Innovative Teams

Management Reset

Positive Accountability

Leading with Dignity

Gain Dignity Intelligence

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Heavy Hitters

As fierce competitors face off to win share of market, we can really see the dust fly. The look in the eyes, snorting, and pawing signals they mean business.

Leadership Learning Modules

Package content on hot topics and seek applications.

by Ken Shelton

ONE EASY WAY TO LEVERAGE *Leadership Excellence* magazine—along with *Personal Excellence* and *Sales and Service Excellence*—is to use these three publications as a learning, development, and performance system.

Here's what we've developing: For the **three primary domains of development** (*personal/professional, sales/service,* and *management/leadership*), we will have: 1) template development plans; 2) searchable archive of articles; 3) learning modules on hot topics; and 4) a world-class monthly magazine (in digital and audio formats).

This is the world's most cost-effective results-effective do-it-yourself **people development program**. For clients who also do coaching, consulting, training, facilitating, and live and mediated events, this development method is a very attractive option with relatively low barrier to entry (extremely cost effective).

New to our system this year are the *Leadership Learning Modules*. I'm now creating **one learning module a month**. This month's *module* focuses on *Engagement*. The format will be:

•*Pre-assessment:* How engaged are your people? (survey or guess?) What benefits might you gain by having a more engaged workforce? What wise investment are you willing to make to boost engagement?

• *Readings:* This includes 16 of our best articles on boosting employee engagement. You might have a team of three to six people and assign each person to read one or more articles and report on them, including major ideas and recommendations for application.

• *Application Exercise:* What do the LE thought leaders recommend? Combine ideas from these articles, along with team member recommendations. What ideas are most relevant and rewarding for us? What *actions* will we take? Who will facilitate this application? Who will do what by when with what accountability? How will we measure the gain in *engagement*? How will we reward, recognize and celebrate this gain? What end results are we after? How will we know when we have achieved them?

We are sending this learning module on *Engagement* with our September magazines. So, I encourage you to access it and apply it.

October LE to Include Leadership 500

Once again in October LE, we will feature and rank the best leadership development programs, along with their directors, and the 50 best practices in LD.

This, too, is a chance to learn from the best to improve your program or process for developing leaders.

SJF Institute's Report on Engagement

Employees Matter: Maximizing Company Value Through Workforce Engagement profiles two dozen fast-growing firms that utilize employee ownership and engagement strategies that are closely linked with improved performance.

The report uses these company profiles to frame and illustrate **10 best practices** for engaging employees.

"We chose companies that are less known but that have great stories to tell about how they engage all team members for maximum business success," said Anne Claire Broughton, SJF Institute Senior Director and author of the report. "These strategies are of critical importance with today's well-informed, creative workforce."

The companies profiled in *Employees Matter* represent a range of sectors and geographies. They range from 50 to 3,500 employees and have average revenues of $35 million. Seven are venture backed, and all but three have entry-level employees. All of the companies profiled have low employee turnover and very high customer satisfaction rates and strong year-to-year customer retention. Ten describe ways that employee engagement practices directly helped them survive and thrive during the recession.

Two top employee engagement strategies detailed in *Employees Matter* are *communicating the core values clearly and consistently* and *sharing ownership broadly* via stock options, restricted stock, ESOPs, or co-ops. "When team members understand their company's core values, they can be empowered to act quickly and make good decisions," Broughton explained. "And when employees think and act like owners, they provide better customer service and find every possible way to build company value." Visit www.employeesmatter.org or www.sjfinstitute.org or call 919-530-1177.

Ken Shelton
LE
Editor since 1984

LE Guide

Executive Excellence Publishing

Positive Accountability

Go from casual to committed culture.

by Walt Zeglinski

*I*F YOUR EMPLOYEES *don't know where you're going, almost any road will get them there.* These words send chills through the hearts of leaders—and it's why they develop business plans. But even the best-intentioned, savviest plans can fail if employees lack commitment. But you can't just mandate commitment. Leaders who achieve the promise of their plans create *positive accountability*—a powerful, healthy culture that results from goal alignment *and* workforce engagement.

Goal alignment is a common challenge, yet its solution can be as simple as *how goals are set*. If developed through top-down collaboration with employees, strategic imperatives will cascade to frontline behaviors, *dramatically impacting performance*. Effectively channeling employees' talents boosts their productivity and job satisfaction. And satisfied employees often become high-performing and passionately engaged—willing to give their *discretionary efforts*.

Addressing *alignment* and *engagement* challenges can result in big bottom-line dividends. Consider *high-performance cultures* like Google and Southwest Airlines. They sustain their competitive advantage by leveraging the commitment of their employees. Their *cultures* drive alignment and engagement to achieve their strategic goals.

The *Positive Accountability Model* illustrates **four different profiles.** Varying degrees of *Goal Alignment* and *Workforce Engagement* can result in *Casual, Compliant, Chaotic* or *Committed cultures.*

Casual Culture. Employees in this culture are unclear about how personal contributions support the organization's success and, often, they don't care. Most organizations struggle with *disengaged employees,* but *Casual Cultures* have more than their share.

You'll often spot the *Casual Culture* in the wake of a merger, acquisition, or new CEO. It's often embedded in entrepreneurial companies, fueled by passionate, egocentric leaders, rather than by calculated ones who, instead, implement collaboratively planned process discipline.

In a *Casual Culture*, people often do mediocre work, showing up and following bare-bones procedures. They lack passion for the mission, and often don't understand why or how they need to achieve both personal and company goals. The *Casual Culture* often operates in "survival mode."

What to do? Use consensus-building to develop and implement strategies that set clear goals and expectations, a *Vital Factors* metrics-based system to inspire success, and the means to hold people accountable. Once developed, the consensus plan must cascade through the organization, and be communicated in both word and deed.

Leaders must also leverage the strong ties created by *alignment* to improve *engagement*. When people feel that their goals and tasks have meaning, they're more likely to provide *an extra measure of*

Positive Accountability
Workforce Engagement — CHAOTIC — COMMITTED — CASUAL — COMPLIANT — Goal Alignment

accountability, leading to *goal achievement.*

Compliant Culture. This culture is clear about individual goals, but not about how these goals connect to strategic outcomes. People may understand the direction yet remain disengaged, resulting in a deceptive behavior pattern of doing what is asked but little more. This creates the *it's not my job syndrome,* as leaders find it hard to tap into the *discretionary efforts* of their people. When this behavior becomes pervasive, it's difficult to get things done and to implement change.

Overcoming this accountability barrier often requires effective, inspiring leaders who encourage open, honest communication. If a safe environment can be established it's possible to reverse this dysfunctional behavior. They enable team members to understand the business rationale behind their goals and take risk in an effort to achieve them. It will empower these employees to *discover* the alignment between what they do daily and their

company's goals. When an employee develops positive attitudes and beliefs relative to goal achievement, their motivation to maximize their potential grows along with the passion in their commitment to company results.

Chaotic Culture. Most employees in this culture are engaged but unclear about their goals. These cultures diffuse energy and squander talent. There's ample activity with little to show for it. People have the talent and passion for greatness, but their strengths can sour if not channeled into predictable, focused behaviors. Without clear expectations, confusion reigns. Employees commonly fail and leave because they don't know or understand the expectations.

What's needed is *goal clarity*, managed by a leader who sets expectations and deadlines for achieving them. To ensure employee engagement, leadership should encourage participation in building a plan based around SMART goals—*Specific, Measurable, Aligned, Realistic* and *Time-bound*. Then, leaders must *hold the team accountable* through regular performance reviews and determine what goals have been met and any corrective action needed.

Committed Culture. In this culture, people are engaged with a clear understanding of the goals. This culture maximizes the potential of its employees and *consistently* achieves goals. It's the healthiest of workplaces—what every leader should strive to achieve. People work with clarity and purpose and, though they might not always meet all goals, they commit to an action plan to fulfill them. Because they understand what success looks and feels like, they can develop the attitudes and beliefs that release achievement drive. This provides the energy and motivation to execute with accountability.

A *Committed Culture* isn't foolproof. An aligned, engaged culture must be nurtured to sustain performance standards. *Regular progress reviews can ensure employees are meeting their goals and whether corrective action is necessary*.

Why strive for a *Committed Culture*? When people are *fully engaged* and *clear about goals*, they'll be loyal to the core. And loyal employees inspire loyal customers—emotionally satisfied customers who refer new customers and generate repeat sales. Developing a *Committed Culture* unlocks the secret to plan execution, profitable growth, and a culture of *Positive Accountability*. **LE**

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ACTION: Create a Committed Culture.

Employee Engagement

10 practical steps that drive results.

by Bob Kelleher

THIS ECONOMY HAS taken its toll. Training budgets have been slashed, wages frozen, promotions delayed, and employees asked to *do more with less*. We're entering the era of the *disengaged*. Many employees will seek new employment when companies start hiring again. Are you prepared?

I also project that we won't return to pre-recession turnover levels. For instance, if your voluntary turnover dropped from 15 to 5 percent, the 10 percent of people who didn't leave last year are now in queue and will be *in addition* to your 15 percent of voluntary turnover. Can your company handle *25 percent turnover*? How will this impact *employee engagement*, *client satisfaction*, and *the bottom line*? Leaders need to adopt *10 engagement and retention practices*:

1. Link your engagement efforts to high performance. *Employee engagement* is not about *employee satisfaction*. You don't want a team of *satisfied* but *underperforming* employees. I define *engagement* as *the unlocking of employee potential to drive high performance*. Employee *satisfaction* should be an *outcome* of a great culture—not the *goal*.

2. Engagement starts at the top. A key engagement driver is the actions of senior leaders. Leaders must demonstrate support for an engaged culture by living the company values. Leaders have large shadows—people are watching everything you do!

3. Engage first-line leaders. *Employees join great companies but quit bad managers.* The key driver of engagement is *the relationship with managers*. If line managers are disengaged, employees are *four times* more likely to be disengaged.

4. Focus on communication—the cornerstone of engagement. Recognize the power of a robust communication plan—one built on clarity, consistency, and transparency. Leverage the communication venues (especially social media), and tailor communications to reach vastly different generations.

5. Individualize your engagement.

Tailor your communication approaches, rewards and recognition programs, and training and development investments to the unique motivational drivers of each employee. It's insufficient to *treat people the way you want to be treated*. The new mantra is *treat people the way they want to be treated*.

6. Create a motivational culture. Leaders can't motivate employees' long term. They must create *motivational cultures*. Leaders need to understand the different *intrinsic motivational drivers* of their employees. A key engagement driver is *empathy*. You will get more discretionary effort when employees think you care about them as people!

7. Create feedback mechanisms. Ask employees what they think. Use engagement surveys to check the organizational pulse. How engaged are your employees? Are you capturing their *discretionary effort*? Are you asking *what do you think?* in engagement surveys?

8. Reinforce and reward the right behaviors. People are more motivated by *achievement* than *money*. In fact, *money* can disengage if employees perceive unfairness. Since you get the behavior you measure, I suggest a blend of both quantitative and qualitative metrics.

9. Track and communicate progress. Put a *balanced scorecard* in place. Employees are no different than leaders—they both want to work for a *winning* organization. You need to tell your employees where the organization is headed, how the company is performing, and where they fit in. These are key alignment and engagement necessities.

10. Hire and promote the right traits and behaviors for your culture. You have a *hiring issue*, not an *engagement issue*, if you're hiring *the wrong behaviors and traits to succeed in your culture*. Use my *BEST* profile of staff selection: Beyond looking at *education* and *skills* (E/S), recognize that people succeed or fail because of their *behaviors* and *traits* (B/T).

You need a *sustainable retention and engagement strategy*. Think of your *engagement investments* and efforts as a dimmer light switch: during financially challenging times, you lower slightly; during boom times, you elevate slightly, while continuously communicating with your employees the realities of business challenges and successes.   LE

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ACTION: Take these 10 steps to engagement.

