VISTAGE

Leadership Best Practices -- Executive Summary

According to our best practices experts, these basic competencies are considered vital for effective leadership:

- **Develop a vision.** With a competent, motivated staff, the leader is free to develop a working vision of the organization's future.
- **Know yourself.** Your actions must align harmoniously with specific values, behavior and principles.
- **Connect with others.** Understand what makes your employees perform at their best and give them what they need to help the business succeed.
- **Take responsibility.** When your actions or decisions backfire, don't blame others. Size up the situation, determine realistic solutions and act on them.
- **Communicate!** Keep people informed about what's going on — the good news and the bad.

Building a Vision

A leader must be able to look unflinchingly at the realities of the organization and marketplace. To "interrogate reality," a leader should ask:

- What values do we stand for? Is there a gap between the values we espouse and the way our business actually performs?
- Do the skills and talents we possess match the demands of the marketplace? If not, why?
- What opportunities are available to us in the future? Do we have the capacity to seize upon these opportunities?

The leader's vision must be both feasible and far-reaching. Our Vistage speakers urge CEOs to build a vision by expanding their intellectual horizons. Get out of the office and explore the world around you. Attend leadership seminars. Visit with other CEOs in organizations like Vistage.

Spend time with key customers. Find out what services and products they're waiting for someone to design in the future.

Leaders set the tone and pace for change. Their compelling agenda invigorates employees and, if successful, spills over to the customers as well.

Leadership Styles

All organizational cultures reflect the personalities of their leaders. Every day, in hundreds of ways, the leader demonstrates to others what is suitable — and unsuitable — in the workplace.

The CEO must therefore adopt a distinctive, passionate style of leadership. Nothing done conventionally by the CEO will offer any competitive advantage. Conventional thinking — always and everywhere — leads to conventional outcomes.

Great leaders make themselves visible. They infuse courage and trust in employees in a variety of ways:

- **Tell it like it is.** The people who follow you deserve to know what's going on, and they'll do a better job with the facts at hand.
- **Make change exciting.** Build on short-term gains and lead employees through following cycles of change.
- **Take risks on people.** Leaders always persuade people to do more — and to *be* more — than they ever thought possible.

The Art of Communication

It's essential to communicate at all levels of the organization. No other single action is as crucial to winning employee trust and confidence.

Our Vistage speakers advise keeping these principles in mind when communicating your vision:

- **Paint a picture.** Use metaphors, analogies and specific examples to make your message more vivid.
- **Keep it simple.** Avoid jargon or "techno-talk."
- **Repeat, repeat, repeat!** People absorb ideas only after they've heard them repeated several times.
- **Confront uncertainty.** Don't hesitate to discuss "glitches" or mid-course adjustments the organization must work through. Let employees know that occasional setbacks are a normal part of the change process.
- **All forums, large and small.** Take advantage of every opportunity to get your message across — through memos, email and personal interactions.

In addition to "what" the change is, be sure to explain "why" the change is coming. Whenever possible, share the various options that were considered and rejected before a decision was made.

Another vital aspect of communication is active listening — listening with purpose. This means hearing a variety of messages, understanding their different meanings and confirming these meanings with significant feedback.

Keep in mind that the leader's physical presence can be intimidating to some employees. A good communicator neutralizes this through some simple techniques:

- Pay compliments
- Keep negative comments brief.
- Take time to listen and explore the other's response.
- Respond, don't "re-act."

Team Building

The first step in building a strong senior executive team is hiring the right people. Don't underestimate the long-term negative effects of the wrong hire. A bad hire wastes time and money, and can collapse morale within the organization and damage customer relations.

With a strong team in place, leaders work to promote a community atmosphere. Our Vistage speakers suggest

these practices:

- Promote learning as an integral part of everyday work life.
- Treat people with respect.
- Ensure that team members understand the importance of their individual contributions.
- Work together as a team especially when things go wrong, identifying problems without blame.
- Give people access to accurate information, so they don't resort to rumors and hearsay.

Assigning important tasks to people that aren't part of their defined jobs can be an effective motivational tool. Increasing the difficulty of the team's goals increases the challenge and effort necessary to achieve them — but more difficult goals lead to enhanced team performance.

