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—Michael Bloomberg, mayor, New York;
founder, Bloomberg LP

Chapter One

MICHAEL BLOOMBERG: EMPOWER

Michael Bloomberg has torn down the walls of city hall—figuratively, that is. Instead of occupying the corner office that housed his predecessors, the 108th mayor of New York sat at a desk much like any other in a huge room known as The Bullpen. The only element distinguishing his desk from the others was the two Bloomberg computer terminals providing live news and market updates—reminders of the namesake company founded by this former Wall Street executive turned philanthropist and politician. All around him, desks were clustered together in a hive of activity that resembled a trading room in look, feel, and intensity.

“I can’t think of anything that keeps people from working together as much as a wall,” Bloomberg remarked as he looked out over the open room.

The Bullpen seemed a fitting symbol of Bloomberg’s leadership, setting the tone for what he does by empowering others. During his long and varied career, Bloomberg has also empowered himself as a leader through his courage to make and stand by tough decisions and the ability to move beyond setbacks and never look back. It is these qualities that attract followers today.

The openness and transparency Bloomberg espouses as a leader were clearly evident throughout the historic city hall in lower Manhattan. The corner office occupied by previous mayors has been turned into an historic tribute, not to any particular person

(although the furnishings used by former mayor Rudy Giuliani were still in place), but to the position.

As a leader Bloomberg has taken risks to do things differently, shaking up the status quo with a business imprint of how he runs city government. “The first time I put people in The Bullpen you would have thought the world was coming to an end. Nobody gives me grief about that anymore,” he said with a smirk.

Although Bloomberg does keep his hands on the wheel, the gears that move the city churn with the efforts and ideas of others. His leadership style can be summed up in one statement: he empowers and delegates. “You couldn’t [recruit] half of these people [to come] here or anywhere else if you didn’t delegate,” Bloomberg said matter-of-factly.

It seemed only natural to delegate responsibility and authority in order to run a city of 8.3 million people with 300,000 employees and an infrastructure that operates 24/7—just as it would to run a multi-billion-dollar company. Yet, in some organizations, delegation is limited. Information, power, access, and control are held tightly within a very small circle, which is neither particularly effective nor empowering. In governments, power tends to be centralized, a style of management that Bloomberg considered to be the sign of a “control freak.” To his way of thinking, in both business and government, delegating is “a very big deal”—engendering mutual trust and igniting passion to achieve a bigger purpose.

“You only get good people if you give them authority. Why would people who are any good want to go to an organization where they are going to be a clerk? You want to be able to do new things,” he added. “That doesn’t mean I’m always going to accept someone’s ideas, but that person has to know he’s part of it; otherwise, he doesn’t want to work here.”

Bloomberg gave the example of recruiting three senior people to serve as deputy mayors in his administration. Any of them would be welcomed—and well compensated—in the private sector, yet

they chose to work for the city as part of Bloomberg's team. Instead of financial remuneration, they were motivated by a sense of mission and a desire to make a difference; what they asked for in return was respect and recognition. "Why would any of these three want to come to work for me in a junior position? It's because they want to be part of a team—and I delegate. Delegation is empowering people to make decisions and then backing them," he explained.

During our discussion, it was easy to see why people want to work for Bloomberg: he was accessible and real. No matter that he is mayor of one of the world's most important financial and commercial hubs, that his name has been floated occasionally as a possible presidential candidate, or that he is a successful billionaire entrepreneur, Bloomberg came across as an in-his-shirt-sleeves kind of a guy who brushed off an attempt to address him as Mr. Mayor and insisted on being called Mike. As a leader, Bloomberg was clearly in the trenches with his team.

"My job is to recruit, attract, and compensate people; provide a moral compass; match their skill sets to different needs in the organization that I'm running, whether it's a company or a government; and then to make sure that they work collaboratively and collectively," Bloomberg said. "Find problems before they get out of hand and give people advice."

NEVER LOOK BACK

Asked to describe the key to his success, Bloomberg quickly answered "hard work," which he attributed to his background of growing up in a middle-class family in Massachusetts. He told several stories that exhibited his old-fashioned work ethic of going in early and staying late. For example, between his first and second years at Harvard Business School, Bloomberg had a formative experience while working for a small real estate company whose main business was renting apartments. The company ran generic ads

for one-, two-, and three-bedroom apartments, and when people would call, appointments would be set up to show them what was available.

