

Chapter One

Leadership Is Authenticity, Not Style

Bill George

*Something ignited in my soul,
Fever or unremembered wings,
And I went my own way,
Deciphering that burning fire.*

Pablo Neruda

Not long ago I was meeting with a group of high-talent young executives at Medtronic. We were discussing career development when the leader of the group asked me to list the most important characteristics one has to have to be a leader in Medtronic. I said, “I can summarize it in a single word: authenticity.”

After years of studying leaders and their traits, I believe that leadership begins and ends with authenticity. It’s being yourself; being the person you were created to be. This is not what

most of the literature on leadership says, nor is it what the experts in corporate America teach. Instead, they develop lists of leadership characteristics one is supposed to emulate. They describe the styles of leaders and suggest that you adopt them.

This is the opposite of authenticity. It is about developing the image or persona of a leader. Unfortunately, the media, the business press, and even the movies glorify leaders with high-ego personalities. They focus on the style of leaders, not their character. In large measure, making heroes out of celebrity CEOs is at the heart of the crisis in corporate leadership.

THE AUTHENTIC LEADER

Authentic leaders genuinely desire to serve others through their leadership. They are more interested in empowering the people they lead to make a difference than they are in power, money, or prestige for themselves. They are as guided by qualities of the heart, by passion and compassion, as they are by qualities of the mind.

Authentic leaders are not born that way. Many people have natural leadership gifts, but they have to develop them fully to become outstanding leaders. Authentic leaders use their natural abilities, but they also recognize their shortcomings and work hard to overcome them. They lead with purpose, meaning, and values. They build enduring relationships with people. Others follow them because they know where they stand. They are consistent and self-disciplined. When their principles are tested, they refuse to compromise. Authentic leaders are dedicated to developing themselves because they know that becoming a leader takes a lifetime of personal growth.

BEING YOUR OWN PERSON

Leaders are all very different people. Any prospective leader who buys into the necessity of attempting to emulate all the characteristics of a leader is doomed to fail. I know because I tried it early in my career. It simply doesn't work.

The one essential quality a leader must have is to be your own person, authentic in every regard. The best leaders are autonomous and highly independent. Those who are too responsive to the desires of others are likely to be whipsawed by competing interests, too quick to deviate from their course, or unwilling to make difficult decisions for fear of offending. My advice to the people I mentor is simply to be themselves.

Being your own person is most challenging when it feels like everyone is pressuring you to take one course and you are standing alone. In the first semester of business school we watched *The Loneliness of the Long Distance Runner*. Initially I did not relate to the film's message, as I had always surrounded myself with people to avoid being lonely. Learning to cope with the loneliness at the top is crucial so that you are not swayed by the pressure. Being able to stand alone against the majority is essential to being your own person.

Shortly after I joined Medtronic as president, I walked into a meeting where it quickly became evident that a group of my new colleagues had prearranged a strategy to settle a major patent dispute against Siemens on the basis of a royalty-free cross-license as a show of good faith. Intuitively, I knew the strategy was doomed to fail, so I stood alone against the entire group, refusing to go along. My position may not have made me popular with my new teammates, but it was the right thing

to do. We later negotiated a settlement with Siemens for more than \$400 million, at the time the second-largest patent settlement ever.

DEVELOPING YOUR UNIQUE LEADERSHIP STYLE

To become authentic, each of us has to develop our own leadership style, consistent with our personality and character. Unfortunately, the pressures of an organization push us to adhere to its normative style. But if we conform to a style that is not consistent with who we are, we will never become authentic leaders.

Contrary to what much of the literature says, your type of leadership style is not what matters. Great world leaders—George Washington, Abraham Lincoln, Winston Churchill, Franklin Roosevelt, Margaret Thatcher, Martin Luther King, Mother Teresa, John F. Kennedy—all had very different styles. Yet each of them was an entirely authentic human being. There is no way you could ever attempt to emulate any of them without looking foolish.

The same is true for business leaders. Compare the last three CEOs of General Electric: the statesmanship of Reginald Jones, the dynamism of Jack Welch, and the empowering style of Jeff Immelt. All of them are highly successful leaders with entirely different leadership styles. Yet the GE organization has rallied around each of them, adapted to their styles, and flourished as a result. What counts is the authenticity of the leader, not the style.

Having said that, it is important that you develop a leadership style that works well for you and is consistent with your character and your personality. Over time you will have to hone your style to be effective in leading different types of people and

to work in different types of environments. This is integral to your development as a leader.

