Because those who aren’t quitting, but who feel unappreciated, are coming to work less often, with less zeal and less commitment. And who incurs the cost? You. Your business. Your company.

And the cost is considerable. Appreciation has a real and measurable impact on your bottom line. Studies reveal that the degree to which people feel their company recognizes employee excellence results in dramatic differences to the company’s bottom line. Businesses effectively valuing their employees enjoy *triple* the returns on equity, returns on assets, and higher operating margins.

And that’s just when employee excellence is appreciated. What do you think can happen—what does happen—when you have an entire culture of appreciation? When an obsession with value, with the worth of people and situations, becomes your way of doing business?

Companies such as Southwest Airlines and See’s Candies have embraced the appreciation approach. The result? Southwest Airlines is making money while its competitors are filing for bankruptcy. See’s Candies has tremendous customer

loyalty, longevity, and profitability in an industry fraught with competition. When I interviewed the leaders of these companies, I discovered that they have a culture of appreciation.

Appreciation is not just another word for *gratitude*. *Appreciation* is about recognizing and caring about the value of things. This is the way the word *appreciation* is used in the marketplace: we say that land *appreciates*, gold *appreciates*, art *appreciates*—they all increase in value and in worth. When you are genuinely concerned with the value and worth of your people, and decide to make valuing your number-one priority, the value of your business skyrockets.

The reason appreciation works so spectacularly is scientific: Appreciation



is an energy that attracts like energy. So, by valuing your employees, you attract value from them. Like attracts like. It’s not just a catchy phrase—it’s a scientific reality you can use to your direct benefit.

How? It all starts with you—whether you’re the owner, department head, manager, or supervisor—what you think and what you feel affects every person involved with your company. You set the tone, you set the pace, and you determine what is going to matter and what isn’t. You have enormous impact.

If you see your products and services as having tremendous value, those you manage will appreciate them in the same way. If you see the people who work for you as having tremendous value, those people will

want to step up to the plate for you. Your business cannot help but prosper. It’s scientific. Like attracts like.

Five Ways to Appreciate

Here are five ways you can appreciate beyond Employee of the Month:

1. Adopt an appreciative focus.

Appreciation is an active, purposeful search for the value or worth of whatever or whomever you come in contact with. Many times, your focus is on everything that’s going wrong as you come to work: all the problems that you must somehow solve or delegate to be solved. In the process, you ignore, and most emphatically fail to value, everything that’s going right.

Look at your business with new eyes. Search for what you can appreciate and find of value in every person, every moment of the day. Ask your managers to report what’s working right, where the greatest progress is being made, who’s going the extra mile. Take time to acknowledge the positive reports from your managers, ask for more details, and be enthusiastic about what they have to say.

2. Problem-solve with appreciation.

When problems inevitably arise, ask employees what they think might resolve the issue. When valued this way, most workers will try to produce good solutions, especially since they often know the workings of their particular job or department better than anyone. By using this approach, you are acknowledging your employees’ value before usurping it with yours.

Of course, others will not always solve problems for you, but by valuing your workers’ ability to do so, you increase the chances that they will. And by acknowledging their value, you increase the possibility that employees will become proactive and eagerly seek solutions to future problems.

When you see value in people, you free them to be more creative, more innovative, and more valuable to your business. In addition, when employees are part of the solution-making process, they own the solution and are therefore more willing to do what it takes to see it through.

3. Catch employees in the act of doing something right.

So often, we focus on only catching employees doing something wrong. In truth, catching people doing something right, something of value, is far more beneficial to your business.

Make a habit of walking around the business spontaneously. Using the

appreciation reports gleaned from your department heads, let workers know that you appreciate a specific aspect of their effort. Tell them how their “good act” was noticed and what it means to you and to the company.

Know enough about what workers are doing in different departments so you can make meaningful comments about their contributions. Specific comments are much more appreciated. Saying “You’re doing a great job” isn’t as meaningful as saying, “The specs you wrote up on Project X really made a difference to our customer.”

Ask employees what they’re working on now. Engage them in conversation about their work. Wanting to know their thoughts lets employees know that what they think and say is valuable. Look workers in the eye, use their name, and be genuinely interested in their comments.

4. Create a culture of appreciation.

Collect stories of work done well. Make heroes of the men and women who work for and with you. We are all starved for recognition, for genuine applauding of our talents and skills. The success of TV reality shows is predicated on our need to be valued and to be seen as valuable. We want to be appreciated for who we are and want the opportunity to be winners.

Celebrate the value of those who are deserving, regardless of position or department. Celebrate workers’ good acts outside of work as well. By fostering a culture that acknowledges good acts within your community, your company will reap the benefits.

Discourage negative talk and gossip about anyone or anything. Don’t indulge in “the economy is terrible,” “stockholders are a nuisance,” or “meetings are a waste of time” conversations. Don’t trash or bash others.

5. Lead by example. Appreciation is not a fad or technique. It is a paradigm shift, a new approach. It is even more critical today when employees often have a variety of career choices and move on when they feel unappreciated. If you want to see the tremendous advantage an appreciative approach can make, infuse your business with appreciative thoughts and practices.

It all starts with you. From you, appreciation can spread to the great benefit of your performance, productivity, and profitability. LE

Dr. Noelle Nelson is a psychologist and business trial consultant. An international speaker, author and seminar leader, her latest book is The Power of Appreciation in Business (MindLab Publishing). nnelson@dr.noellenelson.com, www.ThePowerOfAppreciationInBusiness.com.

ACTION: Appreciate your people.