“I would go in at seven in the morning. The phone would ring off the hook. I would talk to everybody, and I’d schedule appointments with them. Then all day long, everyone who came in the door had an appointment to see Michael Bloomberg. I was just a kid. The other four desks were occupied by four adults, and for them, this was their career. They didn’t come in until nine o’clock. And they could never figure out why I had all the appointments,” Bloomberg said, shaking his head. “All you had to do was come in early! I made enough money to pay for room, board, and tuition for my whole second year at business school that one summer. And it was just showing up and doing the hard work.”

The same work ethic made a name for him at Salomon Brothers on Wall Street, which he joined in 1966 right after graduating from Harvard Business School. His habit of being “the first guy in every morning and the last guy out at night” attracted the attention of the number one and number two executives at the firm who became his mentors. Moral of the story, Bloomberg said, “You’ve got to be there.”

Although his early experiences at Salomon honed his work style, being let go by the firm set the tone of his leadership style as an entrepreneur and later as a politician—decisiveness and never looking back. In 1981, Salomon Brothers was acquired and Bloomberg was asked to leave the firm. “Number one, it was time to go. I had talked about leaving a year earlier, and they convinced me to stick around,” he recalled. “Then they said, ‘Time to go,’ and I said fine. I’m sure that for five minutes on the drive back home I probably said, ‘Those SOB,’ and that’s the last time I thought about it.”

The man who said he “never had a bad day other than the day my father died” was hardly sidelined by the career interruption.

Rather than becoming stuck in the past, Bloomberg moved on with the germ of an idea for creating an information company that would bring greater transparency and efficiency to the financial markets. The result was Bloomberg LP. Nearly twenty years after its creation, as of 2010 the company said it had 285,000 subscribers to its financial news and information services in more than one hundred and sixty countries, and eleven thousand employees worldwide. (And as for the executives back at Salomon Brothers who had let him go, “they all became paying customers,” Bloomberg added with a laugh.)

With a personal fortune estimated by *Forbes* magazine of \$18 billion, ranking him number twenty-three on the list of billionaires for 2010, Bloomberg has been active in philanthropy for years. He supports a variety of causes, including a pediatric hospital at Johns Hopkins named for his mother: the Charlotte R. Bloomberg Children’s Center.

In 2001, after years of involvement in civic causes, Bloomberg entered politics, running for mayor and being elected just two months after the September 11 attack on the World Trade Center, the biggest terrorism attack to occur on American soil. He took over the reins from the immensely popular Rudolph Giuliani, who had completed two four-year terms. Bloomberg’s political agenda included crime reduction, economic recovery, and turning around the New York City Public Schools. Regarding the last goal, since Bloomberg took office, graduation rates have increased by more than 20 percent and reading and math scores have both risen to record levels.¹

In his professional, philanthropic, and political endeavors, Bloomberg gave the distinct impression of being a hardworking, determined leader who also has been driven by intellectual curiosity, who once he puts his mind to something will tenaciously pursue it to completion, whether it is the launch of a business or revamping how government operates.

FACING CRITICISM WITHOUT FEAR

Being an elected official, particularly one as visible as Bloomberg, is no easy feat and certainly presents the possibility of failure on occasion, along with dissection and discussion in the press of what could or should be done. Bloomberg clearly has the courage to make the tough decisions, even though he may face criticism at times, and to stand by them. He spoke frankly about what his critics in the press and elsewhere were likely to say if he were to reduce the police department by five thousand officers in 2010 because of budget constraints, or if the number of firefighters on an engine were reduced to five from six as a punitive measure specified in the union contract in response to excessive absenteeism. “You just have to understand that you’re going to be vilified for some of these things,” he said stoically.

Criticism does not keep Bloomberg away from the battles, including a national brouhaha in early fall 2010 over plans to build an Islamic center that contains a mosque near the site of the World Trade Center. Critics have called the mosque an affront to the families who lost loved ones in the terrorist attacks on the Twin Towers. Proponents have cited freedom of religion as guaranteed by the Bill of Rights. Bloomberg has been a staunch and unwavering supporter of the plan, apparently unfazed by the possibility that his view could be unpopular with some people. It is far better, he believed, to take a stand than to be on the sidelines and silent on an important issue.