Management Reset

You can achieve sustainability.

by Edward E. Lawler III and Christopher G. Worley

THE TIME FOR A MANAGEMENT RESET has come, and it's not simply a matter of making leaders more effective or adopting the latest twist on how to engage employees. It must be a *seismic change*—a complete rethinking of objectives and how they're achieved.

What does this new world of management look like? Consider this: *Your work week begins with you walking into a company meeting of 150 people. While most people are physically present, many are attending virtually. Everyone has gathered to design a new product or service solution to reduce water use in rural homes—an issue your futuring process has determined will soon become a huge environmental issue in Southeast Asia. Included in the meeting are company employees as well as members of non-governmental organizations, governments, health officials and potential customers.*

For the next two days, you work in small groups, describing and designing a solution that everyone agrees will generate a reasonable profit, a positive impact on the natural environment, and an improvement in the quality of life in rural communities. At the end, you are exhausted, but delighted by the outcomes. You wish you could go to your office to decompress and catch up on, but you don't have an office. Instead, you access your video mail via the link in your car and go home to your family.

• *Will environmental and social issues be a front-and-center issue in the next management reset?* Absolutely. *The next reset will require companies to be as keenly tuned to a range of societal stakeholders as they are now to a range of investors.* This orientation already exists at Patagonia, PepsiCo, and Unilever.

• *Will you get a chance to think ahead and address issues before they become crises?* Yes, and it won't be just you and a few key managers—the process will include *most employees* and *key stakeholders*. Such *broad involvement* in thinking about the future is the only way leaders can keep up with the pace of change.

• *Will your job description call for*

you to participate in group design meetings? No, because *job descriptions have lost their usefulness.* The next management reset will acknowledge that *jobs are an obsolete notion.* Instead, *work will be defined by the projects and initiatives that drive current effectiveness and create future strategies.* And your place in the hierarchy won't give you power—there are many leaders, and people rise to the occasion when leadership is needed.

• **Will offices be a thing of the past?** Yes, and mostly *they already are.* Offices are expensive artifacts of an era when the Internet did not exist and office size and location was a source of status and a valued reward. In the next reset, *where you work will be determined by what you are doing and who you are doing it with.* It is likely to be conducted in *virtual space.*

So what else should you expect to see, as the corporations become *sustainable management organizations* (SMOs)?

• **The way value is created.** SMOs substitute *robust strategies* for competitive ones. A *robust strategy* succeeds over a broad range of conditions over time and changes to address short-term opportunities and threats. It is crafted to create a combination of social, environmental, and economic value. It looks for a series of momentary competitive advantages.

• **The way work is organized.** SMOs need a design that makes them *adaptable and responsive* to changing conditions and multiple stakeholders. The structure, work processes, and management processes of SMOs need to facilitate innovation and execution, collaboration and efficiency. This requires: high contact between employees and the business environment; the development of innovative units; flexible, budget-less control systems; new ways of working; and value-creating networks.

• **The way people are treated.** The right talent must be attracted, retained, developed, and motivated. To do this, SMOs need reward systems that focus on skills; TM systems that identify and retain the "right" employees; and performance management systems that are tied to the organization's strategy.

• **The way behavior is guided.** How employees behave is strongly influenced by the combination of their leadership style and culture. SMOs need to be led with an approach that creates leaders everywhere and that rejects the imperial CEO model. They need a culture that loves change, innovation, and sustainable performance. LE

Edward E. Lawler III and Christopher G. Worley are co-authors with David Creelman of Management Reset: Organizing for Sustainable Effectiveness *(Wiley). Visit www.edwardlawler.com.*

ACTION: Seek to achieve sustainability.

Innovative Teams

Here's how you create one.

by Jeff Dyer, Hal Gregersen, and Clayton M. Christensen

ASK ANY CEO ABOUT THEIR STRATEGIC priority list, and *innovation* and *creativity* are likely to be at the top. But *how* do you go about *being creative?* Some leaders and companies, like Steve Jobs, are simply natural innovators, right?

After conducting an *eight-year study* into what makes creative people tick, we believe that *innovators*—and their companies—*are not born, but made.* Your company could be as innovative and impactful as the most creative ones—if you create the conditions that enable innovation to flourish. How? First, stop pointing fingers at someone else and take a hard look at yourself. To spread innovation company-wide, *you must lead the innovation charge by being personally responsible for coming up with innovative ideas.* Once you take ownership of innovation, create conditions that encourage innovative behaviors. Populate the organization with *people* who are like you (innovative), *processes* that encourage innovative skills, and *philosophies* (culture) that encourage everyone to innovate and take smart risks.

• **People.** Innovative companies are often led by *founder entrepreneurs,* leaders who excel at discovery and lead the innovation charge. In fact, these leaders show a *higher discovery quotient* and have *stronger discovery skills* in all management levels and each functional area. They also monitor and manage the appropriate mix of decision makers' discovery and delivery skills during the innovation process (from *ideation* to *implementation*). Finally, they often create a senior-level position focused on innovation. These companies are wiser about the strategic use of discovery-driven people.

• **Processes.** Just as inventive people engage their questioning, observing, networking, and experimenting skills to spark new ideas, innovative organizations develop processes to encourage these same skills. *Most innovative companies create a culture that reflects the leader's personality and behaviors.* For example, Jobs loves to ask *what if* and *why* questions, and so do Apple employees. AG Lafley has devoted hundreds of hours to observing customers, just as anthropologists observe tribes, and has put processes in place for observing customers at P&G. Marc Benioff is a great networker, and at Salesforce.com he introduced *Chatter* and other networking processes to help employees network for unusual ideas. An exceptional experimenter, Jeff Bezos has tried to *institutionalize experimentation* processes at Amazon that allow employees to go down blind alleys in pursuit of new products or processes. By creating processes that mirror their discovery behaviors, *these leaders build their personal innovator's DNA into their organizations.*

• **Philosophies.** These discovery processes are supported by *four guiding philosophies* that imbue employees with the courage to try new ideas: 1) *innovation is everyone's job;* 2) *disruptive innovation is part of our innovation portfolio;* 3) *deploy lots of small, properly organized innovation project teams;* and 4) *take smart risks in the pursuit of innovation.* Together, *these philosophies reflect the courage-to-innovate attitudes of innovative leaders* who believe innovation is their job, so they constantly challenge the status quo and take risks to *make change happen.*

Innovative companies don't relegate R&D to one unit. Instead, *everyone, including the top management team, is expected to come up with new ideas.* The notion that *everyone should innovate and challenge the status quo* is supported by a risk-taking philosophy, such as IDEO's *"fail soon to succeed sooner."* Remarkable companies show a tolerance for failure—even see failure as a natural part of innovation. Moreover, since they believe that *everyone can be creative,* they work hard to keep units small so that each employee feels empowered and responsible for innovating.

Innovative companies build *the code* for innovation into *people, processes,* and guiding *philosophies.* To *think* different, you and your people must *act* different. You can influence the right behaviors by shaping these three key catalysts. LE

ACTION: Create innovative teams.

Leading with Dignity

Violations mean lost productivity.

by Donna Hicks

LEADERS OF ALL KINDS —in politics, business, education, military, faith communities, and aspiring leaders—all have highly developed intellectual capacities (many of them are graduates of the best universities).

They also report the same major leadership challenge: knowing what to do in charged emotional situations. They rarely feel confident when faced with people who are experiencing outrage; who feel they are being treated unfairly; whose unacknowledged grievances have made them irate fighters. *They don't know what to do when faced with people who have experienced repeated violations of their dignity, which are highly charged emotional events.*

While I witnessed the powerful impact that a violation of dignity created, I also saw how ill-equipped most leaders are in handling these emotional upheavals. Their *default reaction* is to *use their authority* and *position power* to control the situation, often leaving the aggrieved people angrier, more resentful, and less willing to extend themselves in their jobs or roles. Their *dignity violations* remained unaddressed, contaminating the work environment.

Most leaders resort to this *default reaction* to exert authority and control over a volatile emotional situation because *they are afraid of it*. They fear the emotional reaction and *being exposed and embarrassed by a bad move or a flawed policy.*

I've seen otherwise brilliant leaders get caught in the traps that ignorance of how to best handle dignity violations creates. They aren't trying to make life difficult for those whom they lead—they simply lack the knowledge, awareness, and skills they need to navigate through emotional turmoil. Thus, *even technically gifted and well-intentioned leaders can create an undignified culture.*

Today, leaders need to be educated in all matters related to dignity—both *the human vulnerability to being violated,* and *the remarkable effect it has on people when they feel seen, heard, understood, and acknowledged as worthy.* The emotional impact of treating someone well and honoring their dignity has benefits that are *incalculable* everywhere people cluster—in families, communities, workplaces, churches, and nations. *It's the easiest and fastest way to bring out the best in people.* The opposite is equally true: *treat people as if they don't exist or matter and watch how fast a destructive, if not violent, emotional storm erupts.*

Leading with dignity means embodying what it looks like to treat others as if they matter, to know what to do with people when they have been violated, and to know what steps to take when they have violated them.

Dignity Intelligence

To lead with dignity, first **take six steps** to become more aware:

1. Know the inherent value and vulnerability of others: Knowing that *others have inherent value and intrinsic worth* and

are vulnerable to the way we treat them holds us responsible for our actions.

2. Learn how to treat yourself and others with dignity. While we are all born worthy, we need to learn how to act like it. The desire to be treated with dignity is universal, but we have to learn how to treat others with dignity, and how to demonstrate our own.

3. Be aware of the power you have to affect others. Know that *if you treat them with dignity, it will strengthen your relationship*—and that *treating people badly will have immediate negative consequences.* Leaders set the tone in the culture.

4. Practice ways to honor the dignity of others. Knowing the *10 essential elements of dignity* (*accepting identity, recognition, acknowledgment, inclusion, safety, fairness, independence, understanding, benefit of the doubt,* and *accountability*) enables you to communicate in ways that show you recognize their value and worth.

5. Acknowledge the power of being vulnerable with others. Your emotional default reaction predisposes you to not want to look bad in the eyes of others, making it difficult to own up to a wrongdoing. You may think that by exposing a mistake or a wrongdoing, you will leave yourself vulnerable to looking weak. The opposite is true—it takes strength to be vulnerable.

6. Recognize how difficult it is for subordinates to speak up about dignity violations they experience from their leaders. Inherent in hierarchical structure is the possibility that leaders are insulated from taking responsibility for their hurtful behavior, and those experiencing the violations do not feel safe to speak up f*or fear of retribution.*

Actions to Enhance Dignity

Here are four steps that leaders can take to create a culture of dignity:

1. Commit to learning about the role dignity plays in establishing a healthy and productive work environment.

2. Make an effort to honor the dignity of your employees, both in everyday interactions and in the policies you create, using the 10 elements of dignity as a guide.

3. Create a culture where people feel safe to speak up about the dignity violations they experience. Invite them to talk to you regularly about ways that you or policies may violate their dignity.

4. Take action to address the situation when you learn that other managers are violating the dignity of others. Make it company policy to take responsibility for the harm one causes others. No one is immune to accountability.

There is *no greater leadership challenge* than to lead with dignity, helping us all to understand what it feels like to be honored and valued. Employees yearn to see good leadership. They all know how difficult it is for their leaders to take courageous steps that could leave them vulnerable—such as *overriding the need to save face by admitting to having made a mistake; stepping beyond what is safe and comfortable by apologizing for hurting others; confronting a fellow leader who has repeatedly violated others; championing one's employees when their voices are not enough to speak up to a failed policy that violates their dignity.* While we all recognize how difficult leadership can be, we expect that the title of *leader* means something. We want it to mean that by watching dignified leadership, we, too, can expect more of ourselves and not succumb to the *default mode* of *making excuses for not doing what is right.*　**LE**

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ACTION: Practice ways to honor others' dignity.

