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Welcome to Leadership

Nature of the Job

Today, there's an unprecedented demand for highly effective leaders. As organizations strive to stay competitive in the tough global marketplace, the ability to develop effective leaders has become increasingly difficult. Organizations are facing—or must face—the reality that effective leaders, at every level, can make or break them.

An aging workforce and retiring baby boomers compound the challenge. Where will tomorrow's leaders come from? Smart organizations must identify and train their talent to meet rigorous leadership demands, or they risk failure.

The Need for Leadership Is Greater Now Than Ever Before

The *Gallup Business Journal* had it right in its March 25, 2014, article, “Why Great Managers Are So Rare.” According to authors Randall Beck and Jim Harter, “Companies place the wrong leadership candidates in the job 82 percent of the time.”

Think about that number for a moment: *82 percent?* Is it any wonder that so many companies fall by the wayside? As Beck and Harter

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put it, “Bad managers cost businesses billions of dollars each year, and having too many of them can bring down a company. The only defense against this problem is a good offense, because when companies get these decisions wrong, nothing fixes it. Businesses that get it right, however, and hire managers based on talent, will thrive and gain a significant competitive advantage.”

The lack of effective leadership is further evidenced by the staggering number of employees who aren’t working to their full potential. In another *Gallup Business Journal* article, “How to Tackle U.S. Employees’ Stagnating Engagement,” dated June 11, 2013, authors Susan Sorenson and Keri Garman claim that only 30 percent of American workers “. . . were engaged, or involved in, enthusiastic about, and committed to their workplace.”

They go on to say, “An alarming 70 percent of American workers are not showing up to work committed to delivering their best performance, and this has serious implications for the bottom line of individual companies and the U.S. economy as a whole.”

Mike Myatt, author of the book *Leadership Matters . . . The CEO Survival Manual* (Outskirts Press, 2007), writing in *Forbes* says, “Why do businesses fail? If you’re willing to strip away all the excuses, explanations, rationalizations, and justifications for business failures, and be really honest in your analysis, you’ll find only one plausible reason—poor leadership. I’ve often said real leaders refuse to take the credit for success, but they will always accept responsibility for failures. Harsh? Yes; but it goes with the territory.”

Steve Tobak of *Fox Business News* puts it this way in an article he wrote for *foxbusiness.com* on January 20, 2013, “Why Good Companies Fail”: “When you cut through all the BS [of a failing business] it always comes down to one thing. People. If you observe the people in charge, ask some good questions, and poke around a bit, you can usually figure out what’s really going on. And what’s really going wrong.”

Steve continues: “At the core of every company in trouble is usually a management team that’s not as competent as it needs to be, more complacent than it should be, and more dysfunctional than it can get away with.”

In such an environment is there any basis for questioning the need for more capable leaders, or as I like to say, *highly effective leaders*?

Real Life, Real Lessons

I wrote this book after being prodded by thousands of people who have attended my speeches and workshops, the hundreds of executives I've coached, and the countless organizations I've worked with in consulting and training. I designed the book to address and answer a critical question: *What can you do to improve your leadership?*

This book provides you with simple, pragmatic principles, as well as stories and exercises that can make you a more effective leader as you read and apply the book's lessons.

Leadership is not rocket science. It comes down to living and leading by the golden rule: Do unto others as you want them to do unto you.

Through real-life stories and examples, I provide a window into the lessons gleaned in hundreds of coaching sessions. Certain names and details have been omitted to protect clients' identity. I confess that coaching alone wasn't responsible for their successes.

Leadership requires common sense, knowledge, and honesty with people. It's talking—and walking—the talk. Effective leaders learn about the people they lead, they communicate well, they offer relevant feedback and praise, and they give credit to those who deserve it. They are a positive force at work (where people spend most of their time), and create a welcoming, productive environment where people can enjoy their jobs.

Secret Ingredient: People

"You can dream, create, and design the most wonderful place in the world . . . but it takes people to make the dream a reality."

—Walt Disney

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When Walt Disney made this statement some 55 years ago, he likely never imagined that it would be applied to the workplace and become a core management tenet.

It doesn't matter what business you're in—manufacturing, accounting, legal, high tech, biotech, blue collar, or white collar—nor the size or nature of your organization: *It's people who are your most vital resource.* Without highly motivated employees, your organization will struggle to survive.

Motivated people give you a competitive advantage. As a leader, you can make the difference between those who care deeply about their roles versus those who simply show up for work every day (if you're lucky), and go through the motions while collecting a paycheck. An effective leader motivates employees to work together and achieve greatness, instilling confidence and trust as they go about their everyday business.

Of the 70 percent mentioned in the previous Gallup article, 52 percent are not engaged, and another 18 percent are actively disengaged. These employees are emotionally disconnected from their companies and may actually be working against their employers' interests. That's a frightening number! What does this say about the state of leadership today?

People make companies. As leaders, we often spend most of our time on strategy and improving bottom-line results, but what about our people? It's our job as leaders to guide them, help them develop more skills, and increase productivity.

