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OCTOBER 2009

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 VOL. 26 NO. 10 SMU COX SCHOOL OF BUSINESS EDITION OCTOBER 2009

Sovereign Leader

The image of a bald eagle—nature’s royal raptor and the symbolic embodiment of freedom—grasping arrows and an olive branch with its talons is emblazoned on the Great Seal of the United States, suggesting the quest for both power and peace. It’s the brand and style that leaders and rulers might emulate today.



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A Long Road to Economic Recovery

We have reached the bottom of the recession.



by Albert W. Niemi, Jr.

THE U.S. RECESSION IS OVER. While this is good news, the road to recovery still lies before us. Economists speculate on three paths to recovery: a V-shaped strong rebound, a W-shaped economic double dip, or a U-shaped sluggish recovery. All three paths depend on the behavior of four interconnected factors—employment, consumer spending, housing, and auto and truck sales.

1. V-shaped strong rebound. About 15 percent of leading forecasters predict a strong rebound. For this to happen, all four indicators need to improve: unemployment numbers would need to improve, consumers would have to ratchet up their spending, housing starts would need to increase sharply, and auto and truck sales would have to surge.

2. W-shaped double dip. There is a 20 percent chance that we are in for a double dip.

In this scenario, the U.S. will head briefly towards recovery in 2010 thanks to increased consumer spending, only to enter a second recession in 2011. This recession would occur after the stimulus money starts to dry up, the Bush tax cuts expire, inflation starts to rise, and the Fed raises interest rates—influencing the same consumer spending that facilitated the temporary recovery.

3. U-shaped sluggish recovery. Most likely, we'll experience a sluggish recovery. All four indicators will gradually strengthen, indicating the overall strength of the economy.

In the early stages of this third path, the recovery will be jobless. The unemployment rate will continue to rise for at least six more months. It will hit a peak of 10.2 percent early next year. By this time next year, we are likely to still have a 10 percent unemployment rate. In 2013 the unemployment rate will still be above 7 percent, well above the full employment level of 5 percent.

Consumer spending—the driving force in our economy—is also in for a slow recovery. People are trying to replenish their lost savings and wealth. The national savings rate has gone from negative territory to 6 percent, and this rate of savings will continue. Also, credit is much tighter. Loans are

only being given to strong candidates with the ability to repay.

There is a huge over-supply of houses. From 1945 to 2007, we built more than 1 million new homes every year. During the peak (2002–2007), we averaged 2 million new homes per year. Then the recession hit, decreasing the number of houses built in 2008 to 800,000 and only 500,000 in 2009. In 2010, we'll build 750,000, but this home building will not support a strong recovery.

The automobile and trucking industry has also been hit hard. It will get better in 2010, but we'll be at least 30 percent below where we were over the last few years.

Obstacles to recovery. The methods used to diminish the deficit will affect the economy. Eliminating the Bush tax cuts will result in \$70 billion in new revenue—hardly enough to reduce a \$2 trillion deficit. Raising taxes will cut back consumption and increase unemployment—negatively affecting all sectors, from new homes to retail. Those who are making the least will be hit the hardest.

Most middle-class Americans are already paying 50 percent or more of their income through federal, state, and local taxes, property tax, sales tax, etc. The top 1 percent pays 40 percent of federal income tax, while the bottom 40 percent pay nothing. When we have 50 percent who do not contribute, we're getting dangerously close to socialism.

A possible solution. Politicians are continuously running for reelection, putting themselves first instead of the country. This problem could be solved by implementing term limits. The President should serve for one six-year term, senators should serve one eight-year term and congress should serve two four-year terms. There should be no reelection, thus allowing the government to focus on national issues—not campaigns.

The U.S. economy is resilient. We have reached the bottom of one of the worst recessions in history, and are now on a long road to recovery. It will occur slowly, and some areas of the country will recover faster than others. But the future remains bright: we will turn this economy around. LE

Albert W. Niemi, Jr., Dean,
SMU Cox School of Business

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Make Tough Choices

The leader's role demands action.



by Carly Fiorina

AT AGE 23, I WAS A LAW school dropout. Through the years, many people took a chance on me and gave me opportunities to realize my potential. Some 22 years later, *Fortune* named me “The Most Powerful Woman in Business,” and I was recruited to be CEO of Hewlett-Packard—the first female CEO of a *Fortune* 20 company with a mandate to shake things up.

I drove the *transformation* of legendary but deeply troubled HP, in the face of opposition. I was an outsider in every way imaginable: the first CEO not promoted from within; a woman leader in a male-dominated culture; a marketing expert in a company that worshipped engineers; an easterner surrounded by Silicon Valley lifers.

Time had stood still for some people at HP; they did not know how to move forward without their founders. They were afraid that changing *anything* might mean destroying *everything*.

The fight over the Compaq merger was a made-for-television drama, but today I think less about the fierce battles and more about the progress we achieved, working with a great deal of help from dedicated and hard-working employees. HP revenue doubled from \$44 billion to \$88 billion; and the company not only survived the worst technology recession in 25 years, it emerged as a far more innovative and customer-focused company.

I learned a great deal from these experiences, and some of the lessons were very personal. When people have stereotypes of what you can't do, show them what you *can* do. When they have stereotypes of what you won't do, show them what you *will* do. Every time you resist someone else's smaller notion of who you really are, you test your courage and your endurance. Each time you endure, and stay true to yourself, you become stronger and better.

In the end, business isn't just about numbers—it is about people, about making the tough choices. I led HP through the *reinvention* of the company, steering it through the dot-com

bust, and the controversial merger with Compaq Computer, now acknowledged to be the most successful merger in high-tech history.

New Era of Leadership

We need a new era of leadership, one in which leaders redefine profit engines to raise the capabilities, extend the hopes, and extinguish despair of people across the globe.

Americans are *justifiably outraged* over excessive CEO pay and perks, particularly when taxpayers are footing the bill. Our capitalist system works best when there is transparency and accountability.

Proposed solutions that attempt to respond to taxpayer anger and restore “common sense” to CEO compensa-



tion offer executive pay caps for institutions that receive bailout money.

I don't think this is the answer. It's arbitrary and incomplete. It applies only to institutions that receive more government assistance. And it weakens our economy when government decides how much each job is worth.

So, what's the answer? To strengthen transparency, all aspects of CEO pay and perks should be fully disclosed regularly—including airplanes, cars, club memberships, bonuses, stock options, retirement plans, and salaries—everything that a common sense person would consider part of a CEO reward package. And to strengthen accountability, all aspects of CEO compensation should be voted on by shareholders annually.

Ultimately, owners of companies must determine whether a CEO's rewards are justified by performance. And because taxpayers are now partial owner in many companies, the gov-

ernment can get a sizable vote as well.

In addition, *clawback provisions* that require a CEO to return compensation to shareholders if promised results are not delivered, should be standard fare. When leaders seek taxpayer money, it is an admission that mistakes have been made and major bets have failed. These CEOs should be prepared to tender their resignations and those of their boards. To earn a bailout, a CEO and board should be held accountable.

We should not weaken our economy while trying to fix it. These are difficult times. In such times, action is required. The key is to take actions that help in the short-term, while also being sensible for the medium and long-term. Too often our politicians react to crisis and public anger by over-reaching, and they create new, unforeseen problems that only become clear with the passage of time. The opportunity to be rewarded for taking prudent risk is fundamental to our economic vitality and strength. Let's not lose that principle in our outrage over Wall Street greed and excess.

Restore Credibility

Leaders must use these tough times to restore credibility. We must step up to new levels of transparency and accountability and recalibrate our role.

Today almost any job can be performed almost anywhere. We can create, seemingly overnight, a global market of complex financial instruments like credit default swaps worth trillions of dollars, and then wake up and realize that this market is opaque to regulators and incomprehensible to shareholders and taxpayers. This is a world of tremendous individual power and almost limitless possibilities.

In the past decade, we have witnessed three business-led disasters: the dot-com bust, the collapse of Enron, and the current financial crisis. In all three events, jobs were lost, companies destroyed, hard-earned savings and investments decimated, and the credibility of leadership gravely damaged. All three had common causes.

- The dot-com bubble occurred because people suspended good judgment and decided that technology stock prices could go up forever and a company was worth hundreds of times forward earnings. As long as everyone made money, everyone played along.

- The fraud at Enron (and WorldCom and Adelphia) occurred because management teams decided that quarterly earnings and a rising stock price trumped ethics. Despite doubts, many

accountants, bankers, lawyers and credit-rating agencies played along. Inevitably, the house of cards collapsed.

- Smart people bet way too much money on the assumption that housing prices would keep on rising. If concerns existed about the unprecedented complexity of new, technology-driven financial instruments and risk-modeling tools, they were pushed aside in the pursuit of wealth.

Today, common sense, good judgment and ethics matter more than ever. People expect their leaders to have sufficient wisdom and perspective to buck the crowd and defy conventional wisdom when necessary, even if it isn't popular. Quarterly earnings and share price can't be the singular purpose of business or metric of success for CEOs. A CEO's job is to balance the competing requirements of all constituencies.

Leaders need to rebuild confidence and restore credibility. To strengthen accountability, boards should put all aspects of CEO pay up for shareholder vote annually. Pay should be based on a balanced scorecard that reflects customer satisfaction, investment in employees, and achieving financial goals.

Every board seat should be voted on annually and board membership should be regularly refreshed to ensure that tough questions are asked. When CEOs go to Washington and ask for taxpayer money, they should also be prepared to submit their resignations and those of their boards. To earn a bailout, a CEO and board should be held accountable for their decisions—or the actions they've failed to take.

To strengthen transparency, leaders should report important strategic issues and operational considerations in addition to quarterly earnings projections and annual profit targets. Risks and assumptions should be spelled out, not buried in fine print.

Leaders must step forward and be part of the solution by volunteering greater disclosure and accepting responsibilities. Otherwise, we will be treated as the source of the problem.

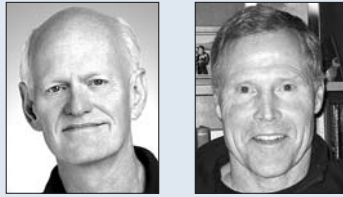
If we are to emerge stronger, leaders must restore their credibility and regain people's trust by embracing accountability and transparency. At no time in history have we been so unconstrained by our array of capabilities or so challenged by our worst excesses. Never have common sense, good judgment, and ethics mattered more. LE

Carly Fiorina is a speaker, commentator, advisor, and CEO of Carly Fiorina Enterprises, CEO of Hewlett-Packard from 1999 to 2005, and author of Tough Choices. www.CarlyFiorina.com.

ACTION: Take action to restore trust.

Influence Decisions

The decision-maker is customer.



by Marshall Goldsmith and Frank Wagner

HOW OFTEN HAVE YOU COMPLAINED about a decision-maker who *won't listen*, or is *completely off base*? Although you may ascribe the problem to the decision-maker, your inability to effectively influence the person may be the real cause. You likely view the decision-maker as someone you need to facilitate in order to make the *right decision* as you define it, the decision *you* would make if *you* had the power. From this bias, you make yourself the customer in interchanges with decision-makers.

Our suggestion: *Make the decision-maker the customer!* By adopting this view, you become a more effective influencer. For example, suppose that your manager has to decide on resource distribution for 2010 when the need is likely to be twice the available resources. Once your manager makes the decision, you will be either happy or unhappy with the results. How should you approach this situation? Here are three tips:

1. **See that the decision is made by the person who has the power to make that decision—not the “right” person, “best” person, or the person whom you would prefer.** Your manager is not there to satisfy your needs. This isn't to say that she is immune to influence, or that you should not do your best to influence—just know the decision falls in her lap.