Strategic Alignment

Learn how to execute effectively.



by Gerard A. Abraham

IT IS AN ALL-TOO-FAMILIAR scenario. Corporation X misses badly on its commitments several quarters in a row and the stock plummets. As a result, the Board loses confidence, the CEO “resigns,” and a new CEO is appointed who announces a restructure.

In recent years, we have seen many such reports. Even where top-level executives show signs of “vision” and articulate what seems to be a sound business strategy on paper, results fall short of expectations.

We have all been there. The leadership team spends long hours agreeing on a strategy to improve performance. Management teams come up with supportive annual budgets. Both teams populate long PowerPoint presentations and exhaustive spreadsheet files. Yet not much happens in terms of deliverables! Ambitious year-end targets are missed. Improvement curves keep being shifted to the right, and the restructure begins.

Questions arise as to why these events occur: What has gone wrong and why? Are the goals too aggressive? Are the visions or strategies inadequate? Are middle managers unable to execute? If the answer is yes to all these questions, then why is it so?

All are good questions; however, the key element is strategic alignment.

What is Strategic Alignment?

Strategic alignment is the linkage between the goals of the business, which quantify the progress of the implementation of the strategy toward the vision, and the goals of each key contributor, including groups, divisions, business units, and departments.

Strategic alignment, then, is everyone rowing in the same direction. The tighter the linkage and the better the alignment, the likelihood of flawless execution becomes stronger.

Once implemented properly, strate-

gic alignment delivers four major advantages: 1) it allows an efficient use of usually scarce resources; 2) it results in increased speed of execution; 3) it promotes team efforts toward common goals; and 4) it boosts motivation by giving people a keener sense of contribution to the results of their groups and the corporation as a whole.

These are great results, but few corporations realize them. Since many corporations and their leadership teams try to gain strategic alignment, what barriers must be overcome?

I see two key components of successful strategic alignment:

1. Communicate extensively to help people understand the elements of the vision and of the key strategic directions. Repetition by the leadership and management teams at every opportunity—including sales meetings, company meetings, and operational business reviews—enables each employee to understand vividly how he or she can contribute.

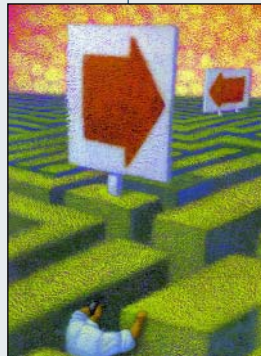
2. Link the results of each employee’s job to the progress of the entire corporation strategy, and do it clearly and simply. This is best done by using simple measures of key performances (KBMs=key business metrics, or KPMs=key performance metrics) that can be connected to the employee’s annual performance review.

At Thermo Electron Corporation, we use a cascading set of goals that measure the progress of the strategic implementation. This “waterfall effect” or “goal tree” starts at the top and cascades down. The objectives are incorporated into our annual performance targets and support the key goals of our leaders. This ensures focus and alignment as employees deliver on their objectives. Objectives are rolled back up the “goal tree” in reviews of goals.

Implementing strategic alignment requires a strong commitment from the top leadership and a focus on frequent communication using simple management principles of focus, clarity, and reinforcement. In the end, effective execution of strategic alignment is a leader’s top priority and ensures that goals are met and success achieved. LE

Gerard A. Abraham is president of Process Instruments Division, a \$400 million global manufacturing powerhouse of Thermo Electron. He is best known for his C-level leadership in global, technology businesses. gerard.abraham@thermo.com.

ACTION: Execute strategic alignment.



Customer Satisfaction

It begins with employee engagement.



by Benjamin Schneider

THE FASTEST TICKET TO customer satisfaction is through consistent, excellent service. As companies battle for competitive advantage, many find that improving service quality and customer satisfaction can be elusive. The first step to achieving both is to raise employee engagement.

All organizations benefit from having an engaged workforce. But for those whose success hinges on delivering excellent customer service, a special type of employee engagement, customer-focused engagement, has an even stronger impact. *Customer-focused engagement* occurs when employee work groups are committed to (and passionate about) delivering excellent service to their customers.

Employees won't become engaged with service quality just because you wish them to. It takes time and effort to nurture an environment where engagement can take root and grow. With the right leadership, resources and information, you can shape the environment to engage employees and focus their efforts where it matters most—on customer satisfaction.

Evidence for Engagement

Will an investment in employee engagement pay for itself through increased customer satisfaction?

We measured satisfaction levels of 50 firms using the American Customer Satisfaction Index (ACSI). To measure customer-focused engagement, we asked employees to rate items like, "We help customers beyond what is required," and "The norm here is to help customers."

When we mapped the employee survey results for each company against ACSI score for that company, we found that the higher the level of customer-focused engagement, the better the score on customer satisfaction. In fact, we see a direct correlation between employee engagement and customer satisfaction. *When you increase customer-focused engagement, you will increase customer satisfaction.*

Companies whose employees are highly engaged with customer service are rated the highest in customer satisfaction. Raising customer-focused employee engagement translates into dollars on the bottom line, potentially a lot of dollars. A mere one point rise in your ACSI score can boost your ROI by an average of 11.4 percent!

What Gets Measured Gets Attention

Before you can increase engagement, you first must measure it. An accurate measure of employee engagement requires a special survey—not the employee satisfaction survey. There is a difference between employee satisfaction and engagement.

- Satisfied employees feel pleasant, satiated, content, and gratified. And they tend to have low absenteeism, low turnover, and low substance abuse. But they may be neither engaged nor motivated to expend extra effort in their work or for customers.

- In contrast, engaged employees behave in ways that enhance the customer experience.

They go the extra mile in the interest of service quality and customer satisfaction. When your customers receive superior service every day, it can have a dramatic impact on your financial health.