I've often questioned why so few MBA programs include essential people skills (often called "soft skills" in their curricula). I was therefore happy to read a recent *Wall Street Journal* article describing how top MBA programs are starting to incorporate soft skills into their course studies. It's about time! In today's workplaces, these soft skills can make or break a leader. Let me give you an example.

Jim Gets It Done the Right Way

Jim, an engineer at a pharmaceutical plant, was loved by everyone he worked with. When people in production had a problem, they would

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seek him instead of their manager for help. Jim was outgoing, pleasant, and well-grounded in the technical components of his job. He always had a smile on his face, a kind word for everyone, and a positive attitude. He went out of his way to show people how to do things correctly. And when anything extra needed to be done, Jim always volunteered. He was the first person in his department to arrive each morning and usually the last person to leave. With 15 years of industry experience under his belt, he knew what it took to be successful. He had all of the basic traits and talents to be an effective leader, yet no one ever considered him leadership material.

One day, the process engineering department manager suddenly left without giving notice, and the company was hard-pressed to find a replacement. Executives didn't believe anyone inside the company could step up, so they planned to recruit from outside.

One employee asked the obvious: How about considering Jim for the job? After much debate, the execs decided to take a chance on him, with the condition that he receive leadership training to enhance his skills. They called Jim into the conference room and asked him if he was interested. He initially stated he wasn't interested, saying he enjoyed doing what he had always done and didn't want to make a change. Besides, he told them, he had never been a manager or leader, and he didn't know what to do.

The executives asked him to reconsider, as the new job represented a major step up in his career, as well as an opportunity to share his knowledge with others. After giving the promotion much thought, Jim changed his mind and decided to accept the position. The management team was pleased, and they began a highly structured program through which Jim could develop his leadership skills. They sent him to seminars outside of the company and provided a coach to work with him. Company executives understood that they needed to provide Jim with the right tools if they wanted him to succeed.

After a few months of intensive training, a once-reluctant Jim was eager and ready for his first day of leadership. He felt both excited and nervous as he arrived early Monday morning and proceeded to stand at the entryway to his department. He greeted everyone by their first

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names as they walked through the door and asked about their weekend, family, and children. He made a concerted effort to learn about his employees' outside activities and personal interests.

Jim had worked over the weekend to learn something about each employee, and he came through the door prepared. His ability to demonstrate that he cared about his staff and that he viewed each member as an individual started him off on the right foot with his department. Jim's leadership training and coaching paid off on the first day of his new job, creating a buzz among employees about the newly promoted manager's genuine interest in his staff's personal and professional lives.

During his first week, Jim held one-on-one meetings with each team member, followed by weekly team meetings. Each session had a specific agenda, and he enthusiastically solicited input from team members. The group was excited and motivated because Jim demonstrated a basic leadership principle: *People make an organization, and engaging them creates loyalty.*

Over time, Jim's department developed a reputation for highly motivated, energized, and productive people. Company employees jumped at the chance to transfer into Jim's department. One of Jim's secrets of success is that he understood what his people wanted, not just what he wanted, and he acted accordingly. He proactively asked his staff for feedback about his leadership style and effectiveness. He quickly learned that what was important to him wasn't necessarily important to them.

Jim asked questions: What can I do to make you happier here? What do you find challenging about your work? What's energizing about your work? How can I be a better leader for you to be successful? What resources do you need that you currently don't have? What motivates you to work hard? Do you feel appreciated and receive the praise and recognition you feel you deserve?

Over time, Jim was deemed one of the best managers in his company, a designation that continues to this day. He continually works to improve his leadership skills and understands the premise that Walt Disney espoused 55 years ago: *It takes people to make the dream a reality.*

The Inevitable Result of Failing to Take Responsibility

Unlike Jim, many managers and leaders fail to take responsibility. They are quick to point their fingers at others for failures. Looking in the mirror proves to be too difficult for them, and they are more than happy to abdicate personal responsibility.

This concept was put to the test when J. Tyler Leverty, PhD, an assistant professor of finance at the University of Iowa's Tippie College of Business, studied failed executives, including:

- Lehman Brothers Chairman and CEO Richard S. Fuld Jr., (aka the Gorilla on Wall Street), named one of Portfolio.com's Worst American CEOs of All Time.
- The duo of Enron Chairman Kenneth Lay and CEO Jeffrey Skilling, whose illegal business exploits led to indictments, trials, and criminal convictions. According to Dr. Leverty, the pair blamed an angry short seller in Florida for the company's demise, the largest bankruptcy in U.S. history when it was filed in 2001.
- A coterie of CEOs at General Motors, who consistently blamed the economy and outside pressures for the automaker's failure and reorganization in 2009.

None of these leaders cited poor management or a corrupt culture as reasons for their companies' downfalls, but as Leverty notes, their highly deficient decision-making skills were to blame. "We found that managers of failed firms are less skilled than their peers, and the consequences of their incompetence are economically significant." Dr. Leverty and his coauthor studied 12,000 insurance companies to determine how the decisions of their chief executives over a 12-month period affected firm performance. They asked: Were costs minimized? Were revenues maximized? Did the company operate efficiently? Did the company use technology effectively? How did the quality of leadership affect solvency? Ultimately, "inefficiency is a manager's fault," Leverty notes. Leaders are charged with identifying and remedying every problem area.