2. **Know that it is not your manager's job to buy from you; it is your job to sell to your manager.** Keep your manager's needs top of mind. Know what priorities, challenges, or dilemmas he or she is facing with the decision. Focus on contributing to the larger good—not just achieving your objectives. Provide useful information, expertise, and sales support for your manager's decision.

3. **Stay supportive of the decision maker—no matter what the outcome.** In most cases, your manager is trying

to look out for you and other direct reports. If you do your best to influence the decision-maker and the decision goes the other way, act *supportive*. Don't complain, sulk, or make snide remarks about the decision or its maker. Learn more about what led to the decision. When you act supportive, especially when you didn't win, you gain influence over the next decision.

Influencing Behavior

To influence up, we encourage you first to *let go of the past*. When you bring up the past, you demoralize people who are trying to change. So, focus on the future. **Be helpful and supportive—not cynical, sarcastic or judgmental.** When people feel punished for trying to improve, they quit trying. Give them a fair chance, and they'll be motivated to improve. **Pick something to improve yourself** and ask for suggestions.

You can help leaders achieve positive change in behavior in three ways:

1. **Agree on one desired behavior to change**—one that will make the biggest positive change in leadership effectiveness. **Pick only one or two areas.** Leaders can't be expected to change behavior if they don't know what desired behavior looks like.

2. **Determine who should weigh in** (six months later) on whether change has occurred. By agreeing on the desired behaviors and key stakeholders, you ensure buy-in to the process.

3. **Make “feedforward” suggestions** on how to improve targeted areas. Keep

conversation positive, simple, and focused. If you've made mistakes, apologize and ask for help in changing the future. **Listen** to suggestions; don't judge them.

4. **Help them develop an action plan** of what *they* want to do and encourage them to live up to their commitments. Be a facilitator, not a judge. Help them do what *they know* is the right thing to do.

5. **Collect 360 feedback on progress.** Ask, “Based on my behavior last month, what ideas do you have for me next month?” Keep focused on the future.

6. **Review results and start again.** Build on any success by repeating the process for the next six months to ensure continued progress on goals.

This coaching process is valuable for all leaders and high-potentials. LE

Marshall Goldsmith helps leaders achieve positive, measurable change in behavior, and author of Succession and What Got You Here Won't Get You There. MarshallGoldsmithLibrary.com. Frank Wagner is a Thought Leader at the Marshall Goldsmith School of Management. Visit www.aboutfrank.com.

ACTION: Have greater influence on decisions.



Seat at the Table

Or are you on the menu!



by David Nour

WHEN YOU'RE A candidate for a promotion that goes to a peer, you may wonder, "Why was he or she promoted to manage or lead, not me? Why, when I am the one who is more consistently and recently invited to spend time with the boss, is she the one receiving the promotion?"

Ask yourself these 10 questions:

1. Have I performed under pressure?
2. Have I completed an initiative that shows my core strengths/capabilities?
3. Have I consistently supported my colleagues by taking a genuine interest in their key initiatives, and helping them to achieve quantifiable results?
4. Are my communications skills, written and oral, very proficient?
5. Do I confront others with respect, and solve problems with *decisiveness*?
6. Have I achieved a high degree of influence and proactively engaged others in getting things done?
7. Have I supported my superiors by taking on difficult projects and offering value-based counsel?
8. Have I defined my long-term goals and objectives and created a road map of how my current and future activities will help me obtain my goals?
9. Have I completed prioritized assignments for others before completing my own? Have I put other people's projects ahead of my own?
10. Do I have a strong personal brand or presence and upmost competence?

Call to Action

If you answered *no* to any of these questions, you may be prohibiting a potential promotion. You either move up or move out, so take steps to move up in *your position* or into *another firm*.

To get off the menu and invited to the table, take these five steps:

1. **Get an independent assessment** of where you are today by taking a behavioral or emotional survey (Myers-Briggs, DiSC, Hogan, Birkman, HBDI).
2. **Engage three mentors:** One within the organization, one within the industry and one outside of both—all with unique and candid insights on your core strengths and weaknesses.

3. **Study or profile the leaders** or executives you wish to model, and identify the gaps of your current abilities and where you'd like to be.

4. **Invest time and resources** with a career coach to help you identify your strengths and weaknesses.

5. **Read *Relationship Economics*** and apply the *Relationship Currency Roadmap*. How are you staying off of the menu?

A Case in Point

I recently met with a colleague—call him Bob—and observed that Bob had become fat, dumb, and happy, by choice! Bob came up with an interesting idea in the mid 80s and started consulting with global companies. For two decades, Bob milked every possible angle on this simple (and at its height, unique and powerful) idea. But



Bob had become complacent. His ideas are no longer relevant. When I asked about his business, he replied, "It has flat-lined" and offered excuses.

I noticed that Bob's jacket was tight, and that he was wearing his belt *under* his waist. He is 50 pounds overweight and badly out of shape; he breathed heavily as we walked. Clearly, he had lost his edge, both in physical appearance and in content. He'd also lost much of his self-esteem and confidence. He now worked with obscure organizations at a fraction of his old fee.

When I offered suggestions, he was polite enough to jot them down, but I could clearly see his newly developed (and refined) low tolerance for risk.

But this article isn't about Bob—it's about doing three things to stay relevant, sharp, and on the edge of success!

It's been said *adversity reveals genius; prosperity conceals it*. Now's the time to reinvent your business model, revenue model, or portfolio of key relationships.

Three Best Practices

Aim to adopt three best practices:

1. **Get and stay in shape! Physically and mentally.** Consistent exercise increases oxygen flow to your heart and brain. When you get adequate sleep and are well rested, you function more effectively. When you eat healthier, you feel better. When you exercise your brain, you reestablish synapses that help you think more clearly and remember information more readily. You are never "too busy" to exercise. Make time for your priorities!

2. **Constantly innovate.** I share my content freely online because I keep generating fresh content. What better way to research, re-build, and innovate ideas than to share them with people. In my *Adaptive Innovation* keynote, I illustrate the "S" curve of innovation. This shows that before the height of your current idea, you're ideally working on the next evolution (if not revolution) of what's next. That's why I love to read, write, and present to diverse groups. As I research each one, I'm humbled by what I learn—and I find ways to do things differently (true *innovation*) vs. better (*incrementalism*).

3. **Become a life-long learner!** How do you grow personally and professionally? What do you read to think differently about topics you find of interest? How do you try out new ideas? *If you're not failing, you're not trying!* Every failure brings valuable lessons—in how you evaluate a situation, how you react to it, and whether or not you achieve the results you desire. Seek new experiences that raise the bar on your professional growth.

Three Questions

I have three simple questions of you:

1. What has to happen for you to commit to staying in physical and mental shape? No one can light a fire *under* you; you have to light a fire *within* you!
2. What are three areas of your thinking or living you can do differently and innovate in the process to create a *movement* of ideas, actions, or purpose?

3. How can you raise the bar on your personal and professional growth? In 20 years, will you be relevant if you ignore social networking trends that are reshaping business relationships?

Combine passion with the ability to excite or disturb others—get them to think differently about current conditions, and your business will prosper! LE

David Nour is author of Relationship Economics (Wiley, 2008) and Social Networking Technology Best Practices Series. Visit www.relationshipeconomics.net.

ACTION: Develop yourself as a thought leader.

Leader as Conductor

Make a persuasive case for your vision and connection.



by Roger Nierenberg

MOST EXECUTIVES are fascinated by the art of conducting.

On posters, conductors are captured in moments of great passion and intensity, while musicians appear riveted on their slightest movement. And on the podium, a conductor seems to embody charisma and power, capable of shaping the orchestra around his will.

Many executives covet that romantic dream. They wonder what hypnotic power is hidden inside the baton and how anyone projects such magnetism.

That's the *fantasy*. The *reality* of conducting an orchestra is different. Yes, great conductors do achieve amazing concentration and a superbly blended sound from their orchestras. Under the direction of a true maestro, even the players can be amazed by the beauty and artistry of what they achieve. But it is a far more *cooperative* process, requiring more *persuasion, influence, and tact* from the conductor than *coercion*.

After all, unlike the musicians, the conductor can't make a sound. His musical voice is in other people's hands, and his success is determined by their results. Will the players respect his work enough to contribute their best efforts—or will they give just enough to get by? Professional musicians, like all great achievers, perfect their impressive skill through a lifetime of self-criticism. And they will judge the conductor by the same high standards they apply to themselves. His force of personality, charisma, charm or humor will not shield him from their critical demands.

So what do orchestras want, and need from their conductors? I've come up with three leadership maxims:

1. Make a persuasive case for your vision. Musicians are busy playing the notes, just as workers are absorbed in carrying out *transactions* and *operations*. Such work is important, and executing it accurately and on time is vital. But it can lose its freshness and meaning unless it's linked to a larger *goal* or *vision*.

It's difficult for even great artists to provide their own motivating vision because they occupy just one chair, and it's not easy to influence the entire

group from there. Also, they don't want to alienate their colleagues by overstepping their authority. The conductor is the only one in a position to make the strategic decisions that aim the group towards its goals and give meaning to the countless actions required to attain them. And it is right that he should be.

After all, orchestra musicians and other workers are deeply engaged in *what is*, and are not in a good position to contemplate *what could be*. But the conductor stands on a podium with a panoramic view. Since he isn't charged with playing the notes, he has mental space for looking beyond *right now* so that he can shape the future. He must use the *elevation of his office* to identify and define *big opportunities* and decide which ones to go for. A vision, persuasively presented by a committed leader,



will draw the musicians' attention like iron filings to a magnet. *Crafting* such a vision and *communicating* it with crystal clarity is the work of the conductor.

2. Stay present and connected. A conductor is simultaneously engaged in taking *input* and sending *output*. The *input* process connects to the orchestra's sound through sensitive hearing that can decipher its details. Just as leaders pore over performance metrics, conductors take an inventory of what's happening in the moment—it requires an experienced ear. But a conductor gains influence by the way he uses what he hears. The orchestra needs to see that he is *affected* by their sound.

That amazing baton gets half of its magic by the way it adapts to the particulars of the orchestra's sound. The conductor makes the baton adjust in real time to what he hears. If the sound is louder than the conductor had envisioned, the baton will seem to become

lighter and less active. If more depth of sound is desired, the baton will seem to push its way through thick air. The musicians see that these movements are in direct response to their playing. They feel a palpable connection, making them *more eager* to realize the vision.

The other half of the baton's magic comes from the conductor's *output*. Since he has a strategic approach to the music, he has a clear sense of where it is going. Guided by this image, the baton *invites* the orchestra into the next sound. Now the musicians are seeing not the reflection of their own playing, but the image of what they could sound like next. It is as if the baton creates a vacuum that the orchestra naturally wants to fill with its playing. There is no need to coerce—nature abhors a vacuum. The key to the input and output process is the conductor's aural and visual connection with the players.

3. Take responsibility for how your people connect with each other. Most workers have an in-box (work to be processed) and out-box (where completed work goes). This is also true of musicians. The in-box is the sheet music that details the notes to be played. As soon as a note has sounded, it's instantly sent to the out-box, the acoustical environment where this sound is mixed with others and eventually reaches the audience. Obviously, playing the notes correctly is the musician's first priority. But he may mindlessly zero in on the task, numbing his awareness of what other players are doing.

