# **Leadership Principles**

**November 2, 2012** 





# Leadership theory deals with who a leader is and what a leader does.



# **Aspects of Leadership**

• Who you are.

• What you do.



## Management vs. Leadership

### Management

 "a set of processes that can keep a complicated system of people and technology running smoothly"..e.g., planning, budgeting, organizing, staffing, controlling, problem solving...

### Leadership

"a set of processes that creates organizations in the first place or adapts them to significantly changing circumstances".... "defines what the future should look like, aligns people with that vision, and inspires them to make it happen in spite of the obstacles"



## Management vs. Leadership

### Management

 "produces a degree of predictability and order and has the potential to consistently produce the short-term results expected by stakeholders"

## Leadership

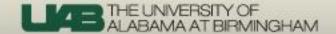
 "produces change, often to a dramatic degree and has the potential to produce extremely useful change"



- Leaders lay the track.
- *Managers* make sure the trains run on time.

- *Leaders* are thermostats.
- Managers are thermometers.

Tom Atchison



# Transformation vs. Change in Productivity

- Transformation = culture change supported and maintained by management and strategy
- Change in productivity = management and strategy alone

Transformational changes, not enhancements



## **Defining Leadership in Another Way**

- Leadership is a relationship between those who aspire to lead and those who choose to follow.
- Not based on positional authority.
- Leading is getting others to follow EVEN when they do not have to.



## Leadership

Management

**Inspires** Predictable

**Influence Control** 

**Listens** Talks

Vision Focus Tactics Focus

Manages Change Reacts

Minutes (1440) Money

Tom Atchison



# What constituents say they want and expect from a leader...

Table 2.1.	Characteristics	of Admired	Leaders.
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	Percentage of Respondents Selecting That Characteristic		
Characteristic	2002 edition	1995 edition	1987 edition
HONEST	88	88	83
FORWARD-LOOKING	71	75	62
COMPETENT	66	63	67
INSPIRING	65	68	58
Intelligent	47	40	43
Fair-minded	42	49	40
Broad-minded	40	40	37
Supportive	35	41	32
Straightforward	34	33	34
Dependable	33	32	33
Cooperative	28	28	25
Determined	24	17	17
Imaginative	23	28	34
Ambitious	21	13	21
Courageous	20	29	27
Caring	20	23	26
Mature	17	13	23
Loyal	14	11	11
Self-Controlled	8	5	13
Independent	6	5	10

Note: These percentages represent respondents from six continents: Africa, North America, South America, Asia, Europe, and Australia. The majority are from the United States. Since we asked people to select seven characteristics, the total adds up to 700 percent.

Source: The Leadership Challenge by James M. Kouzes and Barry Z. Posner. Copyright © 2002.

# Credibility is the Foundation of Leadership

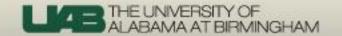
- Honest
- Competent
- Inspiring
- Forward looking

## First Law of Leadership:

If you don't believe in the messenger, you won't believe the message.

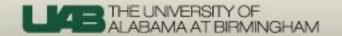


- Trust = Confidence (absence of suspicion)
- Trust is based on character and competence.



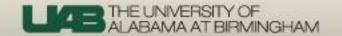
 Only 51% of employees have trust and confidence in senior management.

 Only 36% of employees believe their leaders act with honesty and integrity.



• "Speed happens when people....truly trust each other." - Edward Marshall

"If you're not fast, you're dead." - Jack Welch



 As TRUST rises....SPEED increases and COSTS go down

As TRUST declines SPEED declines and COSTS rise.

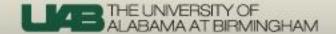
• 
$$S \times E = R$$
  $(S \times E)T = R$ 



## **Waves of Trust**

Self-trust

Relationship Trust



## **Relationship Trust**

- Talk Straight
- Demonstrate Respect
- Create Transparency
- Right Wrongs
- Show Loyalty
- Deliver Results
- Get Better
- Confront Reality
- Clarify Expectations
- Practice Accountability
- Listen First
- Keep Commitments
- Extend Trust



## **Waves of Trust**

Self-trust

Relationship Trust

Organizational Trust

Market Trust

Societal Trust



# **Betrayal of Trust**

- Intended vs. Unintended
- Major vs. Minor
- Emotional Bank Account



## **Levels of Leadership**

#### **LEVEL 5 - Executive**

Builds enduring greatness through a paradoxical blend of personal humility and professional will.