Engaged employees (focused on customers) feel passionate about providing excellent service, energized by helping customers, involved in their work, trusting of their manager. They feel safe to make decisions, take risks, or speak up with concerns. They are committed to the goal of providing service excellence. They establish relationships with customers, not just fill orders; anticipate customer needs; support coworkers so that they can provide service excellence; take initiative to ensure consistent service; and find answers to customer questions.

Creating CFE

Engaging employees is not simply a matter of telling them what to do. The way to change someone's work behavior is to first change the way they feel about their jobs. Tailor your programs around six areas:

1. Job design. When jobs are challenging and allow employees to use all of their talents, they feel involved. Time passes quickly, and effort required to do the work is easy to give. Engagement is high when employees are working to achieve specific difficult goals—goals they accept as reasonable and attainable, but ones that also provide a "stretch."

2. Immediate managers. Managers play a big role in how employees feel about their jobs. Fairness and trust shown to the employees by their managers will create a culture of engagement in the work group, ensuring a collective, coordinated effort in serving customers.

3. Service message. Most of the service message employees receive comes from cues from their immediate manager as to what is important. Managers must recognize and reinforce service excellence, ensure that obstacles to excellence are removed, and set goals for service excellence. Unless everything employees experience focuses their efforts on service quality



and customer satisfaction, customer satisfaction likely won't emerge.

4. Resources. When employees feel they have the resources they need to do their jobs well, they are more engaged in their customer service.

5. HR policies. Organizations that ensure their HRM systems promote customer satisfaction—who gets hired, how they are trained, what is measured in performance management—produce customer-focused engagement.

6. Benchmarking. You need baseline knowledge about employee engagement levels and customer satisfaction before you make changes. Use surveys and other assessment tools to measure employee engagement periodically to gauge progress.

LE

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ACTION: Boost your customer satisfaction.

Create a Great Place to Work

Assess the way you now manage your people.



by Paul McKinnon

WE ARE KNOWN FOR our productivity; however, behind productivity are people, and we are learning what it means to be a great company and a great place to work.

Dell has been a results-driven company for a long time—almost to the exclusion of everything else! In many ways, that has accounted for our success. One thing I discovered is that when your stock is going up 300 percent a year, no one pays much attention to issues like “effective management” or “creating career tracks for your people.” People willingly work very hard for long periods because the payoff is so huge.

Our crisis of conscience came in 2001 when, for the first time, we had to lay people off. In late 2001, we went through a self-discovery process where we started to ask, “If we aren’t going to be a company where you can come in and be rich by noon tomorrow, what are we? What do we aspire to? What kind of company do we want to be?” Our president, Kevin Rollins, and CEO Michael Dell began a dialogue about what it really means to be a great company and a great place to work.

In the end, we came up with what probably looks to outsiders like a beliefs-and-values statement. We call it “The Soul of Dell.” It is a statement of our aspirations as a company. There are five aspects: the Dell team, customers, direct relationships, global citizenship, and winning. We shared early drafts of the documents with all of our vice presidents, and had some great dialogue about what we together aspired to become.

The biggest gap was between where we were and where we wanted to be with the Dell team. So we started to talk about what it would mean to be a winning culture. We soon realized that we would have to broaden the definition of what we cared about, beyond financial results. We continue to care very much about *what* we accomplish, but also *how* we accom-

plish it. After focusing more on performance for 15 years, when we came out with a beliefs-and-values statement our employees were a bit skeptical. In the first year, we had a series of programs, town-hall meetings, brown-bag sessions, and other discussions to talk about what we aspired to do—all of which were met with great enthusiasm and great skepticism at the same time. The enthusiasm was driven by the view that we needed to do more to become a great place to work over time. The skepticism was driven by a concern about whether or not we believed and were committed to what we were saying.

Last year, we put some teeth in our effort to improve the quality of management and improve the culture. We



decided to administer our employee opinion survey, “Tell Dell,” twice a year, and we asked every vice president, director, and manager to get 20 percent better results than the year before. We wanted to send a signal: The results are important, but how you get results is also important. At first people said, “That’s nice, but will they really pay attention?” The major change we made was to identify metrics, based on responses by employees, that measured how well our managers managed and how well leaders led. In short, we decided employees would vote on whether or not we had made any progress.

The results were interesting. First, we got 90 percent participation worldwide, which is amazing itself, and

over 90 percent the second time we did it. When we first did the survey, we didn’t show much progress from earlier years, which was to be expected. But Michael and Kevin talk about it every time we get together as a senior management team. They direct the senior team to share the results, in front of their peers. And they discuss their own scores. That’s what caught people’s attention. Slowly but surely, we’re getting better—as are our managers throughout the company.

There are about 30 statements on the survey, and we use five of them as core metrics for measurements: My manager is effective at managing people. My manager gives effective feedback. If you had an opportunity to work some place other than Dell, would you take it? I feel like I can be successful and retain my individuality at Dell. My manager helps me manage my work/life balance.

When we did the second survey, it was fun. We did get 20 percent better! I think we were all surprised at how much progress we had made. What was even more amazing is that this happened across the board—we got better everywhere.

This has been a very positive experience for everyone. Our leaders are reminded that if we put our minds to it, we can get better at a lot of things—even things that seem intangible. For our employees, it has been positive because it has driven far more conversations about issues between managers and their people. We’re using simple metrics to measure change, but are broadening our definition of what it means to be a great company.