Every orchestra has moments when they play primarily by eye, obeying written instructions. An alert conductor will hear when musicians absent-mindedly stop listening, and give them a fresh focus. The key to good playing is the orchestra's active, engaged listening. If the conductor finds that they are not collaborating well, he'll raise their awareness of the logic and beauty of the whole picture. This makes the orchestra sound better—and makes the work more rewarding for the all musicians. A conductor who insists that teamwork and collaboration deserve the same care and attention as accurately reading what's on the page will awaken energy in the entire group.

This is why orchestras respond with such alertness to great a conductor. They are fed by his energy, and he calls forth the group's own vitality by taking responsibility for how they collaborate. **LE**

Roger Nierenberg is creator of *The Music Paradigm* and author of the forthcoming book *Maestro: A Surprising Story About Leading by Listening*. Visit www.maestrobook.com or call 862-849-2429 or email sspafford@musicparadigm.com.

ACTION: Become an able conductor.

Lead and Manage

Using the Balanced Scorecard.



by Robert S. Kaplan

THE ROLE OF LEADERS can be traced to the Bible, to Machiavelli in *The Prince*, and to Sigmund Freud, who said, “Groups depend on a leader for their identity and sense of purpose.”

Management scholars—Abraham Zaleznik, Warren Bennis, John Kotter, Ron Heifetz—have urged executives to be *leaders*, not just *managers*. They emphasize how leaders have different roles and styles: Leaders foster new approaches and ideas, alter structures, and cope with change; managers conserve and maintain stability and order and cope with complexity. Leaders shape moods and ideas and establish direction; managers react to goals.

Leaders welcome new options, develop choices, and create new approaches to long-standing problems; choose which decisions get made and how to communicate vision and strategy. Managers, in contrast, keep choices and options down to controllable levels; focus on how decisions get made and communicated.

Leaders influence others to voluntarily make day-to-day decisions that enhance the long-term viability; they maintain control through socialization, shared beliefs, norms, values, and intrinsic motivation. Managers conduct day-to-day operations: negotiate; rely on extrinsic motivation; organize responsibility by functional areas; conserve assets. Leaders conduct turbulent, intense, future-oriented interactions that involve risk-taking and creativity. Managers interact with people through prescribed roles and hierarchy.

Today, however, organizations need executives who can lead *and* manage. Executives must *lead* by adapting to dynamic, highly competitive environments, communicating vision and strategy to employees, and inspiring employees to innovate to achieve organizational objectives. At the same time, executives must *manage* by effectively operating a complex system of interactions to deliver synergies, allocate resources effectively, align reward and incentive systems, and install valid reporting and control systems.

Senior executives in organizations that have successfully implemented the *Balanced Scorecard* achieved success by integrating the roles of leadership and management. We now realize that the success of the Balanced Scorecard lies in its ability to provide a formal, systematic approach for *simultaneous leadership and management*.

Five Principles

The *Strategy-Focused Organization* (SFO) framework describes five principles for achieving breakthrough performance with the Balanced Scorecard.

1. Translate strategy into operational terms. Leadership and management themes are central in creating a strategy map and Balanced Scorecard (BSC). Leaders use the BSC to communicate the strategy. Typically, the environment



is changing, and the company must adopt a new strategy to succeed. Strategy is about choice. Companies can't meet the expectations of all their possible customers. *Strategy* determines which customers the company decides to serve and the value proposition that it offers to win the loyalty of customers.

Describing the strategy via strategy maps and BSC helps leaders develop choices and fresh approaches to problems. Executives introduce new approaches and ideas to cope with change. The process shapes moods and ideas, and sets new directions.

The financial perspective features two strategic themes. The *Revenue Growth* theme requires *leadership* to identify the new products and services, new markets, and enhanced value proposition that broadens and deepens customer relationships. The *Productivity* theme features the *management* activities that improve the efficiency of existing resources and processes.

2. Align organization to strategy. Cascading the strategy down to decentralized divisions, business units, and support functions, seems to be primarily a *management* function. It's the task of translating a high-level strategy into aligned and integrated strategies at lower-level units. The alignment and cascading, however, allows for *leadership* to occur much deeper. Rather than dictating the company-level measures down to the operating units, the cascading process encourages each operating unit to define its own strategy—based on local market conditions, competition, operating technologies, and resources—to deliver on strategic goals. The most remarkable transformation occurs in support functions and shared services, such as HR, IT, finance, and purchasing. The cascading process transforms support departments from functionally-oriented cost centers into strategic partners of line operating units and the company. By giving support departments the ability to articulate a clear strategy for how they add value, the heads of these units become *leaders*. They develop a mission and a strategy for their department, rather than just *manage* to a cost budget.

3. Make strategy everyone's job. In this principle, three processes must be accomplished: 1) communicate; 2) align personal objectives; and 3) link variable pay to scorecard performance.

Communication is clearly a *leadership* role. Executives use the strategy map and scorecard to communicate the vision, mission, and strategy. Some executives tell us, “You can not over-communicate; you need to find *multiple ways* to get the message out. You need to communicate seven times, seven different ways.” Effective, visionary communication helps *leaders* align and motivate their people. With a clear vision and strategy, everybody learns what the organization is trying to accomplish and how they can contribute. This generates intrinsic motivation. Employees come to work with more energy, creativity, and initiative.

Setting personal goals and rewarding individuals for achieving them fall within the *management* responsibility. The flow naturally occurs from *leadership* to *management*. The SFO process enables executives to achieve a seamless integration of their leadership and management roles and align every individual to higher objectives.

4. Make strategy a continual process. This requires executives to: 1) integrate strategy with planning and budgeting; 2) introduce new reporting systems;

and 3) lead a new meeting.

- In the new integrated planning and budgeting process, the executive team—through shareholder, customer and competitive analysis—sets stretch performance targets for the strategic measures, screens strategic initiatives for achieving stretch target performance, and links its strategy to operational improvement programs. These practices help executives deliver on their *management* responsibilities.

- Introducing new information systems for data collection and data reporting also is a central part of *managing* and implementing new strategies.

- Leading a new management meeting means reviewing performance against plan (scorecard measures, not just financial ones); identifying shortfalls (the indicators in the RED zone); and devising solutions to rectify shortfalls. The new leadership processes in the management meeting are the questioning about the strategy, the search for inter-departmental solutions to fundamental problems, and adaptation and evolution of the strategy.

The most effective management meetings use double-loop learning in which executives examine and question assumptions on which their beliefs and strategy are based.

5. Mobilize change through executive leadership. Executive leaders play three different roles: 1) *Mobilization*: they communicate the need for change and create the coalition at the top to develop and deploy the strategy via strategy maps and Balanced Scorecards; 2) *Governance*: they establish the new systems for planning, budgeting, resource allocation, reporting, and the management meeting to reinforce the strategic message and keep the organization focused with adequate resources to achieve strategic objectives; and 3) *Strategic Management*: the executive reinforces the strategic message at every opportunity, asking “why, what-if, suppose that . . .” to emphasize learning and team problem-solving.

All aspects of leadership and management become incorporated as organizations apply the five principles. Those that implement their strategies have exceptional, visionary leadership. The CEO leads the case for change, communicates the vision and strategy, and oversees implementation. Without *strong* leaders, no management system can deliver breakthrough performance. LE

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ACTION: Use the BSC to both lead and manage.

Know Who You Are

Then build a values-driven brand.



by Howard Schultz

WHEN STARBUCKS opened nearly 40 years ago, its success was anything but assured. It was just a single shop in Seattle’s *Pike Place Market* that offered fresh-roasted specialty coffees from around the world when most Americans got their coffee from a can.

A new chapter began in 1983, a year after I joined the company. That’s when I traveled to Milan and discovered the tradition of Italian espresso bars and the *romance* of the coffee experience. Soon Starbucks transcended a *coffee retailer* and became a *coffeehouse*—a third place between work and home. A place for connection, conversation, community.

In those early days we created two programs that are woven into the fabric of Starbucks culture: we offered

comprehensive health coverage for eligible part-time workers, and employee equity in the company in the form of stock options, called *Bean Stock*, turning employees into partners.

From this foundation, Starbucks became one of the most recognized and respected brands *worldwide*.

Since we became a public company in 1992, we’ve gone from 119 stores to 15,000 stores in 50 countries, with 50 million customer visits a week.

The current chapter of the Starbucks story is just as defining. Since I returned as CEO in January 2008, we have faced challenging economic times. But within this crucible, we have rediscovered ourselves and *transformed* our company.

Our transformational efforts have focused on: being true to who we are, using our core values as our lens; nurturing the connection we have with our customers; and being bold and innovative, even in uncertain times.

1. Building from a foundation of values. What we stand for is more important than ever. Customers are *more thoughtful* about where they spend their dollars. We feel now is the time to invest in ways that create a better future.

We’ve reaffirmed our commitment to doing business responsibly: in the way we work to buy our coffee ethical-

ly, help our communities, and care for the environment. We’re making progress in each of these areas and strengthening our commitment for the future.

2. Reinvigorating the customer experience. Our customer is at the center of the *Starbucks Experience*. We built the equity of our brand through the relationship our people have with our customers. By refocusing on the *Starbucks Experience*, we’ll create meaningful differentiation and separation between us and others who are selling coffee.

We’ve worked to reignite our *emotional attachment* with our customers by refocusing on the customer experience and by restoring the connection that our customers have with our partners, our coffee, our brand, and our stores.

We’ve also focused on operational excellence: aligning Starbucks organization to better support customer-focused initiatives and ensure that our support and planning functions—from back-end IT systems to store operations—are dedicated to the customer experience. This helps us make smarter decisions about new products and initiatives and bring them to market fast.

3. Protecting and reinventing the

brand. We know that iconic brands can only prevail if they remain fresh, relevant, interesting, and nimble. So, even as we focus on our core, we look for opportunities to innovate. One example is our recent launch of Starbucks VIA™, our ready-brew coffee. Some questioned the wisdom of entering the instant coffee

market, but we felt that it was true and authentic to who we are, as VIA™ maintains the high standards of quality and taste of fresh-brewed Starbucks® coffee but offers customers a unique and convenient way to enjoy it.

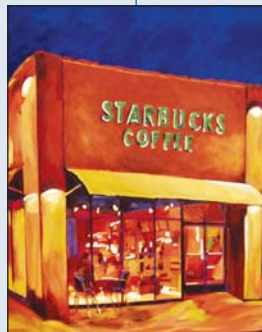
We’ll continue to highlight our heritage in innovative ways. Our partners have embraced the challenge of delivering an *exceptional customer experience*. We’ve made progress in partner friendliness, taste of beverage, speed of service, and customer satisfaction.

One thing will never change—our commitment to inspiring and nurturing the human spirit, one person, one cup, and one neighborhood at a time.

These are still the early days in the story of Starbucks—and I believe our best days are still ahead. LE

Howard Schultz is chairman, president and chief executive officer of Starbucks Coffee Company. Visit www.starbucks.com.

ACTION: Build on a foundation of values.



Primal Leadership

Prime good feelings in followers.



by Daniel Goleman, Richard E. Boyatzis, and Annie McKee

EFFECTIVE LEADERS PRIME GOOD FEELINGS in those they lead. They create emotional *resonance*—a reservoir of positivity that frees the best in people.

This primal dimension of leadership, though often *invisible* or *ignored*, determines whether everything else a leader says and does will work well. This is why emotional intelligence—being intelligent about emotions—matters so much for leadership success: Primal leadership demands we bring emotional intelligence to bear. Emotionally intelligent leadership drives resonance—and thus performance.

Breakthroughs in brain research show why leaders' moods and actions have enormous impact on those they lead, and shed fresh light on the power of emotionally intelligent leadership to inspire, arouse passion and enthusiasm, and keep people motivated and committed. Conversely, toxic leadership can poison the emotional climate of a workplace.