#### **LEVEL 4 – Effective Leader**

Catalyzes commitment to and vigorous pursuit of a clear and compelling vision, stimulating higher performance standards.

#### **LEVEL 3 – Competent Leader**

Organizes people and resources toward the effective and efficient pursuit of pre-determined objectives.

#### **LEVEL 2 – Contributing Team Member**

Contributes individual capabilities to the achievement of group objectives and works effectively with others in a group setting.

#### **LEVEL 1 – Highly Capable Individual**

Makes productive contributions through talent, knowledge, skills and good work habits.

# **Level 5 Leadership**

**Extreme personal humility** 



Intense professional will



# **Extreme Personal Humility**

- Channel's ego needs away from self into larger need to build great organization
- Does not mean not ambitious, but means, ambition is driven for the organization rather than for themselves



# How is this extreme personal humility exhibited?

- Language
- Hiring practices



# The Right People

- Other level 5s
- Only seats for A players with A+ attitudes
- Hire 10s 10s hire 10s 7s hire 5s
- Character attributes over credentials
- When in doubt, don't hire.



# The Right People

# LEVEL 5 + MANAGEMENT TEAM

(Good-to-Great Companies)

### LEVEL 5 LEADER



### FIRST WHO

Get the right people on the bus. Build a superior executive team.



### THEN WHAT

Once you have the right people in place, figure out the best path to greatness.

# A "GENIUS WITH A THOUSAND HELPERS"

(Comparison Companies)

#### LEVEL 4 LEADER



### FIRST WHAT

Set a vision for where to drive the bus. Develop a road map for driving the bus.



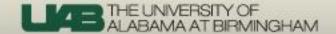
### THEN WHO

Enlist a crew of highly capable "helpers" to make the vision happen.

# How is this extreme personal humility exhibited?

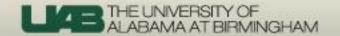
- Language
- Hiring practices
- Credit/blame
- Succession planning
- Not needing to be "the face"
- Not about personal gain

"Level 5 leaders seem like ordinary people getting extraordinary results. They want to be "a" leader, but not necessarily "THE" leader."



# **Intense Professional Will**

- Fanatically driven to produce results
- Demand results/whatever is necessary
- Can't stand mediocrity and won't tolerate those who accept that good is good enough



# **Built to Last Leaders**

Leaders of visionary companies tend to be clock builders, not time tellers. They concentrate primarily on building an organization---building a ticking clock-rather than on hitting a market just right with the visionary product idea or riding the growth curve of an attractive product life cycle. And instead of concentrating on acquiring the individual personality traits of visionary leadership, they take an architectural approach and concentrate on building the organizational traits of visionary companies. The primary output of their efforts is not tangible implementation of a great idea, the expression of a charismatic personality, the gratification of their ego, or the accumulation of personal wealth. The greatest creation is the company itself and what it stands for."



# **Clock Building not Time Telling**

- Time telling = a visionary, charismatic leader having a great idea
- Clock building = building an institution that can prosper beyond the presence of any single leader and through numerous product cycles
- Great ideas put forward by charismatic leaders were actually negatively correlated with visionary companies.
- The institution itself is the ultimate creation.



# **Key Questions about Leadership**

What does the level-5, clock-building leader do?

Where should his/her focus be?









**Farmer** 

Soil

Seed

Tom Atchison



# Farmers don't grow crops. They create the conditions - Rich soil in which crops can grow - flourish

Leaders don't motivate anyone. They create *cultures* that unleash human potential!!



# The Argument for Organizational Health

## **Successful Organizations Are:**

## **SMART**

**Intelligent Strategies** 

Marketing Plans

**Product Features** 

Financial Models

## **HEALTHY**

**Eliminate Politics** 

**Eliminate Confusion** 

Higher Morale

**Higher Productivity** 



# Critical Disciplines for Developing Organization Health

- Build and maintain a cohesive team.
- Create organizational clarity.
- Over-communicate organizational clarity.
- Reinforce organizational clarity through human systems.

