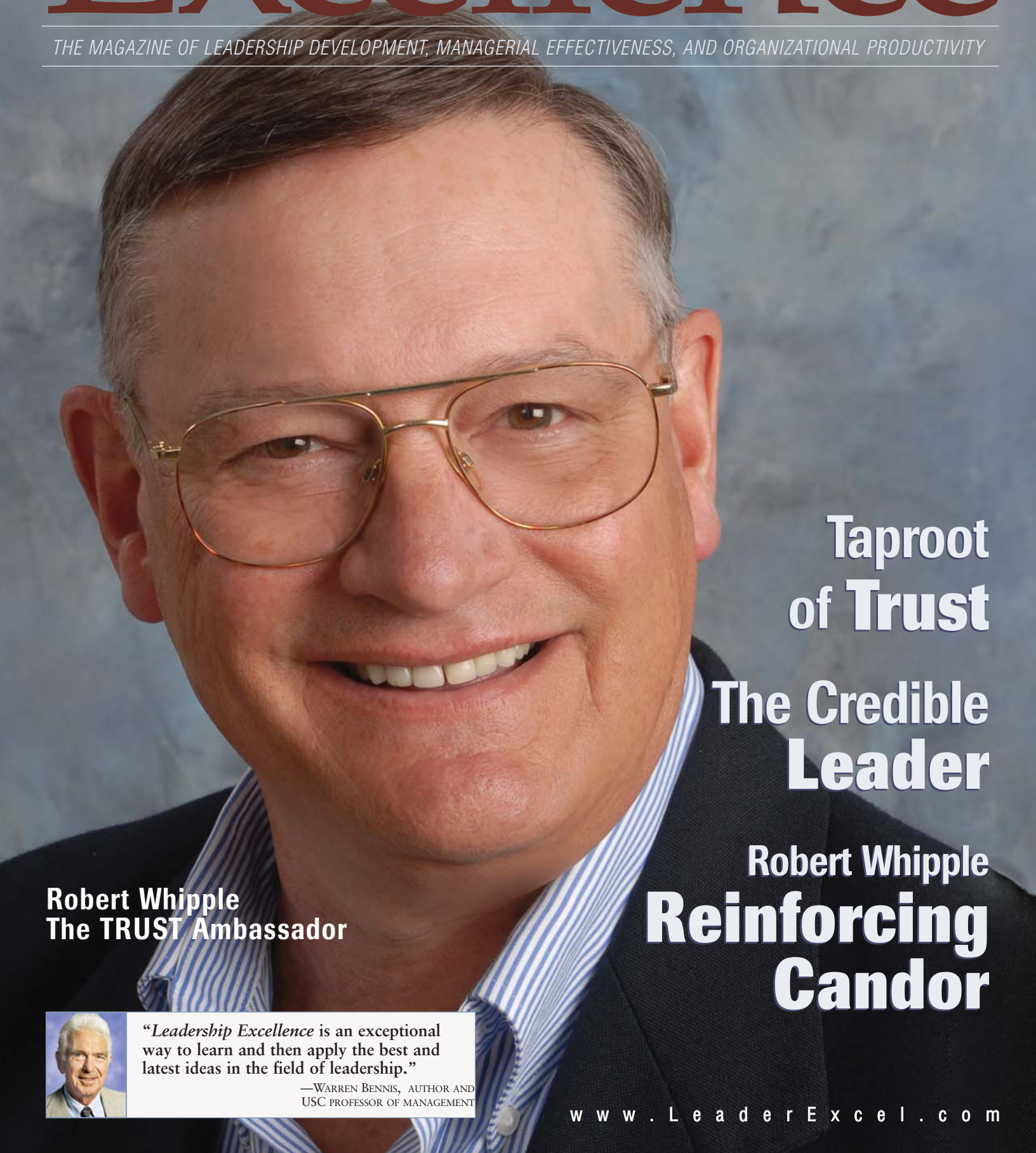


# LEADERSHIP *Warren Bennis* Excellence



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



Taproot  
of **Trust**

The Credible  
**Leader**

Robert Whipple

**Reinforcing  
Candor**

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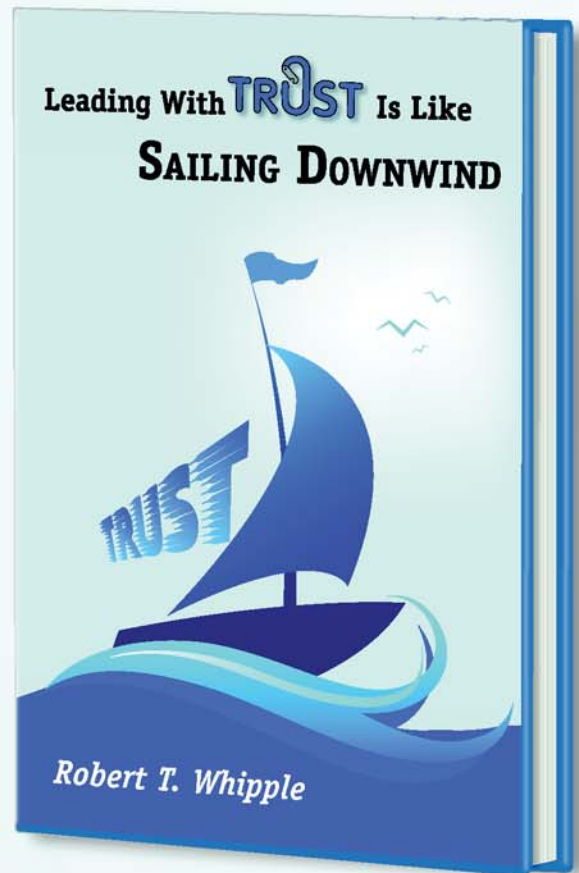
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# LEADERSHIP Excellence



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



## Wisdom in the Wind

*Soaring at speeds up to 200 miles-per-hour, a golden eagle plies the wind on a roller-coaster flight, spreading its eight-foot wingspan to ride the thermals for hours on end. Wise leaders, too, exercise trust and candor in judgment.*

**ROBERT WHIPPLE**

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# Excellent Leaders

*We need more of them now.*



by Bob Whipple

I HAVE BEEN READING AND contributing to *Leadership Excellence* magazine for several years. There is no more convenient way to keep up on the latest concepts from the top thought leaders in leadership. I advocate that every company and educational institution have at least one subscription to pass around. Many groups obtain multiple copies and use the articles as mind joggers for their internal study circles on leadership. Today, organizations that endure will be ones that continually hone leadership skills.

*The need for excellent leaders grows more urgent every day.* I believe the most crucial shortage threatening our world is not oil, money, or any other physical resource. It is the lack of *enlightened leaders* who know how to build trust and transparency. We are at an all-time low in terms of the number of leaders who can establish and maintain the right environment. The outrageous scandals of recent years are only a small part of the problem. The real cancer is in the daily actions of the many leaders who undermine trust with less visible mistakes every hour of every day.

The current climate exacerbates the problem. Many organizations have taken draconian measures in a desperate struggle to survive, eclipsing their ability to maintain trust and transparency. This is a unique chance to grow leaders who can make difficult decisions in ways that maintain trust.

Thankfully, there are ways for leaders to engage in disruptive restructurings and still keep the backbone of the organization strong and loyal. It takes exceptional skill and care, but it can be done. The trick is to not fall victim to the conventional ways of surgery that have proven ineffective in the past. Yes, if you need to, you can cut off a leg in the back woods with a dirty bucksaw and a bottle of whisky, but there are more painless, safe, and effective ways to do the job.

*One tool is to be as transparent as possible during the planning phase.* In the past, HR managers have insisted that the risk of projecting a need for downsizing or reorganization might lead to sabotage or other forms of rebellion. The irony is that, even with the best secrecy, everyone is well aware of an impending change long before

it is announced. People find a void in communication intolerable. Not knowing what is going to happen is a potent poison.

People are far more resilient to bad news than to uncertainty. Information freely given is a kind of anesthesia that enables managers to accomplish difficult operations with far less trauma. This works for three reasons: 1) it allows time for people to assimilate and deal with the emotional upheaval and adjust their life plans accordingly, 2) it treats employees like adults who are respected enough to hear the bad news rather than children who can't be trusted to deal with trauma and must be sheltered from reality until the last minute, and 3) it allows time to cross train those who will be leaving with those who will inherit their work. All three of these reasons, while not pleasant, work to enhance rather than destroy trust.

Full and timely disclosure of information is only one of many tools leaders can use to maintain or even grow trust while executing unpleasant necessities. My study of leadership over several decades indicates the situation is not hopeless. We simply need to teach leaders the benefits of trust and transparency and how to obtain them.

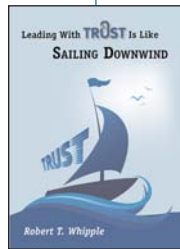
## *Ideas for Building Trust*

My new book, *Leading with Trust is like Sailing Downwind*, was written to help fill this urgent need. It is full of ideas for creating and maintaining trust within organizations in good times and bad.

To learn these and other critical lessons, leaders need to study what works, yet the information tsunami is becoming more taxing all the time. The content shouting at us from many sources every moment is a major leadership challenge. Making even a feeble attempt at balance in life is becoming a distant dream rather than a reality.

That is why I love the compact articles in *Leadership Excellence* magazine. I can absorb an entire issue on a short flight segment or by reading just 15 minutes each night for a week. If you want to flourish as a leader, you need to continually tap in to the most current and relevant thinking on doing it well. I hope you enjoy this issue of the magazine and will be interested enough to get a subscription for you and your team. LE

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# Reinforcing Candor

*It builds trust and transparency.*



by Robert Whipple

**T**HE OBLITERATION OF trust in recent years has been alarming. Once lost, trust is difficult to rebuild. Leaders need to learn how to build trust consistently and prevent major trust withdrawals. My model for building trust has three elements:

**1. Table stakes.** These basic building blocks of integrity must be present to kindle trust. In poker, you must ante up *table stakes* to play. Things like being honest, being open, communicating, being consistent, and being ethical simply must be in play as table stakes or the leader has no chance.

**2. Enabling actions.** These actions build trust further once the table stakes are present. Here are some examples: following up, advocating well, being fair, and admitting mistakes. These actions enable the leader to withstand trust withdrawals that happen as a result of ill-advised decisions or unfortunate circumstances.

Table stakes and enabling actions are necessary but insufficient conditions for trust to kindle and endure. Without *reinforcing candor*, table stakes and enabling actions may build trust a little, but their potency is blunted.

**3. Reinforcing candor.** This is the ability to make people glad they expressed a concern with a leader's inconsistency. Usually, people are punished for expressing a concern with the leader's actions. When high trust and transparency are present, the leader can set aside his or her ego and reinforce the person who challenges an action. Doing so creates a large trust deposit and allows for future trust-building exchanges. When candor is not reinforced, people hide their true feelings and do not challenge the leader, so trust is hard to maintain. Leaders who consistently reinforce candor build a culture where trust grows and deepens.

Trust and fear are incompatible; and in a culture that values candor, fear is suppressed. If people know they will be reinforced for bringing up scary stuff, they'll do more of it. When candor is encouraged, it enables a

transparent flow of information that leaders can use to understand what is going on.

Trust is built by a series of actions or ratchet "clicks" that occur over time. But, like the ratchet used to pull in the sail on a large sailboat, when the pawl holding the ratchet from rotating backward becomes dislodged, the spool can spin back to zero.

## Visualizing the Ratchet Effect

*Trust is similar to a bank account.*

Between two people, there is a current "balance" of trust that is the result of all their transactions to date. When there is interaction (whether online, in a meeting, or with body language) there is a transaction—either a deposit (increasing trust) or a withdrawal



(reducing trust). The magnitude of the transaction is determined by its nature.

*It is easy for a leader to make small deposits in the trust account with people.* Treating people with respect and being fair are two examples of trust builders. While making small deposits is easy, making a large deposit is hard.

As a leader, nothing I *say* can make a large deposit in trust. It has to be something I *do*, and it often requires an unusual circumstance, like landing a plane safely in the Hudson River. Under most circumstances, the trust balance with people is the result of numerous small deposits (clicks of the ratchet) made over an extended period.