Leadership Development

For three years we have had a company-wide leadership program. It’s one-day long, and all leader-led (we never use consultants). Each year, we focus on a different facet of leadership at Dell. Each year, we advance what it means to be an effective leader at Dell. And every year it starts with Michael and Kevin. They devote one day to teach our strategy committee—our senior-most decision-making group—about what it means to be a good leader. Then each of us repeats that leadership training with our direct reports, and on down the company. We all share our expectations with our teams about leadership. It is a powerful change mechanism—to stand in front of your team and discuss what you expect them to do differently, and

then have them tell you what you need to do to improve.

First, it's powerful that our chairman and president are willing to spend a day to talk about this because it is a very revealing process. They talk about things that they did well and poorly. It's powerful to stand in front of your own team and lead a discussion about leadership. Personally, I feel very exposed during those conversations. I know that they know what the leadership issues are with me, and so I have to fess up and say, "Well, here's what I think I need to work on."

We have also used 360 assessments more with our VPs and directors. We have put together a consistent worldwide management-development curriculum that defines expectations as well as builds skills. We also have short tutorial workshops for anyone who scores below 50 percent on any of the five items.

So, where do we go from here? We will do the survey again this year, and this time everyone will be expected to get at least 50 percent favorable responses on each question. If you've got an approval rate of higher than 75 percent, we'll ask you to stay at that level; it's hard to ask those people to get a 20 percent improvement when they are already doing so well.

Our European team, in addition to doing what we've done, asked their entire management team, "If you were going to teach one lesson in leadership to the people on the Dell Europe team, what would that be?" Then they were asked to develop a 45-minute approach to teach that lesson. Every time they meet with a new group or visit a new country, they take an hour and teach their lesson in leadership. It puts our leaders up in front of our employees more consistently.

Almost every culture change has a back-to-basics emphasis because people tend to lose their focus on the business. We came at this from an opposite position. Our business continues to do very well. Two years ago, we set a goal to double the size of the company in five years—and we're already ahead of pace to do that. So, I'm proud to say that for a company on top of its game, we still want to be better—not just on our business results, but also in the way we manage our people. **LE**

Paul McKinnon serves as senior VP for Dell Human Resources. He is responsible for all human resources functions and activities as well as security and global diversity. He's the architect of Dell's Winning Culture initiative, driving positive change in Dell's goal to be viewed as a great place to work.

ACTION: Create a great place to work.

Facilitative Leadership

Transform your organization.



by Glenn Brome

FACILITATIVE LEADERSHIP is not about leading by committee or getting

everyone together and asking, "What do you and you think?" Not everything can be decided by committee. The front lines are not the place to take a straw poll. Even so, there are times when a leader can, and should, get people together to talk about how to improve operations and ask for input. That's facilitative leadership.

For this process to work, leaders must create a culture where people not only feel comfortable contributing ideas and suggestions, but where leaders act on those inputs.

Acting on input does not mean doing everything the group tells you to do. It means making it clear to the group that their input is valued by defining how that input will be used. Many times a leader gives the impression that if the

team members give honest input, they will be punished. This is why the leader must clarify how the input will be used before asking for input.

For instance, let the group know if you are: 1) just asking for ideas and you, the leader, will make the final decision; 2) asking for ideas and you, the leader, will discuss options with the group before making the final decision; 3) requesting input so the final decision will be made together as a team; 4) requiring input, and the team will make the final decision after reviewing it with you; 5) giving input to the team, and the team will tell you what the final decision is.

These are examples of how to explain your intentions when involving direct reports in decision-making. Clarity builds respect, trust, and rapport.

The role of the leader is changing. Once, the leader stood in the middle of everything and directed the team with one-way communication. The leader would say "jump," and followers

would only ask, "How high?" As leaders progress, they allow for two-way communication, but they are still in the middle directing the activities. Then, as leaders continue to progress, they step out of the middle and become a part of the team. The leaders are still responsible, but they do not push their people—they tend to pull, to get people to follow them—not to push and micro-manage them.

As leaders progress even more, they can step away from the day-to-day management. This affords even more communication among the members of the team. Again, you can't do this until you help the team members interact with each other on a level playing field. You can then be free to work on the more strategic elements of your job.

These skills are becoming more critical because the leader's span of control is expanding!

Now, when you step away, you do not disengage! You can't expect what you don't inspect. So you must be accessible, continue to coach,

and have the courage to hold people accountable and not fold under pressure. Suppose, for example, that you have been coaching a direct report on an important project. The project does not reach its target. Your boss calls you in and asks, "What happened?" You might explain how you have been coaching a

member of your team who let you down; but, you need the courage to also say, "I am responsible, and I will make sure that it doesn't happen again." You are ultimately responsible for your group's performance!

Now, you will want to talk with that direct report about what happened. Clearly you need to revisit the miscues. It is the employee's responsibility to achieve the goals, but you need to ensure your people are on-track.

Facilitative leaders listen to multiple points of view, including those they do not agree with. This enables them to make better decisions. Facilitative leaders capture the key kernels of information, build bridges between people, and create an atmosphere where people share information.

When you master these skills, you become a facilitative leader. **LE**

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ACTION: Create a facilitative culture.

Think Inside the Box

Innovate with less: mess with success!



by Todd Packer

DO YOU WANT TO innovate with less, to see and play with patterns to achieve extraordinary results? Then stop thinking outside the box and get back into the box of your discipline, organization, and life. Rearrange what you have.

No one is going to give you more resources until you prove yourself. And the greatest outside-the-box (OTB) thinking will get you fired, discredited, and maybe killed if you can't solve an immediate problem—now.

Everyone wants to think outside the box. But where's the practical side of OTB problem-solving? It creates tension between innovative "outside" learning and the everyday constraints of a real job. Thinking OTB frustrates leaders who have to solve problems back inside the box of their work. OTB thinking denies our vital problem-solving capacity.

