APRIL 2010

Classic Leaders

Universal Principles

Abundant Community

Awakening Our Powers

**Peter Block
Leadership
Consultant**

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LEADERSHIP Excellence

Warren Bennis's

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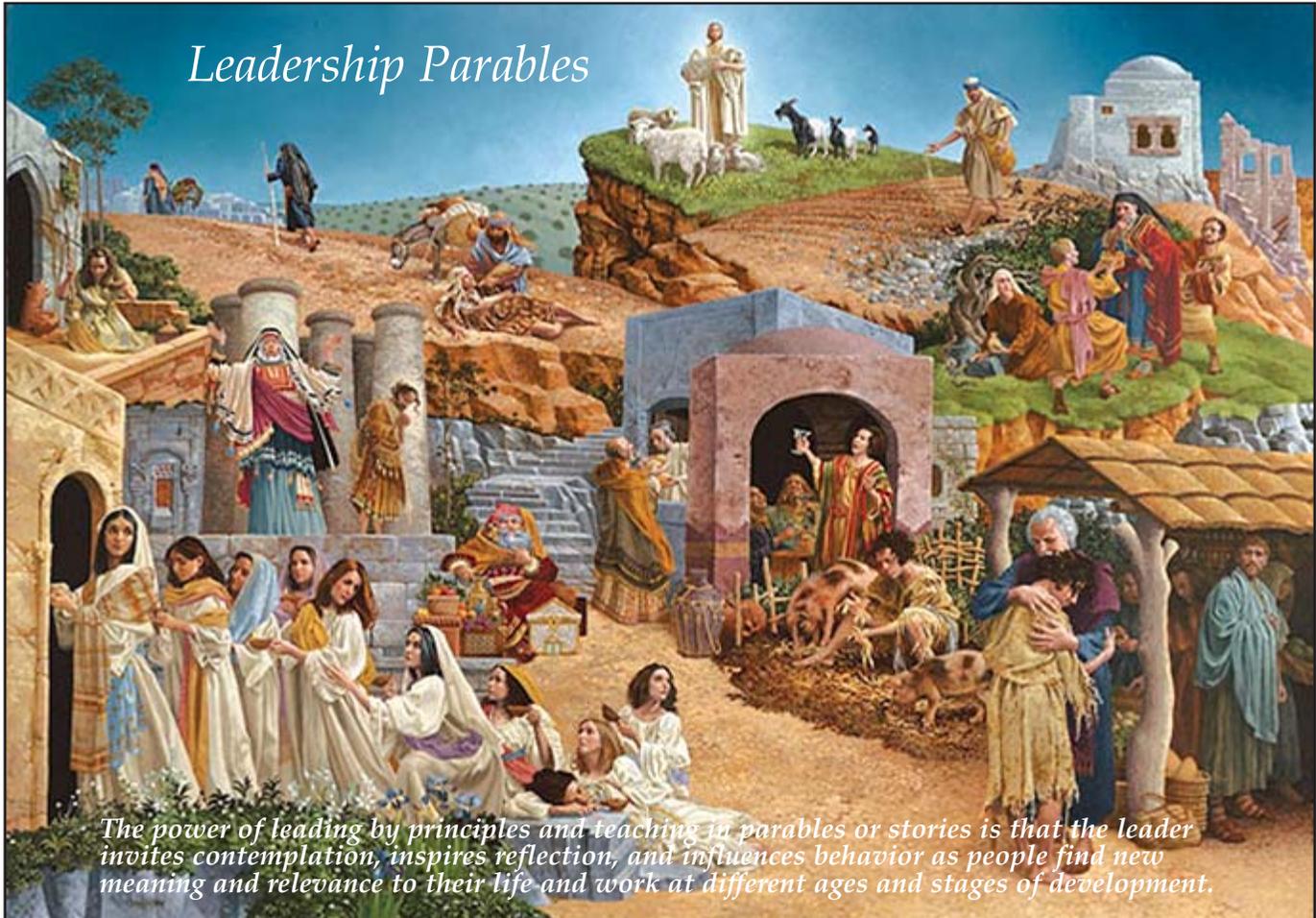
Leadership Parables

The power of leading by principles and teaching in parables or stories is that the leader invites contemplation, inspires reflection, and influences behavior as people find new meaning and relevance to their life and work at different ages and stages of development.

Leadership Classics

Will this end happily ever after?

by Ken Shelton

ONCE UPON A TIME, WE recognized the on-going need to hire and develop people as managers and leaders of teams and organizations. We appointed people, often working within the HR/training function, to facilitate these people development initiatives. And they, in turn, often shopped outside for best practices, programs, and presenters to assist them.

Hence, we have today a sizable cadre of opportunistic, external LD consultants, trainers, authors, speakers, and professors—each with ready-made or custom solutions—catering to a sizable group of internal LD program managers. Recently I even heard this mammoth development movement referred to as the LD *Industry*!

I wonder: Is this *Industry* grounded, predominately, on the principles and practices of leadership Classics, or is it Contemporary, Rock, Rap, Pop, Jazz, Country, or New Age? And will our development programs end happily ever after?

As the editor of *Leadership Excellence* since 1984, I sense a personal responsibility to serve you an edifying mix each month of the best and brightest ideas, expressed in various styles and voices, with some names and faces very familiar and others quite fresh—new to the *LD Industry*.

In this April issue, for example, we feature some old favorites (Covey, Blanchard, Peters, Block, Secretan) along with several fresh voices. Since the *best* ideas and practices are not always the *latest*, we'll continue to mix it up and encourage you to apply the most relevant ideas to your life and work.

Power and Performance

On March 3, I was speaking in Los Angeles, California to about 75 members of the Professional Coaches and Mentors Association on the topic of *Leadership Power*. Just before this meeting, I had visited the temple on Santa Monica Blvd. where I was married some 39 years ago—and the many emotions of that visit lingered with me.

In my presentation, I talked about various *sources of power* that leaders and coaches might tap into. At one point, I asked a woman to come forward for a demonstra-

Classic: Blanchard

tion or object lesson. I asked her to stick out her arm and resist me as best she could as I tried to put it (her) down. She gave a commendable effort. Then I invited her to tap into the power of all that she held near and dear in her mind, heart, and soul. Her resistance was then 10X what it had been. My point: *Connection to strong emotions and convictions leads to exponential power*.

Twenty days later, March 23, I was speaking in Logan, Utah at the Utah State University Leadership Seminar on the topic of *Leadership Performance*. At one point in my presentation, I asked a woman the question: If a man wants to engage you, what four-word proposal does he submit to you? She fumbled for a moment but then blurted the right answer: *Will You Marry Me?* My point: In employment, we make a similar proposal, *Will You Work for Me?* **Real engagement leads to high performance**.

Later at lunch, I happened to meet up with this same woman who confided in me that she was startled by the question, since within the last week she had received a just such a marriage proposal. Since the woman appeared to be well into her fifties, I asked about her proposal. She said that this same man had proposed to her over 30 years ago, but they had married other partners. Now that they were both again single and available, they reconnected, leading to a second proposal of *Will You Marry Me?*

Mother Nature, Father Time

Sustainable leadership power and performance often hinge on our ability to connect with emotions and engage (and re-engage) our partners with the vision and mission.

In fact, I'm convinced that Classic Leaders (see Tom Peters' article on page 3) operate in harmony with Mother Nature (natural laws and processes) in order to pass the tough test of Father Time (timeless principles and practices).

We can't fool Mother Nature or fake Father Time. Yes, we might win in the short term at day trading, but exponential power (full engagement) and sustained performance over time (lasting marriage) require a day-and-night commitment and covenant, at least "till death do us part." **LE**

Ken Shelton
Editor since 1984

Executive Excellence Publishing

Classic Leaders

They are masters of paradox.

by Tom Peters

THANKS TO NEW TECHnologies, tomorrow's leaders must be comfortable dealing with the whole, wide, weird, opinionated, fickle world at the speed of light. There'll be *few survivors* with a *follower's mentality*—hence my decade-long *Brand You* obsession.

On one hand, leaders need to understand "the Way of the Web," Wikinomics, Crowdsourcing, Web 2.0, Web 3.0, and the like—the whole planet is in play, and you must somehow wring value/profit out of it.

On the other hand, the bizarre technology-driven revolution calls for far better people skills, cultural awareness, and a certain looseness that enables you to go with, adapt to, and get off on the weird flow. For leaders, the *Age of the Web* is the *Age of EQ* (emotional intelligence). The old command-and-control styles and idea of dispassionate, order-barking "architect" or "conductor" of an orderly, hierarchical enterprise is dead.

If you want to read perhaps the *Best Management Book Ever*, try reading the *Federalist Papers*. Hamilton, Madison, and the rest are trying to define a new organizational approach based on a new concept of *citizenry* that will be slightly manageable and perpetually innovative and conducive to the pursuit of happiness. They're wrestling with the *centralization* (Hamilton) versus *decentralization* (Jefferson) conundrum—and the tension between the two. (Extreme centralization = King or Dictator—and a dim view of citizens' self-management skills. Extreme decentralization = Anarchy—*Brand You* run amok.) This battle is the leader's primary strategic task.

The *old* command-and-control leadership was *not* the best way to do things —even in *the old days*. Now, in an age of collaboration, it won't work. The *people-centric, engagement-centric, personal growth-centric, service-servant based* models of leadership are not optional!

Mind the Gaps

I am a hardcore "markets guy," but I was also taught on *Day 1* of *Economics 101* that there are occasionally "externalities" that subvert the market-determined process to the point that, among other things, regulatory redress becomes necessary. Well, the executive pay thing may be one of those cases— indeed, the mother of all cases.

The issue is backlash, perception— and a sometimes forgotten-at-one's peril principle of economic development and power. The Chairman of the New York Fed suggested that the real-perceived "wage gap" may be "the most important economic challenge of our time." The issue at hand is not primarily the "rich-poor" gap. It is the lengthy stagnation of middle-class and working-class pay packets.

I am a vociferous champion of the *Laws of Market Forces* and no particular

enemy of high CEO pay. But, I don't believe that the supply of exceptionally talented people in positions of incredible power depends on the amount they are paid. In CEO land, we are led to believe that only bozos would be leading companies if we were unwilling to fork over immense sums of money; I think that's mostly ego, as one boss compares his pay packet to his peers'. In short, markets-for-talent may be working in the executive suite—per that bedrock supply-and-demand *Econ 101* model. But if the net result is trade barriers, a screeching brake on globalization, global recession, a perpetually pissed-off middle class—and dry kindling for extremist movements—that should give us cause for reflection.

On a recent visit to Greece and the Acropolis, I was reminded that Athens is home to the first working democracy. Democracy does not demand *economic equality*—but it does demand a widespread perception of *fairness*!

Even in this modern age, I think the Old Greeks would do just fine. I don't wish to sound like a fuddy-duddy, but there is *nothing new under the sun* when it comes to Leadership—though there are timely manifestations.

At root, leading human enterprise is, in the words of David Byrne, the same as it ever was: "It's the people, stupid." In my words: "Leaders 'do' people." I'm extremely fond of the idea of *servant leadership*, of leaders who provide *exceptional service* and *scintillating experiences* for internal and external customers. As to the likes of the new technologies, the human issues surrounding change are also invariant.

Even the "unprecedented change" and "speed of change" argument is suspect. In General Grant's day the arrival of the telegraph was as radical as the arrival of the Web. *Unprecedented* change? My Mom, who died in 2005, experienced, among other things: the arrival of radio, long-distance phones, TV, computers, the Web, cars, flight (Wright brothers to 747s to Neil Armstrong), WWI, the Great Depression, WWII, the Cold War, the Korean War, Vietnam, Gulf Wars I & II, the scourge of HIV, etc. By her standards, I've (we've) experienced a cakewalk!

The older I get, the less boring *the basics* get. Indeed, we need new and radical models of organizational effectiveness. But I try to make appropriately fresh the idea that if you give people *unstinting respect* and *a chance to learn and grow and be of service and be proud of what they do and who they do it with*—good stuff will happen.