Good Company
It pays to make the grade.

by Laurie Bassi, Ed Frauenheim and Dan McMurrer

THE BUSINESS WORLD IS CHANGING, IN a way that is good news for the *good guys*. Firms that are good employers, sellers, and stewards of their communities and the environment make more money than the *bad guys*. We present hard-nosed, eye-popping evidence that has enormous implications for professionals in LE and OE.

A convergence of forces, ranging from the explosion of online information-sharing to the emergence of the ethical consumer and the arrival of civic-minded Millennials, is forcing companies to become *good company* to their employees, customers, and investors. In effect, technology-fueled *people power* is shifting the rules of business and giving rise to a new economic era—the *Worthiness Era*.

Worthiness goes beyond *corporate social responsibility*. The term *responsibility* carries a ring of reaction, of responding, of taking action only after being questioned. By contrast, *worthiness* conveys a sense of intrinsic virtue, of purposefulness, of doing the right thing without being asked.

Worthiness also pays off. We created the *Good Company Index* (GCI) to look at Fortune 100 companies' records as *employers*, *sellers*, and *stewards*, assigning each firm a grade from A to F. We then studied the relationship between *GCI* scores and stock performance. The results show: *goodness has its rewards*. When we compare pairs of Fortune 100 companies within the same industry, we find that those with higher scores on the *GCI* outperform their peers in the stock market over periods of one, three, and five years. For example, over three years, the company with the higher *GCI* score performs, on average, 4 percentage points better per annum in the stock market than the paired company from the same industry. The better companies are, compared to peers, the more they outpace them. *Goodness comes with a tailwind.*

Making the Grade

So how can you help your company make the grade? Follow four steps:

Step 1: Get the facts. Tap the wisdom and insights of the people who know your organization best—your employees. If you do this in the right way, you will unearth a treasure trove of actionable business intelligence about the steps that need to be taken to become a better employer, seller, and steward. Start with a *really* smart employee survey. You'll need to think outside the box here, because the traditional HR employee engagement survey won't get you where you need to be. You'll need to tap the wisdom of your workforce to identify ways to become a better seller, steward, and employer. We offer frameworks you can use to assess your company in these areas.

Step 2: Do some analytic sleuthing. By applying statistical tools to the data

in Step 1, you can identify *the specific capabilities that are pushing you in the right direction*—of being a better employer, seller and steward—as well as *the weaknesses that are impeding progress on these fronts*. Thinking about this from a six-sigma perspective can help you find the positive and negative sources of variations in *outcome measures* that capture how well you are doing as an employer, seller and steward. Some may be *hard* outcome measures—data on *key performance indicators* that you *map* to the smarter employee survey data. Others may be *soft* (proxy) measures for outcomes that you gather in the survey—such as employees' perceptions of your strengths and weaknesses as a seller and steward. Your employees have insight into these outcomes, and your job is to be smart about how you unearth their insight. It's not enough to just measure *strengths* and *weaknesses* (Step 1). Step 2 will tell you what's most important. Such *linkage analysis* has been a missing link on the people side of business.

Step 3: Develop a fact-based, prioritized strategy. By analyzing *what's most important* and combining it with *measures of strengths and weaknesses*, you can create a *compelling business case* to document where your company needs to invest to become a better employer, seller, and steward. You may find that some of your strengths are such important drivers of being a good employer, seller, or steward that you need to get even better at them. Step 1 may reveal that you have a high score on, *We have processes that enable us to be highly responsive to customer input,* but Step 2 reveals that improving these processes is critical to becoming a better seller. Or, you may discover that some of your *weaknesses*—as measured by low scores— turn out not to be drivers of important outcomes. The results will point you to *the specific levers that you can and should pull*—in your LD programs and OE initiatives—to make the grade.

Step 4: Cultivate intangible traits. You need to foster in your culture several *harder-to-measure traits*. We identified *five attributes* for being a good employer, good to customers, and a good steward: 1) *Reciprocity* is the shift from an *exploitation mindset* to one of cultivation, of seeking *mutual benefit* via win-win interactions; 2) *Connectivity* refers to the need (and *emergent power*) of people to be connected, informed, and effective; 3) *Transparency* means sharing information and exposing the reasoning behind decisions with stakeholders; 4) *Balance* means the wisdom to make judgment calls amid competing priorities; and 5) *Courage* refers to *taking risks* and *doing what is right*, despite possible adverse consequences in the short run. Keep these traits in mind as you groom leaders.

There is a big, and growing, financial payoff to being a good company. You need to get the facts—beyond traditional notions of employee engagement—and develop a fact-based prioritized strategy for the investments that will matter most. At the same time, you should attend to intangible traits that lead to greater *worthiness*.

Going down this path will help you get the budget you need, maximize the impact you have on results, and prepare you for the emerging *Worthiness Era* by becoming one of the *good guys*. **LE**

ACTION: Become known as a good company.

Band of Brothers

Learn lessons from Horatio Nelson.

by David Parmenter

IN TRAFALGAR SQUARE stands a large monument to Lord Nelson. It is said that much of the funds to build the 170-foot-high monument came from sailors who survived the many torrid battles Nelson masterminded.

I explore Nelson's achievements through a model of *winning leadership*. This model looks at leadership from two perspectives: 1) what foundations stones need to be in place in order to lead? and 2) what traits does a leader need to master in order to be effective? Nelson had *five foundations stones*.

1. Minimize personal baggage. He knew how past experiences can color behavior. While he lacked the tools now available to leaders to understand better his own personal baggage, he maintained an active counsel with his band of brothers who kept him largely on the straight and narrow.

2. Love thy neighbour as thyself. Winning leaders have *integrity*, *honesty* and *love of the common man*. Nelson demonstrated these traits many times; for example, upon capturing a Spanish ship, he returned the troops to Spain unhurt. After battles, he would rescue as many of the foreign sailors as possible. When visiting injured sailors, he gave a guinea to nurses who cared for the sailors. He also gave his Nile medal to a widow who mentioned that her late husband's medal never arrived.

3. Master communications and PR. From an early age, Nelson understood that he needed to self-promote. He was never slow in ensuring his feats were recorded correctly in dispatches to the Admiralty. Letter writing was part of his day, whether it be dispatches to inform the Admiralty, the daily requirement in running a fleet of ships, or, sending condolences to family members of dead crew. There are over 2,000 letters in collections worldwide.

4. Use mentors and have a safe haven. Nelson was blessed with a series of mentors—wise individuals who could see the potential in Nelson and became trusted advisers to him. Nelson's entry into a Naval career began early when his Uncle Maurice Suckling took him on as a ship boy and facilitated Nelson's first captaincy at the age of 21. He learned warfare from Captain William Locker, who pointed out that the way to beat a French boat was to "lie up close to her."

5. Be fearless in your pursuit of legacy. Nelson knew as a youth that he would be famous and save the English from a French invasion. His conviction that he was the person for the job was contagious; and, leading up to the battle of Trafalgar, Nelson had achieved the fame he so much desired—being revered by the adoring British Public. Nelson permanently changed the navy. He left the fleet with sea captains who were at the forefront of sailing, *adept* at applying modern techniques, *knowledge-*

able in the detail management required to ensure a fleet was well provisioned and who excelled at sailing in battle.

14 Winning Traits

From this platform Nelson's 14 winning leadership traits included:

1. Crisis management. Nelson was great in a crisis. His skills separated him from other admirals. His speed in making decisions left others in their wake. For great leaders, time stands still in a crisis. Nelson was famous for his humor and uplifting spirit in testing moments, including at the large dinner on board *HMS Victory* for his band of brothers, on the eve of the Battle of Trafalgar.

2. Abandonment. Nelson challenged the old thinking that had been part of the Navy for centuries. He changed the welfare of sailors by emphasising the importance of fresh fruit and vegetables. He looked after the sailors' prize money and their share of taken vessels. Nelson *radically reshaped naval warfare,* ensuring the French fleet never had a chance.

3. Decision making. Nelson was very decisive. He could make the hard calls, and rely on his gut instinct when information was not available. His *gut instinct* led to the British fleet locating the French fleet moored by the Nile mouth off shore from Egypt. It was his rapid decision to go straight into battle, even though dusk was upon them and the danger of friendly fire was very real, that left the French so unprepared.

4. Recruiting and promoting. Nelson surrounded himself with competent captains, creating a *band of brothers*. He was quick to spot young talent—lieutenants and captains who showed the same attributes as himself were quickly moved up the ranks. He absorbed them into his *band*, overseeing their careers.

5. Abundance of positive energy. Nelson never gave up his pursuit of the French fleet (chasing them around the Mediterranean and through the straits of Gibraltar in a mad dash to the West Indies and back). He liked to celebrate. Every evening and lunch was a time for a large sit down meal with his captains. After the Battle of the Nile, he met annually with all the captains to celebrate the victory. Nelson could talk with the sailors from all decks. They knew he had started as a Captain's boy below decks. He knew their hardships, language, humor. *He was a one of them*.

6. Positive relationships with stakeholders. Nelson kept the Admiralty informed. He ensured that while he might override an admiral's decision (using his blind eye at the Battle of Copenhagen) the Admiralty knew the reasons—and that he should have been in-charge. His control over the situation meant that he was never reprimanded for his seemingly reckless actions. He kept *healthy working relationships* with key suppliers. He wrote to them often, discussing quality of supplies and pricing. He made it clear what was expected and that any cheating would be found out and mean a loss of contract.

7. Student of psychology. Nelson realized that sailors could be coerced in to battle but would be happy to raise the white flag unless they had a real fire in their belly. He created a "all for one and one for all" mentality within the fleet and was quick to sort out captains who did not manage their men well.

8. Creating the future. Nelson could visualize things ahead and plan accordingly. Extensive planning was needed to maintain an eight-month blockade of the French fleet. Ships had to be freed from duty for repairs and fresh provisions organized. He ensured that his ships and crew were better provisioned,

fitter, healthier and better trained than the French. Thus, in a tough contest, the British fleet would prevail. He was aware of the risks and discussed tactics endlessly over meals with his team so that all the captains knew what to do in the heat of battle that was best for the fleet. They would act as one, a *band of brothers*.

9. Managing critical success factors. Nelson's motto in battle was to *get up close* to the French. He knew the British ships could fire their cannons more frequently and quickly and gain submission after some carnage on both sides. The sailors followed Nelson's view that *death in combat was a noble way to go*—and survivors were assured *a share of the spoils*.

10. Champion of innovation. Nelson was innovative. In one sea battle, he boarded a ship only to find a better one alongside. So, he jumped to storm the bigger prize, the San Josef. Such was the surprise that both captains surrendered to a smaller force. Nelson challenged all the old ways of running a navy. With his band of brothers, he introduced innovation across the navy.

11. Execution. Nelson was excellent at execution. He saw his role as finishing off any threat from the French on the seas. After the Battle of Trafalgar, Britannia ruled the waves for 100 years.

12. Develop, engage and trust. Nelson had the knack to energize others. He selected captains and crew that shared his passion for the Navy and the need to succeed over French and Spanish fleets. He gave recognition freely to his staff. To him, gratitude was all part of the day's work for a leader. He knew his team inside out and remembered sailors for decades.

13. Valuing results and people. Nelson had ambitious goals. He was always ready to take the French on— no matter what the odds. Trusting on teamwork, a shared objective, and a do-or-die attitude. While being a sailor in Nelson's fleet meant a retirement was not guaranteed, sailors and officers knew that when not in battle their livelihood was very much at the forefront of the commander's mind.

14. Gather and learn from experiences. From an early age, Nelson managed his experiences and his career. At the age of 12, he was a cabin boy on his first sea voyage. He sought to sail with captains known for their abilities. He used his uncle's connections to secure the opportunities that a gifted leader should have. *He left nothing to chance.* LE

ACTION: Learn and apply lessons from Nelson.

Lessons for Leaders
From the great communicator.
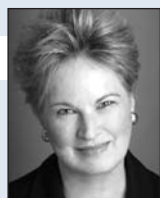
by Margot Morrell

COLLEGE GRADUATES of 1932 faced a bleak future. Unemployment stood at 24 percent. The Dow Jones Industrial Average hit bottom at 41.22 on July 8, 1932. But one newly-minted graduate of tiny Eureka College refused to be daunted.