*On the withdrawal side, with one slip of the tongue, an ill-advised e-mail, or a wrong facial expression, a leader can make a huge withdrawal.* Because of the ratchet effect, a small withdrawal can become big because the pawl is no longer engaged in the ratchet.

Here is an example of the ratchet

effect in a typical conversation: "You know, I have always trusted George. I have worked for him for 15 years, and he has always been straight with me. I have always felt he was on my side when the chips were down, but after what he said in the meeting yesterday, I will never trust him again."

All trust was lost in a single action (and it will take a long time before any new deposits can be made). The trust account went from a positive to a negative balance in a single sentence. It would be powerful if we could prevent the ratchet from losing all of its progress by reinserting the pawl back into the ratchet during a serious withdrawal so that it only slips one or two teeth. Reinforcing candor inserts the pawl and provides a magic power that has unparalleled ability to build trust.

*All leaders make trust withdrawals.* Most people don't feel safe enough to let the leader know when they have been zapped, and so trust plummets. It may even go to zero or a negative balance before it can be corrected (over much time and incredible effort).

Contrast this with a scenario where the individual knows it is safe to let the leader know he or she has made a trust withdrawal. The individual may say, "I don't think you realize how people interpreted your remarks. They are mad at you." If this candor is rewarded by the leader, he might say, "I blew it this time, Bill. Thanks for leveling with me." Such an exchange stops the withdrawal in the mind of the employee, and enables the leader to stop the withdrawal for the population.

As a leader, you try to do the right thing (from your perspective) daily. If an employee asks why you are doing something, you tend to become defensive and push back, which becomes a withdrawal. Reinforcing candor requires you to suppress your ego, recognize the trigger point, and modify your behavior to create the desired reaction. This is difficult to do because you usually justify and defend your action. It takes great restraint and maturity to listen to the input and not clobber the other person. The more you practice, the easier this gets.

*You can quickly build a culture of trust and multiply the benefits three-fold by focusing on your behavior.*

Once you learn to reinforce candor, something magical happens: you gain greater power to build trust. LE

Robert Whipple is CEO of Leadergrow and author of *Leading with Trust Is Like Sailing Downwind* and *The Trust Factor*. Email [bwhipple@leadergrow.com](mailto:bwhipple@leadergrow.com).

**ACTION:** Learn to reinforce candor.

# Taproot of Trust

*Build trust on four levels.*



by Stephen R. Covey

I HAVE LONG ADVOCATED a natural, gradual, day-by-day, step-by-step, sequential approach to personal and organizational development. My feeling is that any product or program—whether it deals with losing weight or mastering skills—that promises “quick, free, instant, and easy” results is probably not based on correct principles. And yet virtually all advertising uses one or more of these words to entice us to buy. Small wonder many of us are addicted to “quick fix” approaches.

Real character and skill development are irrevocably related to natural laws and governing principles; as we observe these, we gain the strength to break with the past, to overcome old habits, to change our paradigms, and to achieve primary greatness and interpersonal effectiveness.

Of course, we do not live alone on islands, isolated from other people. We are born into families; we grow up in societies; we become students of schools, members of other organizations. Once into our professions, we find that our jobs require us to interact frequently and effectively. If we fail to learn and apply the principles of interpersonal effectiveness, our progress slows or stops.

And so we must also acquire the attitudes, skills, and strategies for creating and maintaining trustful relationships. In effect, once we become relatively independent, our challenge is to become effectively interdependent with others. To do this, we must practice empathy and synergy in our efforts to be proactive and productive.

Early in my life, at age 20, I was assigned to manage the work of others and to train men and women in the principles and skills of effective management and leadership. It was a humbling, frightening experience.

Like me, most people—once on their own—soon find themselves in some sort of “management” position. Often these responsibilities come before we are ready for them. But we learn by doing and by making mistakes, and over time we gain some

degree of competence and confidence.

When we become leaders, we encounter a new set of problems. Some are chronic, others acute. Many are as common to Fortune 500 companies as they are to families, small businesses, and volunteer groups.

No leader can afford to forget that personal and organizational integrity are closely intertwined—or to lose sight of the mission and shared vision—the constitution of the corporation.

## Four Levels, Four Principles

*Principle-centered leadership* is practiced from the inside-out on four levels: 1) *personal* (my relationship with myself); 2) *interpersonal* (my relationships and interactions with others); 3) *managerial* (my responsibility to get a job done with others); and 4) *organizational* (my need to organize people—to recruit them, train them, compensate them, build teams, solve problems, and create aligned structure, strategy, and systems).

Each level is “necessary but insufficient,” meaning we have to work at all levels on the basis of certain master principles.

- **Trustworthiness at the personal level.** *Trustworthiness* is based on character—what you are as a person—and competence, what you can do. If you have faith in my character but not in my competence, you still wouldn’t trust me. Many good, honest people gradually lose their professional trustworthiness because they allow themselves to become “obsolete” inside their organizations. Without character and competence, we won’t be considered trustworthy—or show much wisdom in our choices and decisions. Without meaningful on-going development, there is little trustworthiness or trust.

- **Trust at the interpersonal level.** Trustworthiness is the foundation of trust. Trust is the emotional bank account between two people, which enables two parties to have a win-win performance agreement. If two people trust each other, based on the trustworthiness of each other, they can then enjoy clear communication, empathy, synergy, and productive interdependency. If one is incompetent, training and development can help. But if one has a character flaw, he or she must make and keep promises to increase internal security, improve skills, and rebuild relationships of trust. Trust—or the lack of

it—is at the root of the success or failure in relationships and organizations.

- **Empowerment at the management level.** If you have no or low trust, how are you going to manage people? If you think your people lack character or competence, how would you manage them? You have to control them. But if you have high trust, you don’t manage people—they supervise themselves. You become a source of help. You set up a performance agreement so they understand what’s expected. You overlap their needs with the needs of the organization. You have accountability, but they participate in the evaluation of their performance based on the terms of the agreement. People are empowered to judge themselves because *their knowledge transcends any measurement system*. In low-trust cultures, you have to use mea-

surement because people will tell you what they think you want to hear.

- **Alignment at the organizational level.** If you have a low trust culture with a control style, you’ll have a hierarchy with small spans of control. You will resort to “go-fer” delegation and prescribe and manage methods.

Your information system will gather immediate information on results so you can take decisive corrective actions. Your motivation system will be the carrot-and-stick. Such primitive systems may enable you to survive against soft competition, but you are easy prey for tough competitors.

**If you have a high-trust culture,** your organization can be very flat and flexible with large spans of control. Why? People supervise themselves. They do their jobs cheerfully without being reminded because you have an emotional bank account with them. You’ve got commitment and empowerment because you have built the culture around a common vision on the basis of bedrock principles, and you constantly strive to align strategy, style, structure, and systems with your professed mission (your constitution) and with the realities out there in the environment (the streams).

When you find something out of alignment, work on it at all four levels from the inside out on the basis of the four master principles. **LE**

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**ACTION:** Master the four principles of trust.





# Making Tough Calls

*Great leaders exercise wise judgment.*



by Noel Tichy and Warren Bennis

THE ESSENCE OF LEADERSHIP IS THE ability to make consistently good judgment calls. Leaders are remembered for their best and worst calls, especially when the stakes are high, information is limited, and the correct call is not obvious. In the face of ambiguity, uncertainty and conflicting demands, the quality of a leader's judgment determines the organization's fate. What really matters is not how many calls leaders get right, or even the percentage of correct calls, but the actual number of *important calls* they get right. Effective leaders pinpoint the make-or-break decisions and get most of them right.

## Right Calls When It Counts Most

How can you make good judgment calls when it counts the most? There is no one-size-fits-all way to make a judgment call. Every organization has distinct problems, people, and solutions. However, leaders who have "good judgment" repeatedly make calls that turn out well, largely because they master a process that unfolds in three phases:

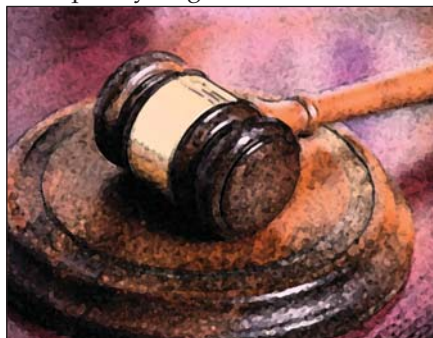
**1. Preparation phase:** This phase includes what happens before leaders make the decision: sensing and identifying the need for a judgment call, framing the issue and naming the people involved in the call, and mobilizing and aligning the right people around the decision. Faulty framing and naming result in bad judgment calls.

**2. Call phase (making the judgment call):** There's a moment when leaders make the call, based on their views of the time horizon and the sufficiency of people's input and involvement. This is what leaders do in that moment. The critical domains are judgment calls about people, strategy, and crises.

**3. Execution/Action phase:** Once a clear call is made, execution is critical. You can't walk away from a call: you need to make it happen and continue

to make adjustments. Resources, people, capital, information and technology must be mobilized. During this phase, feedback loops allow for adjustments. Leaders need to oversee the execution to ensure their calls produce the right results.

*During all three phases, adjustments can be made ("redo" loops).* Using feedback and adjustments, leaders can revise calls to maximize results and outcomes. In positions of leadership, the importance of judgment calls is magnified by their impact on the lives of other people. The judgment calls that leaders make can't be viewed as single, point-in-time events. Yes, leaders do, at some moment, make a call. But unlike umpires and referees, they can't quickly forget them and move



ahead to the next play. Rather, the moment of making the call comes in the middle of a process.

## Knowledge Resources

Leaders make judgment calls in relation to those around them. Relationships are crucial sources of information and must be managed to achieve desired outcomes. Leaders must use their knowledge of self, the social network, and the organization.

The quality of your judgment calls depends on your ability to get information that is relevant, meaningful, and timely; marshal resources; and interact well with constituencies. This requires four types of knowledge:

- **Self-knowledge:** Leaders who make good judgment calls can listen, reframe their thinking and give up old paradigms. Self-intelligence is an awareness of your values and aspirations.
- **Social-network knowledge:** Leadership is a team sport. There must be alignment of the leader's team, the

organization and critical stakeholders to create the ongoing capacity for good judgment calls. This is why cultivating solid relationships is crucial. Social-network intelligence involves getting valid data from your direct reports.

- **Organization knowledge:** Good leaders continuously enhance the team, organization, and stakeholder capacity at all levels to make judgment calls. Organization knowledge means knowing how people will respond, adapt, and execute decisions.

- **Stakeholder knowledge:** Good leaders engage customers, suppliers, the community and boards in generating knowledge to support better judgments. This contextual intelligence enables them to know the territory.

## Three Judgment Domains

We identified three leadership judgment domains:

**1. People:** Leaders can't set sound direction and strategy or deal with crises without smart judgment calls about the people on their teams. Sound judgments about people require leaders to: anticipate the need for key personnel changes; specify leadership requirements with an eye toward the future; mobilize and align the social network to support the right call; make the process transparent so it can be deemed fair; make it happen; and provide support to achieve success.

**2. Strategy:** When the current strategic road fails to lead to success, leaders must find a new path. The quality and viability of a strategic judgment call is a function of the leaders' ability to look over the horizon and *frame* the right question and *name* the people with whom they choose to interact. Good execution and good operations aren't enough to fix a business with a flawed strategy.

**3. Crisis:** During crises, leaders need to have clear values and know their ultimate goals. Crises handled poorly can lead to the demise of the enterprise. Errors made in crises aren't any more likely to be fatal than errors in judgment regarding people and strategy, but disastrous consequences brought on by bad calls at these moments often come quickly.

## Character and Courage

Great leaders are celebrated for their judgment. Fortunately, judgment is a skill that can be developed and refined. Good judgment is not just a matter of intellect or of the ability to make the right decision in an instant, but of character and courage:

- **Character** provides the moral compass—it tells you what you must do.

- **Courage** produces results, ensuring that you follow through on decisions.

