

Leadership

1. Paradox of Power
2. Problems with communication
3. How to lead a company
4. 10 commandments of leadership
5. How to get employees to work for you
6. Qualities and Flaws of leaders
7. CEO disease
8. The paradox of leadership
9. Empowerment
10. Accountability
11. Top 10 reasons why businesses fail
12. Lessons of Colin Powell
13. Rules

Paradox of Power:

The paradox of power: “Power Isolates”.

As a leader, you have to stop being a person, and become the “symbol of authority”. Accept it.

You cannot fraternize with underlings:

- They are:
 - Vying for your favor
 - Rivals for your job
 - Scared of you, won't get too close
- They may harbor unconscious antipathy toward you as a symbol of authority
- You may destroy your own power
 - They may see you as a mere mortal
 - They are hoping you were a hero
- Tell you what you want to hear
 - You will want to believe them
 - A leader must have good information regarding the business
- Your underlings will not be comfortable fraternizing upward.
 - It is tougher for them to separate professional and personal roles than it is for you.

Because of this paradox, you **MUST** separate your ego from your role.

Procedures protect both the leader and everyone else.

Rule: "Power corrupts. Absolute power corrupts absolutely"

Problems with communication:

Upward Communication from workers:

- ❑ Assume leader knows what is going on
- ❑ Assume leader is not interested
- ❑ Fear to tell leader the bad news
- ❑ Afraid to look bad
- ❑ At each transfer of info, editing and distortion
- ❑ An incompetent worker will deliberately distort to protect himself
- ❑ Tendency of the leader to not hear the unpalatable truth

Downward Communication from the leader:

- ❑ Tell 3 people; assume everyone gets the message
- ❑ Workers “reading” your body language for unspoken messages
- ❑ Assume organization already has an efficient system
- ❑ Failure to check that the proper message has been received
- ❑ Lack of measureables for benchmarking communications
- ❑ Assume lack of interest
- ❑ Afraid to tell bad news
- ❑ Tendency of workers to only hear what they want to hear

How to address these problems:

- ❑ Procedures
- ❑ Standards for communication
- ❑ Walk around
- ❑ Never tolerate distortion of facts
- ❑ Constant diligence
- ❑ Never shoot the messenger
- ❑ Hire independent surveys

Rule: “Pain avoided is paid back 10 times over”

How to lead a company:

1. Conceive a cathedral
2. Establish a blueprint
3. Get disciples on board
4. Choose an appropriate management style
5. Be perceived as a leader
6. Execute (the mission, not the workers)
7. Communicate

Rule: “A leader ‘takes the bullets’ for his people”

Rule: “Every company needs a leader. Sometimes your job is to stand firmly behind him and push”

Qualities of a great leader

"Employees want a powerful, strong leader. He will be an “idealized parent figure”, able to make rules, and bend them when appropriate. He will involve the group, but will take responsibility for the ultimate decisions himself." (Ref: Wareham)

The 10 Commandments of Leadership.

1. Provide vision
2. Have courage
3. Communicate a sense of moral purpose
4. Have common sense
5. Have empathy
 - People skills
 - Ability to Listen
6. Maintain a presence
 - Larger than life
7. Be ruthless to your enemies
8. Understand business principles
9. Develop and demonstrate good negotiating skills
10. Have a commitment to a strong work ethic

How to get employees to work for you.

Rule: “Involve as you are involved”

Rule: “A leader without a vision is a bureaucrat”

- Address individual needs and group needs.
- Provide vision
- Communicate the goal
- Focus the people
- Lead by Example

Motivation: The Carrot and the Stick:

- Money works only up to the point of comfort. Once you use it, you lose it.
- The stick (threat of losing one’s job) is a very ineffective motivator.
- A sense of ownership or pride is the most effective motivator.
- Involve employees in the vision.
Poll them in a blind manner to get truthful input
If you find problems, you MUST act.