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Finger-Pointing

Manny was shipping manager for a regional delivery company . . . and he was *not* respected by his peers. He was quick to point fingers when shipments fell below plan, blaming his problems on others.

This situation persisted for years because Manny had the ear of the company founder. Unfortunately for Manny, the founder died and his son, who succeeded him, didn't appreciate Manny's finger-pointing. He fired him.

Hands-On Advice: Failing to take responsibility for the performance of your job is a losing proposition. Face your own problems and correct them.

It's easy to unconsciously slip into the routine of blaming others when things go wrong. And it may work for a time, but eventually you will be exposed. In the meantime, you risk alienating the people whose cooperation you rely on. Not a smart move.

Leading in Uncertain Times

The role of leaders in uncertain times transcends managing the bottom line. It requires remembering that their first priority is employees. Great leaders never forget that their employees are the keys to success.

As an executive coach, consultant, and former CEO, I've worked with hundreds of leaders who perpetuate the growth of their companies, departments, or teams. I find that successful leaders practice four simple leadership skills, all based on developing people. Implementing these skills keeps people focused, reduces anxieties and fears, reduces turnover, and makes employees feel loyal and positive about the company.

1. **Communication.** The late Sam Walton, founder of Walmart, said, "Communicate everything to your associates; the more they know the more they care. Once they care, there is no stopping them." Because of the downturn in the economy, people feel vulnerable and overwhelmed. They are also worried about cut-backs and layoffs. Communicate everything to them by letting

them know what is happening in your company, team, or department. Open the lines of communication with everyone and let them know that you care not only about their involvement in the workplace, but in their personal lives as well. A leader places a high value on human capital.

2. **Praise.** When you praise people you inspire loyalty and encourage them to perform great work. Praising also creates positive energy in companies when people are continually being praised for doing good work. Great leaders go out of their way to praise people; they catch people doing something right! When praising people, do it in a timely fashion, make it specific, and try to do it in front of their peer group. Use such statements as: Thanks for getting that report in so quickly. You handled that situation nicely. That was an interesting point you brought up. We couldn't have done it without your help. I can see you're improving in that area; keep up the good work. Your contribution is making a difference on this project. Praising your people will keep them motivated, inspired, and full of positive energy.
3. **Empowerment.** Great leaders know that they need to create more leaders at all levels. Empower your people; nurture their development as leaders. Don't just delegate work; delegate decision-making powers to people. When people have the authority to make important decisions, they feel part of the organization, and they're more likely to remain part of it. By empowering your people, you enable them to reach their potential. When you fail to empower people, barriers are created that people can't overcome. If these barriers remain long enough people give up and leave. Many of those people go on to become great leaders at other organizations.
4. **Coaching.** Coaching boosts productivity, builds teamwork, motivates employees to elevate performance levels, and helps people overcome obstacles to their success. A great leader spends time working with individuals to see the blocks in their performance. A successful leader and effective coach are one in the same. People won't change until they see the need to. Good coaches listen to

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people to find ways to break down the barriers that keep people from reaching their full potential. They then work with their people to outline a plan of action that clearly states the goals for improvement and accountability. Coaching helps people learn, grow, and change. It provides a powerful structure through which people can focus on specific outcomes, become more effective, and stay on track.

Uncertainty calls for strong leaders who guide people through troubling and turbulent times. Inspire and motivate your people to help them adjust and be productive employees. By utilizing these four leadership skills, you can change attitudes and create a positive and nurturing environment.

Helen Gets It Right

When the board of directors of a failing company appointed Helen as CEO she brought with her all the requisite skills from her previous position with a competitor. She practiced the four techniques just described: communication, praise, empowerment, and coaching. Those skills enabled her to turn around the company.

Hands-On Advice: Bear this in mind—you can succeed where others have failed if you do the right things, have faith in yourself, and have the courage to persevere.

Helen did it as thousands of others have before her, and at all levels of the organization. It's not easy, but it can be done, and it is those character traits that separate thriving leaders from mediocre performers.

Takeaway from Chapter 1

Define the traits, duties, and competencies of highly effective leaders you have known. Compare them to highly ineffective leaders you may have had the good fortune to work with. I say good fortune because watching leaders fail enables you to evaluate *why* they failed. Now contrast them with leaders who have had great success and determine *why* they succeeded.

I suggest you write this information, listing the traits, duties, and competencies in the left-hand column, and the names of the contrasting managers in the next two columns, then evaluate them one attribute at a time. In the third column, write your name, and have a coach or mentor evaluate you compared with the other two leaders, attribute by attribute.

Why write it? Because the act of writing assures that you won't skim over the information but instead give each of the traits, duties, and competencies the thought they deserve. This method will also help guide your thinking, organizing how you analyze an issue (whatever that issue might be), then let you come to rational conclusions in a systematic way.

There is no better school than this. Use the takeaway from this chapter, and each succeeding chapter, to improve your leadership qualities.