No matter what processes you follow, no matter how hard you try, without character and courage, you can't clear the high bar of judgment. You may luck into making some good decisions and sometimes obtain good results, but without character and courage, you will falter on the most difficult and most important questions. Character and courage are the bedrock of good judgment and decisions.

When we ask leaders to list the bad decisions they've made in their lives, many of them will say: "I knew in my gut what I should do, but I didn't do it." Having a set of standards or values isn't enough. Even character isn't enough. Having the courage to act on your standards is part of what it takes to exercise good judgment, and to be a good leader. When you make the call, make it clear—and explain the rationale.

### Storylines: Teachable Points of View

Winning leaders—ones who continually make the best judgment calls—have clear mental frameworks to guide their thinking. They tell visionary stories about how the world works and how they envision results. They energize and enroll people through stories. Winning leaders are teachers, and they teach by telling stories. They develop a teachable point of view: valuable knowledge and experiences that convey ideas and values to energize others. This teachable POV is most valuable when it's weaved into a storyline for future success. As a living story, it helps the leader make the judgment call and makes the story become reality because it enlists and energizes others.

**Winning story lines address three areas:** Where are we now? Where are we going? How are we going to get there? The inspirational storyline boosts the motivation for change and defines the goal. The storyline is never complete, as it's always being modified by the leader's judgments. But without a solid storyline, the leader's judgments are disconnected acts that may not mean anything on an emotional level. Storylines are necessary to motivate and energize everyone to move forward and make things happen. **LE**

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**ACTION:** Exercise wise judgment.

# Leading People

Learn leadership lessons from Colin Powell.



by Colin Powell and Oren Harari

**W**HEN GENERAL COLIN POWELL made the transformation from a human being to phenomenon, I paid little attention, as I have little interest in celebrities. But then I found myself on the same speaking platform with General Powell. I was impressed with him. Powell was witty, erudite, insightful, articulate and self-deprecating. So I decided to buy his book, *My American Journey*.

In his book, I found many gems of wisdom.

**1. Being responsible sometimes means pissing people off.** Leaders are responsible for the welfare of the group, meaning some people will get angry at your actions and decisions. It's inevitable if you're honorable. Trying to get everyone to like you is a sign of mediocrity: You'll avoid making tough decisions, confronting people who need to be confronted, and offering differential rewards based on performance. Ironically, by not making difficult choices, by trying not to get anyone mad, and by treating everyone equally "nicely", you'll anger your most creative and productive people.

**2. The day people stop bringing you their problems is the day you stop leading them.** They've either lost confidence that you can help them or concluded that you do not care. If this were a litmus test, most CEOs would fail. One, they build so many barriers to upward communication that the very idea of someone looking up to the leader for help is ludicrous. Two, the corporate culture they foster often defines asking for help as weakness or failure, so people cover up their gaps. Real leaders make themselves accessible and available. They show concern for the efforts and challenges faced by others—even

as they demand high standards.

**3. Don't be buffaloed by experts and elites.** Experts often possess more data than judgment. Elites can become so inbred that they produce hemophiliacs who bleed to death as soon as they are nicked by the real world. Small companies don't have the time for analytically detached experts. They don't have the money to subsidize lofty elite, either. The president answers the phone; everyone on the payroll visibly produces and contributes to bottom-line results, or they're history. But as companies get bigger, they often forget things like all-hands involvement, egalitarianism, informality, market intimacy, daring, risk, speed, agility.

**4. Don't be afraid to challenge the pros, even in their own backyard.**

Learn from the pros, observe them, seek them out as mentors and partners. But remember: sometimes even the pros can become complacent and lazy. Leadership does not emerge from blind obedience to anyone. If you have a yes-man working for you, one of you is redundant. Good

leadership encourages everyone's evolution.

**5. Never neglect details.** When everyone's mind is dulled or distracted, the leader must be doubly vigilant. All the great ideas and visions in the world are worthless if they can't be implemented rapidly and efficiently. Good leaders delegate and empower others liberally, but they pay attention to details, every day. Paradoxically, good leaders understand that an obsessive routine in carrying out the details begets conformity and complacency. So, even as they pay attention to details, they encourage people to challenge the process.

**6. You don't know what you can get away with until you try.** Good leaders don't wait for official blessing to try things out. They're prudent, not reckless. But they also realize: If you ask enough people for permission,





you'll inevitably come up against someone who believes his job is to say "no." So the moral is, "Don't ask." Effective managers believe: "If I haven't explicitly been told no, I can do it."

**7. Keep looking below surface appearances.** Don't shrink from doing so just because you might not like what you find. "If it ain't broke, don't fix it" is the slogan of the complacent, the arrogant, or the scared. It's an excuse for inaction, a call to non-arms. It's a mind-set that assumes (or hopes) that today's realities will continue. Pure fantasy. In this sort of culture, you won't find people who proactively take steps to solve problems.

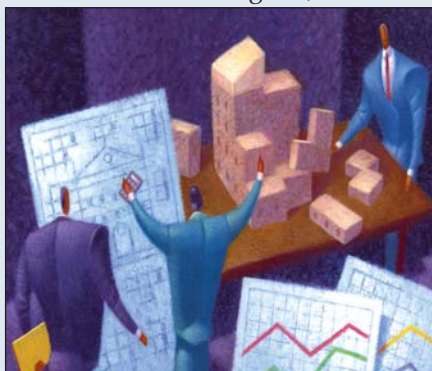
**8. Organization doesn't accomplish anything.** Plans don't accomplish anything, either. Theories of management don't much matter. Endeavors succeed or fail because of the people involved. Only by attracting the best people will you accomplish great deeds. In a brain-based economy, your best assets are people. Too often, people are assumed to be empty chess pieces to be moved around by grand viziers, which may explain why so many top managers immerse themselves in deal-making, restructuring, and management fads. How many immerse themselves in the goal of creating an environment where the best, the brightest, the most creative are attracted, retained, and unleashed?

**9. Organization charts and titles count for next to nothing.** Organization charts are anachronistic. If people really followed organization charts, companies would collapse. In well-run organizations, titles are also meaningless. Titles mean little in terms of real power, which is the capacity to influence and inspire. People will commit to certain individuals who on paper possess little authority—but instead possess pizzazz, drive, expertise, and genuine caring for teammates and products. Non-leaders may be anointed with perks, frills, and positions, but they have little influence on other people.

**10. Never let your ego get so close to your position that when your position goes, your ego goes with it.** Too often, change is stifled by people who cling to familiar turfs and job descriptions. One reason that organizations wither is that managers won't challenge comfortable ways of doing things. Effective leaders create a climate where people's worth is determined by their willingness to learn new skills and grab new responsibilities, thus perpetually reinventing their jobs.

**11. Fit no stereotypes.** Don't chase the latest management fads. The situation dictates which approach best accomplishes the team's mission. Flitting from fad to fad creates team confusion, reduces the leader's credibility, and drains coffers. Blindly following a fad generates rigidity in thought and action. Some situations require the leader to hover closely; others require long, loose leashes. Leaders honor their core values, but they are flexible in executing them.

**12. Perpetual optimism is a multiplier.** The ripple effect of a leader's enthusiasm and optimism is awesome. So is the impact of cynicism and pessimism. Leaders who whine and blame engender those same behaviors among their colleagues. I am not talking about stoically accepting stupidity and incompetence. I am talking about a gung-ho attitude that says: "We can change things here; we can achieve awesome goals, we can be



the best." Spare me the grim litany of the "realist." Give me the aspirations of the optimist.

**13. In picking people, look for intelligence, judgment, and a capacity to anticipate, to see around corners.** Also look for loyalty, integrity, a high-energy drive to get things done, and a balanced ego. How often do our recruitment and hiring processes tap into these attributes? Often, we ignore them in favor of length of resume, degrees, and titles. What matters is who one is today and what she can contribute tomorrow. You can train a bright, willing novice fairly readily, but it's hard to train someone to have integrity, judgment, energy, balance, and drive.

**14. Become a great simplifier, one who can cut through argument, debate and doubt, to offer a solution.** Effective leaders keep it simple. They articulate vivid, overarching goals and values, which they use to drive daily behaviors and choices among competing alternatives. Their visions and priorities are lean and compelling. Their

decisions are crisp and clear. They convey firmness and consistency in their actions. The result? Clarity of purpose, credibility of leadership, and integrity.

**15. Use the formula  $P=40$  to  $70$ , in which  $P$  stands for the probability of success, and the numbers indicate the percentage of information acquired.** Once the information is in the 40 to 70 range, go with your gut. Don't take action if you have only enough information to give you less than a 40 percent chance of being right, but don't wait until you have enough facts to be 100 percent sure, because by then it is too late. Excessive delays in the name of information-gathering means analysis paralysis. Procrastination in the name of reducing risk actually increases risk.

**16. The commander in the field is always right and the rear echelon is wrong, unless proven otherwise.** Too often, the reverse defines corporate culture. This is why leaders like Ken Iverson of Nucor Steel, Percy Barnevik of Asea Brown Boveri, and Richard Branson of Virgin keep their staffs lean.

**17. Have fun in your command.** Don't always run at a breakneck pace. Take leave when you've earned it. Spend time with your families. Surround yourself with people who take their work seriously, but not themselves, those who work hard and play hard. Herb Kelleher of Southwest Air and Anita Roddick of The Body Shop would agree: Seek people who have some balance in their lives, who are fun to hang out with, who like to laugh (at themselves, too), and who have some non-job priorities which they approach with the same passion that they do their work. Help the grim workaholic or the pompous pretentious "professional" find jobs with competitors.

**18. Command is lonely.** You can encourage participative management and bottom-up involvement, but leadership is the willingness to make the tough choices. Too many non-leaders flinch from this responsibility. Even as you create an informal, open, collaborative culture, prepare to be lonely.

We hope these lessons help you along the road to success. **LE**

General Colin Powell is former chairman of the Joint Chiefs of Staff and the author of *Leadership Secrets* of Colin Powell. Oren Harari is a professor at the University of San Francisco and a consultant and speaker; harario@us-fca.edu.

**ACTION: Make the tough decisions.**

# Strategic Leaders

*Re-think how we develop them.*



by Joel Hoomans

**T**HE STUDY OF STRATEGIC management and leadership is just 100 years old, making it young in comparison to fields like theology and medicine. There is still time for us to reconsider how we teach these skills, and to identify more effective ways to develop strategic management and leadership. Current strategic failure rates are alarmingly high—between 70 and 90 percent, an embarrassing track record for those of us who teach strategic management or leadership.

Having wrestled with this problem for decades, I conclude that to become expert at something, we need to understand it, and practice it routinely.

One challenge we face in developing strategic agility in managers and leaders is that we treat strategic management and leadership as *workplace skills*, not *life skills*. Most managers and leaders only use their strategic skills for annual strategic planning retreats. How can leaders excel at something they practice only once a year?

The solution lies in treating strategic skills as life skills. More frequent practice will enhance proficiency. If strategy is defined as a *plan of designed actions and goals that cause us to realize preferred outcomes of choice in our future*, then isn't this skill just as critical to planning a family vacation, purchasing a car, or investing for retirement, as it is for determining corporate positioning? Developing managers and leaders means helping them find new ways to practice strategy. Why not encourage them to put a strategic plan together for their next vacation, their retirement savings, the educational plans of their children, their major purchases, or to play strategic games?

At work, we can regularly reinforce these strategic skills by having leaders put together a strategic development plan for their own future as part of the review process or by having them help direct reports with their plans.

Another helpful shift is to transition our focus on positions and titles, to one of situational roles. In my roles

as a HR practitioner, consultant, and academic, I find that people are largely caught up in their titles when it comes to defining what they do and who they are. However, titles can be misleading. They present us as a one dimensional professional—a leader, manager, or agent of service. This is misleading because in reality we occupy multiple roles. The situations in which we find ourselves often dictate the most predominant role—such as being a boyfriend, spouse, parent, follower, manager, leader, athlete, or pastor. In reality, we're often a simultaneous composite of several different roles. As life progresses, these roles change or shift in emphasis, and increase in number, contributing to the complexity of living. Our ability to read the sit-



uations and determine the most appropriate role response is a major factor governing our performance.