So I start in the toybox. I adapt lessons from how kids play to help adults at work. Play unleashes our performance innovation potential.

Unfortunately, our workplaces and our world also isolate innovators. So, thinking OTB doesn't work for what many people need. When people return after an off-site retreat, they encounter unfinished work and resentful colleagues. Result: increased dissatisfaction with themselves, their work, and the innovation process.

We must innovate with less at work in order to see and play with patterns across multiple arenas of our lives, to achieve goals with what we have now, within the day-to-day realities.

Take Seven Steps

To think inside the box, choose the right box and start playing your best game. Try taking these seven steps:

Step 1. See mud, find grid. We work in mess. And the mess holds the key to improving our performance. If we can see and play with patterns we uncover in the mess of work, we can make decisions that will provide solid business value. No more indecision.

We have to wade in the mud to grab the grid within. We have to find new ways to see and dig into our workplace mess. We must unearth powerful patterns that we can change. And we have to do it cheaply, quickly, and safely. But how? You guessed it: Think inside the box.

Step 2. Accept your messy box.

Welcome to work in our supposedly sparkly clean and tidy "knowledge economy." Don't spill on your computer. Print that spreadsheet. Get your feet off the desk! Work hasn't always been so orderly. Our modern workplaces hide our messes behind reports, delicately presented in slick slide shows by fashionable professionals. Thus, we miss the mess. Deal with the

fact that you have to work inside a messy box filled to the brim with the murky politics, limited resources, pain, and pressure that come with earning a living and making a life through work. Now use your skills, talents, expertise, and creativity within the constraints of your workplace—your box—to innovate and excel.

Step 3. Name your mess. Mess is unfamiliar complexity. Today, leaders face more complex and unfamiliar challenges. Mess fills the gap between where we are and where we want to be. Define your stakeholders' environment, resources, barriers, and opportunities into patterns for change, and you simplify their mess and maximize your effectiveness.

Mess is unfamiliar, so fear it, right? Try again. We can't think right when we sense fear. Innovative problem-solving inside the box defuses fear. You manage mess in a safe, familiar, dynamic, and respectful environment.

Mess can be found and managed in three areas of performance: 1) internal dynamics—team-building, office politics, workplace communications, language, and culture; 2) external trends

and influences—market forces, social norms, popular media; and 3) constant environmental change—restructuring, disintermediation, cultural diversity. In-box thinking helps people change complex messes into defined barriers to excellence. With less stress, leaders identify next steps to solve messes just in time.

Step 4. Find your crystal question.

Want some change? You gotta ask. Define a critical question (related to issues, value, urgency, and meaning) to answer for your innovation springboard. Sometimes it's easy to do; sometimes you'll need help. I call this the "crystal question."

Find it. Here's how: Summarize critical needs. Prioritize. Identify a change objective in language that has meaning for you. Reframe as a question. No off-site retreat necessary. Grab some paper. Start writing it down now.

Step 5. Use only four words. You don't have a lot of time. Find four key words that will crack open your box, unleash the mud, and reveal the grid.

Use these four words to frame positive change in the first seven seconds of your call to action with your staff, boss, spouse, or others.

An example: For one session, I wanted participants to see their creative power. The four words? "I am a poet." The word *POET* then became an acronym for four activities.

Whether the four

words are a full sentence or four categories of change, you can use this to clarify your strategic innovation plan. The four words also help you make your message consistent when using different media (handouts, spoken word, slides, activities).

Step 6. Play more. You're in the box. You're in the mess. You have some tools to clear things up. Now you get to work...right? Wrong. Now you play. Before you go cleaning up the grid, first play with the mess. If you ignore the mess, the fear remains, more mess will build, and no change will stick.

But people hate mess! No one wants to talk about it, much less play. Be creative. Defuse the fear. Find a safe harbor that can stand in for the mess—as simple as a cartoon you use to "hook" your audience or as complex as a



structured series of activities around a relevant metaphor. Remember the key: Ground what you use in your crystal question. Above all, practice! You must play with the mess yourself, and then try it with trusted others. Make mistakes and learn from them.

Many baskets, many eggs. Find many patterns for change, and activities to pursue, since some workers may not respond. Trust your gut instincts and watch your audience. If it isn't working, do something different. Also, be aware of your own patterns and habits—they can be part of the mess.

Step 7. Share your mess. See learning shift as your participants explore and manage the mess. In-box thinking allows people to use cognitive skills they may not use to solve problems—skills we use when we play.

Here are some tips for playing in the box: Participants will change your mess. Be open. You can't predict results. Allow yourself to learn together. Use simple, cheap, accessible stuff—pads and paper, markers, and toys. Your passion can make it work.

Model learning through appreciation. Create respect. Openly express new insights. Praise ideas and new ways to think. Build excitement and commitment. Discover another way to interpret mess: "Model Enthusiasm, Support Success!"

Process your mess. Devote time to debrief. Get people to apply their new clarity and ideas at work. Document and prioritize tasks, then act. Co-create responsibility. Hold each other accountable to make the patterns change after you in-box think.

Evaluate, celebrate, improve. Get feedback—formal (evaluation forms) and informal (hearsay)—on the change process. Reward yourself and your team for effort.

Congrats. You're out of the box. Now get back in. Take the lessons you learn to make a better mess next time! The patterns you see, the ways you play, and the successes you stimulate may differ from one change effort to another. The principle remains the same: Use play to think inside your box to see patterns and options in new ways.

Our workplaces, our world, and our future depend on our ability to see and play with patterns in new ways. Luckily, we're all experts. And, while it's hard work, it can be a lot of fun. **LE**

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ACTION: What's in your box?

