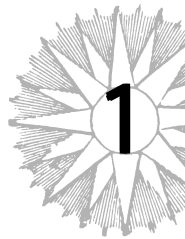




HEARTS OVER MINDS

Values. Integrity. Spirit. Energy. These are just some of the so-called “soft” qualities that characterize effective leadership – and the highly successful organizations where such qualities are respected and nurtured.

LEADERS MAKE THE DIFFERENCE



There's no avoiding it. The eternal search for sustainable competitive advantage is leading us straight into the squishy softness of culture and character. Many business people won't like it. They won't be comfortable talking with colleagues about trust, honesty, purpose, values, and other topics out of the self-help section of the bookstore. They will have to face the fact that they will likely be eaten alive by competitors who confront these issues with relish.

GEOFFREY COLVIN, “THE CHANGING ART OF BECOMING UNBEATABLE,” *FORTUNE*



Leaders are good for your health

In his book *Inspirational Leadership*, Lance Secretan reports on the role of leaders in the healthcare system:

“One hospital had significantly better results (61 predicted but 41 observed deaths) while another had significantly worse results (58% more deaths than predicted). Technically, there was very little difference between the hospitals being studied. The significant variable proved to be the quality of leadership. What the researchers found in particular was the better performing hospitals achieved superior interpersonal dynamics among the intensive care unit staff. When leaders served their [staff] well, the medical staff was able to serve their patients better. The researchers reported that ‘the degree of coordination of intensive care significantly influenced its effectiveness.’”

All organizations have access to more-or-less the same resources. They draw from the same pool of people in their markets or geographic areas. And they can all learn about the latest tools and techniques.

Yet not all organizations perform equally. In fact, there is a huge gap between high- and low-performing organizations. What accounts for this? Quite simply, it’s people. As the venerable Peter Drucker points out, “Of all the decisions a manager makes, none are as important as the decisions about people because they determine the performance capacity of the organization.”

And when it comes to people, the big difference is leadership.

What are people worth?

“Leadership is the art of accomplishing more than the science of management says is possible.”

COLIN POWELL, U.S. SECRETARY OF STATE

“People are our most important resource.” This management cliché dates back to the beginning of the modern organization. Yet all too often it’s perceived as a tired old phrase with a high “snicker factor” in many organizations. Eyes roll as the boss dutifully mouths these words.

Meanwhile, investments in assets such as physical buildings, equipment, technology, products, and strategy development vastly outstrip investments in people. Little care is given to hiring and orienting the right people. Training is often an afterthought, given little strategic consideration and even less management planning and follow-through. Performance appraisals are bureaucratic “check off the boxes” exercises that cause more angst than development. Promotions are based more on technical or management factors than on proven people-leadership abilities. Teams exist in name only. Opinions and input from frontline people are rarely sought and often discounted. Processes and systems enslave rather than enable servers or producers.

For such an “important resource,” people are assigned remarkably low priority in many organizations.

The power of people

“ A Wharton [School of the University of Pennsylvania] study found that ‘capital investments may be a strategic necessity to stay even with the competition,’ but the investments in workers yielded far greater returns. Says Patrick Harker, one of the study’s authors: ‘Machines can’t give you a competitive advantage. It’s all about people.’”

From Fortune magazine, in “What Makes a Company Great,” a survey of the world’s most admired companies:

An MIT global auto industry study found that a major reason Toyota’s productivity is far ahead of Nissan is because Nissan poured money into robots and computers while Toyota focused on people and processes (mainly through Kaizen).

Toyota then used automation to support its people and processes.

A major international company studied their worker compensation claims and attitude surveys and found that where supervisors and managers are perceived to be more caring about people injuries and compensation, claims were much lower.

In the most admired companies, the key priorities were teamwork, customer focus, fair treatment of employees, initiative, and innovation. In average companies the top priorities were minimizing risk, respecting the chain of command, supporting the boss, and making budget.

SYMBIOTIC ROLES

Can a great leader be an effective manager? Or vice versa? While each requires different abilities, they need not be – and should not be – mutually exclusive. Both are essential for peak organizational performance.