The *strategic process* depends, in part, on our ability to decipher when each role needs to be leveraged according to the context of the strategic imperative and the environment, rather than according to strict adherence to title or position. In developing strategic agility, the challenge is to fuse the three roles of leader, manager, and follower into one triune entity—the strategist.

**The focus of the leadership role lies in developing unity and initiating change, innovation, and momentum.**

Leaders accomplish this role by providing a vision of favorable future outcomes, establishing the alignment of people and cooperation (despite their diversity) through the use of shared values and a compelling mission, and by communicating in a way that captures people's hearts and minds.

**The focus of the managerial role lies**

**in controlling complexity with priority-setting and decision-making skills;** problem-solving through measurement, monitoring results, identifying deviations from the plan, and proposing corrective actions; organizing through the development of structures and systems that delegate authority and maximize efficiency; and short-term planning, budgeting, setting timetables, and aligning resources in accordance with the desired outcomes. The role of the manager produces predictability and maximizes results.

**The focus of the follower role lies in executing the plan.** This is done by executing service deliverables, learning on the fly, innovating solutions, following through on strategic initiatives, and providing leaders with feedback from the customer. This is an incredibly rewarding role as it provides a certain degree of immediate gratification which comes from satisfying the customer and fulfilling the mission.

**The strategic process requires follower, manager and leader roles** if it is to prosper. However, if these are treated as exclusive roles that are tied to positions, they are likely to conflict with one another—the managers trying to provide order, consistency and stability, while the leaders frustrate their efforts by producing change, innovation, and movement. Meanwhile, the followers are trying to serve customers—trapped between the contested interests of the managers and leaders.

This often leaves followers confused. The strategic process cannot tolerate this contest and the distrust it creates. If viewed by position only, the CEO always leads, the front-line manager always manages, and the service agent always executes and delivers the product or service. This narrow interpretation of roles by position makes it hard to sympathize with the differing strategic coalition members, limits the versatility required by a dynamic strategic process, and lends to strategic strife or in-fighting. When viewed as *situational mindsets*, these functional roles become interchangeable elements of sympathetic focus that exist in all strategists.

If we reconsider the perspective we use in developing strategic managers and leaders—treating these strategic skills as *life skills* and seeing them as *situational roles* rather than positions—we'll produce strategists who can be trusted with our future.

LE

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**ACTION: Rethink how you develop leaders.**



# Building Trust

*How the best leaders do it.*



by Stephen M. R. Covey

TRUST IS DECLINING everywhere—in our personal relationships and in our culture and organizations. Only half of employees trust their senior managers and leaders, and only 28 percent believe CEOs are a credible source of information.

We are now experiencing a crisis of trust and confidence in the financial markets. This compels us to ask: Is there a measurable cost to low trust? Is there a tangible benefit to high trust? And how can leaders build trust and reap the benefits of high trust?

Most leaders don't know how to quantify the costs of low trust or measure the gains of high trust. For many, trust is intangible. They don't know how to assess the trust level or how to improve it. Yet, the costs of low trust are very real—and often staggering.

One estimate put the cost of complying with federal rules and regulations—put in place due to lack of trust—at \$1.1 trillion (11 percent of the gross domestic product). The average American company loses 6 percent of its annual revenue to fraudulent activity. We see similar effects for the other disguised low-trust “taxes” as well.

When trust is low, in a company or relationship, it places a hidden “tax” on every transaction—every communication, interaction, strategy, and decision is taxed, bringing speed down and driving costs up. ***Distrust doubles the cost of doing business and triples the time it takes to get things done!***

Leaders who are trustworthy and operate with high trust experience the opposite of a tax—a “dividend” that is like a performance multiplier, enabling them to succeed in their communications, interactions, and decisions, and to move with incredible speed. ***High-trust companies outperform low-trust companies by 300 percent!***

The ability to create, grow, extend, and restore trust among stakeholders is the critical competency of leadership. Fortunately, engendering trust is a competency that can be learned and applied. You can get good at it, measure it, improve it. You can't be an effective

leader without mutual trust. As Warren Bennis notes, “Leadership without mutual trust is a contradiction in terms.”

## How Can Leaders Build Trust?

Job 1 of any leader is to inspire trust. Trust is confidence, born of character and competence. Character includes your integrity, motive, and intent. Competence includes your capabilities, skills, results, and track record.

With the focus on ethics, the character side of trust is now the price of entry in the global economy. However, the differentiating (and often ignored) side of trust—competence—is equally essential. You might think a person is sincere, even honest, but you won't trust that person fully if he or she doesn't get results. And the opposite is true. A person might have great skills



and talents and a good track record, but if he or she is not honest, you won't trust that person either.

The best leaders frame trust in economic terms. In a low-trust culture, leaders can expect negative economic consequences. Everything takes longer and costs more because of the steps people need to take to compensate for the low trust. When these costs are counted, leaders recognize how low trust becomes an economic matter.

The dividends of high trust can also be quantified, enabling leaders to make a compelling business case for building trust, even making the building of trust an explicit objective. Like any other goal, building trust should be focused on, measured, and tracked for improvement. It must be clear that trust matters to managers and leaders, that it is the right thing to do, and the smart economic thing to do. One way to do this is to make an initial baseline measurement of trust, and then to track improvements over time.

The trust transformation starts with building credibility at the personal level. The foundation of trust is your personal credibility. Your reputation is a reflection of your credibility, and it precedes you in any interaction or negotiation. High credibility and a good reputation enable you to establish trust fast—speed goes up, cost goes down.

I see four *Cores of Credibility* that work in tandem—Integrity, Intent, Capabilities, and Results. You can build a culture of high trust by clarifying what constituents want and what you can offer them. Then practice behaviors that build trust. Next, extend trust to your organization. The combination of that credibility and behavior and alignment results in a culture of high trust.

For example, Warren Buffett, the trusted CEO of Berkshire Hathaway, completed an acquisition of McLane Distribution (a \$23 billion company) from Wal-Mart in record time. The deal was made with one two-hour meeting and a handshake. In 30 days, it was completed. High trust yields high speed and low cost.

## Behaviors of High-Trust Leaders

Effective leaders use 13 behaviors to build and maintain trust: Talk straight, show respect, create transparency, right wrongs, show loyalty, deliver results, get better, confront reality, clarify expectation, practice accountability, listen first, keep commitments, and extend trust first. When you adopt these behaviors, you make deposits into your “trust accounts.” However, these behaviors need to be balanced (i.e., *talk straight* needs to be balanced by *show respect*). Any behavior, pushed to the extreme, becomes a liability.

You can always boost your *self-trust* (the confidence you have in yourself—in your ability to set and achieve goals, to keep commitments, to walk your talk), and your *relationship trust* (the ability to create and increase the trust accounts you have with others and to inspire trust in others).

The job of a leader is to extend trust first—not a blind trust but a smart trust with clear expectations and strong accountability. Trust determines the quality of our relationships, communication, projects, ventures, services, and products. It changes the quality of present moments and alters the trajectory and outcome of future moments. Nothing is as fast as the speed of trust. **LE**

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**ACTION:** Experience the speed of trust.

# Transparency

*Practice nine behaviors.*



by Barbara Pagano and Elizabeth Pagano

**W**HAT DISTINGUISHES OUTSTANDING leaders from good managers? How are followers inspired to dig deep and commit to the cause and to their leaders? The answers always come back to nine behaviors of transparency.

When leaders practice transparency—a sort of “what you see is what you get” code of conduct—in ways that show respect and concern both for the individual and for the common good, amazing things occur. Organizations benefit from a more efficient process of decision-making and tactical execution. As players are more informed, operations speed up, and problems are identified more readily. Leaders build trust and experience more finely tuned collaboration. And both the organization and the individual have higher credibility.

A crucial element of transparency is figuring out just how open to be—just how much to hang on the line for all to see. While there can be too little transparency, there also can be too much. When transparency is employed without a keen understanding of the potential effects of revealed information, it can be unfair and irresponsible. Leaders must have artful intuition to know people’s capacity to absorb information and anticipate how it might be interpreted and used.

**Nine behaviors of transparency** offer guidelines for building credibility:

**1. Being overwhelmingly honest.** Leaders think they’re honest, but many followers say otherwise. In leadership assessments, over half of almost 13,000 peers and direct reports felt their leaders could be more honest and ethical. When transparent leaders decide not to share certain information with their followers—perhaps because they do not yet have all the pieces—the principle of honesty requires them

to say so: “I can’t tell you that right now, but here’s what I can say.” Overwhelming honesty should be delivered with respect and concern for others. Followers should not be left to wonder about hidden agendas. When leaders live this core value, not only is trust built, but also followers become tolerant of not having all the facts.

**2. Gathering intelligence.** In surveys, 95 percent of leaders are unable to give themselves the highest rating at understanding of their own strengths and weaknesses. Asking others for their opinions about something conveys respect and shows that they are valued. It also promotes transparency as a reciprocal agreement. When leaders ask for feedback about their own performance and discover how others perceive them, they are better able to align their intentions with reality and develop a plan for improvement. In order to learn and grow, leaders must have self-awareness, which, ironically, requires input from others.

**3. Being composed.** Effective and admirable leadership requires composure. Challenges, stressors, and obstacles are inherent in any organization and in any leader’s path; how leaders conduct themselves during the good times and the bad can be indicative of their character, competence, and, ultimately, credibility. While the call for transparency that builds credibility urges leaders to reveal their true opinions and emotions regarding relevant business issues, it does not allow for leaders to irresponsibly let it all hang out. Followers expect their leaders to be composed. And they are always watching. Also, predictability builds trust.

**4. Letting your guard down.** Leaders who keep in mind the spirit of authenticity while working hard to create meaningful connections with their followers, demonstrating sincerity of being, and revealing personal information that adds value to the context of work, will be practicing an important part of leadership transparency that builds credibility. Doing so, however, requires maturity, self-awareness, and a heightened sense of how people might perceive, dissect, and disseminate the information that is revealed. And because authenticity or personal transparency ultimately describes the quality of a relationship, leaders must create opportunities to engage with people, allowing others to know them.

**5. Keeping promises.** When leaders

match their words and actions and do what they say they will do, they place a high value on their commitments. Promise-keeping in leadership is not always clear-cut. Sometimes leaders are forced to reconsider promises and disappoint followers. Those are times when transparency is very important. When people understand the reason behind broken promises, they may be more accepting of the consequences.

**6. Properly handling mistakes.** How leaders handle mistakes may be more important than getting things right the first time. Even with its inherent risks—such as appearing weak, incompetent, or otherwise less than perfect—confessing mistakes signals courage, accountability, and humility. Indeed, mistakes are an opportunity to visibly demonstrate a commitment to honesty.

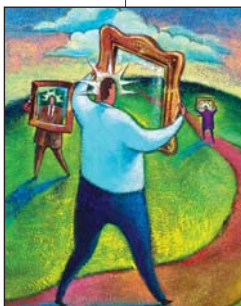
**7. Delivering bad news well.** When sensitive, controversial, or potentially hurtful information is not delivered well, people can feel betrayed, angry, and indignant. Trust is destroyed, and relationships suffer. For most leaders, delivering bad news is hard, and some even opt for silence. Those on the receiving end appreciate bad news that is delivered promptly and with honesty, directness, care, and concern.

**8. Avoiding destructive comments.** In developmental assessments, 88 percent of leaders admitted they could improve in avoiding destructive comments, and 83 percent of their bosses agreed. Language that divides or is otherwise destructive can undermine the whole reasoning behind leadership transparency—to improve relationships, increase trust, and build a credible reputation. Leaders must model and reward language that does not employ inappropriate blame or criticism, us-versus-them attitudes, or talking down.