Motivating Others

Long-term business success depends on having a corporate culture where people are motivated to excel. This originates directly from the leader's compelling agenda.

According to our Vistage speakers, high-performance organizations are "purpose-driven," while others just operate day by day. With purpose comes new ideas — and new ideas remain the most valuable commodity in our world of information-overload.

How can leaders harness their employees' creative energy?

- An inspiring mission
- A sense of urgency shared by all
- Goals that broaden employees' abilities
- A belief that teamwork can meet these goals

Recognition and reward should follow outstanding achievement. People should be trained, encouraged and offered ample opportunity for advancement. It's not enough to say, "Thank you for a job well done." Specify the actions that culminated in a successful outcome.

Decision Making

Regardless of their decision-making style, our Vistage speakers emphasize one point: Effective leaders use the decision-making process to free up resources that go to keeping things the way they are — particularly if these resources no longer produce results and don't contribute to enhanced performance.

Strong leaders scrutinize every element of the organization — products, services, markets, methods of distribution and value to the customer — because the business depends on it. They decide which elements to preserve and which should be abandoned.

Certain conditions indicate when the right action is letting go:

- Products, services, markets or processes that still have "a few good years of life" usually require the greatest effort to maintain.
- Products, services, markets, etc. that are fully written off may generate some tax value, but the effective leader asks, "Wouldn't we better off without them?"
- Sometimes the effort to maintain current products, services, etc., depletes energy and resources needed to develop new products and services.

Delegating Responsibility

The best way to become comfortable with delegating responsibility is to surround yourself with the best people you can find. With a strong management in place, it's foolish, even self-destructive, not to take full advantage of their skills and authorities.

Our Vistage Speakers offer these guidelines for delegating responsibility:

- **Define the task.** Don't tell people how to do the job; rather, describe the results you want.
- **Offer suggestions.** Some individuals take the ball and run, while others are unsure about how to proceed. Offer helpful suggestions that enable people to perform at a higher level.
- **Don't hover.** Once you've assigned a task, give people room to operate and the freedom to be creative in their approach.
- **Reward and recognize.** Some people benefit from praise along the way, while others are more self-motivated. Everyone, however, responds well to sincere praise.

Effective leaders understand that there is more than one way to successfully complete a project. After delegating responsibility, they avoid questioning, analyzing and second-guessing each decision made or action taken by the person they've placed in charge.

Leaders Building Leaders

One sure sign of effective leadership is the desire to instill leadership traits in your executive management team. According to our Vistage Speakers, CEOs committed to building the next generation of leaders develop and refine their own leadership skills while mentoring others to do the same.

What do true mentors do?

- Focus on a person's strengths and potential.
- Convince a person that he or she has greatness within.
- Put aside their own agendas to help others express their unique talents.

Mentoring offers benefits for the individual and the organization alike. For the individual, mentoring provides:

1. Enhanced people management skills;
2. The ability to set and achieve performance-stretching goals; and
3. The confidence to lead others and serve as an advocate for change.

For the organization, mentoring benefits include:

1. Greater resources for accelerating company-wide change;
2. Assistance in maintaining performance during times of transition; and
3. Promotion of organizational stability during periods of restructuring.

In the new millennium, organizations will be obliged to constantly reinvent themselves. The effective leader understands that instilling leadership traits in others is an essential part of making that reinvention successful.

Expert Practices -- Leadership: An Overview

" … there's a huge difference between managing and leading, and I believe that if you went back 20 years most of the people running companies were managing. Now I think people at the top of large corporations aren't — or shouldn't — be devoting much time to management. Most of their time should be going toward leadership. The world is much more competitive and is changing faster, and there isn't enough time for executives to manage, to control, to track results. You need to focus on vision and beliefs and values and inspiring people and breaking roadblocks for people to be able to accomplish more."

– Bob Eaton, Chairman and Co-CEO, DaimlerChrysler, "Lessons from the Top: The Search for America's Best Business Leaders"

Essential Leadership Competencies

What's it take to be a great leader? We often associate leadership with powerful, heroic figures — Alexander the Great, George Washington, Winston Churchill — but remember: The term applies to tyrants and dictators as well.