Bloomberg has also continued his campaign to raise performance in the city’s schools, which sometimes puts him in the crosshairs of controversy. He recounted a recent news article that stated he had lost a court decision on technicalities over closing nineteen schools. The notion that he was somehow the one who lost or failed was clearly irksome to the mayor—after all, these schools have a record of graduating only 10 percent of their students. Who, then, were the

losers? To Bloomberg's way of thinking, the students who will face "one more year of getting a bad education" stood to lose the most. "It's the kids who fail, but that's not the way the press writes it," he lamented.

Undeterred, the Bloomberg administration will go back at it again, this time "dotting the i's and crossing the t's" as it pursues the legal process to close the schools. Bloomberg's tenacity on the issue was not about being right but about doing what he felt was right for the students and the school system.

In his sometimes contentious dealings with the press, Bloomberg has drawn a tough line on what he does and does not have to disclose—such as his personal schedule and events that are not public forums. "The first time I said to *The New York Times* that my personal life is my personal life, and unless it is a public event we're not going to disclose it, there was an editorial on how outrageous this was, that they had a right to know everything I did and where I was," Bloomberg said. "Well, if that's the case, you'll never attract anybody to take the job."

His stance was understandable, particularly given the harshness of the spotlight that is on him as a national public figure. Yet, inevitably, all elected officials and many corporate CEOs experience a blurring of the line between their personal and public lives. For some, there appears to be no distinction at all, and they have a feeling that everything about their lives—what they say and do—is public. Living under the microscope, as it were, comes with the territory. Bloomberg, however, believes that a basic level of personal privacy is important, or else many talented leaders will decline to run for office.

Aware that the public watches what he does, Bloomberg said he tries to lead by example, such as by taking the subway every day. "If I am going to ask you to take the subway, why won't I? It is the quickest way to get to work, and it sets an example. Generally speaking, I don't ask anyone to do anything that I don't do."

COMMONALITIES OF THREE WORLDS

From working at the trading desks of Salomon Brothers to becoming a highly successful entrepreneur and then entering politics, Bloomberg made his mark in three very different arenas. And yet Bloomberg saw more commonalities than differences among them, which has enabled him to apply the lessons learned in one area to another. “I think all three of those worlds think that the other two worlds are very different and easy to operate in, and that their one world is the toughest. My experience is that they are all tough. There is no easy answer to complex problems. The commonality is that all have human beings working in them.”

With a view that “leadership is leadership” no matter where it is practiced, Bloomberg dismissed the notion of his career path as “that big of a jump from one world to another.” After all, the requisites are many of the same skills, such as recruiting and developing a team, managing, handling interpersonal relationships, and using technology. “The problem is convincing people in the new world that you’re entering for the first time, because they are so enamored with or know only their own world, so how can you be an outsider and come in and know anything about their world,” he explained.

The only distinction he made was in pay for performance, which is prevalent in the private sector, whereas in the public sector compensation and promotions are often subject to civil service laws and union contracts. “The unions make those worlds somewhat different, although I am not one of those believers that the unions are the biggest problem that we have. As a matter of fact, I would argue that the biggest problem we have is the elected officials who over the years have given the unions everything they asked for and put us in an untenable situation,” he noted.

Bloomberg drew a parallel to instances in which some corporate executives were criticized for receiving bloated compensation

packages, but he thinks the fault lies with the board's compensation committee that approved them. The issue for him was one of accountability.

Given his array of leadership experiences, Bloomberg has an interesting perspective, which he attributed mostly to the fact that he has been around for a while. "You learn with time that the world is complex," he reflected. "To the young whippersnapper, everything looks possible. I still think that everything is possible, but I understand that it might take a little longer to get there."

Under the heading of "lessons learned with time" is having a sense of whether someone would be good in a particular position, which Bloomberg attributed to instinct. "I haven't made very many mistakes either in my company or here [at city hall] in terms of picking people. Some, maybe, you could have done better, but you pick from the people who were available. But with very few did I ever say to myself, 'I made a mistake.'"