**9. Showing others that you care.** Your followers must know that you care about them. This is done by developing the followers, recognizing them, and seeking to know and understand them. While showing care improves morale, quality, and productivity, you should not show care for the organization’s benefit alone, as this narrow view devalues individuals. Build a social contract that says, “Follow me, and I will help you succeed.” When this contract is broken, the motivation behind a strategy of transparency is put into question, and followers wonder about hidden agendas. **LE**

*Barbara Pagano, Ed.S., and Elizabeth Pagano are co-authors of The Transparency Edge: How Credibility Can Make or Break You in Business. Visit [www.transparenciedge.com](http://www.transparenciedge.com).*

**ACTION:** Enjoy the payoffs of transparency.





# The Credible Leader

*Build genuine working relationships.*



by James Kouzes and Barry Posner

OVER THE LAST 10 YEARS, WE HAVE asked more than 10,000 managers to tell us what qualities they look for and admire most in a leader. In effect, we ask them, “What makes leaders credible?” Most tell us that they want leaders who are honest, competent, inspiring, and forward-looking. We characterize these leaders as follows:

- **Honest leaders** are truthful, trustworthy and have integrity. They keep their word and consistently match actions with their words. Their behaviors are consistent and above board.

- **Competent leaders** are capable, productive, effective, efficient, and thorough. They know how to get the job done. They have functional or technical expertise, and the ability to use their knowledge to challenge, inspire, enable, and encourage others. They also model exemplary behavior.

- **Inspiring leaders** are uplifting, enthusiastic, energetic, humorous, cheerful, and positive about the future. They communicate a sense of energy and enthusiasm. They are excited about what they are doing, and they share their enthusiasm with others.

- **Forward-looking leaders** are visionary, foresighted, concerned about the future and have a clear sense of direction and purpose. They know where they are headed and take others along with them on their journey.

These qualities are similar to what communication experts define as “source credibility.” Researchers typically evaluate people, such as newscasters, salespeople, and leaders, on three criteria: their trustworthiness, expertise, and dynamism.

What we find is that, more than anything, people want leaders who are credible, meaning trustworthy, honest, competent, dynamic and inspiring. *Credibility is the foundation of leadership.* Upon this foundation, leaders build their forward-looking dreams of a better future.

## What Is Credibility?

The root word of *credibility* is “credo,” which means belief. Credibility is built on a set of beliefs or values. To be credible, leaders must first clarify their values—the principles that are most important; the deep-rooted, pervasive standards that influence every aspect of our lives including our moral judgments, our responses to others, and our commitments to personal and organizational goals. Values give direction to the decisions we make; they are our personal “bottom line.”

**Leaders are credible when they act in ways that are consistent with their values.**

By being true to their values, and using values to guide their actions, leaders inspire trust, faith and confidence. Leaders translate their values into a set of guiding principles for their constituents. First, by communicating their values leaders let people know what is expected of everyone. Secondly, leaders understand their constituents’ values and build consensus based on a set of shared values. These shared values guide decisions. When a leader clearly communicates shared values, the entire organization is able to act consistently and credibly.

When employees believe their managers are highly credible, they feel loyal and committed; motivated and willing to make sacrifices; proud to tell others they are a part of the organization; and empowered as part of the team. But when people believe their managers are not credible, they feel uncommitted and disenchanted; inclined to leave; more motivated by financial, rather than intrinsic, rewards; and isolated and unsupported.

## How To Become a Credible Leader

*Leadership credibility* is earned over time. It is not granted with a title or a position. It must be nurtured and developed. You must strive to show others that you are worthy of their trust.

Six basic actions can help you build and maintain your credibility:

- **Clarify your values.** Values are the social principles that are most important to us, the standards by which we

choose to live our lives. They guide how we feel, what we say, what we think and how we act. Values are our source of energy and purpose. The self-confidence required to lead has at its core two sources: knowledge and integrity. Integrity develops as you learn about yourself and your values. A unifying set of values guides your actions, giving you the self-confidence to lead well in difficult situations.

As a leader, your task is to translate your values into a set of guiding principles. Sharing your values lets people know what is expected. When they are clear about your values, they can use them as guides for making decisions.

Shared values make a difference in how people feel and perform. But before you can get others to accept a set of values, you must be clear about



what values you would like them to share—about the beliefs on which you base success. To clarify your values, follow three steps: 1) First, figure out what is important to you—what you stand for; 2) Next, translate those personal ideals into a set of guiding principles for yourself and

your organization—articulate your core values, your beliefs, your “credo,” and 3) let everyone know what you stand for. Talk it over with your team. Encourage dialogue and discussion to become clear about what you stand for and about what others find important. Make sure that employees, customers, vendors and other stakeholders know the beliefs on which you base your leadership philosophy.

- **Identify what your constituents want.** Building any relationship begins with getting to know those we want to lead. Learn their hopes and fears, their values and biases, and what they want. You can then show them how their interests can be best served by aligning them with yours. If you act in self-interest and ignore or not care about the interests of your constituents, people will no longer trust you, and you will lose your credibility with them.

- **Build consensus.** Leaders show how individual values and interests will be served by agreeing on a set of common values. Shared values motivate people to work together toward common goals: People feel more effective because they care about what they are doing; they feel important because they are making a difference; they are more loyal when they believe that their values and the company’s values are aligned.

Shared values are the foundation for building a productive working relationship. Disagreements over values lead to conflicts and false expectations.

To build consensus, seek agreement on a set of common values that integrates everyone's core needs and helps build team spirit and trusting relationships: 1) **Identify the values people have in common**, and take the initiative to show your constituents the values they share. Present your ideas as tentative and invite their participation. Ask them for their feedback, and be open to making changes. 2) **Help your constituents to understand that we are all in this together** and that we can mutually benefit by working to the same set of standards. Enable others to resolve their differences by looking for a higher order value that will encompass their needs. 3) **Write and publish a statement of shared values**. Post the shared values prominently. Publish them. Make a videotape about them. Put them on the back of business cards. Create symbols that will remind people of the core values.

Use your shared values as a foundation for building relationships. If you withhold the autonomy to act on the shared values, you tell people that you don't trust them. By holding on to power, you lose credibility.

**Communicate shared values with conviction.** Enthusiasm, energy and commitment begin with the leader. To gain the commitment of others, you must communicate your values with conviction in memorable ways. If your commitment doesn't come from the heart, your enthusiasm will be insincere. It will appear that you are trying to sell people something that you do not believe in yourself.

**Stand up for your beliefs.** Leaders take a stand. We follow people who have confidence in their decisions. Confusion among your constituents over shared value creates stress; not knowing what you believe leads to conflict, indecision and rivalry. If you stand up for your beliefs but do not keep an open mind to alternatives and listen carefully to feedback, you will become rigid and autocratic.

**Lead by example.** Leadership is not a spectator sport. Leaders don't sit in the stands and watch. Neither are leaders in the game substituting for players. Leaders coach. They show others how to behave on and off the field. They demonstrate what is

important by how they spend their time, by the priorities on their agenda, by the questions they ask, by the people they see, the places they go, and the behaviors and results that they recognize and reward.

**Leaders are role models.** We look to them for clues to how we should behave. We believe their actions over their words, every time. If you ask people to observe certain standards, then you better live by the same rules. Do what you say you are going to do.

Leaders show others how to behave. Others see what is expected by observing what the leader does, not just from listening to what is said.

To better lead by example, take these three steps: 1) **Audit your actions.** People believe your behavior over your words. So, honestly assess how your daily actions demonstrate your values, beliefs and priorities. 2) **Set routines and systems that reinforce your values.** Throw out routines and systems that are inconsistent with your values. In their place, set new ones that reinforce appropriate actions. Reward and recognize those who exemplify the values. 3) **Stage events to make a point** about the values and priorities, particularly in times of transition.

If you ask your constituents to obey certain standards and then do not live by the same rules, you will be called a hypocrite. If you are not among the first to show people the way, they will think that you set a double standard.

Credibility is fragile. It is earned slowly but can be lost very quickly.

### Quest for Leadership

The quest for leadership is first an inner one to discover who you are and what you stand for. A credible leader is one who steps out into the unknown, confronts self-doubt, suffers defeat and disappointment and returns to triumph from the learning. A person who gives us courage is one who risks embarrassment and ruin, and yet succeeds in maintaining the strength of conviction.

Leadership is an affair of the heart and the soul. We invite you to set an example for others, take the inner journey into your own heart and soul to explore your values and convictions. **LE**

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**ACTION: Catch co-workers doing things right.**



# Unromantic Leadership

*Real leaders do the hard work.*



by Stephen B. Sample

WHERE ARE TODAY'S Washingtons and Lincolns? That is a question I hear from students in a course on leadership that I teach with Warren Bennis at the University of Southern California. These students struggle to find even a few living leaders they might look to as role models.

One of the most rewarding aspects of teaching a class on leadership has been the opportunity to watch bright undergraduates learn to "think gray" while holding firmly to their core principles. Thinking gray requires a good deal of effort to develop, but it is one of the most important skills which a leader can acquire.

The essence of thinking gray is this: don't form an opinion about an important matter until you've heard all the relevant facts and arguments, or until circumstances force you to form an opinion.

We might be far better off if we were to appreciate the complexities of the realms in which leaders operate—in politics, industry, academia, and business. Life in these realms requires compromise, loss, and insult to one's good name.

I invite you to reflect on seven timeless principles:

- **True leaders have a well-developed moral calculus.** One myth is the notion that good leadership always involves "win-win" propositions. True leaders understand that casualties are often unavoidable. Leaders face conundrums regularly. The best ones learn to function while fixing in their own mind a moral line that cannot be crossed.

- **Real leaders move people.** Leaders don't merely draw throngs of admirers, they draw real commitment, getting other people to do what they are not naturally inclined to do. Such leaders should be distinguished from people who are wise, popular, even influential, but who don't move people in a new direction.

- **Vision is essential but overrated.** Yes, leaders need a compelling vision,



but the myth is that a compelling vision is all they need. Many academics, journalists, and commentators have remarkable vision, but few could negotiate the vision in the face of unexpected contingencies. Similarly, many high-minded leaders become paralyzed when routine pressures overwhelm a noble vision.

- **Good leaders see things from a different perspective.** Perspective is different from vision. Leaders need to see situations from new angles and make novel associations—even outrageous ones—that others would miss. Leaders need not be revolutionary thinkers, but they must recognize a good idea, even if somebody else brings it to them. If they lack the ability to see things differently, they will function more as managers.

- **The best leaders have both a radar and a gyro-compass.** Leaders with no gyro-compass are constantly driven off their intended course by the slightest shift in sentiment among stakeholders. Leaders with no radar court disaster by moving forward blindly, trying to push people in a direction in which they are not ready to go. The best leaders develop both radar and a gyro-compass.

- **Wise leaders can “think gray.”** Most people take a binary approach to life, instantly categorizing things as good or bad, true or false, black or white. Effective leaders study the shades of gray inherent in situations before making decisions. They may put off making a decision until tomorrow, when new information might be available. They suspend judgment—not unlike a judge considering all the facts in a case—before making a final decision.

- **Real leaders handle their own dirty work.** Shortly after my father moved our family from the city to a small farm, one of our riding horses broke a leg and needed to be destroyed. Our neighbor’s wisdom was simple and profound: “A man has to shoot his own horse.” My father then dispatched the horse. Leaders who expect others to dismiss subordinates or convey bad news rarely earn the same credibility and trust as those who courageously do their own dirty work.

True leaders have mud on their clothes. The dirt often obscures their accomplishments in the moment, and few are widely revered in their own day. Yet their work endures. LE

*Steven Sample, president of the University of Southern California, is the author of The Contrarian’s Guide to Leadership (Jossey-Bass).*

**ACTION:** Learn to think “gray.”

## Managing Up

*Influence those around you.*



by Ken Blanchard

IN JUST ABOUT EVERY seminar I conduct, people come up to me and say, “It’s too bad that my boss isn’t here.” They spend their time at seminars thinking about who should be there besides themselves. My response is simply, “There are people at work this very day who are glad that you are here—so don’t miss it.” However, I do not take lightly their need for learning how to influence their boss.

While there seems to be a lot of interest in managing your boss (note two books: Christopher Hegarty’s *How to Manage Your Boss* and William P. Anthony’s *Managing Your Boss*), there is little training being done on the subject. In fact, the only person I know doing training on managing your boss is a personal friend and colleague, Robert Mezoff, who runs ODT Associated. I guess bosses just don’t want to pay money to get their people training on how to manage them.