That gloomy summer, young *Ronald Reagan* had a series of conversations with his mentor, Sid Altschuler, a cheery businessman from Kansas City. As the two chatted one evening, Altschuler pointed out that the depression would not last forever and then asked Reagan a life-changing question, "What do you think you'd like to do?"

Like most people, Reagan hadn't thought about his future in that way. So for the "next several days and sleepless nights," Reagan *wrestled* with Altschuler's question and faced his own "future with the realization that no good fairy would whisper in my ear and answer the question of what did I want to do."

Altschuler's question prompted Reagan to review the successes he had achieved so far in life. He had often been cast as the leading man in high school and college plays. At Eureka, he had won varsity letters in football, swimming and track. Working on a political job, he had earned the astronomical sum for the era of $250. Ten years later, at the peak of his Hollywood acting career, he told an interviewer that he realized his "heart was in dramatics, football and politics." With extraordinary clarity, he had identified his lifelong interests. Throughout his life, every time his career stalled, he took time to re-examine his innate talents and strengths.

In the summer of 1932, Reagan decided he wanted to entertain people and that he loved sports. Seeking a way to combine the two interests, he zeroed in on a career as a sportscaster. Altschuler didn't have any contacts in broadcasting. What he did have to offer Reagan was advice. He approved of the choice of a career in a growing industry and told Reagan "to start knocking on doors" and to take any job just to get his foot in the door.

Reagan followed Altschuler's advice to the letter. Putting mentors' advice into action was one of Reagan's distinguishing strengths. He hitch-hiked to Chicago and spent a frustrating week, pounding the pavement and sleeping on a friend's sofa. On Friday, he headed home in the rain with seemingly little to show for his efforts. At WMAQ, Chicago's NBC affiliate, though he had met a young woman who gave him some much-needed encouragement. Less than a year later, thanks to Altschuler and this one contact, Reagan was on his way to being a radio star in the "solar plexus of the country."

Altschuler's question had reframed his thinking. Instead of thinking about "a paycheck and security," Reagan focused on what he "would be happy doing for the next few decades." In 1942, Reagan summed up his thinking on career planning, "Love what you are doing with all your heart and soul" and "believe what you are doing is important." And, "If, when you get a job, you don't believe you can get to the top in it, it's the wrong job."

Reagan's story is as much a parable as it is history and a model for anyone starting out in life. From an unpromising beginning, Ronald Reagan coached himself to the top of five separate professions—sportscaster, actor, union leader, public speaker, and politician. His life and career didn't always go smoothly. Four times his life slammed into a brick wall—a heartbreaking divorce from Jane Wyman, the collapse of his movie career, the termination of his relationship with General Electric and a hard-fought loss to Gerald Ford in the 1976 primary campaign for president.

And yet every single time, he picked himself up and kept going.

Today we think of Ronald Reagan as remarkably successful. It's heartening to remember that, like the rest of us, he faced challenges and hardships at the beginning of his adult life. He once said, "You've got to work for the thing you love, you always do." LE

ACTION: Learn from the Great Communicator.

Seven Trust Busters

Avoid these mistakes in M&As.

by Dennis Reina and Michelle Reina

MERGERS AND ACQUISITIONS ARE ON the rise, and industry analysts now predict more than $3 trillion in global M&A activity for the year. Too bad most of the deals will fail.

Yes, by all accounts, 70 percent of M&A deals fail to create value and, according to one recent study, half even destroy value. And that's an abysmal record.

So, why do the majority of M&As fail? Simple: the people side of the deal—so critical to success—is too often ignored or overlooked. Executives focus on the business issues but not the *human* issues. As a result, employees—who, at best, feel marginalized—lose all trust in leadership. An us-against-them mentality ensues, and workers withhold the very talent and energy required for a successful merger.

Avoid Seven Mistakes

Merging execs can easily circumvent the most common mistakes— trust-busting failures of leadership during M&As. Here are seven such failures and how to avoid them:

1. Failure to acknowledge what's happening. Pay attention to red flags—the warning signs of broken or eroded trust. Are workers disengaged? Are teams missing targets? Are business units operating in silos? Also, acknowledge, preferably in a public way, that you know the situation hasn't been easy, from untold uncertainties to clashing cultures. Tune in to how people respond, and show them that their views matter. A little acknowledgment can go a long way in helping employees feel better.

2. Failure to hear people out. Provide employees with non-threatening environments to express their feelings so emotions don't go under-ground. Regular feedback sessions at all levels can help people reflect on where they're at, how they lost their confidence, commitment, and energy, and what it will take to regain it. Additionally, employee surveys and focus groups can be beneficial.

3. Failure to provide information. Make sure no one is moving ahead blindly. Help employees feel involved and in the know by sharing as much information as possible. Also, by tuning in and really listening to people, you'll be able to communicate in ways that are most relevant to their primary needs and concerns.

4. Failure to put the situation into a larger context. Help workers see the bigger picture by sharing the business reasons behind the merger or acquisition—why it's happening, what makes it the best course of action, and how the company will be better as a result. In addition, encourage people to look at how their individual choices can help—or hinder—their own situation.

5. Failure to take responsibility. Own up to your mistakes and, by creating a safe, open environment, help employees do the same. Acknowledge lessons learned and, as an organization, commit to concentrating on problem solving, not blaming.

6. Failure to help people move on. Challenge employees to buy into the company's future, starting with the new opportunities it offers them. They may not forget the present perils and pitfalls but, with some encouragement, they can choose to look forward rather than stay stuck in the past. A key ingredient here is *engagement*—helping people reboot and recommit.

7. Failure to walk the talk. Finally, successful M&As demand artful, authentic leadership, and that starts with consistently walking your talk. If your actions and behaviors don't match the vision and values you claim for yourself and the company, your credibility as a leader is lost and, especially for employees, the merger's mission is nothing more than meaningless words.

Make sure that your M&A deals create value for all stakeholders. **LE**

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ACTION: Avoid these seven common mistakes.

High-Impact LD

Deliver better business results.

by Barb Arth

EFFECTIVE LEADERSHIP is critical during times of change, economic stress, and unrest. The importance of leadership development (LD) has escalated during the recession, as organizations need proven leaders.

Organizations with *high-impact* LD programs are responding by developing *a new kind of leader*, and are *seven times* more effective at delivering better business and talent results (based on our surveys and interviews with 300 LD and learning managers worldwide). High-performing organizations that invest in LD are now defining *new leadership models* to deal with gaps in their pipelines. These people-focused organizations generate 60 percent improved growth, report 66 percent stronger bench strength, and show a 62 percent improvement in employee retention.

Today, you can't just spend money on generic leadership training—you need to follow specific **best practices** that drive accelerated results. These BPs include maintaining strong top executive involvement and using tailored leadership competencies.

Our latest research validates our *LD Maturity Model* that identifies ways to build a best-of-breed program—and the *trends* that drive LD and shape a new breed of leader. These trends include a need for leaders to be:

• *Globally savvy:* High-impact leaders must be fluent in doing business internationally with multicultural societies and look far to solve problems.

• *Technologically astute:* Given the pace of change and the expectation that leaders guide dispersed units and teams, technological savvy is vital.

• *Agile, open, and innovative:* Traditional leadership competencies (*integrity*, *vision*, *judgment*, *developing people*) still matter, but are evolving to include new competencies: *innovation*, *agility*, *flexibility*, and *managing diversity*.

Organizations that excel at LD leverage BPs and concentrate on developing leaders, and on creating *a culture of accountability and performance*. LD creates a magnet for top talent and fosters better results. Organizations that are *built to last* have strong histories of LD.

In fact, of all training investments, LD programs are considered to be the most valuable. While LD is the HR area most highly correlated with success, it remains one of the most complex, especially in matrixed, global organizations that have several leader levels, each with a different role in driving results. For example, the lower levels have more accountability for managerial and operational skills; at senior levels there is demand for strategic skills.

Through our new *Leadership Development Practice,* we help drive competitive advantage through LD. Covering *LD strategy, LD opportunities, LD governance and evaluation, succession planning,* and other topics, the *Practice* also addresses the needs of leaders to keep informed of the changing TD process.

It also details *trends* and *best practices,* and provides an objective database of case studies, solution providers, frameworks, maturity models, and scorecards (validated by many global companies).

The new Practice sorts LD research in seven categories: Executive Development, High-Potential Development, Leadership Competencies, Leadership Strategy, LD Evaluation, Leadership Organization & Governance, and *LD Solutions.* It features:
• More than 100 research reports, bulletins, blogs, and *Ask the Expert* forums.
• Our *high-impact LD maturity model* correlates practices directly to business impact based on statistical data to help you assess and improve LD programs.
• More than 20 comprehensive case studies, providing examples of how companies have solved LD problems.
• A *scorecard* enables you to conduct a *self-assessment* for LD that maps with the *maturity model* to provide *recommendations.*
• LD *Primer* and *Framework,* which provides an overview of all components of LD and enables you to isolate the components you have in place.
• LD *Factbook,* benchmarking data, provides guidelines for spending, and the best technology (correlated with size, maturity level, industry and geography).
• *Consulting services* to help companies assess the maturity of their LD, review their programs and make *recommendations for changes* including redesign, strategy, and the selection of vendors.
• Profiles of more than 150 companies that offer learning and LD solutions.

Also, *keyword searches* and a powerful *filtering tool* enable you to narrow searches and find critical LD data.

Use the *best tools* to develop leaders. **LE**

Barb Arth is senior analyst of Bersin & Associates, empowering HR and CLOs to drive bottom-line impact. Email laura.evenson@bersin.com or call 510-251-4406.

ACTION: Improve your LD program.

Reality-Based Leaders
Don't feel guilty about delegating.

by Cy Wakeman

WHEN PEOPLE HEAR the word *delegation,* they often cringe for fear that *management is sending them busy work.*

In challenging times, leaders often try to ease the frustrations of employees by protecting them from the realities of *aggressive agendas.* Instead of capitalizing on the *amazing opportunities* inherent in the situation, leaders try to *shield their people from additional work.* Such behavior, while kind on the surface, robs future talent of the development they need to be ready when required to take on greater roles and continue to add greater value in their current role.

The final result is that *leaders quit leading and developing their people* while they pick up far more than their fair share of the day-to-day work. Over time, the under-leading and over-managing becomes precisely the reason that employees, along with the economy, are stagnating!

When times are tough and work is abundant, ditch the guilt and move out of the mindset that *delegation is dumping.* It's not—it's *a vital development tool.* Although people may cringe when they hear the word *delegation,* don't fall prey to *emotional blackmail. Delegation* doesn't mean *pawning your work off* on people who are busier than you are. It's a *vital aspect of good leadership* and *great development.*

Here is a **10-step guide** to help leaders delegate to maximize their time and develop employees for future greatness.

1. Think return on investment (ROI). Manage your time and resources—and those of your team—by asking yourself, *Is this truly the best use of my time and talent, or is there a less expensive way to complete this task?* Delegate *anything* that you would not pay yourself your own salary and benefits to do. VPs who make their own copies to appear an equal team member are misusing resources.

2. Think development. Have a development plan in place for each of your direct reports, and delegate with an eye toward their growth potential. Ask yourself which person could learn and benefit most from the assignment. Use delegation as a gift—a wonderful opportunity for your people to develop new skill sets and confidence.

3. Think strengths. Honestly ask yourself if you are truly the best person to perform the work or if there is someone stronger in that area who could do it better. Tap into the strengths of others and swap work for what plays into your strengths.

4. Think outside of your staff. Is this work you can *delegate to your customers*? Can they provide what is needed? Is this work you can delegate to other departments or project teams?

5. Avoid setting others up to fail. Delegate as quickly as you can so the individual has ample time to complete the task. Too often we wait until the last minute to ask others for help, leaving them at a disadvantage.