Emotive Leadership

Leadership is about emotion. I recommend Daniel Goleman's *The New Leaders*. It starts: *Great leaders move us. They ignite our passion and inspire the best in us. When we try to explain why they are so effective, we speak of strategy, vision or powerful ideas. But the reality is much more primal: Great leadership works through the emotions.*

Leadership is also about connection. As E.M. Forster wrote in *Howards End*: *Only connect! Only connect the prose and the passion, and both will be exalted. And human love will be seen at its height. Live in fragments no longer. Only connect.*

Life, lived well, and leadership, done effectively, is about this: Only connect! I invite you to reflect on the power of small (heartfelt) touches. Statesman Henry Clay said: *Courtesies of a small and trivial character strike deepest in the grateful and appreciating heart.*

Leadership is always about relation-

ships. Sweat the small stuff—and the big stuff will take care of itself. I am 67 this year—and this is, as I put it, all that I've learned for sure in 6.7 decades.

Robert Greenleaf is the author of *Servant Leadership* and the potent idea of the leader-as-servant. He asks: 1) *Do those served grow as persons?* And 2) *Do they, while being served, become healthier, wiser, freer, more likely themselves to become servants?* Wow! What a high standard! Do you measure up?

If you buy Greenleaf's standard, ask yourself, at the end of the day, "What did I do to be of service to my group? Was I fair and truly a servant?" You might work with a friend-coach on this topic. This idea of a *leader as servant* applies as much to the individual contributor as to the chief of thousands.

When I look at these four interconnected ideas—primal leadership, only connect, small courtesies, and leader as servant—I'm *blown away* by their power.

I recently came across this quote from Plato: "Be kind, for everyone you meet is fighting a great battle." It reminds us that we seldom know as much as we might imagine about the person across the table. In my experience, Plato got it exactly right. Hidden from sight is an ailing parent, a lifelong battle with excess weight, abiding shyness, or whatever. This "great battle" colors our mate's or employee's every action. I am not counseling "going easy" as a boss. I am counseling understanding (compassion) and listening 100 percent of the time. As leaders, we have a sacred trust—as well as a job to get done. *Compassion* and *thoughtfulness* are always merited.

Why must we pursue *breakthrough thinking* and leap *out of the box* when the secrets to success and, conversely, the causes of failure—in the sense of persuading people to pursue and achieve *excellence* in any endeavor— almost wholly depend upon character traits and personal characteristics that are, in fact, more or less eternal and transcend cultures? For example, Nelson Mandela's smile disarmed one and all.

We are confronted with an economic crisis of epic proportion. There is no better time to heed the *eternal lessons* of great leaders: the keys to surviving and thriving will not primarily be the out-of-the-box cleverness of our "strategic response," but *character* as expressed by the depth and breadth of relationships throughout our networks. **LE**

Tom Peters is CEO of The Tom Peters Company. Visit www.TomPeters.com.

ACTION: Heed the lessons of classic leadership.

Leading Bold Change

We're taking charge of change.

by Ann Schulte

WHEN MASTERCARD went public in 2006 and faced the challenges of such a major change, we began crafting a more *systematic approach* to the way the company talks about and leads change projects, which has built vital organizational capabilities in the years since. We selected John Kotter's *Leading Bold Change* methodology and partnered with ISB trainers to bring the program to life. Since the fall of 2007, nearly 1,000 employees in nine global markets (five different countries) have gone through the *Leading Bold Change* workshop and have learned to plan their change initiatives.

The *Leading Bold Change* training program has the right blend of accessible workshop content and research (books, articles, videos), and, the ability to certify our trainers to drive the delivery. We kicked off the program with executive sessions to build buy-in and support.

All participants were asked to read Kotter's book *Our Iceberg Is Melting* and complete online pre-work. During the workshops, the participants developed *action plans* to apply the *8-Step* model. Many executives saw the benefits of applying "lessons from the colony" and requested *Leading Bold Change* sessions with their teams. After the workshops, change teams receive consulting from the Global Talent Management & Development team on implementing their action plans.

Six Program Components

The Leading Bold Change workshop consists of six components: 1) interactive dialogue on the book and reinforcement of its key concepts; 2) discussion of how the archetypes from the book relate to participants' leadership styles; 3) video presentation of several case studies on why the *8 Steps* are needed and what successful implementation looks like; 4) breakout and group discussion on the past experiences of participants with change initiatives and how they relate to successful implementa-

tion of each step; 5) exploration of the current state of the team, including strengths and weaknesses, and analysis of critical change issues; and 6) application of the *8-Step* model to the identified focus areas, including completion of a *plan* and *goals* for each step.

Eight Steps to Change

Here's how we've progressed with the *8 Steps*.

• To *increase the urgency for change (Step 1)*, the CMO introduced employees via a global teleconference to the key change themes and their application to the company. A week or so later, all employees were invited to listen to Dr. John Kotter and ask questions during a live global broadcast.

• While we *focus on creating a culture of change*, we allow each business unit to assemble the correct *guiding team (Step 2)* for their own change initiative.

• The *teams then create a vision (Step 3)* for their project that embodies their willingness to learn to be *change-ready*.

• Our *broad communication efforts (Step 4)* are enhanced by our strategic partnership with the corporate communications team. Teams from around the globe, and their change project success cases, have been featured in the corporate news.

• We have *empowered action (Step 5)* by providing employees access to the *Leading Bold Change* methodology and by certifying our own team as facilitators and consultants.

• As for *producing short-term wins (Step 6)*, teams are now thinking about and planning for change and creating a common language around change. For example, any team that speaks of their "green bottle" is sharing an understandable urgency that something needs to change.

• To *keep the momentum going (Step 7)*, we help teams see the end goal and remember why this work is so vital.

• To *make these changes sustainable (Step 8)* the Global Talent Management & Development consultants follow up with business unit teams, providing guidance, monitoring progress, and serving as group mentors to make the changes a permanent part of our culture at MasterCard Worldwide. **LE**

Ann Schulte is VP, Global Talent Management and Development at MasterCard Worldwide and leads GTM&D's MasterCard University. Rebecca Ray was SVP, Global Talent Management and Development (GTM&D), MasterCard Worldwide. Matthew Breitfelder is VP, Management & Leadership Development.

ACTION: Take charge of leading bold change.

Abundant Community

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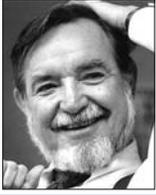
by John McKnight and Peter Block

WE CAN LIVE A MORE SATISFYING LIFE by creating a community that nurtures us and makes us useful citizens. This possibility is within our grasp, even though our culture tells us that a satisfying life can only be purchased from a consumer society.

Communities have the power to raise a child, provide security, sustain our health, secure our income, and care for vulnerable people. Sadly, this power is silent in most places where we live and work. However, it is possible to give voice to a community that speaks the language of satisfaction—a language that the marketplace can never speak in spite of its alluring promise that we can buy *the good life*.

When we speak up for this ideal, our voices tell of our gifts, our hospitality, our relationships, and living by the *habits of our heart*. This is the power of an *abundant* or *beloved* community—to create a full and complete life. When we join together, we are the architects of the future within which we want to live. This is made possible through the abundance of every community.

Real satisfaction and *the good life* can't be provided by organizations. No number of great executives, central offices, technical innovations, or long-range plans can produce what a community can produce. The most satisfying possibilities for our lives are in communities, not in the marketplace.

Local people are coming together to pursue a common calling—people who have the courage to discover their own way, to create a culture made by their own handmade, homemade vision. And, wherever we look, it is a culture that starts the same way, with a **three-step awakening:** First, we see the *abundance* that we have—as individuals and as neighbors. Second, we know that the *power* of what we have grows from creating new connections and relationships. Third, we know that these *connections* happen when we *act* to make the connections.

These three steps awaken us to our *abundance*, not our *scarcities*—but they are often undermined by corporate, governmental, professional and academic institutions. By their nature as systems, they say to us, "*You* are inadequate, incompetent, broken, or problematic. *We* will fix you." It is our calling as citizens to ignore the voices that create dependency. We are called to find *our* way—not to follow *their* way.

Democracy gives us the *freedom* to create our vision and the *power* to make that vision come true. We strive to be *citizens*—people with the vision and power to create our own way, a culture of community capacity, connection, and care. Sadly, many leaders think that the idea of a *strong community* is "nice" but not vital. However, strong commu-

nities are vital, productive, important, and necessary because of the inherent limits of all institutions. No matter how hard they try, even our best organizations can't do many things that only we can do as a family and community.

Seven Elements of Satisfaction

Seven elements of satisfaction grow out of an abundant community:

1. Our communities are the primary source of our Health. How long we live and how often we are sick are determined by our personal behaviors, social relationships, physical environment, and income—*things only we can change*. Medical care accounts for a small portion of what enables us to be healthy.

2. Whether we are Safe and Secure is largely within our domain. There are two major determinants of our local safety: 1) how many neighbors we know by name, and 2) how often we are present and associated in public —outside our houses. Police activity is a minor protection compared to these actions of connected citizens.

3. The future of our earth—the Environment—is first a local responsibility. The *energy problem* is our local domain because how we transport ourselves, how we heat and light our homes, and how much waste we create are major factors. We're called to be *citizens of the earth,* not just *consumers of natural wealth.*

4. In our communities, we have the power to build a resilient Economy— one less dependent on the unreliable mega-systems of finance and production. Most enterprise begins locally, in garages, basements, and dining rooms. The first dollars often come from family and friends—not banks or venture capitalists. We have the local power to nurture and support these businesses and preserve our own savings so that we are not captives of financial institutions. We also are the most reliable sources of jobs—via word-of-mouth.

5. We have a local responsibility for the Food we eat. As we support local producers and markets, we do our part to solve the energy problem and our economic problems by circulating our dollars locally. And we improve our health by eating food free of poisons, petroleum, and processing.

6. We are local people who must raise our Children. We say that *it takes a village to raise a child*, but we pay systems to raise our children—teachers, counselors, coaches, youth workers, and doctors. We're often reduced to paying others to teach, watch, and know our children and to transport them to paid child-raisers. We talk of the *youth problem,* but the problem is with *adults who don't join with their neighbors in sharing the wealth of children*.

7. Locally we are the site of Care. Our institutions can offer *service*—not *care*—for we can't purchase care. Care is the freely given commitment from the heart of one to another. As neighbors, we care for each other. We care for our children, our elders, and those most vulnerable among us. Care is the basic power of a community of citizens.

Only we can fulfill the seven responsibilities of an abundant community. When we fail, no organization or government can succeed.

Three Universal Properties

A community becomes *powerful, competent* and *abundant* when it awakens *three universal properties*: 1) *giving of gifts*—the boundless gifts of the people in our communities; 2) *presence of association*—in association we join our gifts together, and they become ampli-

fied, productive, and celebrated; and 3) *compassion of hospitality*—we welcome strangers because we value their gifts and need to share our own. Our doors are open. There are no strangers here—just friends we haven't met.

There is no limit to our gifts, associations, and hospitality. This can all be considered a *calling*. We know what we need—and what we need is each other. When we act together, we create *competence* in our community and *satisfaction* in our lives. We are called to create with our hands and in our homes what we once thought we could purchase.

A *community* refers to an aggregation of people or neighborhoods that have something in common. It is both a place and an experience of connectedness. *Community competence* means the capacity of the place where we live to be useful to us, to support us in creating those things that can only be produced in a connected community.

• A *citizen* is a participant in a democracy, who chooses to create the life, the neighborhood, the world from their own gifts and the gifts of others.

• A *consumer* surrenders to others the power to provide what is essential for a full and satisfied life. This act of surrender goes by many names: client, patient, student, audience, fan, shopper. *Consumerism* is about the transformation of *citizens* into *consumers*.