In the business world, heroic figures lead organizations, drive change, inspire employees. Unfortunately, in some companies, tyrants and dictators are in charge. Does this mean a leader has to be a dictator in order to succeed?

Not so, according to Vistage Best Practices experts **Ben Gill**, **Don Schmincke** and **Lee Thayer**. In the material that follows, these three leadership experts analyze, dissect and recommend the behavioral traits and qualities most necessary for the business leader to succeed in the 21st century. They say that leading out of fear is not the answer. If anything, it's a recipe for disaster.

Here are basic competencies deemed vital for effective leadership:

Know yourself. Leaders serve to remind people what is most important, but first they must know what's important to them. They must be authentic. Their actions must align harmoniously with specific values, behaviors and principles.
Be optimistic. As the leader, you set the tone for those around you. If your outlook is positive and upbeat, others most likely will emulate this view.
Connect with others. Understand what makes your employees perform at their best and what they need to help the business succeed. Develop good character traits in others that help them fulfill their professional responsibilities.
Take responsibility for your actions. If your actions or decisions backfire, don't blame others. Assume responsibility yourself. Take inventory of the situation, determine realistic solutions and act on them.
Make timely decisions. With the resources available to you, make a sound decision and move on. Another challenge always waits around the corner.
Communicate! This is perhaps a leader's most significant function. Keep people informed throughout the organization. Let them know what's going on — the good news and the bad.
Develop a vision. With a competent, motivated staff, the leader is free to develop a vision of the organization's future. From there, the leader's job is defining the vision for others and inspiring them to follow.

"A leader is a person who's been given something larger than himself," says Vistage Speaker Lee Thayer. "His

duty is to make all that can possibly be made of it."

Building Trust

Leaders fail when they become too self-centered, too detached from those around them.

This only compounds the natural distance between leader and followers inherent in any organization. In general, employees only know what's on the CEO's mind from written memos or email, or through what others say about him. They have no easy way to decide if the CEO is trustworthy, capable of leading the business or even interested in their own well-being.

At the same time, employees have an uncanny sense of when something isn't right — when important information or the consequences of decisions are being withheld from them. That's when trust starts ebbing away. And without trust, there are no leaders, no followers, no teamwork, no customers.

Good leaders don't belittle employees behind their backs. They don't take personal credit for achievements that belong to the team. They give credit where credit is due, and help employees celebrate their successes. A leader's words and actions must match at all times — not just when it's convenient.

"Hidden agendas and dysfunctional behavior do not generate allegiance in others," says Vistage Chair and Speaker Don Schmincke.

What are the tangible benefits of inspiring trust in the organization?

- People accept and execute decisions even if they don't fully understand them.
- People give up short-term benefits for long-term, mutually beneficial rewards.
- People share the burden in difficult times, respond with understanding to work emergencies and invest their ideas and suggestions in the future.

Trust also serves the leader's vision of change. "In our fast-moving times, people are often reluctant to make the changes that are necessary for a business to survive," notes Vistage Speaker Ben Gill. "A leader who has gained their trust can help them make the leap into the future because they understand they're all in it together."

"Leaders keep their commitments," says Vistage Speaker Lee Thayer. "They don't promise anything they can't deliver. People have a long memory for unfulfilled promises."

Adds Schmincke: "The people you've chosen to work for your business are intelligent and perceptive. They understand the need to withhold sensitive information at certain times, as well as the need to present a unified front in difficult situations. When trust breaks down, it's usually because they feel a lack of honesty on issues that affect them directly."

Expert Practices -- Building a Vision for Leadership

" … the biggest difference between being a CEO today and one a generation or so back is the speed of change. We're all on treadmills. You never 'get there.' You don't get there anymore, because goals change and capabilities change so rapidly. You need a mind-set where you're comfortable with this new kind of environment. Again, that's a trait most great CEOs have. They're very open and ready to accept change. As a result, they create a learning organization. We have to train, retrain and then do it over again."