6. Avoid dumping. Connect *delegation* to employees' *individual development plans* so they see a *personal benefit* in tackling the work. Otherwise, they only see the benefit of you getting it off your plate.

7. Avoid delegating unprocessed work. Before delegating, ask if the work can be *eliminated* or *automated.* Ask, "What is required exactly?" Then you can be clear on what the next action is before passing it on—and you can communicate that well to someone else.

8. Avoid micromanaging. Define *expectations,* set up *predefined progress checkpoints,* and use the time you free up to *get other things done.* After the work is off your plate, resist the urge to meddle—it's no longer your work.

9. Avoid confusion and frustration. Inform others that you have not only delegated *the task* to another, but have delegated *the authority* to them. Refrain from stepping in to accept information or hosting a dialogue on their behalf.

10. See delegation as a reward for a job well done. Do *NOT* delegate to people with low performance ratings or who lack drive and ambition to succeed. *Delegation* is not about *balancing the workload—performance management* is the tool for that. Keep the mantra of *Extra Effort for Extra Opportunity* in mind and work with those who take ownership of their own development.

To ensure that your talent remains relevant and to build bench strength, develop your people by reinstating a *massive delegation effort.* **LE**

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ACTION: Delegate effectively to develop others.

Engaging Greatness

Begin with a game of follow the leader.

by D. Luke Iorio and Zackarie Lemelle

WE HEAR A LOT ABOUT *ENGAGEMENT* today, for good reason. According to Right Management, 84 percent of the (disengaged) workforce is considering looking for a new job in the next 12 months. ISR research reports that high engagement companies improved operating income by 19.2 percent while low engagement companies declined 32.7 percent over 12 months!

Engagement is at the forefront of most strategic plans. Leaders know that *disengagement* causes lower productivity, increased turnover, and deteriorating morale. Since *engagement* previously focused more on *employees* than *leaders*, efforts focused on providing more recognition, more comfortable environments, better communication, more money and other perks.

Programs with such an *external* focus have become the norm. If these attempts were employed in your company, you probably saw a swell of improvement in morale, followed by a drop to a point lower than it was before your intervention. The reason for the ineffectiveness of employee-centered engagement approach is the focus on effect rather than cause.

First, be aware of a *hard-to-hear truth*: **as a leader, you are likely the cause of employee disengagement**. If you're *disengaged*, or *not as engaged as you could be*, a game of *follow-the-leader* ensues, and there's nothing you can do for people to sustain whatever boost in engagement you've seen based on *externally motivated programs*. The result: *employees who are so dissatisfied they can't wait for a turn in the economy to look for a new job.* Worse, many *high potentials*, in whom you've invested, will also look to leave.

As the leader, you need to change this dynamic. It's much easier to change *your* habits (and level of engagement) than to get others to change. In fact, this is a prerequisite before others will take your lead and change.

The Keys to Engagement

By definition, *engagement* is a person's willingness (motivation and buy-in) and ability (skills, knowledge, and application) to perform and contribute to a particular role, goal, or task. But there's another concept that few people understand—*Capacity*.

Fully engaged leaders are engaged in their roles, goals, and tasks, and have more energy available to engage. Capacity is the *amount and quality of energy* you currently have available to put to use (your potential). Your *capacity* is based on your life *attitude* and *awareness*—how you see yourself and others, and how you interact. It stems from your perceptions, thoughts, filters, values, beliefs, principles, assumptions, emotions, and behaviors.

Fully engaged leaders bring out the greatness in themselves and those around them. They're clear on who they are—their *capacity*. And they clearly choose how they want their *capacity* to be reflected in the way they lead and take action; their values, beliefs, vision, and purpose show up in how they communicate, make decisions, and interact with others. They bring out their greatness because they integrate all that they uniquely are into all that they do. *The principles, actions, and individual are one in the same.* This inspires employees to bring more of their own capacity into *what they do* and *how they do it*.

Begin with Leadership Engagement

Boost your leadership *capacity* and *engagement*. Here are *six starting* points:

1. Develop an acute level of self-awareness. Learn what your default tendencies are—the most typical way that you react to your circumstances. Understand your perceptions and how you filter information. Know how these tendencies relate to your thoughts, beliefs, values, and how you see yourself. Consider these reactions, perceptions and filters and how they change at varying levels of stress. How often do you focus on what's wrong and find yourself in a reactive mode? How often are you excited, regardless of any challenges, and remain positive about what's right and what's to come?

2. Integrate your capacity into how you engage. Intentionally choose how your energy, values, purpose, etc. are going to show up in how you lead—and how you want to lead. Decide how you want these elements of yourself to be evident in your conversations, relationships, decision-making, and other aspects of your leadership role.

3. Observe. Become aware of others. Observe your team and colleagues—what drives and motivates them, and what disengages them? How do you contribute to either of these? What perceptions created those contributions?

4. Ask and listen. How often do you really sit back and listen to what employees are saying, not just their words, but their mannerisms and attitudes as well? Again, just become more aware and you'll take the first step to intervening in a positive manner.

5. Be a coach. Being a coach doesn't mean advising others on *what you want done* or *how you want things done*. Being a coach means engaging their greatness. Share what you've learned about yourself and ask for ways to improve. Coach them to be more self-aware and encourage positive communication.

6. Point out others' greatness. Make sure they know that you see them for who they are, what they're capable of, and that *you don't take them for granted*.

Now, choose a single starting point so that you can begin increasing your capacity and willingness to perform to the best of your ability. As you take responsibility for engagement, you become more engaged. Sustainable positive engagement that is *internally* driven (and externally supported) works for employees and for leaders. Even with just a few modifications in leadership style—using the six starting points—you'll witness a very different game of *follow the leader*, and you'll succeed at engaging greatness. **LE**

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ACTION: Bring out greatness in yourself and others.

Lead with Humility

B u i l d   t r u s t   a n d   i n s p i r e   o t h e r s !

by Merwyn Hayes and Michael Comer

Humility in today's global business world? Really? Jim Collins in his best-seller *Good to Great* was surprised to find that great leaders have a common attribute—fierce resolve coupled with personal humility. He called the concept *Level-5 leadership*. Based on our interviews with leaders, we're convinced that *practicing simple humble behaviors make good leaders into great leaders*.

Humility is a key attribute of leadership because it connects the leader to followers through the common bond of humanity. Leaders who have humility build trust, and trust is the essence of leadership. Of course leadership also requires vision, competence, communication, courage, and other traits. But *understanding humanity* and *reacting with humility* directly affect trust.

We are often asked, *Can humility be learned, or is it innate?* We assumed that humility is a product of heredity and environment and comes more naturally to some people than to others. However, as we worked with leaders, we realized that certain behaviors can be learned, implemented, and sustained.

Leaders who behave in arrogant, self-serving ways may still get results; however, these leaders *push and pull* followers rather than *lead and motivate*.

What Humility Is

Humility often gets a bad name—a result of not understanding what it is.

• *Humility is humanness.* Humility connects leaders and followers at their core—their humanness. You may be a leader, but *you're not the only VIP*. With *perspective*, you see the importance of others' ideas, stop, and listen to them.

• *Humility is vulnerability.* Humility is a mindset of, "I have not arrived, I'm teachable." It says, "I don't have all the answers, and I want to hear

from the team." As leaders mature, they need to ask the right questions—not assume to have all the answers. Humility says, "I've made a mistake, but am ready to move forward." It does not look for blame—*it takes responsibility*.

• *Humility is keeping your accomplishments and talents in perspective*—viewing yourself as no better or worse than others, assessing yourself accurately. You might still note your experiences and accomplishments in order to market your organizations or communicate your background—but you communicate great acts without self-exaltation.

What Humility Is Not

Humility is often wrongly affiliated with *humiliation* or *lack of confidence*. The original Greek word for *humility* means *not rising far from the ground*. The word has come to mean *having a low estimate of one's importance, worthiness, or merits; marked by the absence of self-assertion or self-exaltation*. Sadly, the emphasis is placed on the absence of *self-assertion*, not on the absence of *self-exaltation*.

• *Humility is not weakness.* Leaders who maintain *an unpretentious disposition* inspire a sense of camaraderie and *esprit de corps* because they inspire trust. Confident leaders *act in the best interest of the organization, freely accept accountability for the team's actions*, and *admit fallibility when in error*. Humble leaders view *success* as all about *team* and *we*, not *you* and *me*. Humble, effective leaders know that the *success is for the organization, not the individual*.

• *Humility is not lack of confidence, low self-esteem, or absence of ego.* Ego is necessary for leadership because it brings self-confidence and self-esteem. But coupling of *humility* with a *healthy ego* builds *self-confidence* and *self-esteem* without a projecting self-importance. *Humility* and *confidence* are not opposites. In fact many confident leaders are comfortable with themselves because they are humble, and the humility is projected in their humble behaviors—or in the absence of arrogant behaviors. *They have no need to prove anything by*

telling people how good they are. Humility enables leaders to openly admit mistakes and move on—not spend time blaming others, hoarding the credit, or surrounding themselves with *yes men*.

• *Humility is not the lack of assertiveness, ambition, or speaking out.* Humble leaders are *ambitious*—for the organization. They are *assertive*—but with tact and timing. They have good judgment as to when and how to speak out and when to be quiet and reserved.

The Humility Dynamic

The word *dynamic* refers to *a driving or energizing force*. Adding *humble behaviors* to your leadership can exponentially expand the trust factor, leading to respect for your leadership and followers who are engaged and inspired.

1. Humanness/authenticity. Leaders who are humble keep in perspective they are not superhuman or more special. These behaviors show the human side of the leader. *Humanness* helps leaders to realize they face the same obstacles and triumphs as everyone.

2. Humble behaviors. Most humble behaviors are easily identifiable and *with effort can be developed*. These behaviors include: admitting mistakes, saying when you don't know, pushing decision making down, communicating at all levels, being transparent, being empathic, not being defensive, and being open and approachable.

3. Trust. Being humble and exhibiting associated behaviors contributes to being trusted as a leader—and perceived as trustworthy. In *Trust in the Balance*, Robert Shaw contends that trust is built with followers because of caring, fairness, and getting positive results.

4. Inspired followers. Inspired followers imply that they want to perform and give the additional effort to offer high performance. Followers are inspired by humble leaders because *they trust what they say and believe they will get results, keep their best interests in mind*, and *give the credit to others who perform well*.

Effective leaders understand the *humility dynamic*. They've learned, through *crucible moments, observations of other leaders,* or *excellent mentoring* how to use humble behaviors to build trust and inspire followers. Learning and applying these behaviors starts with *accurate self-assessment* and understanding *authentic leadership*. So, to be the best leader—start with humility!   **LE**

ACTION: Lead your team with humility.

Courageous Leaders

They tend to either stop or go.

by Chip R. Bell

Part of my summer vacation included watching three of my favorite *classic movies*—Jimmy Stewart in "Mr. Smith Goes to Washington," Sally Field in "Places in the Heart," and Henry Fonda in "Twelve Angry Men." *The characters tell of leaders willing to courageously take unpopular, value-based stands in the face of pressure to compromise or concede.* It made me wonder, *what has happened to leader's courage?*

Once I met with a leader when he had to make decision on an issue that bordered on an ethical one—not legal, but, clearly one that reeked of values. It was a time to take the kind of stand we imply when we say, "doing the right thing." And, his decision would surely ruffle some feathers.

"I'll need to run this by a few people and get back to you," he said, looking at his calendar. I was taken aback by his timidity and caution. I pushed him to *do the right thing*. Again, he hem-hawed on taking a position on a decision his heart knew was the right one. So, I took one last liberty: "If your young son was watching you wrestle with this decision, what lesson would he learn?"

