

Chapter 1

The Importance of Authentic Leadership in Changing Times

I am excited to begin this book with a new chapter for the second edition that is very relevant for the times we live in (2019–2020). It is also deeply connected to a lot of the work we did at Return Path on our company culture and leadership development.

What Is Authentic Leadership?

There are many terms floating around business literature these days that are similar, related, overlapping (though not identical) and often used interchangeably, such as Moral Leadership, Ethical Leadership, Servant Leadership, and Authentic Leadership. All of them get to the same general point – that the most successful leaders in today’s dynamic and complex world are the ones who exhibit the strongest character, the best behavior, and are the most caring about all their companies’ stakeholders, especially their employees.

Why Now?

You can easily argue that authentic leadership has always been important. While you can certainly build and run a company without regard to ethics or people or good behavior – you can, in

fact, build very successful companies founded on bad behavior in the short run – we have all known for years that CEOs and other leaders who engage in bad behavior put their companies and themselves at risk.

But something started happening in society over the last 10 years that has produced a disruptive, fundamental shift in the importance many organizations are placing on leadership behaviors. This isn't just about the #metoo movement, which started as a focal point for women to rally around issues of sexual harassment and sexual assault and has broadened to be more of a movement that supports marginalized people and communities along many dimensions. As with the notion that good behavior has always been good and bad behavior has always been bad, #metoo and related movements mostly serve to heighten awareness (and hopefully reduce the incidence) of the negative and provide support for people who have been victimized.

And things are starting to snowball a bit now. CEOs are getting fired for hints of impropriety, and for smaller infractions than ever before. CEOs are getting fired for having *consensual* romantic relationships with employees. CEOs are getting fired for spending \$75,000 in T&E at strip clubs, even if those outings were with clients or employees. You get the idea.

This focus on purging massive negatives is critically important yet isn't enough. Most CEOs aren't morally bankrupt, thieves, or sexual predators. For most of us, most of the time, this shift in society just means that CEOs are in even more of a fishbowl, under more of a spotlight, under a higher-powered microscope, than ever before. All of our stakeholders, from employees to board members and investors, to clients and suppliers, are paying much closer attention to the words we use, the decisions we make, and the actions we take as a means of deciding whether they want to be associated with our organizations. At the end of the day, I'm not sure what the dictionary definition of *ethics* is, but I heard this from a wise friend about decision making: if you wouldn't want your decision to show up on the front page of a newspaper, if the decision would damage your relationship with employees, shareholders, or customers, then it's probably a bad decision.

Think of It as an Opportunity

Two broad themes in this book are being intentional in what you do as a CEO, and being human as a CEO. Those two themes in combination are the backdrop for driving high levels of respect, engagement, and high-performance work across your organization. They also happen to be the key ingredients in authentic leadership. And the good news is that getting that formula right will certainly be a plus for your business. After all, who doesn't want engaged and high-performing employees?

While I could probably give 50 examples of specific topics where authentic leadership or a “do the right thing” mentality is important, I'll focus on a couple of topics that I found to be some combination of most obvious and most impactful.

Mind the Gap

One of the most important learnings I had in the last 10 years around authentic leadership is that it *must* start at the top – with you, the CEO. By the nature of the topic, you can't accomplish anything by telling your organization to jump on a bandwagon and not doing it yourself. And you certainly can't get your organization to behave differently, or drive new business processes that might be unconventional, without having and displaying personal commitment to them. Having a “say-do” gap at the top of an organization is corrosive, leads to eye-rolling and whispers of hypocrisy, and completely undermines your authority to lead the business.

What's a say-do gap? It's anything and everything where you don't follow your own company's rules or customs. It's:

- Having a policy that says no one in the company can fly business class, then traveling in business class or first class
- Having a value of humility, but bragging to employees about how much money you have, or taking credit for their work
- Giving employees a hard time about coming in late for work and showing up late yourself
- Giving yourself 100 percent of your bonus in a year when the company misses its financial targets while you ding everyone else's bonus for that reason

At the end of the day, there are two simple ways to handle these kinds of situations. Only create policies that you can abide by yourself in the first place. Follow the ones you have. Or if you need to, change them, but change them for everyone. For example, in the above, there's no reason you can't have a policy that says people should generally fly coach but can on occasion fly in business class under certain circumstances. Just don't be ridiculous about them. One CEO I know had a company travel policy that said, "No one can fly business class except the CEO or president." So he conformed to the policy, but that hardly fits the definition of authentic leadership!