To be effective in today's fast-moving, highly competitive environment, leaders also have to adapt their style to fit the immediate situation. There are times to be inspiring and motivating, and times to be tough about people decisions or financial decisions. There are times to delegate, and times to be deeply immersed in the details. There are times to communicate public messages, and times to have private conversations. The use of adaptive styles is not inauthentic, and is very different from playing a succession of roles rather than being yourself. Good leaders are able to nuance their styles to the demands of the situation and to know when and how to deploy different styles.

Let me share a personal example to illustrate this point. When I first joined Medtronic, I spent a lot of time learning the business and listening to customers. I also focused on inspiring employees to fulfill the Medtronic mission of restoring people to full health. At the same time, I saw many ways in which we needed to be more disciplined about decisions and spending, so I was very challenging in budget sessions and put strict controls on head count additions. At first some people found this confusing. Eventually, they understood my reasons for adapting my style to the situation and that I had to do so to be effective as their leader.

BEING AWARE OF YOUR WEAKNESSES

Being true to the person you were created to be means accepting your faults as well as using your strengths. Accepting your shadow side is an essential part of being authentic. The problem comes when people are so eager to win the approval of

others that they try to cover their shortcomings and sacrifice their authenticity to gain the respect and admiration of their associates.

I too have struggled in getting comfortable with my weaknesses—my tendency to intimidate others with an overly challenging style, my impatience, and my occasional lack of tact. Only recently have I realized that my strengths and weaknesses are two sides of the same coin. By challenging others in business meetings, I am able to get quickly to the heart of the issues, but my approach unnerves and intimidates less confident people. My desire to get things done fast leads to superior results, but it exposes my impatience with people who move more slowly. Being direct with others gets the message across clearly but often lacks tact. Over time I have moderated my style and adapted my approach to make sure that people are engaged and empowered and that their voices are fully heard.

I have always been open to critical feedback, but also quite sensitive to it. For years I felt I had to be perfect, or at least appear that I was on top of everything. I tried to hide my weaknesses from others, fearing they would reject me if they knew who I really was. Eventually, I realized that they could see my weaknesses more clearly than I could. In attempting to cover things up, I was only fooling myself.

The poem “Love after Love,” by Nobel Prize–winning poet Derek Walcott, speaks to the benefits of being in touch with your disowned aspects and welcoming them into your life. As I have been able to do so in recent years, I have become more comfortable with myself and more authentic in my interactions with others.

*The time will come when with elation you will greet
yourself,
Arriving at your own door, in your own mirror,*

*And each will smile at the other's welcome;
 Saying, sit here. Eat.
 You will love again the stranger who was yourself.
 Give wine, give bread, give back your heart
 To the stranger who has loved all your life,
 Whom you abandoned for another, who knows you
 by heart.
 Take down the love letters from the bookshelf, the
 photographs, the desperate notes.
 Sit. Feast on your life.*

THE TEMPTATIONS OF LEADERSHIP

Congressman Amory Houghton, one of the most thoughtful members of the U.S. Congress, tells the story of his predecessor's advice as he was taking over as CEO of Corning Glass. "Think of your decisions being based on two concentric circles. In the outer circle are all the laws, regulations, and ethical standards with which the company must comply. In the inner circle are your core values. Just be darn sure that your decisions as CEO stay within your inner circle."

We are all painfully aware of corporate leaders who pushed beyond the outer circle and got caught, either by the law or by the financial failure of their companies. More worrisome are the leaders of companies who moved outside their inner circles and engaged in marginal practices, albeit legal ones. Examples include cutting back on long-term investments just to make the short-term numbers, bending compensation rules to pay executives in spite of marginal performance, using accounting tricks to meet the quarterly expectations of security analysts, shipping products of marginal quality, compromising security analysts by giving them a cut on investment banking deals, and booking revenues before the products are shipped in an effort to pump up revenue growth. The list goes on and on.

All of us who sit in the leader's chair feel the pressure to perform. As CEO, I felt it every day as problems mounted or sales lagged. I knew that the livelihood of tens of thousands of employees, the health of millions of patients, and the financial fortunes of millions of investors rested on my shoulders and those of our executive team. At the same time I was well aware of the penalties for not performing, even for a single quarter. No CEO wants to appear on CNBC to explain why his company missed the earnings projections, even by a penny.