He blushed, nervously clicked his pen, and said, "You don't understand. We've had major leadership cuts. Be realistic—there is a lot at stake here." I label his action taking a *yellow light stance*; not stop or go—not a clear decision—just *pause and wait*. He waffled, acquiesced, brought others in on the discussion in a way responsibility could be parceled. The decision went into a stall, delayed until *circumstances simply made the decision for him*. However, his deferral carried a hefty price, paid for by the organization, but not *charged* to anyone! He kept his job, but lost some sleep—and *a piece of his soul*.

Such yellow light decision-making seems to be spreading. Once we characterized an effective *leader* as a person who has the *courage of conviction*. Yellow-light decision-making is the opposite of courage. Granted, input from others can enrich a decision, and board-based inclusion can bolster commitment to the decision. But, some decisions need neither input nor inclusion to make the right call. In that scenario, great leaders say either *Stop* or *Go*.

Yellow-light leadership is not leadership at all. It is the manner of a bureaucratic administrator seeking a way to avoid accountability with its potential for error or blame. If all decisions were relegated to groupthink, you could make a secretary the CEO—since the primary decision making role would become simply *counting votes*.

Leaders without firm grounding lose sight of the internal compass that tells them what is true and ultimately get lost along their way. Great leaders always know *true North*. "If I lose my honor," Shakespeare has Anthony tell Octavia before the battle with Augustus, "I lose myself." My client no doubt lost a bit of himself that day wavering under the pressure of my pointed questions. In the end, it comes down to *integrity*. Courageous leaders are laced in complete, wall-to-wall, *no-exceptions integrity*. Such leaders do not engage in half-assed integrity. As Tom Peters puts it, "There is no such thing as a *minor lapse* of integrity."

In his *Fast Company* article, John Ellis wrote: "Real business leaders go out and rally the troops, plant the flag, and make a stand. They confront hostile audiences, and they deal with the press. If the issue is confidence, they conduct themselves confidently. If the issue is trust, they make their company's business transparent. If the issue is character, they tell the truth. They do not shirk responsibility; they assume command. The fundamental ingredient of business success is leadership. And the granular stuff of leadership is courage, conviction, and character."

We desperately need the Jimmy Stewart-Sally Field-Henry Fonda type courage in leaders today. Coming out of a tough recession, the reasons for leader timidity are explainable; however, the price for leader timidity is inexcusable. *With a growing paucity of courageous leaders, our enterprises lose their edge and ultimately lose their way.* Our way of life is at risk when we fall behind to watch bolder organizations with braver leaders assume the lead. **LE**

Chip R. Bell is a customer loyalty consultant and the author (with John R. Patterson) of the best-selling book Wired and Dangerous: How Your Customers Have Changed and What to Do about It. *He can be reached at www.chipbell.com.*

ACTION: Exercise courage in your leadership.

Integrity

It has four dimensions.

by Al Watts

Most leaders profess to value *integrity* in their official statements—and regulations are passed to ensure it—but are we getting any better? A KPMG poll shows that 76 percent of workers had observed misconduct in the last 12 months—and *half of them* said that *what they had observed would cause public distrust if discovered.*

Where are we going wrong? Perhaps we're viewing *integrity* too narrowly. We are used to hearing about *integrity* in the context of *morality* and *ethics*, but it also means being *whole*, *sound*, or *complete*—concepts that speak to *leadership*. We need to integrate these definitions—knowing that *the same integrity that contributes to ethical cultures also increases engagement and effectiveness* (*profitability*).

What does that kind of integrity look like? I see *four dimensions* of integrity that, when managed well, contribute to ethical, engaging, and effective cultures:

1. Identity—factors that contribute to *who we are*, *what we value*, *our purpose* and *where we wish to go*. Lacking a solid grasp of their core strengths and weaknesses, leaders are likely to make strategic blunders. *Blindness* to soft spots in culture or character can also contribute to ethical missteps; narcissistic leaders who are impervious to critical feedback are cases in point. *Identity shortcomings* that reduce engagement include lacking a meaningful mission or clear values. People want to *stand for something* and *feel that they're contributing to a worthwhile purpose*. Purpose engenders a moral discipline that engages people.

2. Authenticity is about *trueness*, *truth*, and *transparency*. Authentic organizations are true to their purpose and values; customer and worker loyalty take a hit when brands fail to deliver on their promise or when customers and workers hear one thing but experience another. Likewise, leaders' trustworthiness and effectiveness are blunted when their *deeds* and *creeds* are inconsistent. Shortcomings around truth-telling and transparency contribute to ethical failures. Superior capabilities for *facing ugly truths* and *having courageous conversations about them* contribute to competitive advantage.

3. Alignment. *Wholeness* means *coherence*—pieces fit, or are *aligned,* and systems and processes connect in service to the mission and to customers. Who comes aboard, who stays or goes, metrics, performance management, and pay send messages about *the main thing* and expectations. When messages are inconsistent, people become confused about priorities, energy gets wasted, and results suffer. As Upton Sinclair said, *"It is hard to get someone to understand something when their pay depends on them not understanding it."* Motivational posters or lectures about safety on an oil rig, for example, can't compensate for shortcuts taken in the interest of *what people get paid for*—volume and speed.

Harmony is a key aspect of *alignment*. Differences—in roles, backgrounds and perspectives—are sources of value if managed properly; Margaret Fuller, a 19th century women's rights activist, said "Harmony exists in differences, if only the same key note governs both parts." Harmony, in that regard, means sincere efforts by leaders to align and reconcile their views in the interest of higher principles, missions, and values.

4. Accountability. The desire for more *accountability* entails "seeing it, owning it, solving it, doing it" as Roger Connors writes. It means *delivering on promises*—be they commitments to achieve goals, showing up to meetings on time, or living the brand promise. Accountability includes ownership of responsibility for resources that we consume and for the impact of our decisions and actions. In a more transparent marketplace that is *greening* worldwide, stewardship is not only *ethical*, but *increasingly appealing*.

Accountability requires measuring what matters. To get where you want to go, you need to know where you are now. Our *Leadership and Organization Integrity Surveys* are designed to give you a fix on how you are navigating these four dimensions. You indicate the degree that you believe 40 statements. Here are a few: *We have a clear sense of purpose. People freely share thoughts and opinions. We pull together—people are not working at cross purposes. We use a balanced set of measures—not just financial ones—to determine if we're on course. Leaders model the stated values.* Survey results serve as a catalyst for conversations about integrity gaps—and how they can be closed.

As U.S. senator Alan Simpson noted: *If you have integrity, nothing else matters; if you don't have integrity, nothing else matters.* **LE**

Al Watts is founder of inTEgro, a consulting firm focused on strategic planning, OD and senior team coaching, and author of Navigating Integrity. *Visit www.integro-inc.com.*

ACTION: Develop the four dimensions of integrity.

Corporate Values

What makes them valuable?

by Stephen Parker and David Rippey

HAVE YOU EXPERIENCED THE *POWER* OF values? Values can provide continuity and certainty; increase freedom and autonomy by setting guidelines within which we can confidently maneuver; speed decision making; guide us through moral dilemmas; inspire us; and make the company a *magnet for talent*.

Sadly, values don't always deliver that impact. This begs the question: **What makes values valuable?**

Values has been a key theme in the interviews we've conducted with CEOs. Based on our experience, we offer **seven keys** to *making your values valuable*.

1. Survival. In boxing, the adage is: "Everybody has a strategy until they get hit." Similarly, every organization can profess high-minded values until their survival is seriously threatened. Instinct trumps values, *unless* the values serve to neutralize or deflect the threat. Are your values used as your first line of defense against threats? Are your values truly essential to the survival and well being of your company and its people?

Action: If you want values to have deep meaning, make them as much about your survival as your aspirations.

2. Authenticity. Values are too vital to be defined by a committee. Nor can you copy anyone else's values and expect your people to embrace them. *Your values must authentically reflect your organization, accurately reflect life within your company, and truthfully express the beliefs on which your firm was built.* Authentically values-based companies continually monitor the gap between what they *say they do* and what they *actually do*, and work diligently to keep the two in alignment.

Action: Make sure your values capture what is most important, relevant, and real to everyone in your company.

3. Tension. Your company is filled with incongruities and paradoxes. If your values authentically reflect that complexity, some are bound to conflict with others. *Short-term* versus *long-term* goals is one example of equally valid, yet seemingly irreconcilable demands. Learn to manage the tensions inherent in who you are and what you value. For example, L'Oreal assigns responsibility for conflicting goals to different groups to stimulate dialogue and generate creative solutions. PepsiCo fosters conversations about the grey areas between seemingly competing values.

Action: In stating your values, seek clarity but honor inherent tensions.

4. Internalization. The real measure of values is *whether your people live them even when they know that no one is looking*. Values have full effect when they form a subconscious operating system that aligns behaviors, clarifies and speeds decisions, and exhibits a deeply consistent brand to the outside world.

Action: Choose values your people will take personally.

5. Individualism. Your company is made up of *individuals*. Each must embrace values for his or her own reasons. People can't be bullied or intimidated into subscribing to values they do not understand or don't find relevant. Invest the time needed to *clarify the values*, and allow for different interpretations within their intended scope. All must believe that the values create opportunities for them to be more fully themselves.

Action: Make your values inclusive. Allow individuals to decide for themselves if they fit and can thrive here.

6. Timing. *Leaders should work hardest to model the values.* Give your leaders time to grapple with your values and come to terms with *what they must do differently*. Ensure your leaders are prepared to walk the talk before you ask everyone else to follow suit.

Action: Announce your values when your leaders are prepared to serve as models.

7. Reinforcement. *What gets rewarded gets done*, yet many leaders fail to reinforce their stated values. If *teamwork* is valued, for example, *people should see teamwork reinforced in reward and recognition structures*. Use your values as a lens for seeing *who should get rewarded*, *honored*, and *corrected*—why, how, and how much.

Action: Consistently and systematically reward behaviors that align with your values. **LE**

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ACTION: Reward behaviors that align with values.
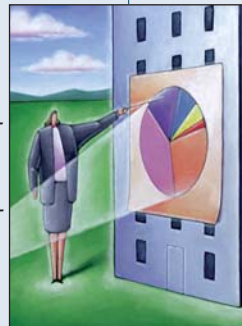
Active Thinking
You don't lead without it.

by David Rock

I COINED THE TERM *neuroleadership* to refer to the nexus between *the science of the brain* and *management and leadership functions*. By knowing how the brain functions, managers and leaders can deal better with everyday challenges—such as staying cool under pressure, relating well with others, and making better decisions. There are no shortcuts to leadership, but neuroscience can enlighten our understanding and add to our knowledge of the best practices. Neuro-leadership explores such elements of leadership as self-awareness, awareness of others, insight, decision making, and influencing—and suggests *practical applications*.

I'm trying to find the best science to explain *the art of influencing people*. Getting people to do what you want is still the hardest challenge. Neuroscience explains what goes on when leaders try to drive change; hence, it is now being introduced into many leadership development programs.

Self-awareness is critical to leadership. The lack of it explains why *many leaders go off on tangents* and end up with unintended consequences. *Active* brain processes are those we're aware of. Observing your own thoughts is central to your ability to choose between *active* and *passive* thinking. Part of the brain lights up when you choose to *step outside the flow of experience, observe behaviors*, and *make an active choice*. Self-awareness impacts how you experience and interact with data.

Even if you've been *hardwired* to think and act in a certain way, you can change by creating *new wiring*. This requires *focusing your attention*—since *attention changes the brain*. You can learn to put your attention on new circuits—not the old ones. Intelligent leaders don't come to self-awareness naturally. They **improve their self-awareness** by *paying attention*, and *activating the new circuits regularly*. Small, regular efforts can do wonders.

Insight occurs when the brain goes quiet for a moment. Insight packs an energetic punch and represents possible long-term changes in circuitry. Often you get an insight moment at surprising times, when you're doing other things. That's because the part of the brain you use actively can drown out the signals from the rest of the brain. Anxiety decreases the likelihood of insight, and happiness and positive attitude increase the chance of insight.