When we shift from *citizen* to *consumer*, when we go to the professional to seek satisfaction, we lose our capacity to prosper and find peace of mind.

The price we pay for becoming *consumers* (not *citizens)* is living a dissatisfied, incomplete life—a life where the *harder* we try, the more *hollow* it becomes. Individuals become useless, families lose their function, communities lose their competence. We then *purchase* what we might have chosen to *produce*.

Once we become a *customer* in the *consumer society*, our dissatisfaction is guaranteed. "Customer satisfaction" has become a counterfeit promise.

Knowing we have the power to define our possibilities, decide what choices reside in our hands, and choose our future, we no longer require *great leaders*—not even a strong, *developed* economy, only each other, in association, coming together with our gifts in mind. We are, however, required to join together, share our gifts, and become the principal producers of our future. **LE**

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ACTION: Create communities at home and work.

Impactful Leaders
They lead well in tough times.

by Jeremy Cohen and Jack Beach

In TOUGH TIMES, ORGANIZATIONS THAT thrive are ones whose leaders regard *challenges* as *opportunities* to make potentially radical improvements—not just as obstacles to be overcome. The best chance to shake up a moribund corporate climate is in tough times, since people often recognize that the *same old way of doing things* won't suffice. This is when the best leaders, regardless of their formal positions or titles, generate the winning spirit that will permeate their organizations.

How do leaders start? Great leaders seize the chance to foster a high-performance climate that *ignites* employee engagement by building capability, confidence, and agility.

1. Build capability. Leaders develop capability and competence in their domain, and this expertise enables them to handle big challenges. Being a capable leader includes:

• *The necessary skills and knowledge for their domain.* Capable leaders understand the challenges they face, know their craft, what needs to be done, and how to do it.

• *Business acumen.* Capable leaders know the business and their role in it, the marketplace, their clients, the value proposition for what they are creating, and communicate that well within and outside of their area of responsibility.

• *Two key leadership competencies.* Capable leaders embrace challenge and have a passion for the organization's future. They acknowledge their challenges but find these complex situations energizing and get others enthused and focused on the core issues. Their ability to infuse energy, focus, and determination is vital when employees question the stability of their jobs.

2. Build confidence. Confident leaders are self-assured and trust themselves and their teams. While not immune to anxiety, insecurity and confusion, they build a bedrock of trust. This trust fosters confidence in the future. They maintain an optimistic outlook when navigating rough waters.

• *Leaders who communicate confidence, hope, and resilience lift performance.* They communicate confidence through *presence*; they must be visible, available, engaged, excited—and convey a positive and optimistic image. Leaders who have self-control inspire calm confidence.

• *Confident leaders know that trends are not destiny.* Their actions can impact the outcome of the challenges and generate positive results.

• *Leaders must trust their employees, and employees must trust their leaders and colleagues—and themselves.* Trust can be enhanced by executing in a disciplined manner, providing corrective feedback with respect, and focusing on what can be learned rather than who to blame. *Positive discipline* results in teams that are *self-empowered* and *self-disciplined*, and have an infectious winning spirit that sees problems as opportunities.

3. Build agility. Agile leaders scan the surroundings to broaden awareness, recognize when circumstances change, and take necessary actions.

Agility also means determining which decisions they need to make, and which to delegate, creating an environment in which people can achieve the critical tasks without being distracted by lesser, though seemingly urgent issues. They ensure everyone keeps their eyes on the ball. Confident and agile leaders thus build resiliency:

• *People rally around leaders who bounce back when things go wrong and adapt to rapid changes.* Leaders count on unexpected issues—and occasional setbacks—and take these challenges in stride.

• *Resilience is forged by false starts, setbacks and failures, by taking responsibility for one's efforts, and bearing the consequences of those decisions.* Resilient and agile leaders learn from mistakes and keep the team headed in the right direction.

• *Setbacks must not be a source of self-doubt, but of renewed resolve.* Agile and resilient leaders learn from setbacks, use them to orient where they need to go, and move forward with determination.

Leaders need to be *capable, confident* and *agile* to meet the challenges. **LE**

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ACTION: Be capable, confident and agile.

Inspired Leaders

Be the spark, flame, and torch.

by Lance Secretan

WE ARE EMERGING from a dark era of leadership wherein employee job satisfaction has plummeted to 45 percent; the number who find their work *interesting* to 50 percent (and the *greatest dissatisfaction* is among those under the age 25—tomorrow's leaders). The leadership style that gave us *The Great Recession* is not the style that can build an inspiring future.

Alarmed and chastened by these trends, a new kind of leader is rising to the challenge of restoring joy, significance, and personal worth in work and life. They have an aura about them, a presence, an ability to inspire others that gets things done and enables them to live meaningful and fulfilled lives. They are guiding us to higher ground, into a brighter time of hope, awakened to the wisdom of creating inspiring organizations.

What makes these leaders special, extraordinary, happy, and delightful to be around? What makes their teams, families, organizations, cities and countries remarkable? They understand that we all yearn to be inspired and to be inspiring. Their mantra is, "I will inspire in everything I do today." We have all the information, tools and skills necessary to live an inspired and inspiring life, and we can use these tools in ways that enable us all to live and lead in this way—and thus inspire the world.

My book—*The Spark, the Flame and the Torch*—is an integrated theory of how to inspire at every level, everywhere. I invite you to become torchbearers for a new era of enlightened leadership. The Spark ignites the Flame, and the Flame lights the Torch.

Part 1: First, the Spark is ignited. "The Spark" is the initial energy that kindles the embers of inspiration within each of us; that moves us to live large and to inspire others, to reach our real potential, to make a meaningful difference in our own life, the lives of others and the world. Without the spark, we are ordinary and dull, and our aim falls short of our dreams. This dullness is the absence of passion and energy, of dreams and magic in our lives, of relationships that inspire, and of bearings that lead to meaning and fulfillment, excitement, and zest. The spark initiates fusion, combustion, and reaction.

The spark is awakened by a deep, inner awareness of *Why* we are here on Earth, how we will *Be* while we are here, and what we have been called upon to *Do*. Few people have discovered the answers to these questions, or have even cared to explore them. They are content to live the unexamined life—and as Socrates said, "The unexamined life is not worth living".

Great leaders are those who reflect thoughtfully on these questions, and define the right answers for themselves, and therefore ignite "the spark" within them. This is the often silenced voice of the soul speaking, and this we call

Destiny, Character and *Calling*—the *Why-Be-Do*—*why* we are here, how we will *be*, and what we will *do*. When we stand in the presence of someone who has a deep, inner-knowing of who they are—an awareness of *Why* they are here on earth, how they will *Be* while they are here, and what they have been called to *Do*—we stand in the presence of an inspiring person. This is *the spark* that flashes and radiates from within them. Their certainty about their path, and their passion for it, makes others want to be with and follow them, firing up their own hopes for living the same way. This inner awareness creates a fusion with their higher purpose and causes a powerful release of energy. It causes them to be inspiring—they can't help themselves, because it radiates from within them and stirs the hearts of others. With this inner knowing and inspiration, we develop a bold, audacious, thrilling, and inspiring *One*

Dream and pour all this into building *powerful relationships* that inspire.

Part 2: The spark ignites the flame. *The Flame* is the fire within us that lights the way for others, that generates intensity and raises the temperature; that fires the spiritual and emotional rockets of our lives, that takes us to unexplored places of promise. *The flame* is bright and visible to all—it represents the values we practice, passionately believe in and model for others. The flame fuels a furnace that informs all our actions, and illuminates the path for others. It is our standard against which we calibrate our conduct. It represents the behaviors we model for others and teach to them, which in turn, encourages them to ignite their own spark and set fire to their flame.

The Flame is a set of values we call the CASTLE principles—an acronym for *six inspiring ways of being*: *Courage*: Reaching beyond the boundaries of our limitations, fears, and beliefs. *Authenticity*: Being genuine, transparent, and aligned with our inner voice in all aspects of life. *Service*: Actively supporting the good of the other. *Truthfulness*: Being honest and transparent in all thoughts, words, and actions. *Love*: Relating to others by touching their hearts in ways that add to who we both are as persons. *Effectiveness*: Achieving desired outcomes successfully.

As we live these principles, through example and actions, we are *the flame* by which others are warmed, guided, developed, comforted, and inspired.

Part 3: The flame lights the torch. "The Torch" is the legacy we create and the wisdom we pass on, the gift of mentoring, coaching and growing others—how we convert the spark into a flame, using it to light the torch, which we share with others. The flame is used to light the torch, and the torch is used to carry fire to others. The torch is "paying it forward", teaching others, helping them to grow, and being an inspiring mentor for them. It is with our torch that we light the way for others. As Carl Jung reminded us, "As far as we can discern, the sole purpose of human existence is to kindle a light in the darkness of mere being."

To live the inspired and inspiring life, we pass through three progressions: we become inspired (*The Spark*); we live an inspiring life (*The Flame*); and we share with others the opportunity to do the same (*The Torch*). **LE**

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ACTION: Ignite the spark, flame, and torch.

Boosting Morale

Start re-engaging the boss.

by Srini Pillay

MORALE MAY BE DE-fined as *the state of the spirits of a person or group as shown by confidence, cheerfulness, discipline, and the performance of assigned tasks*. Morale clearly drives productivity.

In examining root causes of poor morale, I focus on interventions related to the leader, since an uninspired leader can't inspire employees. When leaders understand the brain-related patterns that lead to leader-employee disconnect, they can dramatically improve their own morale and the morale of the entire organization.

Leadership-Employee Disconnect

A Salary.com study reports that 65 percent of employees are *somewhat satisfied* in their jobs (employers estimate 77 percent). About 65 percent of employees admit to looking for a new job (employers estimate 37 percent). Nearly 80 percent of employers do not believe employees will begin a job search in the next few months (60 percent of employees intend to intensify their job search). Clearly, there is a major disconnect between leadership and employees.

A *McKinsey Quarterly* study reports that during the recession, 13 percent of respondents said their managers praise them less often, 20 percent report having fewer chances to lead projects or task forces, and 26 percent say leaders are less focused on motivating top workers. Thus, efforts to improve morale that should be waxing are instead waning at a time when encouragement is much needed.

***Why are leaders so disconnected from employee morale?*** Here are *eight reasons*:

1. Leaders have the mandate to deliver on the company's financials, but no one is overseeing *their* stress, which often distracts them from priorities, such as caring for others. Even exemplary leaders may suffer from "compassion fatigue." When we do not feel what other people are feeling, we are more inclined to judge them.

2. Leaders who show little arousal to the distress of others also show less physiological arousal to their own dis-tress, resulting in reduced empathy. Non-empathic leaders have a general brain insensitivity to feelings, even their own. Although leaders may be insensitive to their *own* reduction in morale, if they do not believe that a personal reduction in morale can impact how hard people work, they'll tend to ignore this variable in employees—and this can produce a major negative effect on the culture.

3. The brain is organized so that our emotional centers process fear above other emotions such as "love" or "happiness." There is little chance for emotions that stimulate morale to occupy the mind of a fearful leader.

4. Biologically, we are endowed with "mirror neurons" that automatically reflect other peoples' emotions

and intentions. When *employee morale* is low, this often reflects the brain activity of a leader who may put on a brave face despite low *leader morale*.

5. This "mirror neuron" effect also prevents empathy from leaders. Since empathy increases the experience of another person's pain in the leader's brain, leaders tend to steer away from having to feel the pain of the employees, thereby increasing this disconnect.

6. When leaders can't improve employee morale, it is partly because their brains experience this *giving* as *depletion*.

7. The self-other dilemma: Overactive mirror neurons are associated with *alexithymia*—the absence of self-awareness of emotional states. In this condition, *overactive* empathy circuits can also cause disconnect between leader and employee. Hence, when the leaders overly feel for the plight of employees, it may distort their decision-making.