Little by little, step by step, the pressures to succeed can pull us away from our core values, just as we are reinforced by our "success" in the market. Some people refer to this as "CEO-itis." The irony is that the more successful we are, the more tempted we are to take shortcuts to keep it going. And the rewards—compensation increases, stock option gains, the myriads of executive perquisites, positive stories in the media, admiring comments from our peers—all reinforce our actions and drive us to keep it going.

In a recent interview with *Fortune* magazine, Novartis CEO Daniel Vasella talked about these pressures:

Once you get under the domination of making the quarter—even unwittingly—you start to compromise in the gray areas of your business, that cut across the wide swath of terrain between the top and the bottom. Perhaps you'll begin to sacrifice things that are important and may be vital for your company over the long term. . . . The culprit that drives this cycle isn't the fear of failure so much as it is the craving for success. For the tyranny of quarterly earnings is a tyranny that is imposed from within. . . . For many of us the idea of being a successful manager is an intoxicating one. It is a pattern of celebration leading to belief, leading to distortion. When you achieve good results, you are typically celebrated, and you begin to believe that the figure at the center of all that champagne toasting is yourself. You are idealized by the outside world, and there is a natural tendency to believe that what is written is true.

Like Vasella, who is one of the finest and most authentic leaders I know, all leaders have to resist these pressures while continuing to perform, especially when things aren't going well. The test I used with our team at Medtronic is whether we would feel comfortable having the entire story appear on the front page of the *New York Times*. If we didn't, we went back to the drawing boards and reexamined our decision.

DIMENSIONS OF AUTHENTIC LEADERS

Let's examine the essential dimensions of all authentic leaders, the qualities that true leaders must develop. I have determined through many experiences in leading others that authentic leaders demonstrate these five qualities:

- Understanding their purpose
- Practicing solid values
- Leading with heart
- Establishing connected relationships
- Demonstrating self-discipline

Acquiring the five dimensions of an authentic leader is not a sequential process; rather, leaders are developing them continuously throughout their lives. I think of them as five sections of a circle that blend together to form the authentic leader, as shown in Figure 1.1.

Understanding Your Purpose

In Wonderland, Alice comes to a fork in the road where she sees a cat in a tree. Alice asks the cat, "Which road should I take?" "Do you know where you want to go?" inquires the cat. "No," says Alice. To which the cat replies, "Then any road will get you there."

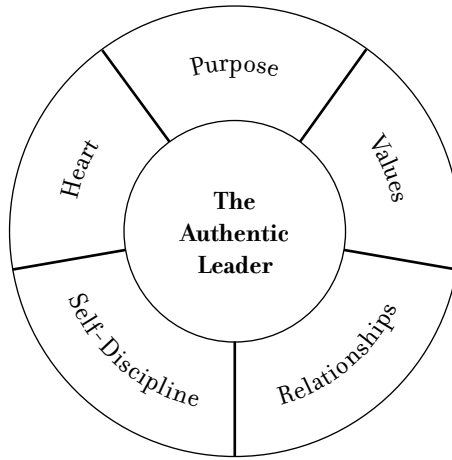


FIGURE 1.1. Dimensions of Authentic Leadership

To become a leader, it is essential that you first answer the question, “Leadership for what purpose?” If you lack purpose and direction in leading, why would anyone want to follow you?

Many people want to become leaders without giving much thought to their purpose. They are attracted to the power and prestige of leading an organization and the financial rewards that go with it. But without a real sense of purpose, leaders are at the mercy of their egos and are vulnerable to narcissistic impulses. There is no way you can adopt someone else’s purpose and still be an authentic leader. You can study the purposes others pursue and you can work with them in common purposes, but in the end the purpose for your leadership must be uniquely yours.

To find your purpose, you must first understand yourself, your passions, and your underlying motivations. Then you must seek an environment that offers a fit between the organization’s

purpose and your own. Your search may take experiences in several organizations before you can find the one that is right for you.

The late Robert Greenleaf, a former AT&T executive, is well known for his concept of leaders as servants of the people. In *Servant Leadership*, he advocates service to others as the leader's primary purpose. If people feel you are genuinely interested in serving others, then they will be prepared not just to follow you but to dedicate themselves to the common cause.

One of the best examples of a leader with purpose was the late David Packard, cofounder of Hewlett-Packard. I met him in early 1969 when he was the new deputy secretary of defense and I was the special assistant to the secretary of navy. Packard had taken a leave from H-P to serve his country. A big, powerful, yet modest man, he immediately impressed me with his openness, his sincerity, and his commitment to make a difference through his work.