MANAGEMENT VS. LEADERSHIP

Leadership and management are two distinctive and complementary systems of action. Each has its own function and characteristic activities. Both are necessary for success in an increasingly complex and volatile business environment... strong leadership with weak management is no better, and is sometimes actually worse, than the reverse. The real challenge is to combine strong leadership and strong management and use each to balance the other.

JOHN KOTTER, MANAGEMENT/LEADERSHIP AUTHOR AND PROFESSOR OF ORGANIZATIONAL BEHAVIOR, HARVARD BUSINESS SCHOOL

The terms “management” and “leadership” are often interchanged. In fact, many people view them as basically the same thing. Yet management is as distinct from leadership as day is from night. Both are necessary, however, for a high-performance organization. By contrasting them and understanding their differences, we can better balance and improve these essential roles.

One key distinction between management and leadership is that we manage *things* and lead *people*. Things include physical assets, processes, and systems. People include customers, external partners, and people throughout our team or organization (or “internal partners”). When dealing with things, we talk about a way of *doing*. In the people realm, we’re talking about a way of *being*.

COMPLEMENTARY STRENGTHS

Management	Leadership
Processes	People
Facts	Feelings
Intellectual	Emotional
Head	Heart
Position power	Persuasion power
Control	Commitment
Problem solving	Possibility thinking
Reactive	Proactive
Doing things right	Doing the right things
Rules	Values
Goals	Vision
Light a fire under people	Stoke the fire within people
Written communications	Verbal communications
Standardization	Innovation

Both management and leadership are needed to make teams and organizations successful. Trying to decide which is more important is like trying to decide whether the right or left wing is more important to an airplane's flight. I'll take both please!

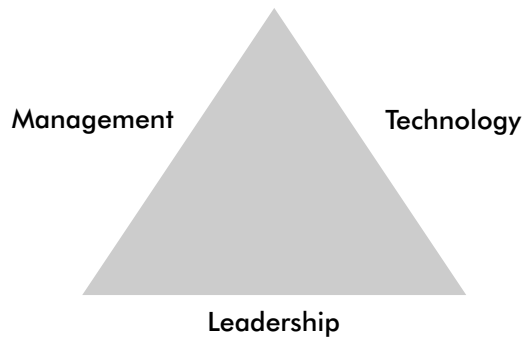


Getting technical

In The CLEMMER Group's consulting and training work we often add a third element – technical – to management and leadership to form what we call a “Performance Triangle.” This adds another dimension to the question, “how should the organization's focus be allocated to each area?” While apparently simple, the question is often a very difficult one to answer, since there is no universal formula that applies to all organizations. Some need more technical skills or better technologies. Others need the discipline of better systems and processes. Most need a lot more leadership.

Another complicating factor is that needs are easily misidentified. For example, we have found that most organizations have communication problems of one kind or another. Often these are seen as leadership issues. Many times they are. But just as often the roots of the problem are intertwined with poor processes, systems, or structure – all of which are management issues.

The triangle depicts the balance between the three critical success factors. Imagine a pendulum swinging in the center of the triangle. It's very difficult to keep the pendulum in a state of equilibrium. In some cases, organizations may need to swing the pendulum in one direction because that's where it's weakest. For example, entrepreneurial start-up companies often have strong



vision, passion, and energy (leadership) and may also have good technological or technical skills. But their lack of systems and processes or poor management discipline leads to a lot of errors, poor service/quality, and frustration for customers and people in the organization.

The most common weakness, however, is in leadership. The triangle illustrates that a well-balanced organization has leadership at the base. This allows management and technology to serve rather than enslave producers, servers, and customers.

Push or pull?

Warren Bennis, Professor of Business Administration at the University of Southern California, has been extensively studying and writing about leadership for many decades. He explains why leaders are so much more successful than managers in harnessing people power: "Management is getting people to do what needs to be done. Leadership is getting people to want to do what needs to be done. Managers push. Leaders pull. Managers command. Leaders communicate."

WELL-ROUNDED LEADERS

Leadership is first and foremost a way of being. It begins at the center and extends outward, following the timeless leadership principles.