Qualities of an Effective Leader:

- Good Judgment
- Decisive
- Unselfish
- Loyal
- Has Knowledge, Integrity, Tact, Courage
- Enthusiastic
- Dependable
- Sense of Justice
- Good delegator
- Listens
- People focused
- Consensus builder
- Good communicator
- Bias for action
- Forgiving
- Accessible
- Team builder
- Has Vision
- Presence
- Works and plays hard
- Praise in public, criticize in private
- _____
- _____
- _____

"A leader is a person who can look into the very fires of Hell, and when he turns to his subordinates and says, - "follow me" - they follow; for they know they will be led not to disaster, but to victory over the fires." (anon.)

Fatal Flaws of Leaders

- Blaming
- Unpredictable
- Condescending
- Dishonest
- Wastes time
- Indecisive
- Mistrusting
- Whiner
- Control Freak
- Micromanager
- Empire Builder
- Confrontational
- Breaks rules for himself and favorites
- Alienates good people
- Afraid to tell bad news
- Hires inappropriately (esp. "Yes men")
- Isolated from customer
- Inward focus
- Ignores "best-practices"
- _____
- _____
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- _____
- _____
- _____

CEO Disease:

"Since I'm so successful. I must be really smart and special."

This disease probably kills the effectiveness of more leaders than all other factors combined. It is often the final result of a corruption by power.

Examples of famous leaders with CEO disease:

- ❑ Bill Gates (during Netscape fight)
- ❑ Rep. Henry Hyde (during the Clinton impeachment process)
- ❑ General Patton (WW2)
- ❑ "Chainsaw Al" Dunlop (everyplace he went)
- ❑ Michael Eisner (at Disney)
- ❑ Donald Rumsfeld (What war?)
- ❑ The Republican Congress (where did those values go?)
- ❑ _____

The characteristics that are so important during one's rise as a leader, become handicaps in the role of a mature leader, or if carried too far.

Impact of CEO disease:

- ❑ Stop listening (I know what is best)
- ❑ Isolating (I don't want to waste time with "unimportant" people)
- ❑ Arrogance (the critics are wrong)
- ❑ Hubris (I can do no wrong)
- ❑ _____
- ❑ _____
- ❑ _____
- ❑ _____

Rules:

- ❑ "You still put your pants on one leg at a time".
- ❑ "The Market has a way of imposing humility"

The Paradox of Leadership:

"You can't do it all yourself. You have to delegate"

- EVEN, if you are the best person to do it, know the most about the subject, and have the ultimate responsibility for the outcome.
- The best leaders are those who delegate in a manner that strengthens the team

"You can only successfully delegate authority. You cannot delegate responsibility, without delegating the corresponding authority to act."

The Do's:

- You must delegate authority to act.
- Ascertain that the recipient of the authority is willing to accept responsibility
- Be sure there are procedures in place, which the recipient knows about them and is trained in them, or be willing to accept what you get.
- Get a strong contract about the results you expect. Put it in writing.

The Don'ts:

- Try to delegate responsibility without authority. Crazyness ensues.
- Micro-manage

- Why?
- What does proper delegation do for the organization and the team?
- How does it make the organization stronger?

Rule: "Delegate, Empower, Hold Accountable"

Empowerment

Empowerment: "Giving and accepting of the authority to act, and the associated accountability."

Why is it Important?

- Gives sense of ownership
- Motivating
- Develops bench strength
- Forces top to do their job

Key rule: You must give authority to act, with responsibility.

If there is no empowerment:

- Inaction and Paralysis
- Low morale
- Paranoia
- Lots of procedures
- Decisions take a long time
- Top is overworked
- Team becomes frustrated
- Performers leave

Characteristics of proper empowerment:

- Clear goals
- Clear contracts
- Good delegation
- Long lasting
- Clarify about how the rules change
- Reward structure linked to results
- Board of Directors
- Budget

Accountability

What is it: Consequences associated with performance

Why is it important:

- Reward for performance
- Measure of achievement
- Eliminates non-performers
- Reduces mediocrity

What happens with no accountability?

- Lose initiative: de-motivating
- Top performers leave organization
- East Europe
- Peter principle

How do you have accountability?

1. Goals (Got to have them)
2. Measurables relative to goals (Objective measures)
3. Audits and reviews (did you make the goals)
4. Consequences (both positive and negative)
5. Communication (the Team has to know what happened)

Rules: "Without accountability, you are destined for mediocrity"

Social Capital

The World Bank (and a bunch of others) have recently discovered a concept now called “social capital”.