He returned to H-P a few years later to build it into one of the great companies of its time through his dedication to the company's mission, known as "The H-P Way," and to excellence in R&D and customer service. He inspired H-P's employees to incredible levels of commitment. At his death he was one of the wealthiest people in the world, yet no one would ever have known it by his personal spending. Most of his money went into funding philanthropic projects. Dave Packard was a truly authentic leader, a role model for me and for many in my generation.

Then there's John Bogle, who for fifty years has been a man with a mission to transform the management of investors' funds. Bogle created the first no-load mutual fund in 1974 and founded Vanguard, the nation's leading purveyor of index funds.

Bogle has not only been a pioneer in financial services, he has been the leading advocate of financial funds as stewards of their investors' money. His values and his integrity stand in stark relief with those in the financial community who seek to use investment funds for their personal gain.

Practicing Solid Values

Leaders are defined by their values and their character. The values of the authentic leader are shaped by personal beliefs, developed through study, introspection, and consultation with others—and a lifetime of experience. These values define their holder's moral compass. Such leaders know the “true north” of their compass, the deep sense of the right thing to do. Without a moral compass, any leader can wind up like the executives who are facing possible prison sentences today because they lacked a sense of right and wrong.

While the development of fundamental values is crucial, integrity is the one value that is required in every authentic leader. Integrity is not just the absence of lying, but telling the whole truth, as painful as it may be. If you don't exercise complete integrity in your interactions, no one can trust you. If they cannot trust you, why would they ever follow you?

I once had a colleague who would never lie to me, but often he shared only positive parts of the story, sheltering me from the ugly side. Finally, I told him that real integrity meant giving me the whole story so that together we could make sound decisions. Rather than thinking less of him if he did so, I assured him I would have a higher opinion of his courage and integrity.

Most business schools and academic institutions do not teach values as part of leadership development. Some offer

ethics courses, often in a theoretical context, but shy away from discussing values. Others assume erroneously their students already have well-solidified values. What they fail to realize is the importance of solidifying your values through study and dialogue, and the impact that your environment has in shaping your values.

As Enron was collapsing in the fall of 2001, the *Boston Globe* published an article by a Harvard classmate of Enron CEO Jeff Skilling. The author described how Skilling would argue in class that the role of the business leader was to take advantage of loopholes in regulations and push beyond the laws wherever he could to make money. As Skilling saw the world, it was the job of the regulators to try and catch him. Sound familiar? Twenty-five years later, Skilling's philosophy caught up with him, as he led his company into bankruptcy.

One of my role models of values-centered leadership is Max DePree, the former CEO of furniture maker Herman Miller. DePree is a modest man guided by a deep concern for serving others; he is true to his values in every aspect of his life. His humanity and values can be seen through the exemplary way in which his company conducts itself. DePree describes his philosophy of values-centered leadership in his classic book, *Leadership Is an Art*. DePree also subscribes to Greenleaf's ideas on servant leadership, and expands them by offering his own advice, "The leader's first job is to define reality. The last is to say thank you. In between the leader must become a servant and a debtor."

DePree believes that a corporation should be "a community of people," all of whom have value and share in the fruits of their collective labor. DePree practices what he preaches. While he was CEO, his salary was capped at twenty times that

of an hourly worker. In his view tying the CEO's salary to that of the workers helps cement trust in leadership. Contrast that with today's CEOs, who are earning—on average—five hundred times their hourly workers' wage. As DePree said recently, "When leaders indulge themselves with lavish perks and the trappings of power, they are damaging their standing as leaders."

Leading with Heart

Over the last several decades, businesses have evolved from maximizing the physical output of their workers to engaging the minds of their employees. To excel in the twenty-first century, great companies will go one step further by engaging the hearts of their employees through a sense of purpose. When employees believe their work has a deeper purpose, their results will vastly exceed those who use only their minds and their bodies. This will become the company's competitive advantage.

Sometimes we refer to people as being big-hearted. What we really mean is that they are open and willing to share themselves fully with us, and are genuinely interested in us. Leaders who do that, like Sam Walton, founder of Wal-Mart, and Earl Bakken, founder of Medtronic, have the ability to ignite the souls of their employees to achieve greatness far beyond what anyone imagined possible.

One of the most big-hearted leaders I know is Marilyn Nelson, chair and CEO of the Carlson Companies, the privately held hospitality and travel services giant. When she became CEO several years ago, she inherited a hard-nosed organization that was driven for growth but not known for empathy for its employees. Shortly after joining the company, Nelson had what she refers to as her "epiphany." She was meeting with the group of M.B.A. students who had been studying the company's

culture. When she asked the students for feedback, Nelson got a stony silence from the group. Finally, a young woman raised her hand and said, “We hear from employees that Carlson is a sweatshop that doesn’t care.”