THE LEADERSHIP WHEEL

The winds and waves are always on the side of the best navigators.

EDWARD GIBBON, ENGLISH HISTORIAN

Leaders look beyond the current situation – beyond what is to what could be. That's why leadership is all about change. It's why leadership is action, not a position.

Growing our leadership is also a dynamic process. It begins at the center of our being and develops in multiple directions, each represented by the timeless leadership principles described in this book. This “hub and spokes” model is the basis for The CLEMMER Group's Leadership Wheel.



Each part of the wheel corresponds to an area of leadership. At the hub of the wheel, we have the vision, values, and purpose with which leaders effectively focus their teams and organizations on the core of their being (Chapter 2: Focus and Context).

Leaders also take initiative and do what needs to be done rather than waiting for “them” to do something (Chapter 3: Responsibility for Choices).

Leaders are authentic and lead by visible example, fostering openness and continuous feedback (Chapter 4: Authenticity).

Leaders are passionate and build strong commitment through involvement and ownership (Chapter 5: Passion and Commitment).

Leaders lead with heart and rouse team or organizational spirit (Chapter 6: Spirit and Meaning).

Leaders grow people through strong coaching and continuous development (Chapter 7: Growing and Developing).

Finally, leaders energize people by building strong teams, inspiring, and serving (Chapter 8: Mobilizing and Energizing).



The wheel model provides a metaphor for situations faced by an organization. For example, just as a wheel's weight-bearing ability depends upon the strength of its hub, so too does the strength of an organization's hub (or core values) determine the weight of the performance and change issues that it is able to carry.

The wheel also represents the circular nature of leadership – there is no beginning or end. Each of the supporting leadership principles around the outside of the Leadership Wheel are interdependent and interconnected. If our team or organization develops all the leadership skills, the wheel is well-rounded. If it is deficient in one or more of these skills, the ride may be a little bumpy.

FEELING YOUR WAY

The timeless leadership principles make intuitive sense. When we look at the key factors for most organizational success, we generally find these principles at work.



SOFT SKILLS, HARD RESULTS

We should take care not to make the intellect our god. It has, of course, powerful muscles, but no personality. It cannot lead, it can only serve.

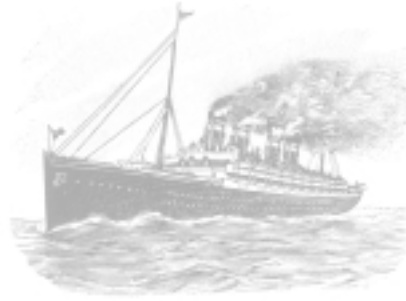
ALBERT EINSTEIN

Leadership deals with the world of emotions and feelings. It is more of an art than a science. Like artists, leaders have the ability to share their vision of the world. Leaders influence our perceptions and help us look at situations in new ways. These skills – and the leadership principles that guide their development – are critical to the success of an organization or team.

Leading by emotion

Daniel Goleman, Richard Boyatzis, and Annie McKee have conducted extensive research into the rapidly growing number of studies on the pivotal role of emotional intelligence. They have found that in 50 to 70 percent of all cases, leaders are directly responsible for how people in an organization or team perceive their culture. As they state in their book, *Primal Leadership: Realizing the Power of Emotional Intelligence*, “Leaders have always played a primordial emotional role. No doubt humankind’s original leaders — whether tribal chieftains or shamanesses — earned their place in large part because their leadership was emotionally compelling... the leader acts as the group’s emotional guide... in any human 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 will be thrown off stride.”

Emotional intelligence has profound implications for leaders and their organizations. “This emotional task of the leader is primal — that is, first — in two senses: It is both the original and the most important act of leadership.”



Of course, there are some people who remain unconvinced of the value of these “soft skills.” They’re typically managers with minimal leadership qualities, who prefer to focus on being bottom-line driven, strategists, marketing aces, technical experts, “snoopervisors,” and so on.

These managers often talk about the importance of personal effectiveness and development. They pledge undying allegiance to values, mission, and vision. They go on about people issues, like communication, teamwork, respect, and service. But they really think it’s just a lot of fluff.

