

LEADERSHIP Excellence

Warren Bennis



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

FEBRUARY 2012



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**Leadership
Lessons
Be, Know, Do
Collective
Leadership
Power of Acting 'As One'**



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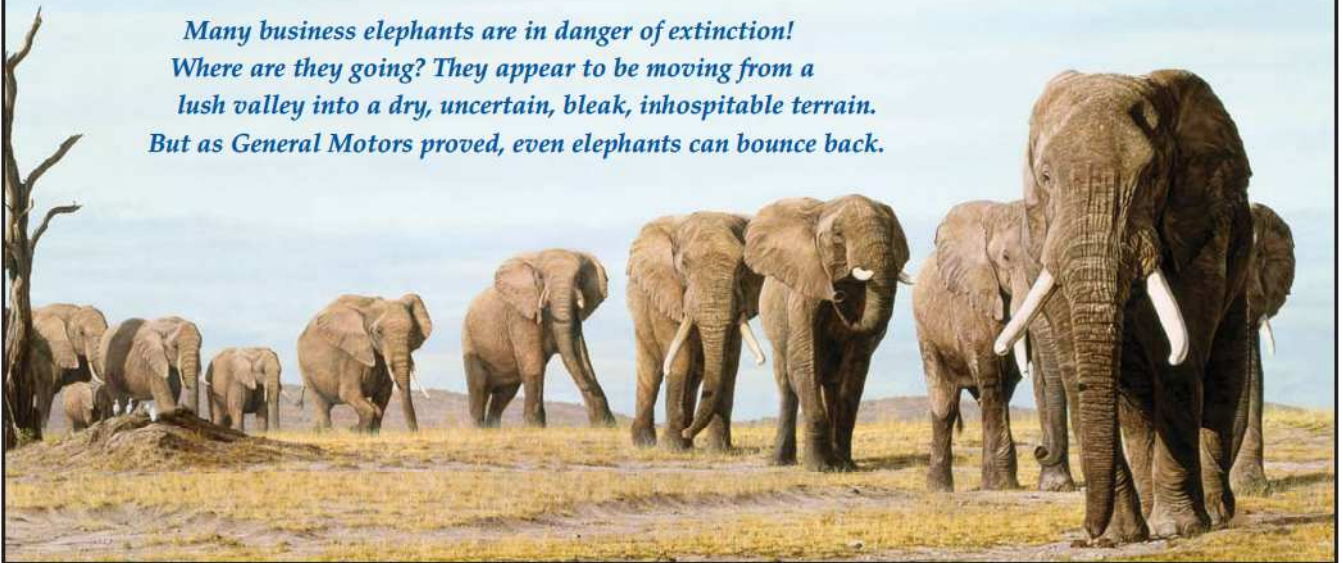


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Last of the Elephants?

*Many business elephants are in danger of extinction!
Where are they going? They appear to be moving from a
lush valley into a dry, uncertain, bleak, inhospitable terrain.
But as General Motors proved, even elephants can bounce back.*