That incident sent Nelson into high gear. She created a motivational program called “Carlson Cares.” As the company was preparing for its launch, Nelson’s staff told her they needed more time to change the culture before introducing the program. Nelson decided that she could not wait and decided to become the company’s role model for caring and empathy. She immediately set out to change the environment, using her passion, motivational skills, and sincere interest in her employees and her customers. She took the lead on customer sales calls and interacted every day with employees in Carlson operations. Her positive energy has transformed the company’s culture, built its customer relationships, accelerated its growth, and strengthened its bottom line.

Establishing Enduring Relationships

As Krishnamurti says, “Relationship is the mirror in which we see ourselves as we are.”

The capacity to develop close and enduring relationships is one mark of a leader. Unfortunately, many leaders of major companies believe their job is to create the strategy, organization structure, and organizational processes. Then they just delegate the work to be done, remaining aloof from the people doing the work.

The detached style of leadership will not be successful in the twenty-first century. Today’s employees demand more personal relationships with their leaders before they will give themselves fully to their jobs. They insist on having access to their

leaders, knowing that it is in the openness and the depth of the relationship with the leader that trust and commitment are built. Bill Gates, Michael Dell, and Jack Welch are so successful because they connect directly with their employees and realize from them a deeper commitment to their work and greater loyalty to the company. Welch, in particular, is an interesting case because he was so challenging and hard on people. Yet it was those very challenges that let people know that he was interested in their success and concerned about their careers.

In *Eyewitness to Power*, David Gergen writes, “At the heart of leadership is the leader’s relationship with followers. People will entrust their hopes and dreams to another person only if they think the other is a reliable vessel.” Authentic leaders establish trusting relationships with people throughout the organization as well as in their personal lives. The rewards of these relationships, both tangible and intangible, are long lasting.

I always tried to establish close relationships with my colleagues, looking to them as a closely knit team whose collective knowledge and wisdom about the business vastly exceeds my own. Many corporate leaders fear these kinds of relationships. As another CEO said to me, “Bill, I don’t want to get too close to my subordinates because someday I may have to terminate them.” Actually, the real reason goes much deeper than that. Many leaders—men in particular—fear having their weaknesses and vulnerabilities exposed. So they create distance from employees and a sense of aloofness. Instead of being authentic, they are creating a persona for themselves.

Demonstrating Self-Discipline

Self-discipline is an essential quality of an authentic leader. Without it, you cannot gain the respect of your followers. It is easy to say that someone has good values but lacks the

discipline to convert those values into consistent actions. This is a hollow excuse. None of us is perfect, of course, but authentic leaders must have the self-discipline to do everything they can to demonstrate their values through their actions. When we fall short, it is equally important to admit our mistakes.

Leaders are highly competitive people. They are driven to succeed in whatever they take on. Authentic leaders know that competing requires a consistently high level of self-discipline to be successful. Being very competitive is not a bad thing; in fact, it is an essential quality of successful leaders, but it needs to be channeled through purpose and discipline. Sometimes we mistake competitive people who generate near-term results by improving operational effectiveness for genuine leaders. Achieving operational effectiveness is an essential result for any leader, but it alone does not ensure authenticity or long-term success.

The most consistent leader I know is Art Collins, my successor as CEO of Medtronic. His self-discipline is evident every day and in every interaction. His subordinates never have to worry about what kind of mood Art is in, or where he stands on an important issue. Nor does he deviate in his behavior or vacillate in his decisions. He never lets his ego or his emotions get in the way of taking the appropriate action. These qualities make working with Art easy and predictable, enabling Medtronic employees to do their jobs effectively.

Mother Teresa is a compelling example of an authentic leader. Many think of her as simply a nun who reached out to the poor, yet by 1990 she had created an organization of four thousand missionaries operating in a hundred countries. Her organization, Missionaries of Charity, began in Calcutta and spread to 450 centers around the world. Its mission was “to reach out to the destitute on the streets, offering whole-hearted service to the poorest of the poor.” Not only did she

have a purpose, clear values, and a heart filled with compassion, she also created intimate relationships with people and exercised self-discipline, all the dimensions of an authentic leader. I doubt that any of us will ever be like Mother Teresa, but her life is indeed an inspiration.

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