8. For leaders to pay attention to employee morale, they must have an idea of the risks of not staying aware and then taking action. Our minds have an *internal accountant* that weighs risk and benefits and informs the action center in the brain to act accordingly. When leaders are threatened, energy resources are taken up by a panic center in the brain. *Cringing leaders* cannot be *caring leaders*, especially when they are unaware of their own fearfulness.

Helpful Leader Interventions

A coach who is trained in stress management can help leaders to improve employee morale in eight ways:

1. Explore whether the leader suffers from compassion fatigue. Talk to the leader about this and have him or her appoint someone to deal with employee morale. The leader needs to work with a coach to become more effective without experiencing burnout.

2. Provide a coach to help the leader increase sensitivity so that he or she can relate to how employees feel. A C-Suite "venting group" may be helpful. Assessment tools (such as my *iPhone app*, *Burnout Mate* or the *Maslach Burnout Inventory*) can help leaders track burnout levels. As sensitivity to their feelings increases, so will their sensitivity to employee's feelings and concerns.

3. Assess the level of anxiety and fear in the leader. The *Spielberger State-Trait Inventory* can be helpful. Also, a 90-day stress-management program may help focus the leader and management team.

4. Recruit and hire people with a positive outlook and add them to teams where they can be the "counter-mirroring" mechanism, since low employee morale may reflect that of the leader.

5. Encourage a strategic overhaul where the philosophy of the company becomes solution-focused, since leaders who avoid direct interactions with negative staff make a situation worse.

6. Require leaders to recognize the work of employees through verbal praise, awards, bonuses, and peer-recognition.

7. Appoint a buffer to ensure that leaders are not being bombarded by low employee morale.

8. Create an automatic feedback process in which employees can voice anonymously their complaints.

Leaders need to empower employees to feel their own sense of connection and ownership of company challenges. Coach or trainer-led interventions are effective in boosting morale. **LE**

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ACTION: Strengthen connections to boost morale.

Grow Satisfaction

It's not all about the money.

by John Baker

EMPLOYEE SATISFACTION is at a 20-year low with only 45 percent expressing job satisfaction (Conference Board survey). Nearly two-thirds of employees under the age of 25 don't like their jobs. Hence, few employees like the boss they work for, and fewer still like the team they work with.

What's behind this malaise? Factors such as wage stagnation, job insecurity, stress from economic conditions, and long commute times are contributors.

What actions can leaders take? How do you re-engage employees who feel isolated in the work they do, stalled in their careers, and disenfranchised with the value of their contributions?

Increasing wages and benefits may be impossible in a fragile economy. But it isn't only about the money.

Ask Six Questions

Here are six questions employees ask about their jobs. The answers can improve satisfaction and engagement.

1. How do I contribute? Employees want to know what they do counts, and counts where it matters most—on the P&L. A for-profit company's goal is to generate earnings for its shareholders, but most employees have no idea how their individual work translates into company profits.

Action: Educate every employee on the economics of the business in detail, by client and by product line. Explain how the work of each job within the company impacts the P&L.

One large transaction-processing company takes each new employee through a full day of training on the economics of their business and emphasizes the thin margins of each product line. The outcome: every employee realizes their contribution is central to how the company achieves its financial targets.

2. How am I challenged? No matter how exciting at first, every job inevitably becomes routine. Once we master the core duties of our role and repeat them over time, we get bored. Even veteran ER doctors, amid the chaos of a medical emergency, can feel disen-gaged with what is going on around them: having been through the drill hundreds of times they put themselves on auto-pilot and get the job done.

Action: Employees who are engaged are those who are pushed into new roles, given expanded accountabilities and exposed to new areas of challenge.

A multi-national call center has discovered that the effectiveness of their phone reps sharply declines after 18 months. So, they put in place guidelines that promote employee movement, encourages non-linear career paths, offers training that emphasizes skill development, and set policies to facilitate career development.

3. How am I growing? We have an instinctual need to grow; and this doesn't stop during the time we spend at work. How does a leader facilitate

growth when the economy is stagnant and job openings scarce?

Action: Growth can come from areas other than the traditional promotional track. Many companies offer tuition reimbursement programs, special training and development opportunities, and ongoing licensing or accreditation programs. These efforts pay dividends in proficiency and engagement.

One large financial services firm expects their young managers to promote and administer the corporate charitable giving campaign each year. The company benefits from high energy and creative marketing efforts while the participating managers gain access and visibility to senior leaders.

4. Am I secure? It is hard to feel good about your job when you are constantly worried about losing it; but today, it's tough to know what will happen next quarter, let alone next year. In this situation, information is king.

Action: The more a company commits to open and timely communications, the more secure their employees feel regardless of the situation.

One firm adopted the best practice of "communicating what we know, when we know it." When leaders don't know the answer to an employee concern, they say, "I don't know the answer to that. As soon as I do, you'll be the first to hear it." Over time this policy has engendered deep trust while reducing rumor-mongering.

5. How am I rewarded? The question isn't *can I get paid more*; but, rather, *help me understand the ways I'm compensated for the job I do* and how this compares to the competition.

Action: While most employees stop their analysis on the doorstep of base salary, leaders know that a narrow analysis of base pay can be misleading—if not economically damaging.

A national bank discovered to their surprise that many of their employees who left to join a competitor did so for only a modest (but highly visible) raise in base pay. In fact, they took a cut in overall compensation when other factors such as bonus, generous benefits, 401k match contributions, profit-sharing, and vested and unvested equity programs were factored into the equation. The bank responded by providing each employee with an annual compensation overview that explained the firm's compensation strategy, listed the various components of individual compensation, assigned a value to each element, and provided a summary of an employee's total compensation package. As a result, their competitor could no longer effectively poach key people away with scanty salary bumps.

6. Am I having fun? People who enjoy what they do typically demonstrate it: both to their customers and to their co-workers. Customers, in turn, like the positive energy the team provides.

Action: Having fun—ensuring that employees have an outlet for their stress—is a leadership responsibility.

Faced with tight budgets, one company decided to hold an employee talent show and potluck. Within a half of day of posting a sign-up sheet, all the performance slots were filled. The talent show potluck became an annual event.

These six questions form the bedrock of employee satisfaction. Leaders should proactively ask these six questions of themselves and of those they lead. **LE**

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ACTION: Drive employee satisfaction.

Managing Change

A l w a y s   c o n s i d e r   t h e   c u l t u r e .

by Saundra Stroope and Bonnie Hagemann

On a snowy Salt Lake City weekend, Saundra sat scanning her e-mail when she received an invitation to connect with a former MCI co-worker through a *LinkedIn* group. Thinking it would be fun to see who she might know in The *Classic MCI Alumni Group*, Saundra clicked on the group's link. As the list of names came up, her jaw dropped as she found over 5,000 former *Classic MCI* employees connected.

Why is that shocking? People connect through social networking all the time. But this group of employees dispersed over a decade ago with the 1998 MCI WorldCom merger.

This $37 billion merger was one of the largest in U.S. history. And, World-Com, the smaller company of about 25,000 employees, acquired MCI, a giant with 55,000 employees. For a time, *WorldCom* was the second largest long-distance phone company (after AT&T) in the U.S., and its growth and size were achieved by aggressively acquiring other telecommunications companies. But, after the acquisition in 1998, MCI WorldCom started its downward spiral, culminating in bankruptcy in July 2002.

One big lesson from this merger was the *gross under-estimation* of the power of the Classic MCI culture. This culture was engaged, empowered, innovative, hard-working, fun, entrepreneurial, and customer-focused. In an online discussion, many group members fondly recalled working long hours and *loving it*. One member described it as *a once in a lifetime opportunity* where each person was given a blank canvas to paint their own picture. Others called it *The MCI Way*. We knew the vision and were expected to make decisions, make mistakes, and learn from them.

Classic MCI was more than a business—it had a soul. It's apparent by the growth of the social network. Former MCI employees have a strong *emotion-al attachment* to the classic MCI culture, people, and way of doing things.

Bonnie is often hired to facilitate mergers and acquisitions such as this, because the power of culture is strong, and this is change on a massive scale. In fact, it's all about change, and leaders often discount cultural differences. They wrongly assume: "It shouldn't be too difficult to merge; the other company is just like us. We're from the same industry. We hire the same types of people." But *culture matters*—and the stronger the culture, the more it matters.

In addition to cultural differences, many other changes are happening to policy, process, technology, and structure. The number and complexity of integration changes increases the challenge of sustaining performance and

engagement. Hence, most companies don't meet their goals in mergers and acquisitions. In fact, the unintended and unexpected impact on human capital can wipe out the expected gains.

Wikipedia refers to "change" as *the process of becoming different*. No small task. We all experience times when our identity is shaken. When we experience change, it impacts our identity.

Four Key Steps

Here are four steps leaders can take:

1. Over-communicate. Leaders who create and share the vision and benefits associated with the changes will engage employees in the process rather than drag them through meetings and mandates. Employees need to "see" what the new culture will look like and have some say in what their new world will be. Going through a merger is one big group development experience. Building fun and teamwork into the process will please your employees.

2. Focus on engagement and retention. Mergers are times when costs are cut and people are asked to do more with less. Don't let this become a fragmentation—pull the team in closer. Strengthen the group's connection by holding frequent meetings and allowing time to talk about issues related to the change. Create a rhythm that everyone on the team can count on. This will also help you gain insight into morale, answer questions, and discuss expectations for working together. Consider individual career goals and new development opportunities and provide people with interesting and challenging work. Don't under-estimate the power of engagement and retention on the impact of the change.

3. Create a 90-day transition plan. The first 90 days after a major change are critical. During this time, employees and customers will scrutinize the new organization. Creating a 90-day time-frame with goals, priorities, and milestones provides a sense of urgency and challenge that can help the team move into action and work well together.

For example, in *the first 30 days*, you might review business plans and other information that provides insight into the change. Seek advice from former leaders, HR, and learn about past initiatives, problems, and priorities. Draft a list of priorities, responsibilities, and roles. Share your transition plan, goals, structure, and expectations. *From 30 to 60 days*, meet with individuals one-on-one to learn about past accomplishments, skills, capabilities, interests, goals, and concerns. Visit work sites, shifts, and locations. Solicit input from customers. Ask team members to identify ways to improve service. *Within 90 days*, establish or reinforce mission, vision, goals, and direction. Decide and define how individual and team performance will be measured. Hold a team event to strengthen connections. Celebrate short-term wins.

4. Lead by example. Monitor your reaction to the change. If you haven't fully adapted to the change, you can't fake it with your team. Great leaders are resilient during change. They view themselves as the "General" leading the troops. If the General looks scared or angry, the troops won't follow.

Gather feedback from employees about the support they need to implement change. Make adjustments quickly, and lead with confidence.   **LE**

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ACTION: Take these four steps to manage change.

Slow Growth

W h a t   c a n   l e a d e r s   d o ?

by David Rhodes and Daniel Stelter

FEW LEADERS ARE ACTING DECISIVELY enough in the wake of the global downturn. Leaders should take their cue from companies that gain a competitive advantage in challenging economic times. A once-in-a-lifetime opportunity exists to change the pecking order of their industries.

Companies face challenges brought on by global trade imbalances, unstable financial institutions, and over-leveraged consumers who can't be counted on to drive economic growth.

There will be no return to the *old normal*, and it's unlikely that the growth of emerging economies such as China and India will be enough to generate a return to global growth.

Leaders will have to adapt to some new realities—including greater government intervention, the shakeup of industry structures, cost-conscious consumers inclined to save more, and an atmosphere in which stakeholders, ethics, and governance take priority over shareholders and quarterly results.

Leaders need to prepare for a multispeed global economy. While some countries (China, India, and Brazil) are seeing growth, the developed world will experience many years—if not a decade—of slow growth.

U.S. consumers generate nearly 20 percent of global GDP. There's no short-term replacement for this mainstay of global commerce. Leaders will have to make painful adjustments as they come to terms with new realities.

But the rewards for leaders who act boldly and effectively navigate the slow-growth world will be significant.