Facile Facilitation

Establish and maintain neutrality.



by Michael Goldman

FACILITATING A GROUP poses special challenges, especially if you're perceived as a decision-maker or highly influential. How can you ensure that your group sees you as a neutral person engaged in managing them through their decision-making?

When I train internal consultants on facilitation, their first questions around neutrality are typically: "How can I be neutral when facilitating my own group when I have a vested interest in the outcome? Won't people see me as being biased since I work with and lead them, and now I'm playing the facilitator role?" These concerns can be managed.

If you're required to be in this position—having a vested interest while having to maintain neutrality—you can speak with like-minded participants before the meeting to determine their viewpoints or ideas noting if they correlate with yours. If there is little correlation, you may want them to present your idea as well—if they are willing to. Before commenting on content, let people know that you're putting on your subject-matter expert hat to let them know your point of view.

If your vested interest is very strong, you may ask someone else to facilitate the group. This way you can act as a participant and be free to say what you feel needs to be said.

Here are some guidelines to consider when asked to facilitate: Say *no* when your opinions need to be heard; when you believe you have the right answer; when you're too influential; when you have problems being neutral; and when you have access to an external facilitator.

Say *yes* when you are willing to challenge your own assumptions; when you can control body language (your non-verbal bias); when you're willing to let members call you on a perceived bias; or when you're the

only available facilitator.

However, even when you are the only one available to facilitate, you can still help the group expand its possibilities during decision-making and action-planning. First, acknowledge with the group upfront that as an employee or fellow team member, your ability to maintain neutrality will be challenged due to your vested interest. Preempting criticism around neutrality puts others at ease and builds trust. Frequently the group is not clear as to what constitutes neutrality; therefore, some participant education is required. As a facilitator, you are allowed to ask probing questions that help the group address any ambiguity in their discussion.

Questioning also assists the group in increasing the breadth and depth of their ideas that they would not otherwise get to without permission to do so. You are also allowed to throw out suggestions that may expand the



group's possibilities, especially when you have some expertise on the subject being discussed. The difficulty with providing suggestions, however, is correlated to your level of influence. For example, if you make a suggestion to a group of direct reports, your suggestion will not be perceived

the same way as if a co-worker makes the same suggestion. You will struggle to maintain neutrality when you have management status.

When I train managers and influential people how to facilitate, I have them acknowledge upfront to the group their concerns around being perceived as biased. I then have them challenge their group's decisions and ideas to ensure that they weren't made to please the manager. This, of course, can only occur when the manager truly wants the group to come up with their own decisions.

The group always has the right to not respond or agree to what the facilitator questions or suggests.

Some gurus believe that facilitators have the right to "take off the facilitator's hat" if they feel the group is off track. I find that questioning and providing suggestions are enough to help a group explore their options. **LE**

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ACTION: Maintain your neutrality.

Ike—First in Leadership

Learn how to lead a coalition of allies.



by Daniel Christman

WE GATHERED frequently in the dining room of Quarters 100—the elegant residence for 200 years of the Superintendent of the U.S. Military Academy at West Point—for spirited conversation on history, politics, and leadership. As the Academy Superintendent in the late 90s, I relished this give-and-take. We brought to the Academy some of the best thinkers on leadership; the supper conversation reflected the energy of the participants. A frequent question was this: “General Christman, whom do you regard as West Point’s most distinguished graduate?”

The menu of alumni was a rich one: Grant, Lee, MacArthur, Goethals, Groves, Pershing, Bradley, Patton, and Eisenhower, among others. The consensus seemed always to focus on one graduate: Dwight D. Eisenhower, USMA Class of 1915, for his brilliant command of allied forces in the European theater during WWII. Ike set the standard for “Supreme Command” in coalition operations; the principles he articulated and personified in the 1940s continue to guide senior military commanders.

Even more profound than Ike’s brilliance as a coalition commander was his influence in shaping modern leadership principles for officers in armies of a democracy. Without question, Ike had no equal in stroking, cajoling, and managing prickly alliance personalities like Churchill, Montgomery, de Gaulle, Admiral Darlan, and Italian Marshall Bodo-glio—to say nothing of his challenges with George Patton. He was the consummate Supreme Commander.

Ike also knew what it took to lead soldiers and build cohesive units at the tactical level; he was passionate about leadership and leader development. As a result of his suggestions to Army leaders, Eisenhower influenced not only the formal leadership program of the U.S. Military Academy, but also the leadership ethic for young officers commissioned after 1945.

In both arenas—supreme command and officer leadership—Eisenhower was a revolutionary. Before him, no U.S. commander had been entrusted with coalition command. General Pershing fought to maintain the integrity of U.S. forces as commander of the American Expeditionary Force in WWI, but he was subordinate to the French Commander-in-Chief; Ike led allied forces from fall 1942, and by war’s end, had over four million men from five nations under his command. His approach to combined command complemented a sophisticated coalition leadership model—a model employed to this day.

Unity of Command was his simple organizing principle, but he knew that placing a single person in charge was insufficient to ensure unity. This had to be exercised through “earnest cooperation,” earned through “patience, tolerance, frankness, and honesty.”

Two NATO Supreme Allied Commanders in the 1990s, General George Joulwan in Bosnia and General Wesley Clark in Kosovo, achieved coalition success despite intra-alliance squabbles by sticking to Eisenhower’s maxims. Similarly, two Central Command combatant commanders, Generals Norman Schwarzkopf and John Abizaid, profited from the trail-blazing experiences of Eisenhower. Schwarzkopf displayed a knowledge of alliance sensitivities and alliance politics by deftly managing more than 30 coalition partners in Desert Storm. He clearly personified unity of command. But he knew this could never be effectively exercised unless he had consent of those he led, particularly his Arab partners, and most visibly, the Saudis. Again, Eisenhower’s coalition leadership principles proved decisive—and enduring. And they are reflected in the leadership exercised in 2005 by the Coalition Commander in Iraq, General John Abizaid, a student

of the leadership of Eisenhower.