This might affect how you work with, teach, or lead others. For example, when you value *insight* as *the moment at the heart of change*, you start to create ways of facilitating it. The energy of insight, which is partly adrenaline, drives you to take action. *Insight engages people—it makes people get up out of their chairs and want to drive change.* Insight is central to long-term change. But each person needs to have his or her own insight—not just to listen to the leader's insight.

One of the best feelings for leaders is when they see an existing situation in a new light. Making *new connections between unexpected elements* is a wonderful way of generating positive feelings in the brain too. It's what we do when we do a crossword puzzle, read a book, or watch a movie. Neuroleadership helps leaders understand how minds and brains *actually* work, replacing guesswork. Humans have a long history of incorrect assumptions. We think, for example, that *rewards motivate people*. Actually, it is *anticipation of a reward* that motivates—the reward itself does little. *Anticipation* is linked to *attention*.

We think that *punishment drives change*. Actually, punishment or the threat of it focuses attention, and *attention drives change*. However, punishment can send attention to some less than helpful places. So, if attention changes the brain, let's better understand *attention*, instead of focusing so much on *reward and punishment*, the carrot and stick. And since attention is closely tied to our social world, our social interactions have a big impact on our attention, whether we like it or not. *Attention is the active ingredient in change.* Hence, having a new frame of reference, as well as a positive outlook, is useful.

Neuroscience helps leaders build an accurate understandings of *how we work*, so they can become *more effective at leading people and organizations.* **LE**

David Rock is president of the NeuroLeadership Institute, CEO of Results Coaching Systems, author of Your Brain at Work *(Harper Business) and* Quiet Leadership *(Collins). www.davidrock.net*

ACTION: Engage more in active thinking.

Memo to CEOs
Apologize in advance.

by Pamela Hawley

WE ARE ALL LEADERS. And people are watching our actions. So, ask yourself: Am I clear in my direction? Am I kind in my communication? Do I live according to principle? Have I accepted the call to *live a life of excellence*?

You're responsible for you. Get the sleep that you need; build the space in your day. If you don't, you'll face pressure that might cause you to react in ways that are not the true you. As CEO, *you want to be your best self at all times*. Of course, you won't always succeed.

As a leader, your most painful times are when you are not the person you want to be. Perhaps there is an unexpected pressure—a new partnership, a deadline, or a team member who needs extra help. Perhaps you don't achieve all that you'd hoped to do that day. Perhaps you go home disappointed in yourself: *I could have had a kinder tone; I could have slowed down a bit more to encourage that team member who needed more time or more insight?* Yet you can't lose your presence as CEOs.

Learn to apologize quickly, even in advance. People are watching you—absorbing your every move. And since you make mistakes, you need to apologize, quickly. That's where the *graciousness* of your team, and of you, come in. So, try to apologize when it is right to do so, and *apologize in advance*. Let your team know you need their support.

If you feel you don't understand the situation, or haven't seen all your emails, you might preface your comments by saying, "*I apologize in advance if I don't have the full information,*" or "*I apologize in advance if I've missed something,*" or "*I apologize in advance for moving quickly today. I appreciate your support.*"

This is openness. It's true, it's real. It's compassionate all ways around. It sets your heart up to be a better leader, to be a humble leader, to be a listening leader. It sets appropriate expectations with your team. Your apology is asking them for their graciousness in advance. *Graciousness in advance*—what a lovely concept we all deserve to experience. **LE**

Pamela Hawley is founder and CEO of UniversalGiving. Visit www.universalgiving.org.

ACTION: Apologize appropriately.

Prescription for Excellence

Choose one big, legacy idea and execute it well.

by Joseph Michelli

OUR LEVEL OF SERVICE can't let this building down, said David Feinberg, CEO of the UCLA Hospital System, before opening *the Ronald Reagan UCLA Medical Center* in June 2008. He and other system leaders have been on a tireless mission to elevate the satisfaction levels of patients. Columnist Irving Kristol noted that leaders need to *define that one big thing* and stick with it. Leaders who have *one very big idea* and *one big commitment* leave a legacy. For Dr. Feinberg and colleagues, the big idea was the transformation of a *service culture*—along with discipline to resist the distractions and stay the course toward a unifying destination.

While stories of *medical breakthroughs* and *extraordinary clinical outcomes* are common at UCLA Health System, leadership seldom heard that patients were impressed with *their treatment*. When Feinberg became CEO, he inherited an organization with strengths in medical training, research, and the delivery of remarkable medical results at hospitals in Westwood and St. Monica and at clinics in the LA area. But UCLA's patient satisfaction scores were in the 30th to 40th percentile range—and in need of major improvement.

Dr. Feinberg notes: "This is a place where miracles are performed every day; however, when I talked to patients I heard some disconcerting things. In business school I was told: *know your customer*. But how much were we talking to our customers, and why were our satisfaction scores so low? Further, why weren't more of our customers willing to refer us to family or friends? I was told that *our scores were inevitable given the complexity of the cases we treated and the training nature of our facilities*. I just couldn't accept that."

His refusal to accept *status-quo* performance translated into *making the experience of the next patient the best it could possibly be*. Dr. Feinberg inserted the *face of the patient* in discussions by *starting every meeting with a patient story* and by *asking leaders to talk with patients*.

Mark Speare, Senior Assoc. Director, Patient Relations and HR, notes, "I realized that my contact with patients was incidental—not the focus of what I did as a leader. It was an *aha moment*. The first patient visits were awkward, as staff members were suspicious of us when we visited patient floors. Yet, it was evident that *listening to the patients was the only way we could learn how to serve them*, and patients wanted us to listen. Now, visits with patients and families come naturally. All directors/managers participate in patient rounds, and our staff members enjoy seeing us and getting feedback on how we are making the patient experience better. *We all look forward to rounds as the most connected and genuine part of our work.*"

Informal processes of listening have evolved at UCLA into *systems that boost the consistency of service delivery and solicit the voice of the patient*. Dr. Feinberg, notes, "To turn our patient satisfaction numbers around, we took our mission statement, *Delivering leading edge patient care, research, and education,* and personalized it for staff with an emphasis on care delivery. We redesigned our vision statement to say *Healing humankind, one patient at a time, by improving health, alleviating suffering, and delivering acts of kindness.* We linked that vision to our values of *integrity, compassion, respect, teamwork, excellence* and *discovery* and built a framework to solicit staff's commitment to caring. In fact, we created a *Commitment to Care* statement that staff sign and a *template of service behaviors*."

Amir Dan Rubin, past COO, notes, "We make it clear that *you need to meet our caring expectations*, but our goal is to develop talent in the direction of maximum caring, not punitively respond to performance gaps. We encourage them to *grow in their service professionalism*.

It's been said that people change either from inspiration or desperation. UCLA leadership has chosen to *inspire* a service movement by encouraging *personal accountability for service skills development*. Amir adds, "We've seen dramatic changes in our culture when we apply a disciplined process to drive change. That is evident in the transformation we've experienced in *patient satisfaction scores*. We've learned the steps that drive *excellence*, and we replicate them in all aspects of our mission."

Amir emphasizes that *long-term success in a service business depends on establishing processes that run like an operating system*. The system should be anchored to *values, mission,* and *purpose* and buttressed by the *consistent communication* and *involvement* of senior leaders. Alignment must be reflected in selection, training, and development priorities—and in performance management tools. Once service priorities are set, they must be translated into *actionable goals, performance objectives, measurement tools* and *useable analytics*. Amir notes, "We made the analytics available as computer dashboard items, and we link performance on those objectives into *performance reviews* and *budgets*."
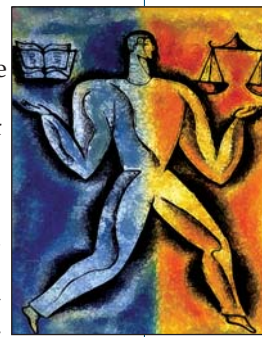
To have a culture embrace service excellence, leaders must: 1) Identify it as a priority; 2) connect it to values; 3) select, orient and train for what is valued; 4) set critical targets; 5) develop meaningful measurements; 6) offer usable and timely data to guide quality improvement; and 7) monitor, reward, celebrate, and problem-solve ways to move performance in the direction of targets.

Tony Padilla, Director of Patient Affairs, notes, "We delivered great clinical outcomes, but we needed to be known foremost for *our compassion* and *our relationships with patients and their families*. We've increased satisfaction levels to *the 95th percentile systemwide!*" UCLA is now *the top-rated academic medical center* in *patient satisfaction*.

By engaging in an *impassioned* quest for the best possible patient experience, UCLA has also enjoyed: *meteoric profitability,* despite economic downturn and aggressive competition; greatly improved *employee engagement* and *empowerment*; experienced *innovative breakthroughs*; and re-designed, elevated, and humanized *customer experience*.

As their *big idea*, the leaders at UCLA chose to *enrich the patient experience*.

What one big idea do you want to be known for? What tactical, operational, and *accountability mechanisms* do you need to make that vision real? Write your *legacy idea*—it will serve as your *Prescription for Excellence*. **LE**

Joseph Michelli, Ph.D., is a speaker, consultant, and author of Prescription for Excellence *and* The Zappos Experience *(Oct. 2011). Visit ww.josephmichelli.com.*

ACTION: Write your legacy idea and execute it.

Great Leadership

I know it when I see it.

by Doug Moran

SUPREME COURT JUSTICE Potter Stewart's famous statement, "I know it when I see it" referred to *pornography*, but it could also refer to *leadership*. For most of us, we give and receive leadership development guidance with the same generality. We need more precision and clarity about what it means to be a leader—and how we get there.

Frustrated with Fads

For most of my career, I struggled to understand how to improve my leadership skills and abilities. I attended seminars and classes, read books, and experimented with ways to grow as a leader. But I was rarely satisfied with the ROI on my leadership investments. I noticed that many of my associates had similar complaints—with two common threads: 1) our leadership development failed to focus on the essential and enduring characteristics of leadership (trends in LD seemed to change as often as fashion trends): and 2) our LD was often haphazard and piecemeal, lacking cohesion and rigor.

My frustration with all of the time wasted on the latest fad or leadership trend *du jour* compelled me to act.

16 Attributes Embedded in a Poem

I kept returning to a poem I had learned as a boy—Rudyard Kipling's classic poem *If—*. The poem contains the essential and enduring characteristics of leadership—describing **16 essential leadership attributes** which I have integrated to form a cohesive and integrated *Leadership Framework*.

Within its 32 lines and 288 words, Kipling packed powerful lessons for leaders and would-be leaders.

*If—*directs us to know ourselves and what we believe. It encourages us to see things that others can't or won't. It challenges us to motivate others to attempt things they think are impossible. It dares us to dream big and work to attain our dreams. And it teaches us to have the boldness and courage to step up and lead.

IF—

If you can keep your head when all about you Are losing theirs and blaming it on you; If you can trust yourself when all men doubt you, But make allowance for their doubting too: If you can wait and not be tired by waiting, Or being lied about, don't deal in lies, Or being hated, don't give way to hating, And yet don't look too good, nor talk too wise; If you can dream—and not make dreams your master; If you can think—and not make thoughts your aim, If you can meet with Triumph and Disaster And treat those two impostors just the same: If you can bear to hear the truth you've spoken Twisted by knaves to make a trap for fools, Or watch the things you gave your life to, broken, And stoop and build 'em up with worn-out tools:
If you can make one heap of all your winnings And risk it on one turn of pitch-and-toss, And lose, and start again at your

beginnings, And never breathe a word about your loss: If you can force your heart and nerve and sinew To serve your turn long after they are gone, And so hold on when there is nothing in you Except the Will which says to them: "Hold on!" If you can talk with crowds and keep your virtue, Or walk with kings—nor lose the common touch, If neither foes nor loving friends can hurt you, If all men count with you, but none too much: If you can fill the unforgiving minute With sixty seconds' worth of distance run, Yours is the Earth and everything that's in it, And—which is more— you'll be a Man, my son!