What *emotional resources* do leaders need to thrive amid chaos and change? What gives a leader the inner strength to be honest about even painful truths? What enables a leader to inspire others to do their best work and stay loyal? How do leaders nurture an emotional climate that fosters creative innovations, all-out performance, or warm and lasting customer relationships?

For too long managers have seen emotions as noise that clutters rational operations. Today, leaders need to generate the emotional resonance that lets people flourish.

In a crisis, all eyes turn to leaders for emotional guidance. Because the leader's way of seeing things has special weight, leaders manage meaning for a group, offering a way to interpret or make sense of, and so react emotionally to, a given situation. One emotional task of leaders is to help people find meaning and sense—even in the face of chaos and madness—and to

express the shared emotional reality so that the direction resonates at the gut level, putting into words what everyone is feeling in their hearts.

What would our lives look like if our organizations were naturally places of resonance, with leaders who inspired us—if these concepts of resonant leadership were founding principles? Hiring, promotion, and development would then focus on recruiting those with the EI skills for leadership. Ongoing learning would be part of everyday operations, and the entire organization would be a place where people flourished by working together.

Great leaders move us. They ignite our passion and inspire the best in us. When we try to explain why they are so effective, we speak of strategy, vision, or powerful ideas. But the reality is more primal: Great leadership works through the emotions.

No matter what leaders set out to do—creating strategy or mobilizing teams to action—their success depends on *how* they do it. Even if they get everything else right, if leaders fail in this primal task of driving emotions in the



right direction, nothing they do will work as well as it could or should.

The difference between ineffective and effective leaders lay in the mood and tone with which they deliver their messages: One may drive the group toward antagonism and hostility, the other toward optimism, even inspiration, in the face of difficulty.

While most people recognize that a leader's mood—and how he or she impacts the mood of others—is important, emotions are often seen as too personal or unquantifiable to talk about. The best leaders find effective ways to understand and improve the way they handle their own and other people's emotions. Understanding the powerful role of emotions sets the best leaders apart from the rest—not just in tangibles, such as better business results and the retention of talent, but also in intangibles, such as higher morale, motivation, and commitment.

The Primal Dimension

This emotional task of the leader is *primal* in two senses: It is both the *original* and the *most important act* of leadership. Leaders have always played a *primordial emotional role*. Most leaders earn their place largely because their leadership is emotionally compelling. The leader is the one to whom others look for assurance and clarity when facing uncertainty or threat, or when there's a job to be done. The leader acts as the group's emotional guide.

Today this primordial task remains foremost among the jobs of leadership: driving the collective emotions in a positive direction and clearing the smog created by toxic emotions.

In any group, the leader has maximal power to sway everyone's emotions. If people's emotions are pushed toward the range of enthusiasm, performance can soar; if people are driven toward rancor and anxiety, they're thrown off stride. The effects of primal leadership extend beyond ensuring that a job is well done. Followers also look to a leader for supportive emotional connection—for empathy. When leaders drive emotions positively, they bring out everyone's best. We call this effect *resonance*. When they drive emotions negatively, leaders spawn *dissonance*, undermining the emotional foundations that let people shine. Whether an organization withers or flourishes depends to a remarkable extent on the leaders' effectiveness in this primal emotional dimension.

The key to making primal leadership work to everyone's advantage lies in the leadership competencies of *emotional intelligence*: how leaders handle themselves and their relationships. Leaders who maximize the benefits of primal leadership drive the emotions of those they lead in the right direction.

Careful observations of groups in action reveals several ways the leader plays a pivotal role in determining the shared emotions. Leaders typically talk more than anyone else, and what they say is listened to more carefully. Leaders are also usually the first to speak out on a subject, and when others make comments, their remarks often refer to what the leader has said. Because the leader's way of seeing things has special weight, leaders "manage meaning" for a group, offering a way to interpret, and so react emotionally to, a given situation.

Even when leaders are not talking, they are watched more carefully than anyone else in the group. When people raise a question for the group, they

keep their eyes on the leader to see his or her response. Indeed, group members see the leader's emotional reaction as the most valid response, and so model their own on it—particularly in an ambiguous situation, where various members react differently. In a sense, the leader sets the emotional standard.

Leaders give praise or withhold it, criticize well or destructively, support or turn a blind eye to people's needs. They can frame the group's mission in ways that give more meaning to each person's contribution—or not. They can guide in ways that give people a sense of clarity and direction and that encourage flexibility, setting people free to use their best sense of how to get the job done. All these acts help determine a leader's emotional impact.

When people feel good, they work at their best. Feeling good lubricates mental efficiency, making people better at understanding information and using decision rules in complex judgments, as well as more flexible in their thinking. Upbeat moods, research verifies, make people view others—or events—in a more positive light. That, in turn, helps people feel more optimistic about their ability to achieve a goal, enhances creativity and decision-making skills, and predisposes people to be helpful. Insurance agents with a glass-is-half-full outlook, for instance, are far more able than their more pessimistic peers to persist despite rejections, and so they make more sales. Moreover, a well-timed joke or playful laughter can stimulate creativity, open lines of communication, enhance a sense of connection and trust, and make work more fun. Playful joking increases the likelihood of financial concessions during a negotiation. Small wonder that playfulness holds a prominent place in the tool kit of emotionally intelligent leaders.

The “group IQ,” then—the sum total of every person's best talents contributed at full force—depends on the group's emotional intelligence, as shown in its harmony. A leader skilled in collaboration can keep cooperation high and thus ensure that the group's decisions will be worth the effort of meeting. Such leaders know how to balance the group's focus on the task at hand with its attention to the quality of members' relationships. They naturally create a friendly but effective climate that lifts everyone's spirits. **LE**

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ACTION: Prime good feelings in your followers.

Experiential Learning

Make it the core of the LD program.



by Kim Lamoureux

LEADERS PARTICIPATE IN many training activities—workshops, online courses, assessments, coaching—to prepare for real-world challenges.

Mastery, however, demands experience; hence, companies have to facilitate and accelerate a person's ability to gain experience. Organizations that offer *experiential learning* (EL) enable leaders to master something by applying learning and receiving feedback.

Try three types of EL events for LD:

1. Simulation. Simulations help leaders see how various functions are interrelated and contribute to success. With little risk, leaders can experiment with different decision scenarios in various areas of the business.

At Sun Microsystems, the *Leadership Connections* program includes a custom-designed, five-day simulation in which four VPs each facilitate and coach a team of six directors. VPs arrive early to rehearse their roles and practice coaching. Teams are challenged to run a simulated version of Sun's business as CEOs over a three-year period. At the end of each day, teams receive feedback on their results and are ranked among each other. Teams then present key learning and recommended solutions to leaders.

During the simulation, consultants facilitate *Leader Lab* feedback sessions designed to reinforce Sun leadership competencies and values. These labs enable VPs and directors to share learning goals and desired leadership behaviors—and receive feedback and explore team dynamics in real-time. Each VP also helps directors link their simulation learning to their real worlds.

2. Job rotation. Job rotation involves moving a leader through a series of jobs designed to broaden knowledge of operations and prepare for advancement.

The executive council-sponsored director-level rotation program at HP enables participants to take on a new job in a different business, function or geography, which helps to ready high

potentials for their next roles. Positions are identified for a two-year rotation. High potentials are nominated and selected to participate. Participants are assigned an executive-level sponsor and an external executive coach, who takes them through a two-hour behavioral interview and the creation of a development and coaching plan. The hiring manager assigns a mentor to help participants get up to speed as quickly as possible and support the leader throughout the rotation. The depth and breadth of exposure to different businesses helps leaders glean fundamental and universal principles that build their philosophies about business leadership.

3. Action learning. Action learning is a dynamic approach that utilizes teams of four to six people for solving business problems. Leaders are evaluated on how they perform under pressure to make decisions, define recommendations and deliver solutions; the team is assessed on how well they function collectively and achieve goals.

Through its *Center for Collaborative Leadership* and executive engagement, Cisco Systems has a progressive LD approach, referred to as the Executive Action Learning Forum (E-ALF). This 16-week program includes academic study, role play, and the development of a product or business idea, enabling participants to experience a true leadership experience while executing strategy. Participants attend a five-day offsite,

where six teams of 10 people each are formed. The teams include a subject matter expert, executive coach, and senior executive. Team members meet as a group and as individuals with their coach, who remains with them throughout the process. The teams are assigned to their project and then disperse to their business units, but continue to work virtually on developing their idea. Sub-teams work on certain elements. During the second half, the team refines their proposals, meets with stakeholders, and gathers feedback. At the end, participants give a final presentation.

EL is a key element in LD strategy and program design. EL enables leaders to apply learning and receive feedback in real-time, and enables companies to observe the capabilities of leaders. **LE**

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ACTION: Design EL into your LD.



Future Leaders

Identify and develop them.



by James F. Bolt and Bonnie Hagemann

MOST LEADERS ARE ACUTELY AWARE of the growing shortage of leadership talent and the constraints it places on their ability to achieve their strategic objectives and key goals, such as customer service and growth.

The reality of the talent shortage will soon hit home. The *McKinsey Trends Quarterly* reports: "Most CEOs are boomers, and an impending leadership crisis is coming. As many as half of senior managers are leaving in the next five years." Global crises only highlight the need for leadership.

We decided to tap into the experience and wisdom of role-model line leaders (not just HR folks) to learn what they do to identify leadership potential, develop that talent, and spot and prevent trouble as they develop.

HR executives provided access to line leaders who were recognized as the best at managing talent. We interviewed 47 of these stars from 30 organizations to learn their practices and provide the *inside story* on how they identify and develop future leaders.

Identifying Future Leadership Talent

We asked these people to address what factors they consider when they identify leadership talent—and what they look for when predicting the future success of leadership talent.

Five factors rated highest—we list them in order of response frequency:

1. Strong track record of performance. Proven results; success in past/current roles—both how they perform individually and compared to their peers.

2. Strong interpersonal skills. Excel in the soft people skills, including "How do they work with people to get the work done and achieve results?"

3. Strong communication skills. Excellent verbal and written communication and "Clear, concise communication at all levels" are emphasized repeatedly.

4. Shows drive/initiative/ambition to increase responsibility, move-up or

around, and accepts new challenges. Described as "hungry" individuals who are "self-driven" and "always thinking of a better mousetrap."

5. Creates and articulates a company vision and strategy. Sets direction. Executes on objectives. Understands the total business. Has a vision, shares the vision, executes it, and gets others to buy into it."

Of course, identifying high-potential leaders is just the starting point.

Developing Future Leaders

Once future leaders are identified, role-model line leaders do five things to accelerate development:

1. Exposure to peers, executives, board members, decision makers, different levels, the broader/global business. High-potentials need exposure to "senior executives," "uncomfortable experiences," "customers," "external resources," "internal resources and assignments," to grow and develop.

2. Increased responsibilities. Both cross-functional and vertical responsibility increases were seen to have great



impact on growth and development. "Throw high-potentials into the frying pan, and give them a chance to shine."

3. Special assignments/projects (including stretch assignments). "We give project leadership roles in change, management, and financial analysis to stretch employees. Hi-pos must demonstrate skills that they don't use in current jobs to prepare for the next level."

4. Job rotation. Rotation helps high-potentials to "learn key positions" so that they can gain a better understanding of how the total business works.

5. Coaching/feedback/mentoring and development planning. Executives make time for coaching, feedback, mentoring, and development planning with their high-potentials. "Hi-Pos need to have a champion" and "the best top managers excel at bringing up new leaders and being their champion."

Once development is underway, executives sometimes neglect to spot trouble and prevent derailment.