Besides revolutionizing the doctrine of combined command at senior levels, Eisenhower was passionate about leadership development for junior officers. What he observed in the behavior of many U.S. officers in the European theater disturbed him greatly. Too many officers never identified with their soldiers; they were too removed from the needs of their troops. Further, Ike was appalled by the behavior of officers who substituted screaming, even physical abuse of subordinates, for positive leadership. Ike said, “You don’t lead by hitting people over the head; that’s assault, not leadership.”

Eisenhower felt that the West Point curriculum should include coursework in practical and applied psychology to “awaken the cadets to the necessity of handling human problems on a human

basis,” and thereby improve leadership in the Army.

Eisenhower’s suggestion was soon followed by the establishment at the Academy of the Department of Behavioral Psychology and Leadership. For more than 50 years, it has instilled in cadets the principles of small-unit leadership.

Today, leader development is the core mission component of the Academy. The emphasis is on values, inspiration, and imagination. Ike knew these could not be created in the intellectual equivalent of a straight jacket, with rote, mechanical instruction disconnected from the human problems of the individual soldier.

The Supreme Commander who connected with his troops shaped the leadership ethic of my generation. Ike took the time to write to parents of his soldiers, to talk to 101st Airborne Division paratroopers prior to their D-Day jump, to prescribe leadership doctrine while he commanded millions. He was, in short, inspirational. And he personified the essential bond—trust. His soldiers trusted him because he exuded the values of integrity and respect—values that remain the core of our Army’s leadership doctrine. **LE**

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ACTION: Become a coalition commander.



Looking in the Mirror

Conduct soul-searching interviews with outsiders.



by Abhay Padgaonkar

IF YOU ARE A LEADER, what is *your* main job? According to John Kotter, leaders prepare organizations for change and help them cope as they struggle through it. *That* is their main job. But how do they go about doing it? Jack Welch, former CEO of GE, once said: “My main job was developing talent. I was a gardener providing water and other nourishment to our top 750 people. Of course, I had to pull out some weeds, too.”

Clearly, setting a direction for the future is an important aspect of leadership. Describing what the organization should become in the long term and how it should get there becomes the foremost duty. Soon after taking the helm of IBM, Lou Gerstner announced, “The last thing IBM needs right now is a vision.” Some people nailed his hide to the wall for that statement. He explains that reporters dropped the words “right now” from his statement. Gerstner felt that IBM was long on vision statements, but short on getting the job done. Fixing the company was all about execution.

Execution is nothing but aligning people, motivating them, and creating a culture of leadership. Kotter contrasts execution with equally important but managerial duties such as planning, budgeting, organizing, staffing, controlling, and problem-solving. The value of a wonderful strategy is only achieved when it is carried out. And it is the *people* who make the grand vision a reality. That’s why, as Jack Welch points out, leaders need to make it a priority to plant and nourish talented people at every level.

If you lead a big organization like General Electric, you might have resources at your disposal like the GE John F. Welch Leadership Center at Crotonville, the world’s first major corporate business school. Here everyone from important customers and partners to present and future GE leaders come together to identify opportunities and debate issues. But few organizations have the resources

to invest like GE. They can’t operate a dedicated leadership center.

The constraint of a smaller budget is hardly an excuse to not operate key levers that drive superior performance in people. Going back to Welch’s garden analogy, some aspects of cultivation are free, such as sunshine. But how you choose to orient your garden in relationship to the sun makes all the difference. If you place your garden under a large shade tree, you cut it off from necessary nourishment.

While a leader needs to have a strong sense of the direction, cultivating new culture by changing people’s mindset and behaviors is the hardest part. In doing so, they can follow the profit-at-any-price model by relying



on fear, intimidation, and greed, or they can follow a more sensible leadership model based on inspiration, motivation, and enthusiasm.

Four Bad Models

Even leaders who articulate a compelling vision, inspire followers, and display passion and courage to take on challenges can have unproductive traits that limit them. These tend to manifest themselves in four ways:

- **Know-it-alls:** They start believing that they know and do this better than anybody, and believe that they don’t need others as much as others need them. So they tend to treat others as dispensable and tune them out.
- **Micromanagers:** They get mired in minutiae and sometimes miss the forest for the trees. By measuring too much, they measure nothing.

- **Perfectionists:** They spend too much time doing things right rather than doing the right things, thereby losing focus. They take any constructive feedback as a direct hit and return what they see as not-so-friendly fire.

- **Detached:** They become emotionally distant and lose the intimacy and connection to other people. To any push-back, they respond: “Tough! If I can do it, so can you.”

When these behaviors occur, the results follow quickly: Any constructive confrontation within the executive team ends almost immediately. Honest exchange of ideas on options and their pros and cons ceases. What is happening on the ground to the foot soldiers becomes irrelevant. The pressure people feel becomes unbearable. The “guilt trip” that nobody else is pulling their weight becomes harder to take. Any semblance of work-life balance is lost. Conversations become one-way streets, and people feel like glorified order-takers. It seems like they have ceded all authority to the boss.