A Leadership Framework

Each chapter of my book *If You Will Lead* uses one of history's greatest leaders to illustrate an essential attribute— and how to apply it to solve the problems that confront today's leaders. Leaders like Mother Teresa, Abraham Lincoln, and Martin Luther King Jr. provide examples that teach us how to lead more powerfully and effectively.

But to be practical and cohesive, all of the wisdom contained in 'If' needed structure. So, I integrated the leadership attributes to form the *If 16 Leadership Framework*.

Answer Four Questions

The *Leadership Framework* builds on **four key LD questions**: Who am I? What do I want? How will I attract and motivate others? How will I earn and retain the privilege to lead?

Answering these questions completely and honestly takes rigorous self-discovery and deliberate action with the intent to achieve long-term success and growth.

• *Who am I?* Self-awareness is at the heart of all growth and development. Knowing who we are means knowing what we value. It means digging deep and exploring our beliefs. It also means looking at our choices and actions. Are we living in a way that reflects our declared values and beliefs?

• *What do I want?* Once you understand who you are, you can begin to see what you want—what you want to achieve, what you want to learn, what your life mission is.

• *How will I attract and motivate others?* Most of us are told who we work for and who works for us. Our position defines that. The best leaders are those whom others *choose* to follow, regardless of their position. Our self-knowledge and knowledge of what we want to achieve can help us attract others. What draws others to us? What makes us the type of leader others want to follow?

• *How will we earn and retain the privilege to lead?* Those we lead will judge us by how we respond to the opportunities and challenges we face. These are the defining moments when we demonstrate our worthiness of the trust that comes with leadership.

We Need a Guide and Plan

You and I will spend a lifetime understanding, acquiring, and developing the skills needed to be effective leaders. Even with constant awareness and rigorous choice, we will always be *works in progress*, with an endless stream of opportunities to improve and grow. When it comes to *leadership*, we do know it when we see it, but that's not enough to help us get there—we still need a guide and a plan. **LE**

ACTION: Create your guide and plan for leading.

Have a Plan B

Embrace intelligent flexibility.

by David K. Murray

WHY HAS FACEBOOK evolved so successfully, while leaving MySpace in ruins? Why has Wal-Mart expanded into new offerings, like groceries, while K-Mart languishes? Why was the Apollo program so successful, while the Space Shuttle program is scrapped? The answers have much to do with *intelligent* and *flexible* leadership that modifies business models by making strategic and tactical adjustments, by devising a *Plan B*—not a contingency plan, but one that *evolves intelligently from your original plans*.

Strategy vs. Tactics

The first step in managing this evolution is to define *strategy* and *tactics* and clearly differentiate them. *Strategy* and *tactics* are very different concepts. Effective business models are solutions to well-defined customer *problems*, and *the problems you choose to solve* should define your *strategy*. Your *tactics* are *the things you do to solve these problems*.

Consider the story of Facebook vs. MySpace. Mark Zuckerberg had a clear idea of the problem he wanted to solve. He perceived Facebook as solving a *communication problem*—a way for friends to talk with each other. MySpace was focused on solving a *networking problem*—the site was designed as a way for people to meet new friends. The early tactics of each site reflected these strategies. MySpace allowed you to customize your site by rearranging the tactical elements to reflect your cyber personality (enticing strangers to become your friend). Zuckerberg didn't give his users the same control since it would reduce Facebook's effectiveness as a communication platform (if every site is customized, you'd have a hard time finding photos or information). In the end, Facebook also solved the MySpace networking problem, because it's better to meet people through your existing relationships. Myspace ended up the loser because it chose a less popular problem to solve, and because it failed to evolve.

A business model tends to run into trouble either because of a failure of *strategy or of tactics*, and so the evolution of a model should be either *strategic*, re-defining the problems you are solving, or *tactical*, doing new things to solve your existing problems. As you execute, you must monitor your results closely to ensure they're working; and when they don't, you must either come up with new ways to solve your problem (*tactical evolution*) or look for a new problem to solve (*strategic evolution*).

Tactical evolution. Facebook is an excellent example of tactical evolution. They've stayed focused on solving the same problem but have been maniacal about developing new tactics. They develop new features and then measure the results to ensure that the metrics confirm the effectiveness of the tactics (are people spending more time on the site communicating with each other).

Wal-Mart, too, has evolved by staying focused on the problem of delivering low prices on household goods. "Everyday low prices" is not just their ad slogan—it's their strategy. However, *the tactics they use to solve it have changed dramatically*. At first, Sam Walton located stores in out-of-the way places to keep costs down. "People will drive for

a good concept," he said. But this tactic has been replaced. Wal-Mart is now an expert in logistics. Wal-Mart measures their new tactics against their strategic metric—does this new tactic help us to lower prices. If it does, it's adopted; if not, then it's abandoned.

K-Mart has not adapted. Their strategy was based on having *sales* and *specials*. Wal-Mart trumped them with *everyday low prices*. K-mart now flounders because *they can't devise a unique strategy or find a unique problem to solve*.

Strategic evolution. Target has evolved strategically. They've defined their problem as "low prices on designer products" or *cool stuff*. Tactically, they've hired world-class designers like Michael Graves, Isaac Mizrahi, Rachael Ray, and Paula Dean; who work exclusively for Target. This is a brilliant strategy for many reasons: it's a different problem (than Wal-Mart), focused on a different consumer group, and it's difficult to copy since it has ex-clusive relationships with its designers.

The need for strategic evolution happens when your problem becomes obsolete, or it becomes better solved by someone else. For example, Facebook solves the MySpace problem better than MySpace does, and so MySpace has become irrelevant. Strategic evolution is more dramatic than tactical evolution. IBM has done it (switched from solving a hardware problem to solving a software and consulting problem). Intel has done it (switched from solving a memory chip problem to solving a processor problem). And Apple Computer has done it again and again.

The key to strategic evolution is to take an existing tactic and sub-problem and turn it into a strategy or primary problem. For example, ITunes began as a tactic used by Apple to solve the problem of loading music onto the IPod. Today, however, the problem emphasis has changed, and now Apple is the largest music distributor on the planet and ITunes is a key element of the Apple strategy. The IPod has become a way for Apple to sell more music—a brilliant shift in strategy!

Leadership Flexibility

Great *strategic thinkers* are great *tactical thinkers*, and they manage by *strategic alignment*—meaning their tactics are in support of their strategy. If not, they make adjustments. They don't delegate the tactics—they stay deeply involved.

For example, the Apollo program was successful because the leadership was tactically aware (astronauts were involved in every step of the design process). In contrast, the Shuttle was built by bureaucrats who were strategically focused but had little insight into the tactics (lacked strategic alignment). On the other hand, Facebook, Target and Wal-Mart are *strategically aligned*— *the tactics are in full support of the strategy*.

As a leader, you need to know how your strategy and tactics work together, monitor them, and define these things for your team so they can make adjustments, too. If things aren't working, you need to determine if you have a *strategic* or *tactical* failure. Think in terms of *problems* and *solutions*. Are you solving the right problem, and are your tactics aligned with this problem? If not, *you need to either re-define your problem or come up with new and effective tactics for solving it*. The road to hell is paved with good intentions. Don't pave your plans. Let them flow like water. **LE**

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ACTION: Embrace intelligent flexibility.

Secrets to Making It Big

These five doable steps propel you to the top.

by Michael Feuer

Have you ever won-dered, *How in the world did [name of pow-erful executive] get to where he is? He's no smarter than I am!* Well, that executive probably doesn't have more powerful brain cells than you, but he (or she) likely *does* have **three crucial qualities**: focus, discipline, and follow-up. These qualities can truly set you apart. There is no *magic bullet* that propels you to the top. Success in any endeavor comes down to specific character traits and habits. *If you have those qualities, you'll excel. If you don't, you probably won't.*

Having launched several successful business ventures, including OfficeMax and Max-Wellness, a unique health and wellness chain, I assure you: *If you constantly work with focus and discipline, and always follow up, you will get the results you want*—whether you're launching a start-up, leading a team, or seeking a promotion.

Before you ever craft a sales strate-gy or walk into a client meeting, *whether or not you have a chance of success has already been decided by how you think about your work, what you have to do, and how you do it.* Outcomes are shaped by your focus, discipline, and commit-ment to follow-up. Achievements are often less dependent on your technical know-how and more dependent on how you organize and think.

You can make these qualities work for you by taking *five steps*:

1. Take good notes. Your brain isn't always as powerful as you think it is, and having a written record of your boss's project analysis or colleague's sales strategy can save you from hav-ing "oh darn" moments, and can set you apart from the pack and put you on a straighter path to success. I fre-quently dictate the notes from a meet-ing the second I walk out, or appoint someone to act as a scribe beforehand. I keep all of my past notes in a folder on my computer, and I also always jot down next steps. These habits ensure that *nothing falls off the radar unintention-ally*, and that I always have a good idea of what needs to happen next.

And I often shock team members by writing the letters *FU* and a date at the bottom of my notes. New people are relieved when they learn that those let-ters aren't a pejorative, but a shorthand reminder to *Follow Up* by a specific date!

2. Do what you say you will, period. Today, a person's word isn't always his or her bond. And that's a shame. When you fail to follow through on promises and commitments, you imply that you lack discipline and—perhaps—should-n't be trusted with more important tasks and objectives. However, if you cultivate a reputation for being reliable, you'll enjoy more responsibility and success as well as better relationships. I tell my employees that I'm not their father and won't baby-sit them, and that if they tell me they'll do some-

thing, they'd better make good on that promise. I can't afford to have people on the team who are undependable. However, I do provide alternatives by giving everyone three acceptable *outs*: They can tell me that they can't finish on time, that they don't want to do it my way because they have a better idea, or that they think their assign-ment isn't worth the effort and can convince me why.

3. Give homework assignments. A leader's job is to make people think and discover alternatives. It's a great way to determine who on your team you can rely on and who is capable of taking a project to the next level. You can afford to invest in developing someone who is interested in develop-ing. When I give assignments, I keep a running tally of what happened or changed from previous sessions on the same topic or project. No matter if you're on the giving or receiving end of homework, remember that the way

these assignments are handled is a great way to gauge attitude, commit-ment, potential, reliability, and whether or not someone is a player.

4. Scrap your iron-clad five-year plan. Being able to work with focus and dis-cipline is usually a good thing—unless you're focusing on things that won't help you or propel you forward! To prevent this, develop a short-term plan with a six- to nine-month outlook. This plan will get you through the year. Also create a longer-term plan with an 18-month strategy. It will encompass the goals and benchmarks you need to achieve during this time period. Why have two plans? Well, the world is sim-ply evolving too fast to rely on a one-size-fits-all five-year plan. Many leaders spend too much time thinking about what might happen way down the road when all they're doing is guessing. And when their predictions turn out to be inaccurate, they find out too late that they've been focusing their efforts on the wrong things. You must always be ready to modify your plans when nec-essary, change quickly, and deal with the unexpected. That makes the differ-ence between *a company that might get by* and *one that is good or even great.*

5. Use a rifle, not a shotgun. When you fire a shotgun, your shot hits a wider area but lacks focused precision. In business, a shotgun approach gets the job done but usually doesn't yield outstanding results. Sure, you'll hit *something* with a shotgun, but the price in doing so seldom provides the big payback. Yes, a rifle or laser-sharp approach will take more planning and forethought, but in the end you'll save time and resources. It pays to identify exactly what needs to be done and then focus relentlessly on achieving those objectives. Trying to cover a wider area and hoping that *something* resonates is inviting your efforts to fall short of the mark or even backfire. A laser-sharp strategy is much more practical, pro-ductive, and economical. So make sure that you're *ready*, and that you *aim* well before you *fire*!

When you take the time to focus, have discipline, and require follow-up, you create a road map that documents what has to be accomplished and by when. Few things ever fall through the cracks. It is the most direct way to set yourself up for success! **LE**

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ACTION: Take these five steps to greatness.