Act Decisively

Leaders recognize the need to be *both* defensive and aggressive. But when it comes to taking action, they seem to just play around the edges of cost-cutting, neglecting the necessary adjustments in order to meet expectations of a slow-growth global economy.

Defense First: Leaders need to safeguard the long-term health of their companies. To survive in a challenging and competitive environment, you need to protect your fundamentals:

• *Rethink cost models.* One way to make cuts—without damaging the core—is to restructure around profit centers and projects. In the 1930s, GE outperformed its competitor Westinghouse by cutting costs quickly and deeply while also retaining its top talent.

• *Synchronize inventories* to shifts in the external environment. Simply cutting inventory, without reference to other factors, is a mistake.

• *Lower the perceived price of goods and services.* By removing add-on features or unbundling them, you can create the *perception* of price cuts while actually preserving margins and revenue.

Defense Is Not Enough: Go on the offensive and deploy game-changing strategies. After protecting fundamentals, you need to go on the attack and make some game-changing moves:

• *Embrace government affairs and programs.* Two of the strongest companies of the last several decades, GE and IBM, were beneficiaries of opportunities created by New Deal programs of the Great Depression. Learn to work with influential and powerful politicians and government officials.

• *Invest shrewdly in R&D and innovation.* Downturn investments are often a better value (there is more availability of, and less competition for, resources). IBM continued to invest in innovation during the Great Depression, and McDonald's accelerated past Burger King during the 1970s by increasing the relative number of store openings.

• *Increase M&A activity.* Deals completed during downturns outperform those done during upturns. In downturns, premiums are lower and opportunities are richer and more abundant. Now is the time to be a predator, rather than waiting passively and becoming prey during the slow-growth period.

• *Learn from and monitor challenger companies in rapidly emerging markets.* These companies will be able to accelerate faster because of cost advantages and comparable technical competence.

• *Address work-life balance issues.* Flexibility in this area will help compensate for lower wages and enable you to retain the talent you need in the future.

Simply cutting costs and slashing marketing expenditures is not enough. You need to employ game-changing strategies. So, muster the courage to make bold, difficult decisions. Actions taken now will define your future, and it is up to executives to act.

The new environment will trigger a new culture—requiring leaders to adopt a new managerial mindset. In the postrecession era, well-run companies will be characterized not by constantly improving quarterly earnings but by solid balance sheets, good cash positions, and strict management, resulting in lower profit levels as postrecession *prudence* replaces prerecession *leverage*.

The pendulum will swing from favoring *shareholders* to favoring a wide range of *stakeholder* groups. The culture of a company will assume new importance as leaders act to preserve their skill base and be seen as proceeding responsibly after the Great Recession.

• Since a slow-growth environment will lead to lower equity returns, stock options may lose their appeal—so you will need to redesign compensation systems to attract and retain talent and reward strong, sustained performance.

• Executives need to reap the benefits of upside gains, bear downside risk, and put some of their wealth at stake.

• The debate about what constitutes *fair capitalist behavior* will heat up. Most executives expect more public scrutiny of business ethics and personal actions.

CEOs and management teams must challenge their mindset and play to win. Those who take the initiative, respond decisively to the challenge, find a way of differentiating themselves, and execute their strategies with determination can expect to grow.　　**LE**

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ACTION: Be proactive to ensure growth.

Develop Great Leaders

Creating a culture of leadership.

by Patricia O'Connell and John Larrere

AT FIRST GLANCE, ZAPPOS.COM, THE online retailer, appears to have little in common with General Electric (GE). Hit hard by the recession, GE is in the throes of scaling down its financial services subsidiary, GE Capital, by 40 percent. Zappos, on the other hand, is tapping into changing consumer habits and ramping up for 30 percent growth this year.

Yet surprisingly, these two organizations face similar challenges in motivating and engaging their employees. For Zappos, it's about creating and maintaining passion in a call-center culture. For GE, it's about keeping people engaged in a changing climate.

Named among the *20 Best Companies for Leadership* in a BusinessWeek.com/Hay Group survey, both GE and Zappos put a premium on selecting, developing, and retaining strong leaders at every level. What sets them apart, however, is not just their emphasis on good leadership, but also how they approach it. They carefully tailor their developing leaders to fit their unique business strategies and organizational cultures.

While there is no one best way to grow leaders, the companies that do it best share certain characteristics. The top 20 companies address LD on multiple fronts, from articulating how leadership behavior needs to change to meet the challenges of the future to managing their pools of successors for mission-critical roles. And, they continue to make leadership a top priority.

The *Best Companies* recognize the value of strong leadership in both good times and bad. Culturally they can't do away with LD, even in a recession. They see it as necessity, not a perk.

People at the *Best Companies* sense the urgency to develop leaders; in fact, 94 percent say their organization actively manages a pool of successors for mission-critical roles, compared to 68.6 percent of the other organizations.

Leadership feels different at the *Best Companies*. In the survey, more than 64 percent of respondents from the top 20 say people in their companies are expected to lead, even when they are not in a formal position of authority. At other companies, that figure hovers around 35 percent. And people from the *Best Companies* are more likely to believe they will emerge stronger from tough times. They say that their leaders are more likely to be involved in LD, that everyone has the chance to develop and practice capabilities needed to lead others, and that their focus is on "positioning for the future."

"Our culture is committed to leadership development," says Jayne Johnson, GE's director of leadership education. "Crotonville (the site of

GE's CU) opened in 1956. Today more than ever, we need our leaders going to Crotonville. These leaders will make us successful today and in the future."

According to P&G's Chief HR officer Moheet Nagrath, the primary way of developing future leaders is to offer "accelerator experiences," a program that provides developing leaders the experience of running a small business with huge strategic potential. "We continually move people across regions and countries," says Nagrath. "The more discontinuous the experience, the more you accelerate growth. We have to move people around businesses for them to become well-groomed." One benefit of this experience is that it helps people manage in a matrixed environment.

Mapping Backwards

Nagrath notes that at P&G, "We start with the destination role and then help future leaders understand the role. It's about understanding the individual deeply. We look at the timing for when a leader should go into the destination role, and map backwards from the destination role to where they are today."

GE takes a different approach, identifying talented leaders early, and placing them in stretch assignments, often before they think they're ready. Notes Johnson: "And we support them, with over $1 billion a year in structured training. But today, change is such a continual force that even we are taking a fresh look at how to develop talent."

At Zappos, a challenge is developing leaders at a pace that will accommodate the company's growth. "We are projecting 30 percent growth in 2010," says Rebecca Ratner, HR director. "We'll need more supervisors. How can we best integrate them into the company in terms of how they treat employees?" Noting that Zappos managers spend up to 20 percent of their time doing team building outside the office, "our challenge is figuring out how to assimilate people into what we do."

For anyone coming in from the outside, she says, it's not a typical recruitment process, where they meet with three or four people before either being hired or rejected. "We spend seven to 10 hours over four occasions at happy hours, team building events, or other things outside the office. We can see them, and they can see us." The process seems to be good for retention. "In 2009, we had a 20 percent turnover rate," says Ratner. That's impressive for call-centers. What keeps people at Zappos? "We pay 100 percent of employee benefits," says Ratner. And then there's the wow factor.

"We can't ask people to *wow* a customer if they haven't been *wowed* by us," says Ratner. Zappos is so eager to wow employees and make sure who they hire is committed that they offer people $3,000 after they've been trained to walk away if they feel they and Zappos aren't a good fit. Almost no one takes the $3,000 walk-away money. But many trainees return for more Zappos training to become managers.

ABB, a leading provider of power and automation technologies, is also facing challenges posed by a double-digit growth trajectory, notes Julia Blake, VP for HR, Power Products Division. "After growing and rapidly filling positions, our challenge now is the rapid development of our bench strength. We need to accelerate development to get people ready to fill key positions. We want to get back into a growth surge and use development as a tool to

retain talent as business picks up."

People from the Best Companies are 20 percent more likely to say that people stay at their companies primarily for growth opportunities.

Three Types of Culture

Not only are the Best Companies more urgent about LD, they also spend more time and money on it. In the survey, respondents from Best Companies were more likely to say that they invest in the development of even their mid- and low-performing employees. And when asked about time spent developing leaders, the Best Companies report investing more time (25-plus days a year) in developing future leaders.

In analyzing how survey respondents describe their cultures, three categories emerged. Some, such as Zappos.com and Southwest Airlines, are learning-oriented, fun workplaces. Other global giants, such as P&G and GE, are complex companies with traditional cultures. And some, including ABB, are known as "collaboration for innovation" companies that accomplish work though self-organizing project teams and encourage employees to seek new approaches to solving problems.

According to Elizabeth Bryant, senior director of talent management at Southwest Airlines, the LD process reflects the culture. "It goes beyond formal training and is part of everyday life; employees at every level are exposed to leaders so they get to see how the leaders think. Even informal mentoring and exposure to executives helps to broaden their perspectives and stimulate their passion about the job."

According to Jeff Lamb, Southwest's chief people officer, the culture in which Southwest's employees work is no different from the culture in which the airline develops its future leaders. "This happens organically. There's no course on how to get so engaged that you volunteer to come in on a weekend. What makes the airline a great place for leaders is what makes it a great place for employees—the freedom to be yourself, a lack of pretense, the hunger to learn."

Leaders create environments that drive performance. Leaders engage and enable people. It requires a shift of focus from solely outcomes, production numbers, and revenues to motivating people so they are passionate about achieve company goals and removing obstacles that hinder them. LE

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ACTION: Create a culture of leadership.

# Betting on LD

Light a development fire.

by David Parks

IN MY JOB, I GET A unique window of insight into why leadership development (LD) does, or does not, occur. Like a corporate anthropologist, I seek insights into how some organizations achieve a world-class reputation for LD while others struggle to launch a single workshop. When it comes to LD, how can you ensure you are placing your bets on the right strategy, talent, and solutions?

The phone rings for LD because clients are: *a) Proactive*—they want to proactively develop leaders who will propel the organization to a new level; *b) Reactive*—things are so bad that LD is a last-ditch attempt to get things back on track; or *c) Tactical*—there's a specific business, team, or operational need that LD can address.

All of us hope that 2010 will be a much better year. *Hope, however, is not a strategy.* The best leaders know that the downturn will end, and while up to their eyeballs in managing the present, they know they need to create a compelling picture of a better tomorrow. Katie Kaiser, Managing Director of hrQ, reports seeing a shift in 2010 away from downsizing and re-organizing and toward talent upgrades, training and development, and employee retention. "The tone is optimistic proactivity."

The best companies for LD are hardwired with optimism and are highly proactive. They focus their LD efforts where they are going to get best results—the right people working on the right projects. HCI claims that "the top 10 percent of high-performing leadership talent accounts for nearly two times the profit over the middle 80 percent." High performers get things done and deliver a business result. In a down economy, it is the force of leadership energy from high performers that will be the major catalyst to get out of the rut. If I were a betting man, or a LD Director, I would proactively invest my LD dollars on my key talent, working on high-leverage projects.
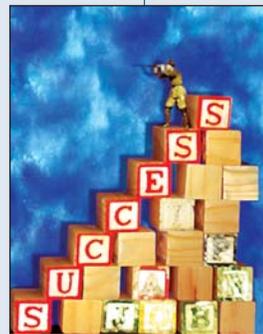
When most companies were dialing back LD, GE and Cisco maintained or increased their emphasis on the high-potential/high-performer population. GE CEO Jeff Immelt says: *"When times are easy, leadership can be taken for granted. When the world is turbulent, you appreciate great people."* Immelt personally leads part of the Executive Development Course (EDC) and tasks teams of participants to benchmark and work on high-leverage business initiatives. For example, a team went to Africa to aggressively open up new market opportunities. Other EDC teams conducted benchmark tours to Stanford, Disney, and NASA.