<p>KEN SHELTON <i>Mythology of Leadership</i> Learn to distinguish authentic from counterfeit. . . 2</p>	<p>TERRI GRIFFITH <i>Lead Through Resources</i> Include people, technology, and organization. 7</p>	<p>CEDRIC LEIGHTON <i>Go Military to Win</i> Take on tough assignments to develop leaders. 12</p>	<p>GREGORY GULL <i>Gravity of Vision</i> It's the vision that keeps people oriented. 16</p>
<p>MEHRDAD BAGHAI AND JAMES QUIGLEY <i>Collective Leadership</i> Lead 'as one' behavior. . . 3</p>	<p>DAVID PARMENTER <i>Drucker Wisdom</i> Learn 10 timeless lessons from Peter. 8</p>	<p>ALAN LEWIS <i>Values Compass</i> Align leaders around true north values. 13</p>	<p>STEPHEN M.R. COVEY AND GREG LINK <i>Smart Trust</i> Be smart about trust. . . . 17</p>
<p>JACK WILEY <i>How to Gain Trust</i> Show competence, care, and integrity. 4</p>	<p>HOWARD M. GUTTMAN <i>Making Decisions</i> Leverage yourself by delegating decisions. 9</p>	<p>JOHN WILLS <i>Leader Development</i> Identify and fill any skill gaps. 14</p>	<p>KYLE COUCH <i>Talent Management</i> Build TM on four key components. 18</p>
<p>STEVE ARNESON <i>Ask Four Questions Daily</i> Reflect on your leadership impact 5</p>	<p>JIM COLLINS <i>Leadership Lessons</i> Learn from the military model of <i>Be, Know, Do</i>. . . 10</p>	<p>WILL MOORE <i>Great Employees</i> Motivate, develop, and attract the right people. . 14</p>	<p>DANIEL R. TOBIN <i>Learn to Learn</i> Become a learning partner with people. . . . 19</p>
<p>MARK ADDLESON <i>Jettison Management</i> Now is the time to free knowledge workers. 6</p>	<p>DONALD J. CAMPBELL AND GREGORY J. DARDIS <i>Be, Know, Do</i> It's a proven model 11</p>	<p>BOB WHIPPLE <i>8 Be-Attitudes</i> Lead in a way that people welcome accountability. . 15</p>	<p>PUNIT RENJEN <i>Exceptional Boards</i> They are stewards, models and guardians. 20</p>

Drucker Wisdom

Learn these 10 timeless lessons.



by David Parmenter

ONE OF THE clearest thinkers on management and leadership was Peter Drucker. Surprisingly, many leaders know little or nothing of his work. Having studied his work, I've come up with 10 major points:

1. Abandonment: If you keep doing what you did in the past you are bound to fail. Drucker saw a clear pathway to freedom, innovation and productivity through the adoption of regular and systematic abandonment. Drucker knew that people never like to admit a mistake or own up to failure. To avoid facing the truth we hope circumstances will somehow conspire to make a "silk purse out of a sow's ear". He saw abandonment as fundamental as a natural passing of old to new. Examples of abandonment included: Cash cows of the past that no longer generate the income to justify their existence; Rectifying recruitment mistakes (no matter how good your recruitment process is, you will make mistakes and staff need to be told they need to move on); Unsuccessful projects; Systems that are not delivering; and processes that we have maintained only because we did it last month, last quarter, last year. Establish an abandonment day, every month, yes every month and get all teams to come up with at least one process, system, procedure that can be abandoned.

2. Recruitment and promotion: spend 40 hours at the top of the cliff rather than 400 at the bottom. Drucker talked about recruitment being a life-and-death decision. Better to spend 40 hours over a recruitment or promotion decision rather than spending 400 hours sorting out the problem at the bottom of the cliff. Drucker was specific about rules over recruitment. You must know the job; you need to be well acquainted with the candidates in order to be familiar with their strengths and values. It is essential the potential new recruit's values are a good fit. You can train as much as you like but you will never be able to change values as they are part of a person's DNA. Perform

detailed reference checks to ascertain the candidate's values. Track back to previous companies rather than rely on the referees listed. Drucker recommended having three candidates to ensure you have an abundance of choice (avoid making a decision where there was only one satisfactory candidate). Drucker was adamant that you never worried about weaknesses—many famous leaders had appointed staff with known weaknesses because their strengths fitted the job so well. Recruiting is the most important thing you do, so concentrate on a well orchestrated interview process.

3. Three protégés for the CEO position: Ensure three Protégés are grown for the CEO position. Drucker believed that a leader's role was largely to pre-



pare the organization for life without them. He thought it was a failure if the next CEO had to be sourced from outside. Drucker noted the advantages of continuity, culture, and acceptance. Naturally, the two in-house candidates who were not successful were expected to move to CEO positions elsewhere as they were primed for this role. Ensure you are nurturing three protégés.