Well, maybe they should think again.

Now there is hard evidence that those “soft” leadership principles are *the* major factor in what makes a high-performance team or organization. The exciting and rapidly expanding research on emotional intelligence shows that a leader’s personal characteristics and leadership competencies have a direct bearing on his or her personal performance — as well as on that of their team and organization. For example, studies show that even a leader’s mood is highly contagious. Depending on whether he or she is upbeat and supportive, or cranky and disapproving, the team will either be charged with high achievement or poisoned with deadly toxins.

Improving our emotional intelligence

“There now is a considerable body of research suggesting that a person’s ability to perceive, identify, and manage emotion provides the basis for the kinds of social and emotional competencies that are important for success in almost any job. Furthermore, as the pace of change increases and the world of work makes ever greater demands on a person’s cognitive, emotional, and physical resources, this particular set of abilities will become increasingly important.”

CARY CHERNISS, RUTGERS UNIVERSITY

There’s not a lot we can do about the processing power between our ears. For the most part, we’re stuck with whatever intelligence quotient (IQ) we’ve got. The good news for many of us is that our IQ is dramatically less important to success and happiness than our emotional intelligence (EQ). What’s even better is that EQ, unlike IQ, can be improved. It’s not easy (nothing worth doing ever is), but it can be done.

As University of Toronto psychology professors Steven Stein and Howard Book (what better name for an author?) write in their book, *The EQ Edge: Emotional Intelligence and Your Future*, “We know that emotional intelligence can be enhanced because we’ve seen it happen over and over again as we’ve worked with corporate CEOs and other executives, school teachers, military personnel, counselors and consultants, mental health professionals and husbands and wives. Adopting proven methods found in cognitive and behavioral therapy, as well as from psychodynamic theory, we have trained many of these individuals to increase their emotional intelligence in easily understandable and proven ways.”



Improving our emotional intelligence starts with a clear picture of our ideal self. This is at the hub of our Leadership Wheel: Where am I going (or what is the picture of my *preferred* future)? The next step is a “gap analysis,” or assessment of my current strengths and weaknesses, followed by a plan for bridging those gaps (building on my strengths and strengthening my weaknesses). Then the real improvement work begins – experimenting with new behaviors, reframing my thinking, developing skills, and mastering feelings. This can often be reinforced by forming new relationships or by changing the dynamic of existing ones. These steps are generally difficult to sustain on our own. That’s why personal coaches, counselors, and consultants have become so popular. They help us step back from the movie of our life to review and reset our thinking and actions.



Studies in EQ

From "The Business Case for Emotional Intelligence," by Cary Cherniss, Rutgers University, from the website of the Consortium for Research on Emotional Intelligence (www.eiconsortium.org):

Competency research in over 200 companies and organizations worldwide shows that about one-third of the vast difference between high and low performers (top performers are 12 times more productive than those at the bottom and 85 percent more productive than the average performer) is due to technical skill and cognitive ability while two-thirds is due to emotional competence. In top leadership positions, over four-fifths of the difference is due to emotional competence.

A study of 515 senior executives found emotional intelligence was a better predictor of success than either relevant previous experience or high IQ. More specifically, the executive was high in emotional intelligence in 74 percent of the successes and only in 24 percent of the failures. The study included executives in Latin America, Germany, and Japan, and the results were almost identical in all three cultures.

An analysis of more than 300 top-level executives from fifteen global companies showed that six emotional competencies distinguished stars from the average: Influence, Team Leadership, Organizational Awareness, Self-Confidence, Achievement Drive, and Leadership.

From Steven Stein and Howard Book, *The EQ Edge: Emotional Intelligence and Your Success*:

Over the past five years, MHS, in cooperation with Reuven and other researchers worldwide, has administered the EQ-I to almost 42,000 people in 36 countries, building up a voluminous data bank and uncovering incontrovertible links between emotional intelligence and proven success in people's personal and working lives.

A survey of over 700 multi-millionaires asked each one to rate 30 factors most responsible for their success. The top five were all attributes of emotional intelligence. IQ was 21st on the list.