Cisco's *Center for Collaborative Leadership*, led by Annmarie Neal, VP, is blowing conventional LD out of the water. The flagship development vehicle is their *Action Learning Forum* (ALF). In each ALF, 60 senior leaders participate in a 50 percent executive development and 50 percent action learning forum. Over the 16-week course, teams vie for internal project funding, with one project receiving funding. Since launching in 2006, each ALF project has generated over $1B in value to Cisco. Neal says that the goal is to deliver $25B in value added over the next five years. Again, if I were a betting man, or a LD Director, this is where I would place my bet.

Some common threads between GE and Cisco approaches include: LD is positioned as a competitive enabler; they develop their leadership brand as a great place to be for leaders; there is a clear business outcome or value-add expectation; they invest the time and the money; and the "disruptive" projects aim to alter or create markets.

GE and Cisco are examples of *best in class LD*, and we can learn from them. My visits there in 2009 gave me inspiration and fuel to aim for great things.

The first quarter of 2010 shows pent-up demand for LD. Organizations know that leadership is the key to economic recovery, and they are putting energy and action behind it. Boyd Clarke, former CEO of Bluepoint, said, "Leaders *light fires and make maps.*" Now is the time to put Boyd's words into action and ignite the passion that will accelerate us out of the downturn doldrums.

What LD fires will you light? LE

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ACTION: Light your leadership development fire.

Influence Behavior

B e c o m e   a   M a s t e r   M o t i v a t o r .
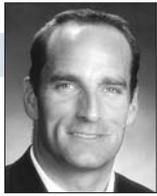
by Bruce H. Jackson

INSIDE THE HEART OF everybody resides a deep reservoir of energy and motivation. The Latin word *movere* means "to move." *Motive* is "the sense of need, desire, or fear that prompts an individual to act" or "the direction and intensity of one's effort." As leaders we must understand various motivational dimensions in order to tap into the greatness of our people and help them become their best selves.

Motivational theories have been with us for centuries. From the early Greek philosophers who looked at motivation through eyes of hedonism—avoiding pain and moving towards pleasure—through recent centuries, where philosophers, psychologists, sociologists, academics and guru's have discussed everything—from inner drives, satisfaction of needs and wants, methods of reinforcement and punishment, organizational engineering, identifying inner values and purpose—to actualizing full potential.

Motivational theories can be summarized into *six core dimensions*—each providing insights into how to motivate others to achieve excellence. One way to categorize motives is to look at two bisecting lines that create four boxes—each of which clarifies how we are motivated to satisfy the individual's self interests. The horizontal line contrasts those motives driven by *Pleasure/Growth* in contrast to those motives driven by *Pain/Fear*. On the vertical bisecting line we can contrast those motives that are either triggered from the inside (intrinsic) or the outside (extrinsic).

Taken together we have *four quadrants of personal motivational theories* that give us insight into different approaches for motivating people.

In Quadrant I, we can use extrinsic and negative motivational methods to get people to do what we want them to do. These often take the form of external punishments or threats, and the use of fear or avoidance motivational strategies. While these can be effective in changing behavior, the consequences usually thwart the development of people and foster negative behaviors.

Quadrant II motivational methods seek to draw on avoidance motivational methods by making people feel badly or ashamed, tapping into their self-doubt, fears, discomfort, even pain as a strategy to steer their behavior—but at a big price to long-term development.

Quadrant III motivational strategies seek to modify behavior by tapping into external personal needs and wants. External rewards (money, gifts, praise, and recognition) are valuable tools that often reinforce positive behaviors and support higher performance. However, these methods have limited power over time as they tend to lose their power and only draw out certain levels of employee energy and goodwill.

Quadrant IV means tapping into deeper resources of energy and commitment, including a positive approach for tapping into the best of a person's self.

Leaders and managers who understand the power of such motivational tactics try to help employees find joy and personal challenge in their work. Instead of relying on *external rewards* as their *primary motivational tool*, they understand the core talents, interests, and skills of their people and help them use these to find pleasure in their work. Leaders who tap into the intrinsic motives of their people often tap into *flow* and *peak states of performance*—giving their people insight into the nature of their best selves—even actualizing their potential. These experiences provide their own rewards over time.

Each quadrant has its own motivational power. Quadrant IV motivational strategies, however, help people find joy in their work and careers. Identifying these motives in your people is essential for knowing what drives them to greatness. Select strategies based on what your people value most. Tapping into intrinsically satisfying experiences is often more valued than the externally pleasurable, internally negative, or externally negative motivations. What is valued most plays a major role in what drives employee behavior.

These quadrants constitute four core methods of motivation; however, two more levels of motivational leverage should be considered by every leader.

Quadrant V is outside of one's self-interest, thus tapping into an even deeper reservoir of personal values. In this quadrant, you help people value something greater than themselves—a purpose beyond their own self-interest.

People sacrifice themselves daily for things they value *more than themselves*. This is why some women quit smoking when they become pregnant. This is why Candor Fitzgerald, after losing the bulk of its employees in the World Trade Center on 9/11, was driven to increase profits and give the proceeds to the families of their lost colleagues. As a leader, you can help your people identify with the core mission, vision and values to such a degree that their role and job can be seen as serving a greater cause or purpose—something they can truly believe in.

Quadrant VI invites you to consider your ultimate purpose in life. Have you spoken to your people about their purpose—about what they're put on earth to accomplish? What talents or gifts do they have that will enable them to serve their highest purpose? Have your people experienced such a connection? Are they tapping into this value-set now? Nietzsche said: "He who has a *why* to live for can bear with almost any *how*." This suggests the *power in* having a life purpose. Viktor Frankl spent six years of his life in a Nazi concentration camp and discovered that without a *compelling life purpose,* few survived. Joseph Campbell said that the "hero's journey" or *quest for purpose*, is a universal call.

Since each of us possesses a unique genetic code, we are designed with a unique purpose in mind. Do you enable people to discover and serve their *most compelling life purpose*? The reservoir of deeply held values is the highest source of energy, and the best leaders discover this about the people they are leading.

Higher-level quadrants provide the long-term strategies that will help you find the best in the people you lead. **LE**

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ACTION: Become a master motivator.

High-Performance

I t ' s   a l l   a b o u t   t h e   m i n d - s e t .

by Howard M. Guttman

LEADING AND WORKing within a horizontal organization represent a radical departure from the norm. Those involved in the transition stage often feel like strangers working in a strange land. The horizontal, flat organization has new expectations, rules, and ways of showing up as competent. Ultimately, it requires change at the *inner person* level—starting with the leader and his or her team. High-performance leaders create the right collective mind-set—one that hinges on high leader-player candor and a shift in accountability.

Being candid. When we work with a team that wants to raise the bar, we ask each player to describe the team mind-set. Teams that are wary and closed, that suppress conflict, never achieve greatness. They tend to avoid risks and become inwardly directed.

On a great team, candor is king. If you have a point of view, you are free to express it. If there is conflict, you can resolve it without game playing. If you have feedback, you can give it, provided it is depersonalized, to move up performance and results.

This change in mind-set is difficult, conditioned as we are to hold back and bite our tongue, believing that *discretion is the better part of valor* and that *telling it like it is* is risky business.

Candor requires leaders to *walk the talk*. Team members must be open with one another, but first their leader must be open and straightforward with them. A leader who brooks no disagreement can't expect open dialogue. Leaders who ask for honesty must show that they want it—even if directed at them. They do this most convincingly by listening to critique of their performance and acting on it, by changing behavior that the team tells them is *unacceptable*, by not cutting off dissenters or denigrating their opinions, and by not pulling rank when making decisions.

Candor takes thick skin. In one company, we aligned a global HR team. One post-alignment session included a review of the team's answers to the questions, "How would you rate your leader's

performance, and what does he need to do differently to improve it?" One team member remarked that the team leader demonstrated bravery in the way he handled the feedback. "He sat through a 90-minute session and listened to each person. He didn't explain or excuse himself or try to provide solutions. He just absorbed it." The leader then led a follow-up session in which he and the group identified actions they could take together to address each concern. "Hearing these things must shake you up and raise doubts about your abilities," added the team member, "but our leader never became defensive."

Accentuating accountability. *Vertical accountability* is typical in a functionally oriented organization. Executives, managers, and supervisors are driven by results—their own and those

expected from subordinates. Rewards follow this vertical trajectory, with income and advancement tied to success in "my end" of the business.

Horizontal accountability puts equal emphasis on cross-functional, peer-to-peer accountability, as well as peer-to-leader accountability. It sets up different performance expectations and rewards. Team members know that doing their jobs well is necessary but insufficient. Their peers—and the leader—must also operate at the highest performance level—and it's up to them to hold both accountable for doing so.

Great leaders know that for *horizontal accountability* to take hold, they must model desired behaviors and deliver the message that it is not only *permissible*, but *expected*, for team members to hold the leader accountable for business results, for observing agreed-upon rules, and for interpersonal behavior.

In a traditional hierarchy, a CEO rarely submits to being held accountable by those who report to him or her.

Horizontal accountability flies in the face of vertical intuition. This is why the CEO's role in facilitating a mindset change is crucial. When the leader and his or her top team model peer-to-peer accountability, it extends to teams.

Mind-set Change: Playing For Real

Not everyone is ready, willing, and able to embrace the mind-set changes required to operate on a horizontal, great business team. A lot of "stuff" can get in the way. For example: holding on to a story that says, "If you show all your cards, someone else will win"; complacency; fear of having weaknesses exposed; and discomfort with the accountability requirement.

While members of great business teams share responsibility with their leader for dealing with underperforming peers, the leader plays a critical role. The high-performance leaders we know have an up or out approach: Those who cannot adapt and thrive should take their game elsewhere. It is the ultimate in playing it for real.

One CEO recalls that in a healthcare organization, he was persuaded to fill the position of finance director with an internal transfer who had previously been passed over for CFO. It soon became apparent that much resentment was still simmering under the surface. The new CFO craved center stage and had an unrealistic view of his capabilities. His colleagues had to tiptoe around him when providing feedback, and he never could see the point of *horizontal accountability*. The executive went to great lengths to salvage his new hire—but nothing worked, and after several meltdowns in executive team meetings, the executive was asked to move on: "You can only work at something for so long before you must say, 'This person has to go.' If you are not on the same page, or if you can't convince a team member to be authentic, follow the rules, and perform at the same level as colleagues, it's an unhealthy relationship. The team expends too much energy on the dysfunctional relationship when it should be winning consumers and customers."

In this CEO's view, the leader owes it to the team to ensure that everyone shares the high-performance mind-set. "The team deserves people who pull for *the team*—not for *themselves*. Great team members give more than they take." **LE**

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ACTION: Cultivate a high performance mindset.

Universal Principles

These ultimately govern in life.

by Stephen R. Covey

ONCE, UPON SEEING A compass needle move, Albert Einstein remarked "There has to be something behind things, *something deeply hidden*."

Are there natural laws and universal principles, or are morality and ethics merely situational and relative to cultural and personal preferences? We all sense that there is some universal moral authority. We all know the difference between right and wrong, and sense when we're not doing the right thing. C. S. Lewis wrote: "Right and wrong are not a matter of mere taste and opinion. People have this curious idea that they ought to behave in a certain way. They know the moral law."

When people seek to develop a value system, they identify essentially the same values, although they may express them differently, if *four conditions* are present: first, you get enough people interacting—a group of at least 10 people—the more the better, but enough to form a critical mass; second, there is a spirit of trust and openness; third, people are informed about the problems and issues; and fourth, they feel they can communicate freely and synergistically, meaning they express how they really see it and feel about it—they can think out loud in each others' presence without fear of being ridiculed, censored, or punished.

Does such candor require a degree of anonymity? If you have trust and synergy, you don't need anonymity. In a large group, you won't find the same degree of authentic communication. Anonymity may help people express themselves openly. Without high trust, people will feel guarded and express self-serving values. But when people are open and free, they express the same basic values. And these values deal with *four dimensions*: physical or economic; social or relationship; mental, talent, or intelligence; spiritual or meaning.