The leader is quickly surrounded by loyal sycophants in the inner circle who simply want to ride the coattails. Everyone else is in the outer circle—albeit with more self-esteem, yet fearful to say that the emperor has no clothes. Soon people start telling the leader what the leader wants to hear, lest their heads are chopped off. Collaboration comes to a grinding halt, and providing lip service becomes the politically correct thing to do. Everyone looks out for themselves, and any mutually shared goals, if they exist, take a back seat. Any sense of intimacy, camaraderie, and belonging on the team becomes non-existent.

Any concept of a team breaks down. Any sense of empowerment evaporates. The vision of the leader becomes a pipe dream. The strategic plan to get there suddenly has strong disbelievers. The short-term results, obtained through draconian measures, become harder to sustain. As Michael Maccoby notes: “Narcissistic leaders can self-destruct and lead their people astray.” So, there is plenty of leadership, but little followership.

A Look in the Mirror

A key challenge for leaders *competing for the future* is to foster competencies that provide access to tomorrow’s opportunities. Further, as discussed by Gary Hamel and C. K. Prahalad in *Competing for the Future*, leaders need to find innovative applications of the

current competencies. Leaders must objectively assess and proactively improve the caliber of the executive team and the organization as a whole.

However, before a leader can assess the caliber of the executive team, he must take stock of his own. Surveys—whether leadership or 360 degree—are popular and necessary, but rarely tell the leader the whole story. Objective, confidential, and focused interviews by an outsider with each individual on the executive team can deliver unvarnished truth—rich information about what’s really happening behind closed doors. Is there a true strategic alignment? How is the leadership style perceived? How much constructive confrontation occurs? Do people collaborate or simply provide lip service? Is everyone pulling in the same direction?

There are five prerequisites to getting the most from these interviews:

- **Right reason.** First, conduct the interviews for the right reason: improving leadership by eliminating unproductive behaviors. If the hidden agenda is to vilify non-performers or to find scapegoats, the approach backfires.
- **Objectivity.** You need an objective outsider to hold the mirror. This person must not be afraid to find out the truth and tell it like it is.
- **Confidentiality.** The interviews have to be treated as confidential, and the interviewer can’t make any direct attribution to a specific individual. Despite all the talk about openness, blackballing is still a common practice.
- **Specificity.** While recognizing that everyone’s reality is different, the interviews have to focus on direct observations, experiences, and involvement rather than hearsay.
- **Commitment.** There must be a commitment to develop an action plan at the individual and team level.

If these criteria are met, the insights gained from interviews can help create a high-performance culture. The honest feedback and recommendations can raise the candor and constructive dialogue.

Baseball manager Tommy Lasorda said leading people is like holding a dove in your hand. “If you hold it too tightly, you kill it; but if you hold it too loosely, you lose it.” Finding that delicate balance between providing nourishment and pulling weeds is the key to effective leadership. But it begins with looking in the mirror. LE

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ACTION: Engage in a constructive dialogue.

High Purpose

Put profits second.



by Christine Arena

HIGH-PURPOSE companies exist to serve basic human needs, improve society, and foster an advanced form of capitalism. They address serious problems and make more money as a result. For instance, in 1997 British Petroleum took a stand on global warming. By 2003, the company had reduced its greenhouse gas emissions by over 10 percent, and also become the leading provider of cleaner-burning fuels and the second-largest producer of solar panels. BP generated \$650 million worth of value on a \$20 million investment in environmentally friendly products and policies.

Similar examples abound. Interface Corporation, the largest commercial carpet and textile manufacturer, saved \$230 million in overhead costs and gained market share as a result of its commitment to environmental sustainability. Green Mountain Coffee Roasters grew fast as a result of its dedication to fair trade. Stonyfield Farm yogurt company became the largest organic brand in the U.S. though practices that helped struggling dairy farmers to survive. Hewlett-Packard has positioned itself for long-term by helping close the digital divide.

Each of these companies is committed to a wider concept of social responsibility—no longer an afterthought, a compliance issue, PR gimmick, or ugly stepchild to profit and strategy. It can help your business prosper.

Five Keys

Here are five keys to improving your performance through social responsibility and a high-purpose strategy:

1. Face the truth. To embrace a higher purpose, you need to “own up” to your past. Carefully evaluate your company’s impact on society and the environment. Often, this review can reveal opportunities and can serve as a

powerful catalyst to galvanize your organization and enable it to move in unison towards the best solutions.

2. Choose a relevant crusade. Your company can create more social and financial value by supporting a cause that directly relates to your business. What problems are unique to your company or category? What issues are most pressing to your customers, employees, suppliers, or shareholders? Discover financially self-sustaining philanthropic models that are relevant to your business. Effective charitable programs pay for themselves.

3. Do something that no one else can. What does your company do better than anyone else? How can you use the company’s strengths, resources, and expertise to help solve the chosen problem? Develop an approach that can’t be easily mimicked. This way your core assets become recognized as being of service to humanity, thus increasing the company’s value.

4. Put the problem first. Although every company should aim to reap rewards from their high-purpose initiatives, the nature of the chosen social or environmental problem should point the direction. Take a needs-based approach. Study the problem, the circumstances surrounding it, and the people most affected by it. Then, engineer business-building solutions.

5. Expand definitions of success. Rather than define success solely in terms of short-term profitability, build value and sustainability in all forms. Define and monitor your performance.

The benefits that you gain through high-purpose strategies range from competitive edge and growth opportunities to improved stakeholder relationships, higher innovation, quality, efficiency, and lower overhead costs.

Today you must deliver social value. Companies that compete unfairly or operate without regard to the collective interests will fail in the long term.

High-purpose strategies do not derail companies from achieving the highest financial returns for shareholders. On the contrary, they build business, making them one of the best investments a company can make. LE

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ACTION: Define your high purpose.