One person who has emphasized the importance of managing your boss is William Oncken, Jr. In his well-known management seminar, “Managing Management Time,” he discusses the idea of managing up. The essence of his message is now available in a popular book by the same name.

One of Bill’s concepts is that it seems a waste of time for managers to get time management training if they have no discretionary time. He relates this scenario: you decide to take Sunday afternoon to get yourself organized. You spend four hours setting priorities, putting things in an A, B, and C pile, and really getting fired up and ready to take on the week. You get up early on Monday morning to get an early start. At 8:30 a.m., your boss calls you in and relates how he had some time on Sunday to get organized. As a result, he knows exactly what he wants you to do this week. In fact, it may keep you busy for the next month.

One of the things I ask people continually in my seminars is, “When is

the last time you hugged your boss?” Of course, I’m really asking, “When is the last time you caught your boss doing something right?”

How do you respond to that morning greeting? Oncken suggests that you quickly take your planned “to do” list and throw it in the wastebasket. Why? Because you know that nobody in the history of the organization has ever been fired for saying “Yes, sir” or “Yes, Ma’am.” And besides, you have a picture of your family on your desk and you know how much they enjoy eating and living in the style that they have become accustomed to.

What Oncken feels this all comes down to is the *Golden Rule*—“The person who has the gold makes the rules.” Oncken says that one of the biggest intruders on your discretionary time is your boss. Given the importance of your interaction with your boss and the fact that the only person responsible for recognizing your good efforts is your boss, Oncken, too, is surprised at how little management training focuses on influencing up.

One attempt to fill this void is the book, *The One-Minute Employee*. I don’t

believe the authors, Rae Andre and Peter D. Ward, could decide, though, whether they were writing a spoof or a serious book. In the process, they missed at both ends. They perpetuated the adversarial relationship between manager and employee. They suggested that *One-Minute Management* was all about



manipulation, and that it was about time employees learned how to manipulate their bosses.

This thesis badly misses the main point. *One-Minute Management* is not something that you do to people—it is something you do with people. *One-Minute Management* works best when everybody is involved in setting clear goals (*One-Minute Goal Setting*); and once goals are set, your people are aware that you will be wandering around the organization to see if you can catch them doing something right (*One-Minute Praising*). And, if they make a mistake when they know better, you will give them immediate feedback but will not attack them personally (*One-Minute Reprimand*). Since *One-Minute Management* is a system that needs to be shared, let me make some suggestions about managing up.

One of the things I ask people continually in my seminars is, “When is

the last time you hugged your boss?" Of course, I'm really asking, "When is the last time you caught your boss doing something right?" My experience is that most people manage their boss the same way their boss manages them. If your boss does something right, you say nothing. After all, he or she gets paid enough! Then if your boss makes a mistake, you are immediately on that boss's case. In other words, most people manage their boss with a "leave alone-zap" management style. The unfortunate part of the "leave alone-zap" approach to managing your boss is it can hurt your career.

Every time you give negative feedback to somebody, whether it be your boss or not, you take something from your relationship. If you have nothing in your human relations bank with that person, you are drawing on a very thin account. Before you start "beating on your boss," see if you can catch him doing something right or approximately right.

Some people say, "I don't want to praise my boss because I will be accused of 'buttering him or her up.'" Not if you remember one of the important steps of *One-Minute Praising*—be specific. If you went to your boss and said, "Boss, you're the greatest person I ever worked with. I tell my wife every night how lucky I am," your boss will know you are insincere. But if you truly catch your boss doing something right and express your appreciation in specific terms, you will not be misread. Suppose you say to him, "You know, that follow-up memo you wrote to me after our meeting yesterday was really helpful. I used it with my people today, and I just wanted to stop by to say thank you and tell you how much I appreciated your taking the time."

Another reason why catching people doing things right is necessary with bosses, particularly ones who have high control needs, is that top managers who are problems in organizations are usually coming from a life position of "I'm OK—you're not OK." In the book *I'm OK-You're OK*, Thomas Harris was really talking about a life position. How do you feel about yourself, and how do you feel about other people? He and Eric Berne and others who worked in the field of transactional analysis felt that the most healthy life position is "I'm OK—you're OK," but the most dangerous life position is "I'm OK—you are not OK." The people who act like they are always right and other peo-

ple are wrong, are really covering up "not OK" feelings about themselves.

Now when you don't feel good about yourself there are two strategies you can use. One is to hide and hope nobody notices you. The other is to move out into your environment and try to control it. The great dictators of all time—Hitler, Mussolini, Alexander the Great—were people who didn't particularly have a lot of self-esteem. If you attack people who don't feel good about themselves, they will think they are in a win-lose power struggle and they will work hard to defend their position. They fear losing control. So try to catch your boss doing something right and increase your chances of having a win-win relationship.

The "leave alone-zap" strategy is often used by dedicated employees. When I was teaching at the University of Massachusetts in the School of Education, I used to do a session entitled, "Why do humanistic teachers get



fired? Because they're stupid!"

I know case after case of good, well meaning people who wanted to do good things for children and ended up getting fired from their jobs because they attacked the power structure without any attempt to build any personal relationships. For example, they would go into their classroom and find that the chairs were bolted down in rows. If they couldn't move the chairs into a circle, they would move the kids out onto the lawn into a circle in perfect view of the community and the principal. The principal would say to himself, "Oh, no, not another one of those humanistic types. I'm going to have to get rid of that person." Then the teacher would be sitting in a teachers' meeting, and the principal would say, "We have to increase the supervision of the lunchroom." Our humanist friend would reply, "What are you saying? I think we need less supervision rather than more." Then he or she would go into a teacher's room where a teacher was collating exams and attack the teacher for giving exams: "Don't you trust the kids?" With these kinds of

confrontation tactics, humanistic teachers were usually shown the door.

### Consequences of Not Managing Up

An example of not managing your boss well is illustrated in Robert Redford's movie, *Brubaker*. In that film, Redford took over as warden of a prison. Initially he went in as a prisoner just to see how bad the setup was. Once he became the warden, he started changing the structure to make it a better human organization. Before he took over it was a brutal place for people.

Throughout the change process, however, he never did much to manage his bosses who were political hacks. Every time they asked him to do something or not do something, he would essentially tell them it was against his values, and he would fight them every inch of the way. Finally they had enough of this and fired him.

The last scene in the movie is an emotional one. Brubaker comes out of his living quarters, and there is a car waiting for him. As he is about to get in the car, one prisoner who had opposed his changes in the prison approaches him and says, "Brubaker, I want to tell you that you were right." Then he starts to applaud. While he is applauding, all the other prisoners are across the prison yard listening to the new warden who is up on a tower with a megaphone shouting, "We're going to get this place straightened up. This is no country club . . ."

The prisoners, hearing the big fellow clapping for Brubaker, slowly turn away from the screaming new warden and walk across the yard giving Brubaker a hand. As the car pulls out and circles the prison yard, Brubaker is getting a standing ovation from the prisoners, and yet he is gone—he has been fired. He is out of the system. He was right, but he's out. With a person like the new warden, they'll never go back to where they were before. This scenario has resulted too many times when people do not understand the power and how they can influence up.

One of the key factors in influencing up is to develop enough of a relationship that you can engage in a dialogue with your boss without being seen as a threat or out to do him or her in. Remember the *Gold Rule*—the person who has the gold makes the rules—and you can take the time to learn how to manage up. **LE**

Ken Blanchard is the author of the One-Minute Manager series and chairman of Blanchard Training and Development. Call 1-800-728-6000.

**ACTION:** Catch the boss doing something right.



# Transparent Leaders

*Be open and honest about your dealings.*



by Warren Bennis

AS SOMEONE WHO has devoted much of his life to the study of leaders, I find myself talking about transparency—and thus about trust as well—whenever I talk about leadership. *Transparency* encompasses candor, integrity, honesty, ethics, clarity, full disclosure, legal compliance and all that enables us to deal fairly with each other. In a networked universe where competition is global and reputations can be shattered by the click of a mouse, transparency is often a matter of survival. As stakeholders, we increasingly clamor for transparency, but what are we truly asking for? What is the promise of transparency? And what are its risks? How should leaders think about transparency?

Trust and transparency are always linked. Without transparency, people don't believe what their leaders say. Many of us have lived with the sense that the government has been keeping things from us, and many mistrust the explanation that our leaders must do so because the truth would empower our enemies. Many of us believe the lack of transparency is the real enemy.

Ubiquitous digital technology makes transparency all but inevitable. More of our experience is being stored electronically and powerful search engines allow this swelling archive to be mined in a matter of seconds by anyone with Internet access.

The new technology is emancipating millions of people who once lived in isolation within the confines of their villages, and it offers all of us endless new possibilities. At the same time, the new technology has ramped up the ambient level of anxiety in daily life as we increasingly live roped to our personal digital assistants, cell phones, and other beeping, glowing devices.

Paradoxically greater transparency brings bewilderment as well as enlightenment, confusion as well as clarity. We are uneasily aware that the present has no shelf life. We know more than ever, but feel less in control. Our world seems simultaneously more anarchic and more Orwellian, more and less free.

*Transparent* means, in addition to the literal "capable of being seen through," "without guile or concealment; open frank candid." But recently, transparency has acquired new implications. Now seemingly no president, CEO, mayor, school official, or police chief can make a public pronouncement without using the word, usually with the implicit promise that his or her statement is true and motives pure. We want our leaders to be open and honest about their dealings. We want to be confident that our leaders are telling us the truth in matters that involve our national security, the safety of their products, and the state of the economy. We want to believe that our government agencies are transparent and honorable, without secret prisons or secret agen-



das that reflect special interests rather than the public weal. We want to believe that, but we often do not. Despite the promise of transparency on so many lips, we often have the sinking feeling that we are not being told all that we need to know or have the right to know.

But at the same time, a countervailing force is making transparency less dependent of the will of leaders. The digital revolution has made transparency inevitable, worldwide. The Internet, camera-equipped cell phones, and the emergence of the blogosphere have democratized power, shifting it away from the high-profile few to the technology-equipped many.

In the past, we often had to wait for a courageous whistle-blower before we learned an organization's secrets. Now a company's most incendiary internal memos may be disclosed by an anonymous blogger without ties to any newspaper or television stations, but with inside knowledge, who can reach millions of readers. Anyone with Internet

access can take on the most powerful institutions on earth without making any significant financial investment and often with little or no fear of reprisals.

The ability to access sympathetic Web sites and to blog is especially liberating in countries with repressive governments that can clamp down on newspapers and television stations far more readily than on the ethereal Internet. In such places, blogs can be tantamount to a digital resistance movement. A compelling posting on a blog can recruit thousands of readers to its point of view; each of those readers can send the message to thousands more, and soon the cry is heard worldwide.

By their nature, blogs challenge hierarchies, introducing an outsider's or non-elitist's voice into the conversations at hand. When those voices are wise or even simply contrarian, they benefit the organization by challenging its dominant assumptions, preventing tunnel vision, and reminding the powers that be that they don't have a lock on all useful truths. Because the technology behind blogs includes creation of an index, the opinions and information they contain are easy to access—a real plus in a world in which we are always at risk of being swamped by a tsunami of undifferentiated data.

Knowledge is still power. But as knowledge becomes widely distributed, so does the power it generates. The very idea of leadership is changing, as power is democratized. At such influential workplaces as Google, leadership rotates within small groups of engineers. As greater openness demystifies what leaders do, we are likely to see less time and money spent on costly, time-consuming executive searches. Leadership may come to be seen as a role that moves from one able individual to another as projects come and go. And should leadership become a transitory role, one likely and welcome result will be a drop in stratospheric executive compensation—one of the most corrosive artifacts of corporate life today.