You may concede that there are natural laws and universal principles, but because of politics and personalities, these principles are not universally applied. That's why we have low trust, disempowerment, and misalignment—people aren't singing from the same song sheet. If we don't build our value systems on bedrock principles and try to live by them—acknowledging that they fail much of the time, but striving to get back in alignment—we'll have dysfunctional cultures.
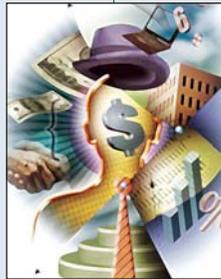
If you have a misaligned culture, how do you make a course correction? You need some mechanism that shows your misalignment and some pain that tells you of the ill effects. Most people are not humbled by *the force of conscience*; they are humbled by *the force of circumstances*. If you can start where the pain is and show that it is connected to other chronic causes, often it humbles people enough to say, "We should stop bad-mouthing each other, start being authentic, and care genuinely."

Why do people recognize certain principles as being universal? I believe that God's law is written into the hearts and minds of all people—that He is the source of light and truth and moral conscience. Even people who don't believe in God still acknowledge that there is a universal moral law.

Many people feel like victims even when they are free to choose. Our culture nurtures *co-dependency*, causing many people to *transfer responsibility to leaders*. They say, "What can I do? I'm nobody. I have no power." They disempower themselves, alienate themselves from correct principles, and unwittingly negate their freedom and power of choice. They then become part of the problem. They violate their conscience. Inwardly, they know that they're responsible for their choices. But as they alienate themselves from truth, this *conscience based on natural law* is eclipsed by the *social conscience* of *political correctness*, *social acceptance*, and *public relations*. C. S. Lewis said, "The more you obey your conscience, the greater demands it makes upon you."

In every great culture or organization, people speak up when they see misalignment, and try to close the gap. Leaders may know intuitively that they are off track, but lack an information system that tells them *how far off track they are*. They tend to *undercorrect* with a superficial program, or *overcorrect* by downsizing—harming the culture. **LE**

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ACTION: Navigate with a moral compass.

Closed Hierarchy

It often leads to catastrophe.

by Ira Chaleff

UNDERLYING CATASTROphes are contributing causes—foremost among them the "culture," specifically the way in which hierarchical relationships are managed.

The power and responsibility of individuals to speak up within hierarchies must be nurtured. Unless we change the implicit rules of hierarchical relationships that undermine candor and the flow of information, we'll experience avoidable catastrophes.

The model of *courageous followership* assumes that followers can develop trusting relationships with leaders that enable them to speak "truth to power." But, I see that it's often impossible for staff members to form personal relationships with those at senior levels.

Does this leave highly skilled professionals (followers) powerless to ensure that executives pay attention to the signals that warn of potential disaster? No, but followers face many challenges that require great skill and courage to overcome. Here are eight:

1. Many hands, no responsibility. In large organizations, many hands touch major decisions; hence, no one feels fully responsible. Decisions that give individuals misgivings are allowed to stand because each feels someone else will stop a decision if it is that bad. We must overcome this impulse to defer personal accountability.

2. Misgivings ignored. Some people express a misgiving in an email or inject it as a comment in a meeting. Those to whom they express their concerns are inundated with other priorities and pressures. Hence, the misgiving is experienced as merely an opinion or complaint. Serious misgivings must be supported by serious analysis.

3. Issues poorly framed. Leaders need a clear vision of the few objectives that matter to strategic success. The two issues that *compel* the attention of senior leaders are *unacceptable risk* and *great opportunity*. Issues that if unattended can lead to catastrophe should be framed in these terms and supported with as much data as possible. Otherwise, they won't receive attention.

4. Knowledge trapped below. The

knowledge bearers with a much deeper grasp of an issue must develop the comfort and skill to impart their knowledge upward with appropriate authority that commands attention and effectively educates executives.

5. No way to circumvent the hierarchy. When there is great potential for catastrophe, the chain of command may need to be circumvented. Leaders need to address the question, "How will we support the discomfort of circumventing the hierarchy when the situation requires doing so?"

6. No voice in meetings. Leaders need to create conditions in multi-level meetings that permit subordinates to provide data that contradict the beliefs of superiors without the specters of "disloyalty" or "loss of face" damaging the relationships. Even without cultural support for such candor, subordinates can thus minimize disruption to relationships without denying senior leaders the data they should have.

7. No platforms for influence. Leaders need to create platforms from which subordinates may explore or give voice to their concerns. When leaders do not create the conditions for candid and constructive dialogue, conversations move to cyberspace. Those who choose this platform to raise issues must learn how to *awaken* leaders to critical issues without triggering defensive legalistic postures or public responses that destroy the capacity for reform.

8. Poor use of metrics, rewards and penalties. In big corporate scandals, it is often the linkage of large rewards or costly penalties to narrow metrics that distort the behaviors of those who are subject to the rules of those systems. Direct and indirect pressures from the top to lower levels are so great that it becomes difficult to withstand them. The temptations are equally great if big personal rewards are at stake. The courage and integrity of followers can be mightily tested. It is, nevertheless, their responsibility to report data accurately to avert potential catastrophes.

We can foster new ways of being in hierarchy that respect its value while blending it artfully with the lateral and more candid relationships found in networks. Large organizations may still require the clarity of authority found in hierarchies, but making changes to the culture that blend the best of both forms will serve us well.   **LE**

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ACTION: Nurture courageous followership.

Mission Possible
Close your performance gaps.

by Ken Blanchard

ONCE THERE WAS A TIME when you could experience a change and then return to a period of stability. Now, changes occur in rapid fire—one on top of another. There's no rest and no getting ready. Hence, it's hard for leaders to maintain perspective.

To be competitive, you have to pay attention not only to *what you're doing now to perform better*, but also to *what you have to do tomorrow,* managing the present and the future simultaneously.

A model that reflects this need is the *S-shaped Sigmoid Curve*. It describes a *natural development* process. Some call it a learning curve: people start to learn through trial and error, develop confidence, and achieve mastery. But unless they continue to renew themselves, they become bored and performance drops off.

The curve experience may be compared to riding a roller coaster. As the car goes up, you enjoy the slow, steep climb. As it nears the top, you gasp in awe; and when it suddenly plunges downward, you scream.

Many companies are experiencing the down side of the roller-coaster ride today. Having achieved mastery, they jubilantly enjoyed success—only to suddenly find themselves frantic as a sudden decline in market share or customer loyalty drops them off a cliff. Their moment of peak success, which felt so wonderful, proved to be merely the prelude to a plunge into obscurity.

You need not wait until a crisis occurs to renew your performance. You can anticipate the dropoff before it begins and put a different plan into effect. It's the best time to step back, contemplate your progress, and consider launching a new curve before it's too late.

Today's conditions require that you improve your present process (maintaining the upward thrust of the first curve), and design for the unseen future (beginning a second curve).

Peak performance requires working effectively on both at the same time, and learning from both. You allow the past and future to coexist in the present. Few leaders have the luxury of being able to shut down their business while they transform it—they are forced to put up with the turbulence and turmoil of life between the curves.

It will take time for the second curve to form and the first curve to wane. So, both curves need to coexist in the same time and space. Living between these curves or waves presents leaders with the need to: 1) keep the first curve alive long enough for the second curve to form; and 2) develop the discipline to allow funds to be siphoned away from the curve they are leading (first curve) to one which they may not be leading (second curve).

Zap the Gaps

Few moments in the life of a leader are perfect in the sense that there are no gaps between *what is* and *what should be*. The challenge of leaders revolves around the quest to "zap the gaps."

Performance gaps are expensive. When people do not work at their best, everyone loses—customers, employees, and other stakeholders. No organization can ignore gaps and survive. The leader's job is identifying gaps and their causes, targeting those factors that cause gaps, and correcting them without jumping to solutions. The goal is to close gaps in a systematic way so that ultimately there is a positive impact on all stakeholders.

Every manager/leader can zap the gaps and turn in a winning performance—provided the company has a sound business model and meets a real customer demand.

I recommend a simple strategy for *zapping the performance* **GAPS: G**o for the "shoulds." **A**nalyze the "is." **P**in down the causes. **S**elect the right solutions.

I encourage you to use the GAPS strategy to enhance the performance of every team member. Define and align the needs of your organization—business needs, performance needs, and work environment and capability needs. Hire people whose skill sets match the needs of the company. Ensure that the roles and performance expectations are clearly understood, that team members are coached and reinforced, and that the incentives are truly motivating.

Go for the win by *zapping the gaps*!**LE**

Ken Blanchard is Chief Spiritual Officer (CSO) of The Ken Blanchard Companies. This article is adapted from his book, Zap the Gaps *(HarperCollins). Visit www.kenblanchard.com.*

ACTION: Zap your performance gaps.
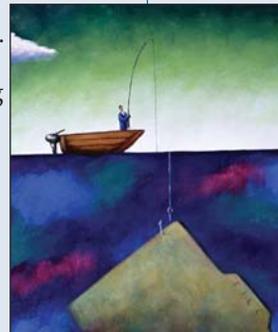
Talent Management

Don't trade commitment for cost-savings.

by Amy M. Bladen

HAVE YOU EVER MADE decisions around workforce reductions in the name of cost-savings and stressed economic times? What factors come into play in making these gut-wrenching decisions—are they the right ones now *and* in the foreseeable future?

For example, consider a choice to lay off a high-performing (highly compensated) thought leader recruited to the company to execute on a new strategy —bringing fresh ideas, innovation, tools and talent to the table. In a downturn, is it the fiscally responsible decision to cut this person loose and let junior members of the team continue the initiatives that the leader put in place?

And what about the decision in a dot-com company to disband a think-tank of engineers that created a product that revitalized the struggling firm? Instead of continuing the growth and development of new ideas, the think tank is dissolved and work on the new product outsourced to India.

In both examples, these organizations viewed the achievements as *employees doing what they are paid to do*. In the short term, both companies appear to have done what they needed to do. After all, there are no imminent concerns about retention in an economy where people are forced to take pay cuts to have jobs that don't challenge them. Unfortunately, today companies are making decisions like these regularly—and collectively, these decisions are changing the face of the potential leaders of tomorrow.

Before the economic downturn, leaders obsessively focused on the *war for talent* or the notion that there was a steadily declining number of qualified persons for business-critical positions. Terms such as *talent management* (the practice of growing a qualified pool of successors) and *succession planning* became jargon. It was acknowledged that corporations could only be as effective and productive as their combined human efforts. It became fashionable to talk about *valuing people* and *maximizing the human capital asset*. Not surprisingly, leadership efforts focused heavily on factors that attracted and retained qualified candidates— compensation, stability, and work-life balance. Curiously, however, research indicates that the variables related to retention and commitment seem to be based upon *an unwritten reciprocal contract* between employers and employees —harkening to generations past. This fresh cohort of employees, *Millennials*, seek organizations that resonate with their personal values and needs. So in an age of "at will" hiring (and firing), high performers are choosing to stay and engage at companies with a reputation for development, career growth, meritocracy, respect, and ethics. They demand **commitment in return for commitment!**

While there are no promises or guarantees of employment in *at-will* workplaces, Millennials demand a new contract of *reciprocation*—a reality that requires us to take a long-term approach to strategic talent management.

We've been bombarded with concerns that the Millennials lack a sense of blind loyalty. Their demand for reciprocity has been mistaken for a poor work ethic—they've been unfairly dubbed a "generation of mediocrity." But what have organizations done to create this phenomenon? An organization that perpetually lays off people to cut costs sends a damaging message to reciprocity-based Millennial employees, inevitably resulting in decreased commitment and performance. Top performers who *survive* layoffs tend to leave as soon as they have other options. The effects on those who remain can be even more detrimental to performance, yielding diminished productivity.