- When one analyzes the effectiveness and competitiveness of cultures, one finds that MOST of the “capital” is missing.
- Social Capital appears to be 5-10x more important than “financial capital” for long term success.

This concept is used to describe the “intangible” characteristics of a culture that make it competitive. Those cultures with a high score succeed, regardless of the “financial capital”. Those with low scores fail.

The same ones apply to a business.

1. Trust and Solidarity (Rule of and longevity of Laws)
 - a. Certainty that the results of your labors will have a lasting impact
2. Social Cohesion and Inclusion (How you treat women)
 - a. How all members of the society are included (esp. minorities)
3. Collective Action and Cooperation (Is there a common goal that unites diverse groups)
 - a. Teamwork strength
4. Groups and Networks (Level of cooperation vs. Secrecy)
 - a. How you cooperate with partners, customers and suppliers
5. Information and Communication (Open and impartial information)
 - a. Level and Quality of education and training
 - b. How effectively the organization communicates.

6. The Top 10 reasons why projects or businesses fail:

1. Lack of vision and purpose
2. Lack of management systems
3. Lack of financial planning and review
4. Overdependence on specific individuals
5. Poor market segmentation or strategy (focus)
6. Failure to establish and/or communicate company goals
7. Lack of market knowledge, competition
8. Inadequate capitalization
9. Lack of a standard quality program
10. Leaders concentrating on technical rather than strategic tasks

Ref: Gerber, 1994

How many of these are the responsibilities of the leader?

Rule: “The failure of a business is usually the result of poor leadership.”

The 18 lessons of Colin Powell:

1. Being responsible sometimes means pissing people off.
2. The day that soldiers stop bringing problems to you is the day you have stopped leading them. They have either lost confidence that you can help them, or concluded that you do not care. Either case is failure.
3. Don't be buffaloed by experts. Experts often possess more data than judgement, and can be completely removed for the real world.
4. Don't be afraid to challenge the pros, even in their backyard.
5. Never neglect details. When everyone's mind is dulled or distracted, the leader must be doubly vigilant.
6. You don't know what you can get away with until you try.
7. Keep looking below surface appearances. Don't shrink because of what you might find.
8. Endeavors succeed or fail because of the people involved. Only by attracting the best people will you accomplish great deeds.
9. Fancy titles count for nothing.
10. Never let your ego get so close to your position that when your position goes, your ego goes.
11. Fit no stereotypes. Don't chase the latest management fads. Listen to the situation.

Collin Powell's lessons, cont.

12. Perpetual optimism is a force multiplier.
13. To pick people, look for: intelligence, judgment, capacity to anticipate, loyalty, high energy drive, balanced ego, and the drive to get things done.
14. Great leaders are always great simplifiers, who can cut through arguments, debate, and doubt, to offer a solution that everyone can understand.
15. When the probability for success is between 40% and 70%, go with your gut.
16. The commander in the field is always right, and the rear echelon is always wrong, unless proven otherwise.
17. Have fun in your command. Spend time with your families. Surround yourself with people who take their work seriously, but not themselves. People who work hard and play hard.
18. Command is lonely.

Ref: Powell

Rules: Leadership

- ❑ Power isolates.
- ❑ Play the role of leader. People expect it.
- ❑ Don't fraternize with underlings. Command is lonely.
- ❑ Be careful of how you communicate. Check that the message you give is received. Check what you receive.
- ❑ Have vision, courage, common sense, moral purpose, and empathy.
- ❑ A leader without a vision is a bureaucrat.
- ❑ Involve as you are involved.
- ❑ Once you use money, you lose its power.
- ❑ Failure is usually caused by poor leadership.
- ❑ Be ruthless to your enemies. Your people expect it.
- ❑ Power Corrupts. Absolute power corrupts absolutely. Be Careful.
- ❑ Build a strong network of other leaders. Learn to ask for help.
- ❑ He who writes history, defines history.
- ❑ Delegate, Empower, Hold Accountable.
- ❑ Without accountability, you are destined for mediocrity.