Diversity and Inclusion and Unconscious Bias

On the topic of diversity and inclusion, it's really easy to get caught up in headlines and hype without digging into substance and what matters. The problem is that that these terms mean different things to different people and many firms focus on the hard metrics of diversity (and selective ones at that) without building an inclusive environment. Big Silicon Valley companies leading the charge by setting quotas for female engineers and making a show of publishing that metric might seem like a good thing to copy, but not if it causes you to think too narrowly about the problem, or too specifically about the problem in ways that aren't meaningful to implement or have unintended consequences (e.g., a mandate to hire only female engineers for a specific role sets the individual up to fail).

So, what exactly is the problem?

We came to the conclusion at Return Path that "the problem" around diversity and inclusion wasn't any one thing. We concluded that the problem was actually rooted in something called unconscious bias, which can quietly permeate decision-making even among the best-intentioned people in the world. The approach we took to rooting out unconscious bias in the workplace was systemic – we tried to hit it at every stage of the employee lifecycle. We did use metrics here, but not as the end goal. The metrics helped us to understand where there was a problem so we could explore that system and understand and mitigate any underlying biases.

- We added a new value to our list of company values, which I drafted personally (the first version and the final version) and which I unveiled to the company personally with anecdotes of why it was important at our annual meeting where we rolled out the company's plan for the coming year. For us, that value was called Opportunity of Equality, and the language behind the value read:
 - *Differences in background, experience, and thought in our employee population contribute to the best business outcomes for us as a company. We have a strong commitment to being a welcoming environment for candidates and employees that appreciates and maximizes the talents of all employees. We value our employees' different backgrounds, including differences in gender, race or ethnicity, sexual orientation, religious and political views, nationality, age, and socioeconomic status.*
- Through our partnership with NCWIT (National Center for Women and Information Technology), we developed and facilitated unconscious bias and "bias busting" training courses and workshops and had hundreds of employees and all managers and leaders participate, including additional deeper workshops for my executive team.
- We changed all aspects of our recruiting process to reduce unconscious bias and build inclusion. We expanded our recruiting funnel as wide as possible by expanding our networks, looked for candidates from nontraditional backgrounds, reworded our job descriptions, used blind auditioning technology (Gapjumpers), analyzed candidate data to understand where our biases were showing up and used that data to change interview practices and processes, and trained hiring teams to understand their biases and select the best candidate for the role.
- We changed our compensation practices by mandating a specific starting salary for first- and second-level roles and analyzing all compensation data each cycle to eliminate gender or race disparities. We modified our promotion processes to ensure inclusion by posting all roles and ensuring broad funnels of candidates for internal promotions.

We also ensured that our training programs were available to all, and when we didn't have diverse trainees in high-impact programs, we encouraged qualified people in underrepresented groups to attend.

- We modified our performance management practices on a regular basis, and trained managers, teams, and employees to give one another feedback in-the-moment. We also had four formal feedback cycles a year – two manager and employee feedback conversations, and two that were live peer feedback with intact teams. For the first, we gave managers guidelines and spot-checked reviews for biased language or intent. The peer review sessions were facilitated by a trained facilitator who could identify and correct bias in the moment, and also address it with the manager or team in debriefs.
- We also had a strong focus on leadership development across the organization. Our impactful courses really helped employees to have a stronger voice, and leaders to better connect and engage with everyone on their team – not just the team members with whom they had more in common (more on that below).
- We were very transparent and public internally about this work, creating an internal committee to run it, annual company goals around the topic, and a periodic newsletter and slides in our quarterly all-hands meetings to report out on progress against those goals to the company.

I'm not suggesting that we "solved" the unconscious bias problem, nor do I think that's even possible, given the wider cultural context. But it's probably the most worthy goal you can strive for if you want to get an A+ in authentic leadership.

Leadership Development

At Return Path, we knew the importance of having strong authentic leaders intuitively if not empirically from day one, so we always placed a focus on leadership development. The actual courses changed over time, but we generally had three levels of leadership courses or support: individual leadership skills that

benefit everyone and help each individual become a moral leader themselves, first-level manager courses that helped managers shift into a team leader/manager role with more formal manager and leader responsibilities, and senior leader courses that helped leaders take a broader view of the organization and their own impact.

The individual leadership track included core skills courses on subjects such as receiving and giving feedback, developing emotional intelligence, masterful conversations, and unconscious bias/bias busting. All new hires took the courses, and we offered them and other “soft skill” courses regularly.

The manager track for new team leaders and managers included some tactical leadership skills and theories, such as understanding the responsibilities and using our HR systems effectively, and also a lot of practice such as role playing, improving your reactions under stress, understanding and navigating team dynamics, and working through difficult situations. We also had monthly management sessions for all managers, including those who manage without formal authority, to gain awareness and deepen their leadership skills.