Organizations that willingly trade value-added thought leaders for short-term cost savings unwittingly create a self-absorbed workforce. Hence, today's savvy individuals are planning their exit strategies before entering a new company to avoid being blindsided in business! Managers are fearfully rejecting great talent in favor of hiring "okay" talent. And rather than creating sustainable processes, high performers are deciding to build in central ongoing roles for themselves. In short, a refusal to commit to top performers is compromising the future of excellence in leadership and innovation.

Create an Attractive Culture

How can leaders create a culture that will attract and retain high performers? Leaders may not be able to avoid layoffs entirely, but they can take a far more analytic and measured approach to downsizing and cultivate a keen awareness of the likely consequences. Rather than making fiscally-based, short-term decisions, they must consider the unique, longer-term competencies that high performers bring to the table. While there is no *war for talent* currently, the cyclical nature of the economy indicates that there will be in the future. If your best employees no longer trust you, based on what happened to high-performing peers, they won't reciprocate with their innovation or loyalty when the market improves.

Thus, the first step must be a careful analysis of the value that each individual employee adds over the long term. The right balance of skills to innovate, lead, and execute must be maintained to maintain a competitive advantage and demonstrate the value proposition. For those who remain, a compelling case needs to be made as to why they should believe in the future vision— what will be different and why this will not happen repeatedly. Employees are more likely to leave jobs in environments of repeated layoffs; and the more layoffs an employee "survives," the more likely he or she is to leave.

As for whether key talent chooses to stay, we must look again to what our Millennials are demanding in the way of reciprocity (satisfying work, respect, development, meaningful feedback, equitable compensation, ownership, credit for their projects, and clear boundaries). Only by working with the needs of the Millennial talent can leaders trust that their decisions will get them through current trials and propel them to future success. It is much easier to reopen a plant or division than restore employees' trust in leadership or belief in a mission after a layoff. Leaders must step up and *make a commitment—in return for commitment*!   LE

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ACTION: Commit to talent management.

Case for Transparency

Keep no secrets from your employees.

by Quint Studer

DO YOUR EMPLOYEES know what's going on with the company? If not, create a culture of transparency.

The economy may be improving, but people seem anxious and distracted, either hiding out in their offices or aggressively vying for credit to shore up their positions. Everyone is worried: *Are layoffs imminent? Will I have a job next week? Will the company even survive?*

As a leader, you have a clear picture of the health of the company and have wondered: *How much should I tell them about what's going on behind the scenes?*

The answer is simple—*the more the better*: it's the right thing to do, and it's good for business. Here are 10 reasons:

• *People assume the worst when they don't hear from leaders.* Silence from executives causes fear and resentment. Maybe the news is bad, but not as bad as they imagine. Once they know the truth, they can plan and act accordingly.

• *Transparency helps people connect to the why.* When employees work in a vacuum, they can't see the financial big picture, and decisions leaders make may seem ill-advised, unfair, or inexplicable. Transparency connects them to the *why* —and propels them to act and change.

• *Employees need to see how the environment affects the company.* Leaders are aware of new laws affecting the industry, innovations reshaping the marketplace, financial pressures facing their customers. But managers and employees don't see the same picture. Transparency helps *everyone* see the forces affecting the bottom line.

• *Transparency allows for consistent messaging.* With transparency, people don't get distorted news through the grapevine. They hear what's *really going on*, consistently, from their managers. Train managers in *key words* they can use to ensure employees hear the same messages positioned in the same way.

• *This creates consistency.* When everyone hears the same messages from their leaders, they're motivated to respond in similar ways. Everyone knows the rules. Customers get the same service experience regardless of who they deal with. *Consistent companies* tend to be healthy, stable companies. *Transparency* and *consistency* are two sides of the same coin.

• *Transparency leads to fast, efficient execution.* Transparency facilitates *alignment* and creates a *shared sense of urgency*. When employees know customer spending is down 30 percent, they get focused fast. Helping them see that downsizing will occur if sales don't increase can change their behavior overnight.

• *It heals we/they divisiveness (working at cross-purposes).* When leaders know the issues better than managers, they get frustrated and wonder why people aren't moving with urgency. In transparency, the *we/they syndrome* dies.

• *Transparency keeps good people from leaving.* High performers want to work for a company that treats them with respect and values their problem-solving.

If you withhold facts, they may assume the company isn't healthy and leave.

• *It eliminates Park Ranger leadership.* When employees wait for heroic senior leaders to lead them out of the *economic wilderness*, they become *complacent*. When they know the problems, they're more likely to come up with creative solutions. They *become* park rangers themselves.

• *It facilitates the best solutions.* In transparent cultures, leaders encourage employees who are closest to a problem and must live with the outcome to solve it. When people are expected to solve their problems, they'll design more effective, efficient solutions.

Transparency shapes your culture and drives results.

Seven Steps to Transparency

• *Ensure senior leaders are aligned.* Does everyone know the goals and plans and agree on *what success looks like*? Alignment at this level is vital. If one leader is *out of sync*, everyone under her will be.

• *Close the perception gap between leaders and managers.* Leaders know the real issues, but mid-level managers don't always see things the same way. So, senior leaders need to *relentlessly communicate* the issues in meetings and emails to ensure that everyone see the big-picture issues and the implications.

• *Help people see the financial impact of decisions.* Frame decisions in economic terms. Help people see the real cost of mistakes or lapses in productivity. Use a financial impact grid to show how issues translate to dollars.

• *Have ways to communicate vital issues to frontline employees.* People can't pick up on what you want them to know by osmosis. You need to tell them *clearly*, *succinctly*, and *often*. Create a system to ensure that the *transparency value* gets translated into action.

• *Prepare managers to answer tough questions.* Train managers how to phrase their answers. Anticipating tough questions and formulating the right *key words* enables leaders to answer questions consistently.

• *When you have bad news, treat employees like adults.* Once a tough decision is made, share it with everyone immediately. Don't hide behind closed doors and don't lie. Knowing what's happening, and what it means, is better than not knowing. Often, what people are imagining is worse.

• *Keep people posted when things change.* This builds trust and connection to the big picture. Share any good news to boost morale and reinforce progress.

Here are five ways to pass it down:

1. Strategic rounding. Take an hour a day to touch base with people, make a connection, find out what's working well. Rounding keeps you up to speed and enables them to ask questions.

2. Employee forums. Hold companywide meetings regularly to update people on changes and solicit ideas.

3. Newsletters. Highlight key external changes and company responses. Include tips on what people can do to boost the bottom line.

4. Communication boards. Put bulletin boards in common areas and include monthly and year-to-date financial reports—and how numbers break down by department. Include information on industry changes, new hires, and community impact.

5. Standards of behavior. These guidelines spell out how employees are to present themselves: from phone etiquette to *key words* to use when customers ask tough questions.　**LE**

ACTION: Create a transparent culture.

Trust-Powered Leadership

Four promises fuel diversity and inclusion.

by Chuck Shelton

Trust-powered leadership *delivers results*: people follow, achieve, and stay with leaders they trust, and customers loyally buy from trusted companies. And in an increasingly diverse and global economy, trust may be in short supply.

My influence increases rapidly when I define and demonstrate the skills of trust building among my diverse colleagues and customers. As a white male leader, I've concluded that *diversity* and *inclusion* are for me, too. *Diversity* involves all the differences that distinguish us from one another, and *inclusion* opens the door to each person's full and unique contribution.

Ethicist Lewis Smedes defines *trust* as "the making and keeping of promises over time." A promise is a vow that creates expectation, opportunity, and accountability. It requires a confident, forward-thinking attitude, as a promise seeks to shape the future. Trust can't be manufactured—it only can be crafted promise by promise. And it can be decimated by the breaking of a single commitment. If integrity is the congruence between *what we believe* and *what we do*, our promises connect our aspirations to our actions. Trust holds *relationships* and *organizations* together.

Four Priority Promises

At the heart of durable leadership in diverse relationships are promises —some made and kept, others broken. Successful leaders and companies deliver on their promises to customers and employees. Trust-powered leaders develop the discipline of promises.

As a leader, you need to make and keep four priority promises:

Promise 1: I will lead by making promises that matter. A manager makes many promises to employees, ranging from expectations that emerge in onboarding, through the mutual accountability of a respectful end to employment.

The promise of *hiring* is a promise of *inclusion* and *involvement*: "Come work here. We'll compensate you fairly, and you can contribute and serve our customers." When we recruit people, we commit to ensure that their success will add to our own. We want them to *deliver on the promise* they show in selection.

The promise of *delegation* creates expectation and accountability. Effective delegation requires that you know people personally and assign challenging work to deepen their development. Delegation is a form of promise making where *we trust others to get the job done*.

The promise of *promotion* is also an oath of opportunity, in which an organization promises that, "as a valued employee, you will have the chance to develop your skills and advance into new positions based on your performance." Every enterprise promises at least the *potential* for promotion. It's a promise your people expect you to keep.

Promise 2: I will lead by keeping the promises I make. Make promises you can keep, and then deliver. Be realistic
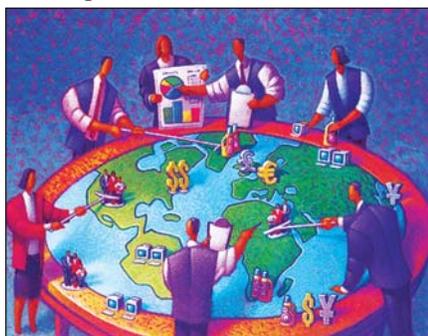
and honest, evaluating what it will take to keep a promise before you make it. In *making* a promise, you frame the future: "Here's what will happen." *Promise keeping* determines your credibility and sets performance precedents.

Exercise due diligence in establishing and evaluating performance objectives with your boss and direct reports. These goals represent key promises and directly shape expectations and accountability. High performers understand and accept the criteria by which their success will be measured. For your part, deliver effective feedback, and provide formal reviews quarterly—you can choose to evaluate performance more often than required. Stay current with your promises about performance.

Hold yourself accountable for your promises. Honor your commitments, and expect all employees to do the same.

Promise 3: I will lead by making and keeping promises that evoke reciprocity.

Trust is a two-way street. Colleagues unleash the *power of collaboration* when they also make and keep promises with you. As you deliver on your promises as a leader, you can expect employees to invest their best in return.

One key leadership skill promotes reciprocity. *Deliver feedback fearlessly:* specific, timely, actionable input that catches people doing things right, and courageous conversation to drive improvement. Deliver praise and correction with care and focus, and your folks will reciprocate by meeting and exceeding their performance objectives.

Promise 4: When I break a leadership promise, I'll spend relational capital wisely, and invest in conflict resolution. Relational capital is the goodwill you accumulate by keeping prior promises. Such trust on account is crucial, since across your career, you'll break enough promises to fuel rounds of the blame game.

When a promise fails, you draw against the trust in your relationships. So, admit directly that the promise will not be kept. Don't try to hide a broken promise, or misrepresent a promise to match the brokenness. Look for ways to make it right. When you handle broken promises honestly and creatively, you will pay a lower price for the conflict that accompanies promise breaking.

For a leader who does not attend to the discipline of promises, relationships with diverse colleagues can spark a hostile work environment, drive talent away, and fan the flame of litigation. All customers watch to see if a company honors the promises implied in it's advertising, through *product quality*, *service*, and *community reputation*.

The goal here is *high performing conflict*. Equip your team to take skilled initiative with mistakes, disagreements, prejudice, and the fights that emerge due to differences of opinion, belief, and identity. The sting of broken promises then produces more creative and confident relationships, and your unit resolves conflict more efficiently.

As a leader, *you are your own promise*. Joseph Olchefske said: "You need people to know who you are every day." Inventory the promises in play with those you manage. Evaluate the way you make, keep, and break promises. Amp up your leadership by evoking relationships of trust. Employees will follow you and lead out on their own, and customers will return. Cultivate your personal brand as a leader who makes and keeps promises. **LE**

Chuck Shelton is the author of Leadership 101 For White Men. *Visit www.greatheartleaderlabs.com.*

ACTION: Build trust by keeping promises.

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