4. Outside-In Perspective: always maintain an outside-in perspective. Drucker emphasized the outside/in perspective, with the CEO being the outside-in champion who advocates initiatives that focus on the customer—ones that help the staff service their clients better. Plan for a week "outside-in" visit to a branch accompanied by all your senior management team.

5. Who of your non-customers should you be doing business with? Drucker coined the phrase *non customers* to refer to the missing customers you should be servicing. By constantly

focusing on *non customers*, an executive team can find these customers and look after their needs. Monitor weekly progress on selling to the top five *non customers* you have identified.

6. Encourage and nurture innovation. Drucker saw that many barriers inhibit staff innovation and performance. He advocated management *going with ideas when not all the detail was known*, being prepared to make mistakes rather than create paralysis. He loved the Japanese principle and practice of *Kaizen*—looking to perform something better, to innovate, to eliminate unnecessary steps, to question the past, and to assume everything can be improved. Drucker believed that management should invest the necessary mental horse power to find better solutions, and discuss them with all teams affected so that "every brain in the game" is used. Once a solution is found it should be implemented in three pilots to ensure the benefits will meet expectations. Celebrate innovation every week. Highlight the champions as this will encourage others.

7. Develop a collaborative approach even with your competitors. Drucker saw the importance of knowing what you were best at—the area of your business where you are truly passionate, where you can be the world's best, and there is an economic engine that will reward you. He saw business as a "Lego" construction, where you could bolt together services provided either in-house or externally. It is now easier than ever before to amalgamate different services from different entities and market it seamlessly to the customer as one entity. Businesses should be full of activities performed by third parties. He stated that there was not *competition* but just *better solutions*. Drucker saw *collaboration* as the key, even with so-called competitors. Egos and past memories can stop staff from striking effective alliances with organizations that can perform the service better and cheaper. As Drucker put it, *Your back room is somebody's front room*—and you could achieve almost all functions from collaboration. Only *marketing* and *innovation* were seen as sacrosanct in-house activities. Identify three potential alliances where activities can be done by a third party and monitor progress weekly until alliances are functioning.

8. Moving leadership to orchestration. Again Drucker cut through the difference between management and leadership. He said management was ensuring that the staff were doing something correctly, whereas, leader-

ship was seeing that staff were doing the right thing. Drucker compared the role as a leader to the role of a conductor in an orchestra. A conductor guided the professional orchestra, with minimal direction, leaving the players as masters of their own domain. Drucker said staff had a right to say *yes* daily to three questions: *Do people notice what you did? Are you treated with dignity and respect by everyone you encounter? Are you given things you need—education, training, encouragement and support?* If your staff can answer *Yes* to these questions, you have an exceptional culture. He talked often about achieving superior performance by embracing desirable values (e.g. Alcoa's zero accident value).

9. Outstanding performance is inconsistent with a fear of failure. Drucker knew that great leaders fail often, but that their successes are far greater and more frequent. Great leaders recognize failure earlier than their peers and are faster to press the *abandonment button*. In many organizations the fear of failure pervades all thinking. If an earlier decision was wrong, make corrective action or abandon the initiative. Those who make decisions and have more winners than unsuccessful initiatives should be championed as more valuable than the managers who only back a few winners. Monitor those projects that have failed and promote them as good learning experiences. Promote the notion that a decision made, even if wrong, is better than no decision.

10. Decision making requires an understanding of the decision making process. Drucker realized that decision making was subject to many pressures. He believed managers needed to be educated in the process to ensure they made enough decisions, were not afraid of failure, and knew when no decision was required. Drucker said an *unnecessary decision was the same as an unnecessary surgery*. He analyzed the decision-making process into a decision-making tree: *Action is needed; No action is required; Further investigation is required.*

Self Renewal/Safe Haven. In preaching *self-renewal* Drucker was saying: you need to have balance, other interests, passions, hobbies outside work as well as a hunger for new management concepts. You will be a better, more balanced leader if you *lead a full life*. Drucker realized the importance of balance. Leaders functioned better, were more positive and easier to work with if they had another passion outside work. LE

David Parmenter is speaker and author of *Key Performance Indicators* (Wiley). Visit www.davidparmenter.com.