Our final track was for senior leaders. Before we were large enough, this support included individual and group coaching. In the last few years, we ran at least one formal program for senior leaders each year that included deep introspection and vulnerability, which helped increase emotional intelligence, and then skill building around communication and connection, strategic thinking and planning, and team and organizational development. The feedback from participants and their teams was that the training was transformational. I believe that it really helped deepen our authentic leadership throughout the organization.

Diversity on Your Board of Directors

While you have a good amount of control over who is on your executive team (and who is an employee in general), you probably have a lot less control over who is on your board. If your board seats are controlled by venture capital investors other than yours, and those investors are all-white-males, you may not have a lot of latitude to cast a wider net that

could lead you to one or more directors from diverse backgrounds. And having an all white male board isn't an ideal way to role model diversity to female leaders in your company.

As I write about in Part Four of the book, building a killer board is a critical and difficult job of the CEO. I always encourage CEOs to have independent directors whom can serve as useful counterweights to and provide different perspectives than investor directors or management directors. Obviously, the independent director is the place where you will have the greatest likelihood of changing the complexion of your board and making it more diverse, however you define that. If you don't have independent director slots on your board, or if you have one or more independent directors who you love and don't want to fire, consider working with your venture syndicate to add another director (even if that leaves you with an even number, as long as your charter state allows for it), add someone as an observer/director-in-waiting, or even convince one of the venture investors to select a different person to represent his firm. For a variety of reasons, I never got this one right at Return Path, and I regret it.

Just make sure if you do add a director who looks different or has a different background from other directors, you maintain your standards and requirements for the role. The only thing worse than not having a female (or minority, etc.) director is having one who is obviously underqualified for the job.

Politics in the Workplace

Is your company a platform for politics? Or a platform to promote your values? This is a thorny question that all leaders will end up addressing at one point or another, and it's not fun. Just look at Google, long a bastion of liberal orthodoxy, which first had a lot of internal complaints that liberals were trampling on the rights and beliefs of conservatives, then issued new policies to limit discussion of politics in the workplace, then immediately found itself the target of the federal government when the NLRB ordered them to remind employees that they have freedom of speech. It's exhausting following that, let alone trying to navigate it as a leader.

Especially in the divisive age in which we live, I have found it to be critical not to impose my own political views (no matter how right I think I am) on my organization, but rather to use the company's established and well-known values as a guidepost to handling controversial matters in a way that hopefully can be understood and appreciated by all employees, even if a given issue

doesn't receive the response they want. This comes back to one of my frequent sayings, "The Business is the Boss." Doing things that are in the best interest of the business and in ways that are consistent with your company's values are always defensible, even if employees disagree with them politically. Doing things that promote your personal values is just a recipe for disaffecting large numbers of your employees.

Here's one of many concrete examples I can give. In 2015, the State of Indiana passed a so-called "religious liberty law" that was intended not to force people to do things that contravened their deeply held religious beliefs, but which had the side effect of creating a method for legal discrimination against LGBT citizens. Obviously, there were loud business and political voices across the country rallying people both in support of and against the legislation. And inside our company's Indianapolis office (and certainly our other offices), we had a divided employee population with some favoring the law and some opposing it. When I thought deeply about whether our company should follow the lead of other larger technology companies in decrying the law and economically punishing the State of Indiana for enacting it – in ways that would ultimately, if indirectly, hurt individuals in the state – we decided on a values-first approach and very clearly communicated to our employees that we were reaffirming our company's commitment to equal opportunity and to nondiscrimination at every turn (internally with employees and externally with clients and partners and vendors) and that we wouldn't tolerate anything less.

While a few people criticized me for taking a "mushy stand" on this topic, I felt – and many more employees appreciated – that taking a "business/values first" stand was ultimately a more important demonstration of authentic leadership than taking a political one.

We had a regular debate as well at Return Path about whether there were types of clients to whom we shouldn't sell our services. While we never had to deal with a lot of thorny cases (big tobacco and firearms companies, for example, don't really do email marketing), we did have a lot of potential clients in the pornography business who wanted to work with us. While a number of employees were (rightly) offended by those clients' business models, I

find it hard to justify refusing to do business with someone whose business is legal, if a bit unsavory. In the case of the pornography business, our clients all had paid relationships with their end users – so Return Path providing them with our services was a case of fundamentally allowing end users to receive emails that they had paid to get that might otherwise be filtered. I guess we could have opted out of that business, but instead what we did was allow any employee, without exception and without explanation, to opt out of working on those clients' accounts in any capacity. I'm not sure if we got that one right, but we tried our best.