Early Warning Signs

Four signs that indicate a future leader is headed for trouble:

1. Lack of communication/engagement. When high-potentials "stop calling and staying in touch, stop responding to requests, or their people say they aren't coming to them." As expectations and goals aren't met, it's not competence that is the problem, it's decreasing "commitment, engagement, and passion" that lead to derailment.

2. Personal issues and outside stressors. "Nine out of ten times, personal issues are the cause of derailment." Competing priorities, such as family, outside community, and personal changes/challenges, can cause a lack of focus that impacts performance.

3. Lack of follow-through. Executives felt that lack of follow-through is an extension of engagement in that the high-potential may be bored or may have lost the ambition to grow.

4. Maturity issues. Poor self-control, lack of self-awareness, low or underdeveloped emotional intelligence were mentioned frequently.

Preventing Derailment

What actions do the best line leaders take to prevent talent from derailing?

1. Increase feedback and communication. "I take a directive but guiding style to quickly identify the problem behavior and present fact-based, first-hand, specific examples and suggestions of more appropriate behavior."

2. Develop an action plan. "I take them through the ABCs, make a link between their behavior and results, and I'm firm about expectations. I then put a specific plan of action into place with management controls, and we work together so they are fulfilled."

3. Provide coaching. They coach their hi-pos and enable them to be coached or mentored by peers or other executives.

4. Provide new opportunities/challenges. If their performance is poor because they are in an area where they can't excel, or proper support is lacking, or the person has burned out on the position—and "the individual has a strong track record with us, we'll try to find a suitable spot for him or her."

Do your line leaders know how to identify, develop, and retain future leaders? Use these lessons from role-model line leaders and align your TM policies, strategies, systems, and programs with what works for the best. LE

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ACTION: Prevent derailment of your leaders.

Authentic Influence

Lead from who you are.



by Kevin Cashman

YEARS AGO, I COACHED a senior leadership team that reacted to a crisis situation. Caught up in what the situation meant externally, the VP of Operations put a hard spin on the situation in an effort to save face. Then the chairman, thinking through the larger impact, asked the VP rhetorically, “Do you want to look good, or do the right thing?”

The statement was a sharp call-out. Caught up in the potential damage to their reputations and image personas, an elaborate cover-up seemed natural.

Since that event, we’ve seen marked improvement of c-suite leaders giving up on projecting the illusion of invulnerability. Increasingly, many leaders have made headway in connecting their personal values and interests to their careers and business decisions.

Despite this desire to reconcile value and work, leaders face strong pressure to *compartmentalize* and view work and home in different contexts.

For instance, the OPP report *Who’s Fooling Whom?* shows how much people still intentionally alter their true colors—both by acting more aggressive than usual or by being uncharacteristically taciturn—at work. Half of the employees surveyed admit to a major disconnect between the work selves and home selves. This masking is especially pronounced in the U.K., where two-thirds report putting on a “work face” when dealing with their colleagues, teams, bosses, and clients.

The rationale for this split personality phenomenon ranges from a lack of confidence about their genuine personality, concerns over promotion, questions about their ability to manage or fit in with the culture or teams, and the need to *be more effective*, achieving higher productivity and results.

In some ways, it makes sense. When people are agile in their learning and act in ways that aren’t directly connected to their strengths, it can expand their knowledge, increase comfort and fuel growth, revealing new potentials.

Yet being a *workplace chameleon* day after day, is not without toll. One-third

of workers say changing their personality from one situation to another is tiring and that wearing a false face is stressful. Moreover, research suggests that, if “impression management” is the default, it ultimately undermines individuals, engagement, thwarts their development, and reduces potential. For organizations, it stifles innovation due to the “cookie cutter” environments that create employee clones unable to see one another’s shortcomings or, for that matter, opportunities. Growth becomes more about imposing a familiar product than unlocking individual, innate strengths and interests.

For many people, moving ahead in their careers is about mastering some skillset. Instead of being seen as an *ongoing internal growth process*, mastery is usually seen as mastery of something outside of ourselves. Our train-



ing, development and educational systems focus on learning about things. We learn what to think and do, not how to think and be. We fill up the container of knowledge, but rarely consider comprehending it, expanding it, or using it more effectively.

We think we must operate this way because organizations and communities recognize and reward the degree to which we master our external environment. Revenue, profit, new product breakthroughs, cost savings, and market share are some measures of external competencies. Those measures are valuable, but is our single-minded focus on external results causing us to miss the underlying dynamics supporting sustainable peak performance?

Malcolm Forbes said, “All successful business operations come down to three basic principles: People, Product, Profit. Without top people, you cannot do much with the others.”

The reality is we lead by virtue of

who we are, and we are all CEOs of our own lives. The only difference is the domain of influence. The process is the same; we lead from who we are. The leader and the person are one.

Authentic Influence Creating Value

After seeing so many definitions and descriptions of leadership focus on outer manifestations like vision, innovation, results or drive instead of getting into the essence of leadership, we decided to step back and look at the most effective clients. Upon reviewing thousands of personality and 360-degree assessments, we challenged ourselves with the question, “What is fundamental to the most effective, results-producing leaders that supports their various competencies or styles?”

Three patterns became clear: first, effective leaders exhibit authenticity, showing well-developed self-awareness and transparency that openly face strengths, vulnerabilities and development challenges. Second, they achieve influence by meaningful communication with people—reminding self and others what is genuinely important. Third, they create sustained value through an aspiration to serve multiple constituencies—self, team, organization, world, family and community. Continuing to test these principles, we landed on what we think is an essential definition of personal leadership: *authentic influence that creates value.*

From this perspective, leadership is not hierarchical—it exists everywhere; and personal leadership potentially exists in every nook and cranny. The roles of leadership may change, but the core process is the same. Anyone *authentically influencing to create value* is leading. Some may influence and create value through ideas, others through systems, others through people, but the essence is the same. Deep from their core, the person brings forward their talents, connects with others, and serves multiple constituencies.

CEOs often lament, “If only everyone shared my sense of urgency, commitment and personal responsibility, we could elevate our performance.” What if all organizations could distribute leadership to every corner? This is the vision of *authentic influence that creates value*: an organization fully committed to helping all of its people “bring their best” to work every day. **LE**

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ACTION: Cultivate authentic influence.

Servant Leadership

Call all your high potentials.



by Paula (Hill) Strasser

IN HER COMMENCEMENT address to SMU's class of 2009, former

First Lady Laura Bush sounded a resonant message for tech-savvy, globally-oriented, mission-focused leaders. The coming generation, she said, will face a smaller world with more information at its fingertips. They will face unforeseen challenges that demand risk-taking and regular course changes. "The solution to successfully navigating these unknown obstacles," she said, "is serving. You won't waste your talents and education if you use them in service to others."

Companies should heed the former First Lady's call to action and encourage their aspiring, high-potential leaders to get involved in service to others. As a result, the organization will benefit from strengthened leadership skills, a new perspective to consider in selection decisions, and improved employee engagement. Plus the community will benefit, and that will enhance the firm's image where it does business.

It's Already Working

Many organizations are encouraging the call to community service and recognizing that these programs can be a means of developing employees and leaders. The acquisition of business and leadership capabilities from service projects can positively influence hiring decisions at these companies. Southwest Airlines and Capital One Bank consistently exhibit their commitment to community service, its training and professional development value and customer benefits.

Southwest Airlines has a strong reputation for serving the communities where its employees and customers live and work. Debra Benton, director of Community Relations and Charitable Giving, notes: "Service programs help those in need and enable the volunteers and company providing the program to reach goals, such as employee satisfaction, increased preference for the company and exposure to new audiences."

This year, Southwest pilots volunteered 10,000 hours to the community

through the Adopt-A-Pilot program—a mentorship program that sends Southwest pilots into fifth-grade classrooms to lead students through lessons on science, geography, math, creative writing, and other subjects related to aviation activities. Students also research careers and FLIGHT values, and learn the importance of staying in school. Adopt-A-Pilot is offered free of charge to schools and teaches these values: Fearlessness, Leadership, Imagination, Gratitude, Honesty, Tenacity.

The company believes programs like this improve presentation skills, strategic thinking, teamwork, and project management skills. The programs also enable employees to change their routines, get a fresh perspective, discover hidden talents and practice new skills. According to Benton, Southwest tries to hire employees with a customer-caring attitude and commitment, and volunteerism and community service are great indicators of these characteristics. Many times the skills that people have learned during their community service can showcase their talents in an interview.

"Capital One Bank recognizes that helping to build strong and healthy communities benefits everyone," said Kent Eastman, Texas State President, Capital One Bank. "Last year, our associates volunteered more than 70,000 hours in the community, and our executives served on more than 300 boards of nonprofit organizations. This not only helps to make our communities better places to live and work, but it also drives associate engagement and skills development."

The bank realizes business depends on the existence of individuals, families and communities who are financially able to take advantage of the products and services it offers. Its community efforts in education, financial literacy, and community growth all contribute to the goal of supporting healthy financial futures for the communities it serves and ensuring a long-term customer base for the bank's business. Senior leadership involve-

ment on the boards of local nonprofit organizations also helps to foster the community relationships that fuel its business and helps bank leaders and employees best understand the needs of their customer communities.

More Benefits

According to Eastman, company-supported volunteerism opportunities also drive associate engagement. In surveys, associates often remark that Capital One's contributions to the community are a top driver of their satisfaction. Volunteerism also provides professional and leadership development: 90 percent of managers said their direct reports' leadership skills improved after participating in a pro bono skilled volunteerism project.

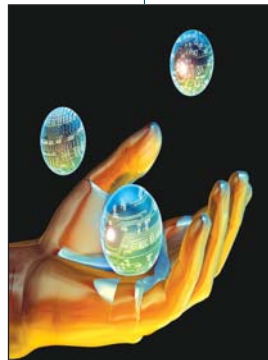
Capital One/Junior Achievement Finance Park is an innovative mobile financial education program that teaches the tenets of money management to middle school students. The program begins with four weeks of intensive in-classroom financial education lessons. Students then put their financial skills to the test in a mock city where they become "adults for a day." They are given a set of "life circumstances" and are expected to develop and manage budgets, while making real-life decisions about housing, transportation, food, furnishing, savings, investments, utilities, entertainment, education, and charitable contributions—decisions that mirror those they will make as adults.

Since the program launched in late 2006, Capital One has committed more than \$7 million to the program, in addition to volunteer support. In 2008 alone, more than 1,300 Capital One associates contributed more than 8,000 volunteer hours toward Finance Park. Through these efforts, some 20,000 middle school students in 12 markets have been reached, and 90 percent of them report feeling more confident in their ability to manage their personal finances and to succeed in the future.

Preparing Servant Leaders

MBA students at SMU Cox School of Business learn service and leadership skills through a unique program offered by the Cox Business Leadership Center with the Texas Scottish Rite Hospital for Children (TSRH).

The hospital is one of the nation's leading pediatric centers for the treat-



ment of orthopedic conditions, certain related neurological disorders, and learning disorders, such as dyslexia. There is no charge to patient families for treatment at the hospital, and admission is open to Texas children from birth to 18 years of age.

Students in the TSRH program participate in a one-day learning experience at the hospital with members of the Board of Directors, physicians, and clinicians. Then they tackle a three-week small group consulting project, culminating in a half-day presentation to hospital executives and board members, offering proposals related to challenges and solutions for the hospital.

Students give 40 hours for the consulting project. They develop consulting and project management skills, learn about not-for-profit governance, practice servant leadership, create team proposals, and hone presentation skills. The impact from the proposals has included costs savings, additional income, enhanced patient satisfaction, and improved operational effectiveness.