When screening candidates, Bloomberg said, he pays no attention to such things as where someone went to school. To prove his point, he called aside a member of his team and asked, "How old are you?" When the staff member answered, "thirty-five," Bloomberg launched into a rhetorical argument on why it should not matter from which college the man had graduated thirteen years before. "There is value to formal education, but leadership is about people, and people are subjective," Bloomberg continued.

He recalled a lecture he has given to college students on seeking a job. The typical approach taken by young graduates, he explained, is to find out about the company and then tell the interviewer what they've learned. "That's not what the guy on the other side of the desk wants to hear. The interviewer has a job: that is to find good people. You've got to tell him what you can do, not why you want the job. And to go in and say that you know enough to run the company; in my mind, I just disqualify any young person who does that. I understand when someone says, 'I'm a hard worker and I want

to learn, and everybody says it's a great place to work.' But you can't say you know all the answers."

When he interviews judges who are up for reappointment to civil, criminal, and family court positions, Bloomberg said, he is far less interested in the answers (the questions he asks are often purposefully ambiguous) than he is in whether the person can take a position and defend it.

"I ask questions for which there is no right or wrong answer," Bloomberg explained. "Here's one: a judge has to decide whether to take a kid away from the parents and send him to foster care. It's the parents' kid, and the situation is not life threatening. How good is the foster parent going to be? There is no right answer, and every once in a while you are going to have a tragedy when someone gets killed and you could have done the opposite. Why do you make one decision versus another? It's called instinct and judgment—and it's a nonquantifiable thing."

Bloomberg said he is not even particularly interested in judges' records of being liberal or conservative, whether they have the tendency to incarcerate or send people to a halfway house, or if they hold views on politics or social philosophy that are congruent with his. "Those are not the criteria I look for," he added. "The criteria I look for are integrity, intelligence, and a rational basis for making decisions. Could a rational person, given a series of facts that we are discussing, come up with a decision? That's the test."

For business leaders looking to hire team members, Bloomberg's approach of picking people less on the basis of where they have been and more because of who they are and how they make decisions is worth examining. Our work at Korn/Ferry has shown that people who are able to stay receptive and flexible do best in very complex and demanding leadership roles. These are the people who can successfully navigate new situations, who are sufficiently attuned to social nuance and complexity and can consider diverse data in their planning and execution. One of the biggest problems in

up-and-coming leaders is rigidity. Those who lack agility to adapt and learn will fail. However, those who can deal with ambiguity, uncertainty, diversity, paradox, novelty, and social complexity will most likely fare better in the long run.

Bloomberg also had advice for managers who need to fire someone, which can be one of the most uncomfortable interactions in the workplace. “The first time someone does something [wrong], have a conversation. I’m very open. People have to trust me, and I have to trust them,” he said. However, if being fired comes as a total surprise to the employee, Bloomberg called it inexcusable. “If they never saw it coming, you’re just not a good manager.”

LEADERSHIP IS IN THE RESULTS

Decisiveness was clearly an attribute that Bloomberg valued in himself and others. “I never second-guess,” he said, demonstrating the fact that leaders need to be able to live with their decisions and take accountability for the results. “The difference between being pigheaded and having the courage of your convictions is only in your results,” he explained. “It’s the same process, but you have to give it some time.”

His remark brought home the point that the true measure of leadership is the execution, with how well objectives and goals are pursued, plans are implemented, and results are realized. At times, the leader will need to stay the course; at others, a change becomes necessary. It takes experience and instinct to know the difference.

“When I make a decision, every once in a while someone will say, ‘That was a stupid decision,’ and, yeah, every once in a while you change your mind overnight. The tougher the decision, though, the longer you have to stick with it, unless it turns out you were really wrong.” The art of leadership is to know the difference: when it’s time to make a quick turn and when you need to give things a chance

to play out. That discernment can only come from having the experience—including having made some bad judgments.

“You’ve got to be able to analyze it and say, ‘I might have gone in a different direction,’” Bloomberg said as a wry smile spread across his face. “But never let the bastards see that they can beat you.”

In what seemed to be as fast as a New York minute, Bloomberg said good-bye and went off to the next meeting: the mayor on the move across The Bullpen, where the hum of the city could clearly be heard.