The new transparency is no doubt changing us. With its millions of intrusive cameras, its constant potential for trumpeting past indiscretions through cyberspace and its other discontents, the new reality is forcing us to adapt. We'll have to be more wary and find a way to lower the blinds in our glass houses, if only in our minds. **LE**

*Warren Bennis is a founding editor of Leadership Excellence, chairman of Harvard's Center for Public Leadership, and coauthor of Transparency with Daniel Goleman and James O'Toole (JosseyBass). Visit [www.usc.edu](http://www.usc.edu).*

**ACTION:** Apply ways to be more transparent.

# The Way Ahead

*Get ready for what's next.*



by Peter F. Drucker

**W**E CAN ALREADY see the future taking shape. But I believe that the future will turn in unexpected ways. The greatest changes are still ahead of us. The society of 2030 will be very different from today's society and bear little resemblance to that predicted by today's futurists.

The next society is close enough for action to be considered in five areas:

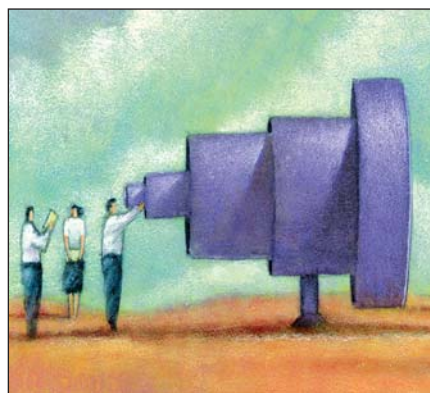
## 1. The future corporation.

Enterprises—including many non-businesses, such as universities—should start experimenting with new corporate forms and conducting a few pilot studies, especially in working with alliances, partners, and joint ventures, and in defining new structures and new tasks for top management. New models are also needed for geographical and product diversification for multinational companies, and for balancing concentration and diversification.

**2. People policies.** The way people are managed assumes that the workforce is still largely made up of people who are employed by the enterprise and work full-time for it until they are fired, quit, retire, or die. Yet, two-fifths of the people who work in many organizations are not employees and do not work full-time. Today's HR managers also still assume that the most desirable and least costly employees are young ones. Older managers and professionals are often pushed into early retirement to make room for younger people who are believed to cost less or to have more up-to-date skills. The results are not encouraging. After two years, wage costs per employee for the younger recruits tend to be back where they were before the "oldies" were pushed out. The number of salaried employees seems to be going up at least as fast as production or sales, meaning that the new young hires are no more productive than the old ones. Demography will make the present policy increasingly self-

defeating and expensive.

The first need is for a people policy that covers all those who work for an enterprise, whether they are employed by it or not. After all, the performance of every one of them matters. So far, no one seems to have devised a satisfactory solution to this problem. Second, enterprises must attract, hold, and make productive people who reach official retirement age, become independent outside contractors, or are not available as full-time permanent employees. For example, highly skilled and educated older people, instead of being retired, might be offered a choice of continuing relationships that convert them



into long-term "inside outsiders," preserving their skill and knowledge for the enterprise, yet giving them the flexibility and freedom they expect and can afford.

The model for this comes from academia: the professor emeritus. He remains free to teach as much as he wants, but gets paid only for what he does. Many emeriti do retire altogether, but about half continue to teach part-time, and many continue to do full-time research. A similar arrangement might well suit senior professionals in a business. But for people in operating work—sales or manufacturing—something different needs to be developed.

**3. Outside information.** Surprisingly, the information revolution has caused managements to be less well informed. They have more data, to be sure, but most of the information so readily made available by IT is about internal matters. The most important

changes affecting an institution today are likely to be outside ones, about which present information systems offer few clues.

One reason is that information about the outside world is not usually available in computer-useable form. It is not codified, nor quantified. This is why IT people, and their executive customers, tend to scorn information about the outside world as "anecdotal." Moreover, many managers assume, wrongly, that the society they have known all their lives will remain the same. Outside information is now available on the Internet. Managers must ask what outside information they need, as a first step toward devising a proper information system for collecting relevant information about the outside world.

**4. Change agents.** To survive and succeed, organizations will have to become change agents. The most effective way to manage change successfully is to create it. Grafting innovation onto traditional enterprises does not work. Becoming a change agent requires the organized abandonment of things shown to be unsuccessful, and the continuous improvement of every product, service, and process. It requires the exploitation of success, especially unexpected and unplanned-for success, and it requires systematic innovation. It also requires seeing change as an opportunity, not as a threat.

**5. Big ideas.** Once again we see the emergence of new institutions and theories. The new economic regions—the European Union, NAFTA, and the proposed Free-Trade Area of the Americas—are neither traditionally free-trade nor traditionally protectionist. They attempt a new balance between the two, and between the economic sovereignty of the national state and supranational economic decision-making.

And then there is the upsurge in interest in Joseph Schumpeter's postulates of "dynamic disequilibrium" as the economy's only stable state; of the innovator's "creative destruction" as the economy's driving force; and of new technology as the main, if not the only, economic change agent—the antithesis of earlier economic theories.

The central feature of the next society will be new institutions, theories, ideologies, and problems. **LE**

*Peter F. Drucker is the founder of The Peter F. Drucker Graduate School of Management and a highly respected management thinker.*

**ACTION:** Take action in these five areas.



# Pursuing Excellence

*Design, do, and re-do.*



by Tom Peters

**W**E FALL BACK, IN these crazy and chaotic times, on the command-and-control model of leadership—a model that no longer accords with how dynamic leaders actually operate. We seek shelter in the fantasy of a leader who has the answers, who promises “change” or “success” or “profits” in exchange for patient “followership” or “obedience.”

But in an age when all value flows from creativity and initiative, we must imagine and embrace a model of leadership that is loose, open, and innovative.

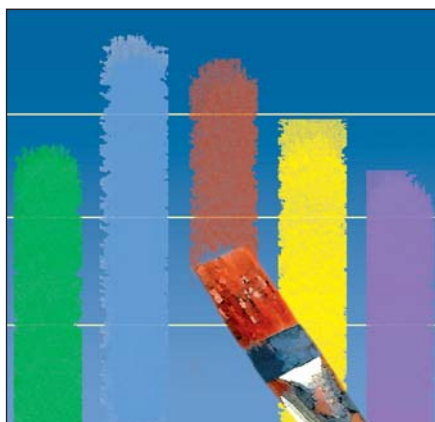
We ask leaders to be “good stewards” of the assets they inherit. But in an age when permanence is a dangerous delusion, we must instead ask leaders to challenge the legacies that they have inherited, to create entirely new value propositions—and then to get out before they get stale.

Here are 10 traits of leaders:

**1. Leaders create opportunities.** I was reading an article in a newsletter from an educational organization. The title sent me into a big rage. It suggested that excellent (educational) institutions “transform people.” Nonsense! Nobody “transforms” anybody else! Instead, we create *opportunities* for people and then encourage them to apply their latent talents to grasp those opportunities. Leaders do not “transform people.” Leaders instead construct a context in which *Voyages of Mutual Discovery* can take place. Leaders provide access to a portfolio of WOW Projects that challenge people to express their Innate Curiosity and to visit (or create) places that they (and their leaders) had never dreamed of. And when the voyage bears fruit, leaders applaud like hell, stage “photo ops,” and ring the church bells 100 times to commemorate the bravery of their followers’ explorations. As a leader, if you don’t have the nerve to encourage people to redraw the map or to create a new map, you should not be leading anyone anywhere.

**2. Leaders do!** If you don’t know what is going on, if you don’t know the shape or even the location of the playing field, if you don’t know the nature of the rule book or even if there is one, then in the immortal words of My Old Man, “*Thomas, don’t just stand there. Do something.*” It’s a cute phrase. But it’s far more profound than that. If you don’t know what’s going on, stop thinking. (It won’t do you much good.) Try something. See what happens. That is, until you let fly the new system, new product, new procedure, or whatever, you have no idea what is going on.

**3. Leaders re-do.** If something goes awry, the typical big company shoots the messenger and aims to make sure



this aberration never occurs again. In the process, the possibility of rapid progress is severely diminished. In short: “Do it right the first time” is stupid, a snare, a delusion, an abomination. Consider two superstars that don’t give a second thought to what happens the first time (or the 21st). Namely, Sony and Microsoft. They “do” fast. And they re-do even faster. The Sony-Microsoft approach is remarkable—and an all-too-rare trait. Most either flog the tepid first version until they look like idiots. Or retreat—deciding that the failure means they weren’t supposed to be in the market in the first place.

**4. Leaders convey a grand design.** A leader “sets the tone.” That’s obvious. The leader is also chief architect—not necessarily chief strategic planner. The architect model suits me better: she or he sets out the general design parameters, lets us know what

she/he thinks about quality, about tolerating well-intended and energetically pursued failures, about innovation, about logistics performed to perfection. Call it core values. Call it essential philosophy or our charter or constitution. I call it the design specs. The essential stuff we care about, the way we intend to live and make our mark, and the stuff we won’t compromise on. The stuff that is the essence of our character. Most conglomerates have proven unmanageable. But there’s one that seems to work. That’s the Virgin Group. Founder-CEO Richard Branson fits the Chief Architect model to a T. He says he won’t launch a new product unless it’s “cheeky.” It also has to be of high quality and affordable. Branson sets the design specs. He embodies (lives) the design specs. So, too, Welch’s performance fanaticism and talent obsession at GE. Iacocca’s pugnaciousness, in a time of great darkness at Chrysler. Churchill’s determination. Gandhi’s persistence and unshakable philosophy of non-violence.

**5. Leaders make mistakes.** And they make no bones about it. Another thing that hangs on the wall of my Vermont writing studio is a quote by David Kelley, founder of IDEO Product Design: “Fail faster. Succeed sooner.” Next to it hangs a saying by the extraordinary photographer Diane Argus, who told her students: “Learn not to be careful.” In placid times, leaders may well have the answers. In turbulent times, leaders have the best questions that encourage (note the root word: “courage”) others to undertake those voyages of *mutual discovery*. And the essence of process: allowing people to screw up. Screwing up is the essence of trying new stuff. If you try new stuff, you screw up. If you try a lot of new stuff, you screw up a lot.

**6. Leaders nurture other leaders.** The honors here go to leader-iconoclast-political-activist Ralph Nader. “I start with the premise,” he said, “that the function of leadership is to produce more leaders, not more followers.” I suspect that “the leader as strong man” times are past. That the technology is changing too fast. I talked to Bill McGowman, de facto founder of the telecom upstart MCI. “The ‘chump-to-champ-to-chump’ cycle,” he lectured me “used to be three generations. Now it’s about five years.” Staying power, historically mostly fantasy, is now total fantasy. Therefore, I will offer a new guideline

# Building Vision

*New roles for new leaders.*



by Peter Senge

**N**EW LEADERSHIP roles require new leadership disciplines.

Three of the most critical are building shared vision, surfacing and challenging mental models, and engaging in systems thinking. These disciplines can only be developed through a life-long commitment. And in learning organizations, these disciplines must be distributed widely because they embody the principles and practices of effective leadership.

How do individual visions become shared visions? A useful metaphor is the hologram, the three-dimensional image created by interacting light sources. If you cut a photograph in half, each half shows only part of the whole image. But if you divide a hologram, each part, no matter how small, shows the whole image intact.

Likewise, when a group of people come to share a vision, each person sees an individual picture of the organization at its best. Each person shares responsibility for the whole, not just for one piece. But the component pieces of the holograms are not identical. Each represents the whole image from a different point of view. Each member offers a unique perspective for viewing the whole image. So, too, is each individual's vision unique.

When you add up the pieces of a hologram, the image becomes more intense, more lifelike. When more people share a vision, the vision becomes a mental reality that people can truly imagine achieving. They now have partners, co-creators; the vision no longer rests on their shoulders alone. Early on, people may say it is "my vision." But, over time, as the shared vision develops, it becomes "our vision."

## Five Vision-Building Skills

The skills involved in building

for leaders: Leaders don't create followers! They create energized, autonomous leaders. Leaders throughout the organization, starting with inspired youth at the bottom, help others discover new worlds. Encourage leaders who invent new worlds. Leaders who outstrip and dethrone their putative leaders. I mean that everyone is responsible for making-defining her own way. Everyone is charged with overturning today's beliefs. One can no longer depend on the big corporate fuzz ball to nurture them for 30 or 40 years. Or even 5 or 10 years. Everyone is a renegade, innovator, and leader.