"The TSRH Program taught me the *three pillars of success*: integrity, perseverance, and loyalty," said Madhu Shree Rajagopal, SMU COX MBA 2010, VP of Finance Buy-Side Club. "Our team was assigned to help construct a leadership development program for the staff which incorporates the Masonic culture at the hospital. This enabled me to leverage my experience as a corporate trainer and formulate a curriculum that they could use. This servant leadership helped me learn efficiency, time management, and business strategy from three different sources. From my interaction with the staff, I learned perseverance and hard work. From my team, I learned the art of good organization and teamwork. While we were writing chapters on time management and personality tests, it helped to focus our efforts to cater to the many volunteers at TSRH and how leadership would affect them. I learned compassion and generosity even through pain. This consulting project taught me, in practice, what makes an effective leader, and I look forward to using these skills at my future company."

Service develops leaders, aids in succession planning, makes employees happier and benefits the community. Hopefully, more companies will take Laura Bush's advice and navigate the future through service to others. **LE**

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ACTION: Include service in leadership development.

Natural Leadership

Weigh the tactics vs. strategy.



by Brent Bradshaw and Jack Pate

WHO ARE THE TWO OR THREE BEST *leaders* you've worked with? Is it their leadership *tactics* or their leadership *strategies* you admire? Can you explain the differences?

By leadership *tactics* we mean skills, styles, and practices used to implement leadership strategy. All tactics are built on talents. By *talents* we mean *abilities created by nature*. Not all talents contribute to leadership.

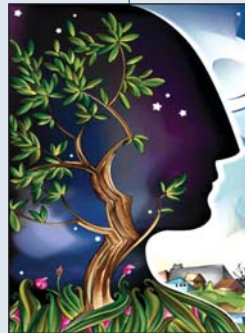
Leadership *strategy* is the path you chart to get through obstacles and opportunities. Everyone who taught themselves to walk, talk, play, or get from point A to point B, was born with a natural strategy for self-leadership. Sadly, many people fail to recognize, develop, or preserve that natural gift.

Consider how effortless it could be for leaders to use this natural self-leadership strategy, rather than to suppress, neglect, or fight it. As a leader, you must *first lead yourself*. Then you can lead others simply by helping them to *lead themselves* too.

If a *stakeholder* is anyone who stands to win or lose something through your enterprise, shouldn't the goal of leadership be to *orchestrate success for all stakeholders*? Then, *leadership strategy* can be defined as the logical path to that goal—the core questions that must be answered correctly to succeed.

Nature gives everyone nine nagging questions. Answers to those questions balance rationality, intuition, and judgment. How? *Rationality* (logic, reason), *intuition* (gut feel, sub-conscious), and *judgment* (evaluation, comparison) meet at decision points. Any decision answers a question. Decisions result directly from judgment's arbitration of rational and intuitive opinions.

Score your leaders on the nine questions, replacing X with a leader's name. Score 10 if they are the best you could expect to find; 5 if they are adequate; 0 if they are *clueless* or *counterproductive*.



Motives: *Motives* are the relevant wants and aversions of your team's stakeholders, including customers. How well does X understand, prioritize, and protect the team's top motives?

Goals: *Goals* are the criteria for success that will satisfy the top priority motives. How well does X organize and define the criteria for success?

Resources are capabilities needed to meet goals. How well does X acquire and manage skills, time, materials, tools, people, infrastructure, and all other assets to meet goals?

Factors are the major obstacles and opportunities that must be addressed. How well does X analyze, identify, and explain key factors?

Strategies are paths of objectives that address key factors. How well does X organize and define *the path to success*?

Ideas are designs or options that might solve strategic objectives. How well does X plant, cultivate, harvest, and manage ideas?

Predictions are your best expectations for the costs and outcomes of implementing ideas. How well does X assess, select, and champion the best ideas and options?

Tactics define all assignments, dates, schedules, materials, tools, and practices required to implement the best option. How well does X organize and define the tactics required to implement a selected option?

Results: How well does X manage the timely and cost-effective completion of work required in the tactical plan to please the customer?

Leaders must integrate and balance all nine answers. Failure to correctly connect or answer any one of these nine decisions could cause failure for all. Leaders may want to improve their answers by enlisting the help of others. Not only will the answers be better, but leaders will tap into the mind's natural abilities, the process will generate stronger buy-in, and all participants will better see the same, clear picture.

Using this natural leadership strategy, leaders can lead themselves; they can give their teammates what they need to lead themselves; and everyone improves their mutual trust, respect, and cooperation, all of which help to satisfy a leader's primary goal to *orchestrate success for all stakeholders*. **LE**

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ACTION: Rate your own natural leadership.

Operation Firefly

Ignite innovation to light the way.



by Kimberly Douglas

TO SURVIVE THIS SEASON of turmoil, you must innovate—light up the economic darkness with one bright idea after another.

The *only* ticket out is *innovation*: new products, services, processes, means of communication, and methods of collaboration. Companies that can churn out innovative ideas—*good, workable* ideas—can adapt to the new realities.

The heart of innovation is people working together eagerly, intelligently, and productively. When this synergy happens, ideas emerge like fireflies at dusk. Create a more innovative culture—*Operation Firefly*—using these 10 tips:

1. Understand the new role of leadership. Move toward “right-brained” skills and talents such as creativity, empathy, intuition, and synergy. Create a safe, respectful place where individual creativity can emerge, and then focus that creative energy in the right direction based on the team’s vision, purpose, and goals.

2. Search for untapped talent on your team. Just as there are more than 2,000

species of fireflies, there are many different talents in people. Uncover the hidden talents of your people and use them to your team’s advantage.

Employees who are seen as unique contributors become more engaged and passionate about their work—they light up and become *creative superstars*.

3. Encourage creative abrasion, but swat ferocious fireflies. Conflict is a desirable sign of diverse thinking; however, keep focused on the issues and don’t tolerate *ferocious fireflies*: toxic, manipulators who gain the trust of others only to viciously turn on them later.

4. Deal with other, more insidious trust busters. Three behaviors damage or limit trust: 1) a refusal to share personal information; 2) sarcasm disguised as humor; and 3) one or more disengaged members of the team. To innovate, people must connect with each other in a real, deeply personal way.

5. Make sure quieter fireflies have a chance to glow. If your big talkers and



stars verbally run over the quieter, less visible members of your team, the same ideas and solutions will always get implemented. Insist that everyone jot down their initial ideas in silence and then share them, round-robin style. Impose a time limit so that no one can outtalk her quieter teammates. Simply seating a predictably dominant person next to a reserved team member can change group dynamics.

6. Don’t let team leaders keep too tight a lid on the jar. Just as fireflies’ lights fade when they’re held captive, a leader who dominates and controls the team will squelch creativity. If you’re the leader, don’t sit at the head of the table. People tend to defer to the leader, and so you have to watch your tone of voice, body language, and facial expressions. Don’t converse with only one or two other members or bias people by virtue of your position.

7. Make meetings fun, exciting, and inviting. Try mind-mapping (for left-brain thinkers) or brain-writing (for right-brain thinkers) to get creativity flowing. Hold light, fun, engaging meetings that people want to attend. If

they don’t want to be there, they won’t be in the *right frame of mind* to achieve anything—and they won’t.

8. Shine the light of accountability on your team. Follow up the decisions you reach with action. Create a picture of what personal accountability looks like. Delegate specific assignments to specific people. Set a date for a follow-up meeting in which everyone reports on their assignment. Don’t tolerate lame excuses (even from leaders).

9. From time to time, escape the office for a creative excursion. Take excursions that create lifelong lessons and connections you can apply to improve your performance. Off-site team building exercises yield fresh insights on teamwork, help you think about problems in a new way, and help you see others in a new light.

10. Make innovation everyone’s job. You *must* make time for innovation. At least devote one hour a week to brainstorming. Even if you don’t see immediate outcomes, you keep people engaged and excited. All it takes is for one person to have a bright idea and pass it on—like the spark of a firefly that magically illuminates the night. **LE**

Kimberly Douglas is author of The Firefly Effect (Wiley) and president of FireFly Facilitation. www.fireflyfacilitation.com

ACTION: Ignite innovation in your culture.

Express Yourself

Strike hard, try everything.



by Warren Bennis

LETTING THE SELF emerge is the essential task for you as a leader. It is how you take the step from *being* to *doing* in the spirit of *expressing*, rather than *proving*.

Suppose you’ve been offered a job that requires making speeches to large groups. You want the job, but your fear of public speaking prevents you from accepting it. When your feeling of fear overpowers your confidence and prevents you from acting, you have three choices: 1) you can surrender to your fears and pass on the job; 2) analyze your fear objectively (but that won’t change anything); or 3) reflect on your experience in a constructive, concrete way.

Reflection and resolution. Reflection gets to the heart of the matter, the truth of things. After reflection, the meaning of the past is known, and the resolution of the experience—the course of action we must take as a result—becomes clear. When we don’t reflect, we tend to be shaped more by negative experiences than by positive ones. We remember the few lapses, not our triumphs. We merely react.

I find that thinking of the things in my life that bring me pleasure is a peaceful and positive way to start the day—and a much better way to deal with a perceived failure than to ruminate on it. When you’re down, think of the things you have to look forward to. When you are no longer in the grip of the mishap, *then* you are ready to reflect on it.

In fact, mistakes contain potent lessons—if we think them through calmly, see where we went wrong, mentally revise what we’re doing, and then act on the revisions. Most of us are paralyzed by our goofs. We’re so haunted by them, so afraid that we’re going to goof again, that we become fearful of doing anything. We have to cope with our fears through thought, before we act again. Reflection comes first, and then strategic action. Reflection permits us to process our feelings, understand them, resolve our questions, and get on with work.

You need not be a victim of your

feelings, jerked this way and that by unresolved emotions.

Learn to use your experiences creatively, how to transform your experiences into grist for your mill. Your accumulated experience is the basis for the rest of your life, and that base is solid to the degree that you reflect on it, understand it, and arrive at a workable resolution.

True reflection inspires, informs, and demands resolution. To do anything well requires knowing what you're doing, reflecting on yourself and the task or conflict, and coming to a resolution. For example, if you face the conflict of *Blind trust vs. Suspicion*, resolve it with *Hope*; *Independence vs. Dependence*, with *Autonomy*; *Initiative vs. Imitation*, with *Purpose*; *Industry vs. Inferiority*, with *Competence*; *Identity vs. Confusion*, with *Integrity*; *Intimacy vs. Isolation*, with *Empathy*; *Generosity vs. Selfishness*, with *Maturity*; *Illusion vs. Delusion*, with *Wisdom*.

Perspective. When you learn to reflect on your experiences until the resolution of your conflicts arises from within you, you begin to develop your own perspective. Perspective is how you see things, your particular frame of reference. Without it, you're flying blind. But it's also your point of view; and if you know what you think and what you want, you have a very real advantage. A point of view is not only rare, but valuable. If you want to express yourself fully and truly, you must have a point of view (leadership without perspective and point of view isn't leadership).

Of course it must be your own perspective, your own point of view. You can't borrow a point of view any more than you can borrow someone else's eyes. It must be authentic, and if it is, it will be original, because you are an original. Once you master the arts of reflection, understanding, and resolution, perspective and point of view will follow.