ACTION: Adopt regular abandonment.

Making Decisions

Get others to make some.



by Howard M. Guttman

DECISION MAKING, THE ability to choose the right path among competing alternatives, remains a quality of effective leadership. But, today, *not making decisions*—asking others to assume accountability for them—has become a sign of high-performance leadership.

Decision overload tires you out. Having one person make multiple daily decisions can lead to *decision fatigue*, since the more choices you make in a day, the harder each one becomes. The typical reaction is to shortcut the decision-making process by either acting impulsively or doing nothing.

Having others make decisions is smart. It leverages capabilities around you. Today's global enterprises are too vast and complex for one-person rule, and the *immense data flow* makes it impossible for any *one* person or team to intelligently make all calls.

As a high-performance leader, you can effectively pass the decision-making baton *without shirking your responsibilities* in five ways:

1. Create the right context. *Delegation fright* is understandable. If those below are not in sync with the strategy and capable of shouldering the burden of decision making, *delegation becomes a roll of the dice*. In high-performance cultures, decisions are not so much *delegated* as *distributed*, under *controlled conditions*, to teams. Leaders can be confident making decision handoffs when teams are: *tightly aligned with strategy, accountable for the team's success, clear on goals and responsibilities, agreed upon decision-making protocols, and transparent in relationships.*

2. Set decision-making ground rules. If you're planning to hand off decision-making responsibility to a team, your *delegation fright index* will rise if you know that there is confusion regarding *who* is going to make decisions and *how*. Such confusion reduces speed and efficiency, lessens accountability, and creates *decision waffle*, where team members spend more time bickering about who is the *decider* than thinking through the *nature of the decision* and its implications.

To increase the speed and efficiency

of its decisions, teams must agree on *who* should be involved in making a decision. For example, which decisions will be made: *Unilaterally*—by one person, with no input? *Consultatively*—by one person, after soliciting input from a few people who will add value? *By consensus*—everyone has input and must live with the outcome? For each key decision, team members must agree on which of the three decision modes applies; otherwise, *confusion, hard feelings, and subterfuge* reign.

3. Use a common decision-making process. Decision making is a discipline that can be transferred. When distributing decision-making, ensure that those you involve all work off *the same script* and follow *the same systematic process*: first define the decision, then lay out the objectives, generate alternatives, and consider the benefits and risks of each. This will increase your confidence that every decision maker touches all the right bases before coming to a conclusion. It will also make it much easier to review others' decisions.

4. Streamline. Examine the *processes* for making decisions. What's the lag time between *asking teams to make decisions, having those decisions made and*



approved, and then implementing them? Wherever there is a need for information sharing and handoffs, you'll find overlapping, competing systems, processes, procedures, layers, interface structures, coordination bodies, and decision approvals. Such complexity retards decision

making and demotivates. *Distributing decisions* is one thing; *enabling implementation* is quite another.

5. Provide the right venues. Once decision-making protocol and process are in place, let teams attack real decisions that make a difference. Think of *intact teams* as platforms for decision making. *Are the teams aligned? Do team members know how to ask the right questions, process information, and test the integrity of their conclusions? Have you removed complexity, so there's a clear line of sight from start to end of the process?*

Once teams are aligned and members are equipped with the know-how, and once noise in the system has been removed, they relieve decision-making pressure up the line and create a powerhouse for making the decisions that will get you to *where you want to be*. LE

Howard M. Guttman is principal of Guttman Development Strategies and author of a new book, *Coach Yourself to Win* (McGraw-Hill). Visit www.coachyourselftowin.com.

ACTION: Delegate some decision making.