**7. Leaders are great performers.** FDR claimed, "It is necessary for the President to be the nation's No. 1 actor." Amen. Is this a plug for disingenuous behavior? No. If a leader attempts to induce risk taking, she or he must embody risk taking, even if she or he is a naturally reticent person. As one of my friends put it, bluntly, "Look, Tom, leaders aren't allowed to have bad days, especially on bad days. Leaders must exude the energy and confidence that will embolden others to act in the face of peril. It's that simple. And that hard." Every move by the 24-year-old supervisor, as well as the President of the United States, is scrutinized and dissected as to what it portends to the organization's (and individual's) future. Hence: Act accordingly!

**8. Leaders accept responsibility.** It's simple: Leaders take responsibility—visibly—for the decisions they make and the outcomes that ensue. (The spectacle of senior officers from giant, formerly high-flying companies "Taking the fifth" on national TV has not been inspiring.) At any level, at any age, in any position of responsibility: To play the "blame game" destroys the credibility of the blamer-leader faster than any other single act. Does this mean that retrospective analysis of things that go awry is inappropriate? Of course not.

On the other hand, I've argued for 20 years that "a bias for action" is the single most significant positive attribute a successful enterprise—public or private—can have. A "bias for action" does not suggest thoughtlessness about the past. But it does suggest that there is a limit (relatively

low) to the amount of introspection that might go on. Simple fact: Huge bureaucracies think too much and act too little. "Scapegoating" is a big part of this debilitating, paralytic process.

**9. Leaders take breaks.** The demands of leadership at any level could fill our waking hours thrice over, especially these days. And at times, 18-hour days are a must. But beware of burnout. Beware, in particular, of your *unawareness* of burnout and the unwillingness of those around you to point out that you are a *zombie*. This is not a homily about "work-life balance." I leave that to your spouse or preacher-priest-rabbi-shrink.

This is a warning: Stress may kill.

Literally. It surely kills effectiveness! Antidote? That's up to you. A few deep-breathing breaks, a two-minute-eyes-closed meditative stints, can be invaluable during the day. So, too, a long holiday—and the occasional four-day weekend. Such breaks are essential, and you probably need some active coaching-inter-

vention to pull them off.

**10. Leaders do stuff that matters.** Sometimes I think that all "leadership literature" stinks—including much of the stuff I've written. Too much of the focus is on tactics and motivation (and, frankly, manipulation). All of that misses the point: Leadership for what? From King and Gandhi and Jefferson—to Bill Gates and Steve Jobs and Richard Branson—leaders lead because they want to get some particular thing done. They want to do stuff that matters.

Steve Jobs aimed to change the world with an "insanely great" (his term) idea about what a computer could be. Staying with the tech industry, you could say the same about Michael Dell. So, too, Larry Ellison (Oracle). Or, in the world of financial services, you could point to Charles Schwab and Ned Johnson (Fidelity). Those and other great leaders are not merely great at leading. They are great at inducing others to take novel journeys to places of surpassing importance. **LE**

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**ACTION:** Assess your progress excellence.





shared vision include the following:

**1. Encouraging personal vision.**

Shared visions emerge from personal visions. It is not that people only care about their own self-interest—in fact, people's values usually include dimensions that concern family, organization, community, and even the world. Rather, it is that people's capacity for caring is personal.

**2. Communicating and asking for support.** Leaders must be willing to share their own vision continually, rather than being the official representative of the corporate vision. They also must ask, "Is this vision worthy of your commitment?" This is hard for people used to setting goals and presuming compliance.

**3. Visioning as an ongoing process.** Today, too many managers want to dispense with the "vision business" by writing the official Vision Statement. Such statements almost always lack the vitality, freshness, and excitement of a genuine vision that comes from people asking, "What do we really want to achieve?"

**4. Blending extrinsic and intrinsic visions.** Many energizing visions are extrinsic, focusing on achieving something relative to a competitor. But a goal that is limited to defeating an opponent can, once the vision is achieved, easily become a defensive posture. In contrast, intrinsic goals—such as creating a new product, taking an old product to a new level, or setting a new standard for customer satisfaction—elicit more creativity and innovation. Intrinsic and extrinsic visions need to coexist; a vision solely predicated on defeating an adversary will eventually weaken an organization.

**5. Distinguishing positive from negative visions.** Many organizations only pull together when their survival is threatened. Similarly, most social movements aim at eliminating what people don't want; thus, we see anti-drugs, anti-smoking, or anti-nuclear arms movements. Negative visions tend to be short-term and carry a message of powerlessness.

Two sources of energy motivate organizations: fear and aspiration. Fear, the energy source behind negative visions, can produce extraordinary changes in short periods, but aspiration endures as a source of learning and growth. **LE**

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**ACTION:** Aspire to something great.

## Golden Rule Ethics

*Behavior you can live and thrive by.*



by John C. Maxwell

THE GOLDEN RULE is the closest thing to a universal guideline for ethics. I know that not everyone is looking for a simple guideline to live ethically. Some people choose to lie, cheat, and steal. But people who desire to find a standard of ethical behavior to live by can find it in the Golden Rule.

**The Golden Rule is accepted by most people.** Can you imagine someone saying, "Please treat me worse than I treat you"? No, everyone wants to be treated well. It is reasonable to desire good treatment from others and to treat others well. It is difficult to justify demanding better treatment from others than we give. What can we base it on? Wealth? Political affiliation? Personal beliefs? No matter what criteria you use—whether it's wealth, talent, ideology, nationality, or race—it cannot be logically supported.

One of the first rules in human relations is to seek common ground with others. That's a good guideline whether you are exploring a new friendship, meeting with a client, or teaching a student. Comparing similar experiences and discovering shared beliefs can pave the way for successful relationships. The Golden Rule can be used to create common ground with any reasonable person.

**The Golden Rule is easy to understand.** Former *Saturday Review* editor Norman Cousins observed: The words "hard" and "soft" are used by medical students to describe the contrasting nature of courses. Courses like biochemistry, physics, pharmacology, anatomy, and pathology are anointed "hard," whereas subjects like medical ethics, philosophy, history, and patient-physician relationships are labeled "soft." But over time, what was supposed to be hard turns out to be soft, and vice versa.

The knowledge base of medicine is constantly changing, but the soft subjects—especially those that have to do with intangibles—turn out to be of enduring value.

The Golden Rule makes the intangible tangible. You need to imagine yourself in the place of another person. There are no complicated rules or loopholes.

Of course, not every ethical situation can be solved instantly by using the Golden Rule. Sometimes the hardest part of asking "How would I like to be treated in this situation?" is identifying who might be affected by the situation and how they might be impacted. But if you give the matter some thought, you can almost always figure it out.

**The Golden Rule is a win-win philosophy.** Some people believe that in order for them to be winners, other people must be made to lose. They see everyone as an enemy, or they prey on the pain of others in order to

win. The appeal of "vice funds" comes from the idea of investors making money from someone else's weaknesses. I wonder how the fund manager would feel if he discovered people were working hard to exploit his personal flaws for their profit. When you live by the Golden Rule, every-

body wins. If I treat you as well as I desire to be treated, you win. If you treat me likewise, I win. Where is the loser in that?

**The Golden Rule is a compass when you need direction.** The Golden Rule does more than just give people wins. It also has internal value for anyone who practices it. Television commentator Ted Koppel says, "There's harmony and inner peace to be found in following a moral compass that points in the same direction regardless of fashion or trend." In a world with much uncertainty, I think many people are seeking direction. The Golden Rule provides direction. It never changes, even as circumstances do. It gives solid, predictable direction, and best of all, it actually works. **LE**

*John C. Maxwell is founder of the INJOY Group. This article is adapted with permission from his book, *There's No Such Thing as "Business" Ethics* (Warner). Visit [www.injoy.com](http://www.injoy.com) or call 1-877-225-3311.*

**ACTION:** Adopt the Golden Rule.

# Transformation

Master three key tasks.



by John P. Kotter

**N**O ORGANIZATION is immune to change. To cope with new technological, competitive, and demographic forces, leaders have tried total quality management, reengineering, restructuring, mergers and acquisitions, turnarounds and transformations—yet few of these efforts meet their goals.

Four mistakes cause most failures:

**1. Writing a memo instead of lighting a fire.** Too often leaders launch their initiatives by calling a meeting or circulating a report, then expect people to rally to the cause. It doesn't happen that way. To increase urgency, gather a key group of people for a day-long retreat. Identify 25 factors that contribute to complacency and brainstorm ways to counter each factor. Develop an action plan to implement your ideas.

**2. Talking too much and saying too little.** Most leaders undercommunicate their change vision, and their efforts to convey their message are not convincing. An effective change vision must include not just new strategies and structures but also new, aligned behaviors on the part of senior executives. Leading by example means spending more time with customers, cutting wasteful spending at the top, or pulling the plug on pet projects that don't measure up. People watch their bosses closely. Inconsistent behaviors fuel cynicism and frustration.

**3. Declaring victory before the war is over.** When a project is completed or an initial goal met, it is tempting to congratulate all involved and proclaim the advent of a new era. While you should celebrate results, don't kid yourself or others about the difficulty and duration of transformation. Once you see encouraging results in a difficult initiative, you are only six months into a three-year process. If you settle for too little too soon, you may lose it all. Celebrating is a great way to mark progress and sustain commitment—but note how much

work is still to come.

**4. Looking for villains in all the wrong places.** The perception that large organizations are filled with recalcitrant managers who resist all change is unfair and untrue. In most organizations, people at every level are engaged in change processes. Often managers bring issues to the attention of senior executives. In fact, the biggest obstacles to change are often vice presidents, directors, general managers, and others who have the most to lose in a change. So, you need to build a guiding coalition that represents all employees. People often hear the CEO cheerleading a change and promising exciting opportunities. Most people want to believe that; too often their managers give them reasons not to.



## Three Key Tasks

These four mistakes suggest three key tasks for change leaders:

**1. Managing multiple time lines.** To create a sense of urgency and avoid declaring premature victory, leaders must communicate that meaningful change takes years. At the same time, they create shorter-term wins and remind people that change is urgent precisely because it takes so long. Only short-term results with an effective, aligned vision offer high odds of sustained success.

**2. Building coalitions.** Leaders must win the support of employees, partners, investors, and regulators for many initiatives. Since you are likely to meet resistance from unexpected quarters, building a strong guiding coalition is essential. There are three keys to creating such alliances.

- **Engaging the right talent.** Building coalitions means assembling the necessary skills, experience, and chemistry. The best partners have strong position power, broad experience, high credibility, and real leadership skills.

- **Growing the coalition strategically.** An effective guiding coalition needs a diversity of views and voices. Once a core group coalesces, the challenge is

how to expand the scope and complexity of the coalition. It often means working with people outside. Leaders must know where and how to build support. That may mean giving others credit for success, but accepting blame for failures. It means showing a genuine care for individuals but a toughmindedness about results. Getting results is the best way to recruit allies.

- **Working as a team, not just a collection of individuals.** The more you support team performance, the healthier will be the guiding coalition. During change, leaders need to draw on reserves of energy, expertise, and trust. Real teams are built by doing real work together, sharing a vision and committing to a goal.

## 3. Creating a vision.

How do you build a vision? Many people assume that vision-building should resemble long-term planning: design, organize, implement. But defining a vision of the future does not happen according to a timetable or flowchart.

It is more emotional than rational. It demands a tolerance for messiness, ambiguity, and setbacks. The half-step back usually accompanies every step forward.

Day-to-day demands pull people in different directions. Having a shared vision does not eliminate tension, but it does help people make trade-offs. The alternative is to bog down in I-win, you-lose fights. Leaders must convey a vision of the future that is clear, appealing to stakeholders, ambitious yet attainable. Effective visions are focused enough to guide decision-making yet are flexible enough to accommodate individual initiative and changing circumstances.

Producing change is about 80 percent leadership—establishing direction, aligning, motivating, and inspiring people—and about 20 percent management—planning, budgeting, organizing, and problem solving. In most change efforts, those percentages are reversed. We continue to produce great managers; we need to develop great leaders. **LE**

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**ACTION:** Engage in the four tasks.



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