Tests and measures. Your next task is to figure out what to do. What do you want? How can you best express you? Apply four tests: *Test 1*: know what you want, know your abilities and capacities, and recognize the difference between the two. *Test 2*: know what drives you and what gives you satisfaction, and know the difference between the two. Once you see that your primary goal is to fully express yourself, you'll find the means to achieve the rest of your goals—given your abilities and capacities. But if your primary aim is to prove your-

self, you'll run into trouble. *Test 3*: know what your values and priorities are, know what the values and priorities of your organization are, and measure the difference between the two. If you've found a way to express yourself fully and are reasonably satisfied with your pace and performance but you don't feel you'll go far in your present position, you may be in sync with yourself, but out of sync with your environment—your partner, company, or organization. Being in sync with your organization is as important as being in sync with yourself. *Test 4*: having measured the differences between what you want and what you can do, and between what drives you and what satisfies you, and between your values and those of the organization—are you able and willing to overcome those differences? Don't let fear get in your way.

Desire. Every one of us was born with desire, with a hunger for life itself, with a passion for the promises of life, and that passion can take one



to the heights. Unfortunately, in too many of us, it devolves into drive. To avoid booby-trapping ourselves, we must see that drive is healthy only when married to desire. Drive divorced from desire is often hazardous, sometimes lethal, while drive in the service of desire is often both productive and rewarding.

Mastery. Leaders haven't simply practiced their vocation or profession. They've mastered it. They've learned everything there is to know about it, and then surrendered to it. Such mastery requires absolute concentration, the full deployment of oneself. Mastery, absolute competence, is mandatory for a leader. But it's also more fun than anything else you'll ever do.

Strategic thinking. The creative process that underlies strategic thinking has four basic steps: First, you have to know where you're going to end up. Once you have the summit in

view, you figure out all the ways you might get there. Then you play with those—altering, connecting, comparing, reversing, and imagining—finally choosing one or two routes. Second, you flesh out those routes, elaborate them, revise, them, make a map of them, complete with possible pitfalls and traps as well as rewards. Third, you examine this map objectively, as if you were not its maker, locate its soft spots, and eliminate them or change them. Fourth, you then set out to climb your mountain. You assume risks in making the results of your strategic thinking real. Unless you take those risks, you'll suffer paralyzing inhibitions, and never do what you are capable of doing. Mistakes—missteps—are necessary for actualizing your vision.

Synthesis. Finally, the leader combines all the means of expression in order to act effectively. John Sculley sees synthesis as the difference between management and leadership. "Leadership is often confused with management. But management requires an entirely different set of skills. Leadership revolves around vision, ideas, direction, and has more to do with inspiring people as to direction and goals than with day-to-day implementation. You can't lead unless you can leverage more than your own capabilities. You have to be capable of inspiring other people to do things without sitting on top of them with a check-list (management).

Vision, inspiration, empathy, trustworthiness are manifestations of a leader's judgment and character. Leaders consciously construct their own lives and the contexts in which they live and work. Each is not just actor, but playwright, hammer and anvil, and each, in his or her own way, is altering the larger context.

The means of expression are the steps to leadership: Reflection leading to resolution. Resolution leading to perspective. Perspective leads to point of view. Point of view leads to tests and measures. Tests and measures lead to desire. Desire leads to mastery. Mastery leads to strategic thinking. Strategic thinking leads to full self-expression. The synthesis of full self-expression is leadership. Leadership is first *being*, then *doing*. Everything the leader does reflects who and what he or she is.

LE

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ACTION: Develop your leadership point of view.

Care for Your Brand

It may be time for refreshment.



by Lynda Oliver

A BRAND IS ONE OF THE most valuable assets any organization can own. Other than trade secrets or intellectual capital, few intangible assets command so much investment, nurturing, and protection.

"Any damn fool can put on a deal, but it takes *genius, faith, and perseverance* to create a brand," said David Ogilvy.

When successful and relevant, an established brand provides a long-term strategic and competitive advantage. Far from being a stagnant entity, a brand is a living collection of little promises made through everyday interactions with your company. A creative director I know once compared a brand to an egg: perfect and impermeable until one clumsy move leaves you with a real mess to clean up. So why would you touch it now?

The SMU Cox Business School recently faced this quandary: The class of 2009 was a formidable group of ambitious individuals who left Cox energized and prepared to meet new global business challenges. Our full-time MBA was awarded a top-20 *BusinessWeek* ranking and generated a 50 percent increase in applications. We had much to be proud of. The school had grown, but our marketing materials did not reflect this.

With all of the changes occurring in the world and inside our classroom, we decided to re-visit our brand positioning and update communications to ensure they reflected our momentous achievements. SMU Cox followed a simple and effective method that other organizations can use to examine their own brand positioning.

Why Rebrand?

Leaders typically consider rebranding when their business, competitive landscape, customers, or industry has changed significantly. Are you still differentiated among your competitors? Are you still relevant to your con-

sumers? How do you feel about your communications? If you find yourself constantly modifying marketing materials only to feel that you've left a salient point or end benefit unheard, revisit your brand positioning. A subtle decline in relevancy can be a long slow path to becoming obsolete.

The Cox School strives to differentiate itself among its competitive set. In our case, we realize many elite business schools have impressive credentials to tout: global leadership programs, outstanding faculty, expansive alumni networks, and awe-inspiring stories of student achievement. SMU Cox is no different. Or rather, it is. However, bringing this distinction to market with substantiation, credibility, and clear communication is our biggest marketing challenge.

An evolution, not a revolution. Determined to update the SMU Cox brand positioning, we armed ourselves with research, input, and an experienced agency partner who guided us through the rebranding process. Proud of our past, we sought an updated reflection of our future.

Once known as the "alma mater of the Dallas business elite," SMU Cox marketing of the 1990s was traditional, respectable, and prestigious—but beginning to sound a little out of touch with global events. Today, the Cox School demonstrates cutting-edge education and global influence. We launched new *centers of excellence* to teach students how to conduct business in the global economy and understand alternative asset management. We opened state-of-the-art buildings and expanded our global leadership program so all MBAs graduated with international experience. Meanwhile, our students set new standards with regard to SAT and GMAT scores and other competitive benchmarks. These dynamic transformations signified a new vibrancy at Cox and we wanted our brand to reflect this evolution.

Your company may also witness changes in your offering, industry, cus-

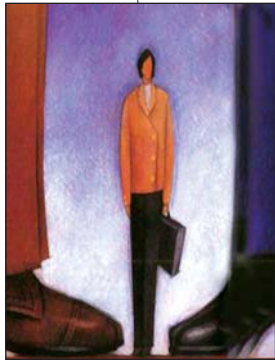
tomers, or competitive landscape. These are all good reasons for undertaking a rebranding effort. However, you may also find less noticeable reasons. For example, are your communications cohesive and complementary? Do they mutually support one main idea? A brand is the sum of its parts, after all. In our case, we knew our materials had lost their unity. Print looked one way, radio sounded another, and online was a different animal altogether. The original brand positioning had eroded. This inconsistency may seem less catastrophic than a new competitor, but slow brand dilution can be just as costly over the long run.

Spherical Branding

A brand is complex and multi-layered. Never undertake a rebranding exercise on your own. We have one of the world's best-known brand agencies, The Richards Group, as our advertising partner. Famous for their "spherical branding" process, the agency helped us articulate our goal and conduct research to ensure our process was thoughtful and accurate. Your brand has many constituents that require input and representation if you are to create a meaningful positioning that will stand the test of time. Given the significance of the undertaking, your revitalized brand needs to be relevant today and five to ten years from now—contemporary but with room to grow. With executive endorsement and an agency partner guiding our mission, we proceeded to follow a six-step process with our minds open to change.

Step 1: Research. We surveyed key stakeholders (e.g., executives, faculty, and staff) about their thoughts, perceptions, and experiences with the Cox School. We also reviewed competitive research and surveyed current and prospective students to ensure our brand strategy would be unique, timely, and relevant. Listening to dozens of varying perspectives helped us develop a holistic understanding that would guide the conversation during the next step, a one-day branding workshop.

Step 2: Brainstorm/Brand Workshop. The culmination of our branding process was a one-day workshop. With the agency acting as brand steward and moderator, we gathered a dozen key stakeholders for a full-day meeting to ensure all voices were heard, debated, and considered in the development of the brand vision and supporting strategy. This gathering enable us to hone our vision and challenge our thoughts in the context of other opinions, and



ensured organizational buy-in.

Step 3: Identify. In our collaboration, we carved out a brand vision and positioning that reflected SMU Cox in its most meaningful light. The vision was grounded in solid support points, yet ambitious in tone to keep us stretching ourselves. Here is our result:

- **Brand Vision** (our rally cry; specific, attainable, inspirational): *Influencing the way the world does business, one student at a time.*

- **Brand Positioning:** We crafted a brand positioning that speaks to the target audience, our frame of reference, and end benefit—to the way we want our customer to think: *To ambitious individuals unafraid to challenge themselves, SMU Cox is the business school experience that drives results and relationships that endure throughout their business lives.*

- **Supporting Strategies:** We created and documented supporting strategies describing our brand's personality, affiliation, and guiding principles. Every word was scrutinized and debated, as this powerful statement would be the foundation of all future communications. When finished, we had an expansive body of work that would guide and filter everything we communicate.

Step 4: Unify. Using a 360-degree viewpoint, we sought to unify our brand among students, prospects, alumni, donors, media, the community, and our peers. Each audience has a slightly different need, but all should take away a brand perception consistent with our vision. Thus, our single-minded positioning needed to be consistently communicated in our collateral, advertising, website, and media. We developed a blueprint of our approach via visual and verbal guidelines to keep on track.

Step 5: Implement. This fall, we will share our new swagger in the form of updated communications featuring a contemporary, modernized look and a tonality reflective of our positioning. We have a wonderful heritage, which we will celebrate in all we put forth. However, with one foot in the future, we are ready to face a complicated business world confident and empowered with a refreshed brand identity.

Redefining a brand is an extensive undertaking. It is also an exciting ride, in which you and your team will question every word, color swatch, and graphic element. Yet, when done right, you can know that your brand is relevant and reflective of its unique place in today's chaotic business climate. **LE**

Lynda Oliver, Assistant Dean, Marketing and Communications, SMU Cox School of Business. Visit www.cox.smu.edu.

ACTION: Update your brand positioning.

Leader Mindset

Create your own reality.



by Thomas Crum

RECENTLY I WAS BIKING with some buddies. "Look," Mike yells, "the

colors are changing in the mountains, and I'm psyched for winter—skiing, hiking in a snowstorm, hot chocolate!"

"Bad news," Wally yells back. "I hate winter! Cold, dark, depressing."

Of course they'll both be right. They'll each create their own reality of winter by how they choose to frame it in their minds. *Our mindsets are that powerful!*

My daughter, Alia Crum, and Harvard professor Ellen Langer did a study involving 84 hotel room attendants. On the first day, they administered a physical exam (including weight, blood pressure, body fat) and asked about current diet and exercise habits. Then they split the group in two. The experimental group was old that the tasks they were doing—lifting, pulling, cleaning—were good exercise, contributing to a healthy lifestyle. The control group was not given this information.

A month later Ali took the same measures again. The 40 women in the control group showed no health benefits. But the 44 women in the experimental, "exercise-savvy" condition now perceived themselves to be more active—and they lost an average of two pounds, lowered their systolic blood pressure by 10 percent, and logged reductions in body mass index, body fat percentage, and waist-to-hip ratio. These positive effects occurred even though all attendants cleaned the same number of rooms and did not report any more exercise outside of work. They also reported that their diet and physical activity was the same.

So, what changed? Their mindsets.

Mountaineer Ed Viesturs has summited all 14 of the world's mountains over 26,000 feet in altitude, without the usual oxygen support and without any brain damage. Lovers walk hand-in-hand in pouring rain. Football fans tailgate in the worst of blizzards; polar bear club members dive into frigid waters without a sniffle—these are healthy and happy activities when one

chooses a corresponding mindset.

So, when your "winter" approaches, which mindset will you choose?

Few people work on restructuring their minds. Many consider their mindsets to be genetically hard-wired—permanent personality traits. For example, people think they are either an optimist or a pessimist, and there is nothing they can do about it.

Dr. Martin Seligman finds optimism is more effective than pessimism, and optimism can be learned. You can boost your mood, your immune system, your relationships and your reactions to setbacks with "healthful thoughts."

So, if you choose to, you can change from a pessimist to an optimist! Beyond trying to think positively, you can actually restructure or reshape your brain, causing dramatic changes in the parts of the brain associated with positivity and happiness, by practicing meditation or other forms of mental training.

Practice Three Breaths

To facilitate mind-set retraining, try taking *Three Deep Breaths*—anywhere.

1. Centering breath. Breathe in the present moment with balance and energy.

Align your body into a tall, balanced, and symmetric posture, allowing gravity to flow through you. Breathe from your diaphragm (your breath gets slower, deeper, quieter, and more regular). Attend to the present; witness internal and external sensations, emotions, and thoughts.

2. Possibility breath. Breathe in the "me I want to be" with power and purpose. Breathe in your best self, your highest choice or purpose. Using images, feelings, or words, invoke the "best me I can be" given the situation. On the way to work, it might be: "I'm a team player, giving my job 100 percent focus." Or, if you're entering your home, "I am a loving, joyful parent" or "I am a compassionate and considerate spouse."

3. Discovery breath. Breathe in the mystery, the magic of life, and let go of judgment. Be appreciative of whatever shows up; let go of the judgments that constrain your choices and cause knee-jerk reactions toward others. Breathe in the beauty and spaciousness of life.

Practice shifting your mindset. You can create happiness, optimism, or anything you choose to create. Begin now! **LE**

Thomas Crum is a speaker/presenter and author of the best-selling *Magic of Conflict and Journey to Center and Three Deep Breaths*. Visit www.ThomasCrum.com.

ACTION: Shift your leadership mindset.



Unsuccessful Strategy? Diversify!

Try diversifying your leadership team.



by Miguel A. Quinones

LEADERSHIP TEAMS need to be diverse. Clearly minority group members bring many talents and perspectives; however, organizations must learn to benefit from this variety. The diversity of experience and perspective that minorities bring is a critical factor in avoiding *strategic persistence*—the tendency to execute strategies that led to past success, even though the external environment has changed and the strategy is no longer effective.

Henry Ford said that customers could have any color car—as long as it was black, and for many years this strategy worked. However, as other manufacturers entered the industry and offered colors other than black, Ford continued to make only black cars and lost market share.

More recently, Dell computer gained huge success by eschewing traditional retail outlets and selling directly to the customer. However, Dell's unchanging use of this once ingenious strategy has been criticized as the main reason for slowing sales.

Cognitive biases. Many organizations fall prey to strategic persistence. Why? Past success reinforces whatever strategy is being executed, regardless of whether the strategy is the real cause of their success. This phenomenon is what keeps a bird pecking a learned sequence of symbols to dispense food long after the sequence is changed. It is human and avian nature to try to figure out the relationship between our behaviors and outcomes. If a certain behavior tends to be accompanied by a positive outcome, that behavior will be reinforced and repeated, and sometimes even escalated.

However, such thinking is flawed. Perhaps the flaw most relevant to strategic persistence is our tendency to give ourselves credit for good outcomes and blame external forces for bad outcomes. Another flaw occurs when we assign causal responsibility to the first thing that comes to mind. These and other errors and biases in our thinking all prove that our information processing capacity is far from

perfect. The cognitive biases that distort the way we process information and use it to make cause-effect relationships lead to strategic persistence.

Faulty environmental scanning. The same biases are found in the way organizations scan their environments for making strategic decisions. When we continue using a previously successful strategy after the external environment has changed, the strategy becomes less effective or even counterproductive. We need to monitor the external environment to detect shifts that signal the need to alter the strategy. The problem is that most organizations have poor mechanisms in place to carry out this environmental scanning. Leaders need to develop *peripheral vision* to avoid being caught off guard by changes such as open source software, low cost manufacturing, anti-smoking public sentiment, and even the end of the cold war that blindsided companies like Microsoft and industries such as textiles, tobacco, and defense.

Organizational silence. Social and cultural factors also keep environmental changes from being detected and corrective action taken. Chief among these is *organizational silence*, the fear of speaking up about issues or problems. Silence that prolongs strategic persistence is rooted in fear of negative feedback or being labeled a troublemaker by management, a fear exacerbated when managers convey the belief that upper management knows best.

Many people avoid conflict, believing that unity is good, disagreement is bad. Such beliefs cause them to withhold information that could drive strategic corrections when conditions change. Worse, beliefs tend to become institutionalized in structure, policies, and practices. In reality, there is a distinction between *task-based conflict*—healthy disagreement about how to get things done—versus *relationship-based conflict*—disagreement that decreases productivity and goodwill.

Silence is common in organizations led by homogenous groups that are demographically dissimilar from their

employees, have been together a long time, and have similar cultural backgrounds. When decisions have to be made quickly, dissent is less likely to be voiced. Also prone to silence are organizations in mature or stable industries and those that are hierarchical.

The Essential Solution

To avoid *strategic persistence*, you need to improve the quantity and quality of information available to decision-makers while creating a culture that fosters a free exchange of ideas and viewpoints. *Improving the quality of environmental scanning capability and communication go hand in hand with increasing the diversity of the top management team.*

Executives from underrepresented groups can be a rich source of diversity. In the case of Hispanic executives, there are differences and diversity within the Hispanic community based on the country of origin and generational position. Further, *second-generation* Hispanics differ from *first-generation* immigrants. Hispanic culture is not monolithic, and leaders can leverage this



diversity of perspectives to access growing markets and talent pools.

Conduct focus groups to learn about Hispanic tastes and preferences. Invite all employees to bring their unique perspective to bear on product development and marketing decisions.

Strategic talent management is the key to accessing diverse viewpoints to counter strategic persistence.

- McDonald's and Verizon have profited by successfully marketing to the growing Hispanic population.

- At Pepsico/Frito Lay, leaders recognized that the Hispanic sector is growing *four times faster* than the population as a whole and committed to hiring diversity, putting Hispanics in *leadership positions* and *community programs*.

- Chicago's Harris Bank was restructured to place key Hispanic banking unit members across departments. Within two years, the bank's Hispanic accounts grew by 766 percent.

Diversity is more than numbers. There is power in building diverse human capital to create *synergy*—the whole being more than the sum of its parts. New and different voices are key to avoiding strategic persistence. **LE**

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ACTION: Diversify your leadership team.

Dissolve Dysfunction

Begin building your dream team.



by Patrick Lencioni

SUCCESSFUL TEAMS share two qualities: they are smart, and healthy. They show that they are smart by developing intelligent strategies, marketing plans, product features, and financial models that lead to competitive advantage over rivals. They show that they are healthy by eliminating politics and confusion, which leads to higher morale, lower turnover, and higher productivity.

I find that many leaders spend most of their time and energy making their organizations smarter, not making them healthier. This is regrettable, considering three benefits of health.

First, healthy organizations have a way of making themselves smarter. Even if their ideas are temporarily inferior to those of competitors, they recognize their deficiencies and change plans before it is too late. Other companies squander intellectual advantages because of infighting, lack of clarity, and other health problems.

Second, healthy companies are far less susceptible to ordinary problems. During difficult times, employees will remain committed to a healthy organization and stay longer, ultimately working to reestablish competitive advantage.

Third, no one but the leader can make the organization healthy. While executives often delegate responsibility for strategy, technology, marketing, or finance, they can't assign responsibility for cultural well-being. Hence, leaders should focus more on making their organizations healthy. And yet strategy, product innovation, and marketing typically receive far more attention.

Why? Because health is hard to measure—even harder to achieve. It feels *soft* to executives who prefer more quantitative methods of steering their companies. It also entails longer lead time to implementation than does a technology or marketing strategy. And health is often neglected because it involves facing realities of

human behavior that even the most committed executive is tempted to avoid. It requires levels of discipline and courage that only a truly extraordinary executive is willing to embrace.

Teamwork Means Advantage

Teamwork—not finance, strategy, or technology—remains the ultimate competitive advantage. Most leaders know this truth, and yet teamwork is still elusive. It seems that teams, made up of imperfect human beings, are inherently dysfunctional.

Teamwork comes down to mastering a set of behaviors that are simple, but difficult to put into practice daily. Success comes only to groups that overcome the behavioral tendencies that breed dysfunctional politics.

To build a strong team, you need to attract people who are team players, who fit the culture, who are committed to the team and capable of being vulnerable and selfless. Front-load the team-building by having a meaningful offsite gathering. Just know that effective team-building has to be done in the context of real work.

I encourage leaders and their teams to address the five causes of team dysfunction, and to start with the first—an absence of trust. This trust has to do with the ability of team members to be vulnerable with each other, to admit their weaknesses and mistakes, to acknowledge the

strengths of others and apologize when they do something wrong. If even one team member can't be vulnerable, the team will struggle to overcome the next dysfunction—the *fear of conflict*. I encourage healthy conflict on teams. Great teams argue, but not in a mean-spirited or personal way. They disagree, and passionately, when key decisions are made. They argue about concepts and ideas, avoiding personality-focused mean-spirited attacks. Of course, many of us avoid conflict and compromise and reach artificial consensus, leading to mediocrity. When team members trust each other and admit when they're wrong, then conflict becomes simply the pur-

suit of truth or best possible answer. Without trust, conflict becomes politics.

Engaging in conflict is necessary to overcome the next dysfunction—the *lack of commitment*. When team members passionately share their opinions about a decision, they don't wonder whether anyone is holding back. Then, when the leader has to make a decision because there is no easy consensus, team members will accept that decision because they know that their ideas were heard and considered. Even if they still disagree with the leader's decision, they'll do all they can to support it. Most of us can embrace an option we didn't choose, if we think the people who made the decision listened and considered our input. People have a great capacity for rallying around a decision and they don't have to get their way. They just need to have their way heard and considered.

Teams next need to overcome the fourth dysfunction—the *avoidance of accountability*. The accountability on a team is peer-to-peer. Peer pressure is more efficient and effective than going to the leader, anonymously complaining and having them stop what they're doing to intervene. On great teams—where people trust each other, engage in open conflict, and then commit to decisions—team members have the courage and confidence to confront one another when they see something that isn't serving the team. The only way team members can do this is if the leader holds people accountable first.

The cause of the fifth team dysfunction is the *inattention to results*. Team members must focus on the collective good of the team—not on their department, budget, career aspirations, or egos. Great teams put the tangible results of the team ahead of their needs. Team members won't subjugate their needs if they aren't held accountable. And they won't be held accountable if they aren't committed to intended results. And they can't commit to those results if they haven't debated and weighed in on the decision. And they won't debate and weigh in if they don't have confidence that everyone on the team is vulnerable enough to be trustworthy.

Building a team requires a constant investment of time and energy. Those leaders who make teamwork a priority will enjoy a powerful competitive advantage in today's marketplace. **LE**

Patrick Lencioni is president of The Table Group, a leadership consultant, speaker, and author of eight books. This article is adapted from two of his books, The Five Dysfunctions of a Team and The Four Obsessions of an Extraordinary Executive (JosseyBass). Visit www.tablegroup.com.

ACTION: Dissolve the dysfunction on your team.



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