– Hans Becherer, Chairman & CEO, Deere & Company "Lessons from the Top: The Search for America's Best Business Leaders"

Interrogating Reality

Leaders must be able to look unflinchingly at the realities of their organization, and of the marketplace. The status quo can never "good enough." There are always ways to do things better or smarter.

To "interrogate reality," a leader should ask:

- What values do we stand for?
- Is there a gap between the values we espouse and the way our business actually performs?
- What skills and talents do we have?
- Do these resources match the demands of the marketplace? If not, why?
- What opportunities are available for us in the future?
- Do we presently have the capacity to seize upon these opportunities?

In the "old days," leaders were expected to come up with the answers themselves. Today, CEOs must continually pose the questions and rally their followers to provide the appropriate response.

Defining the Future

Leaders must think about the future; after all, they're the ones guiding their businesses into unfamiliar, uncharted waters. If they don't "define the future," they will be obliged to fall back on past organizational precedents to deal with new situations.

The problem is, the dizzying pace of change in today's world makes this approach virtually irrelevant.

"CEOs don't necessarily come with a built-in vision of the company's future," says Vistage speaker **Lee Thayer**. "They start to develop one by asking themselves, 'What is my dream? What difference do I want to make in the world?' The process of articulating an answer leads to translating a vision for the entire organization."

The vision has to be both feasible and far-reaching. If it doesn't involve stretching a company's resources and capabilities, it won't be much of a vision. The business environment in the new millennium will likely generate fundamental changes in the marketplace; the leader's vision must incorporate this possibility.

When formulating a vision, ask basic questions about its effect on the company's primary stakeholders:

- If the vision becomes a reality, how will it affect our customers?
- For customers who are happy today, will this vision keep them that way?
- For those who aren't entirely happy today, will this make them happier?
- For people who don't buy from us now, will this attract them?
- In a few years, will we do a better job than our competition of offering increasingly superior products and services that customers really need?

Vistage speaker **Ben Gill** urges CEOs to build a vision by expanding their intellectual horizons. "Get out of the office and explore the world around you," he says. "Attend leadership seminars. Read cutting-edge books. Visit with other CEOs in organizations like Vistage."

And spend time with key customers: "Don't become complacent, thinking you're giving customers what they want. Find out what they're waiting for someone to develop in the future."

Clarity of Direction

Businesses thrive on a sense of purpose and direction. The leader's job is to remind people why they're working long hours and giving their best. Beyond that, the leader provides a clear direction for people to follow.

"The process either evolves with the executive team or starts when the CEO has an epiphany about the business and storms into the office looking for disciples," says Vistage Chair and speaker **Don Schmincke**. "Leaders set the tone and the pace for change. Their compelling agenda invigorates employees and, if successful, spills over to the customers. It becomes the organization's destiny — something shared by everyone involved."

What else does having a clear direction accomplish?

- It resolves internal disagreements over minor operational issues.
- It frees people and resources to work toward achieving the organization's vision.
- It clears the deck of expensive, time-consuming (and, in the end, unnecessary) projects.

Our Vistage speakers emphasize the strong personal commitment leaders should bring to their vision. "The impact is measured by the CEO's heart rate when talking about the vision," Schmincke says. "If the heart is beating faster, then it's a good vision. It has answered the 'why' of the organization."

Thayer adds: "A CEO must create a fanatical vision that's larger than anything else in life. If not, the CEO may call himself a 'leader,' but in fact is only the 'head' of an organization."

Expert Practices -- Leadership Styles

"When I returned [as CEO] to Perot Systems, my first job as a leader was to create a new understanding of myself … I told myself I was having the same experience as a caterpillar entering a cocoon. The caterpillar doesn't know that he'll come out as a butterfly. All he knows is that he's alone, it's dark, and it's a little scary. I came out the other end of the experience with a new understanding of leadership. I don't have to know everything. I don't have to have all the customer contacts. I don't have to make all the decisions. In fact, in the new world of business, it shouldn't be me, and my job is to prevent it from being me."

– Mort Meyerson, former CEO, Perot Systems, "Everything I Thought I Knew About Leadership Is Wrong," Fast Company, April 1996

Leadership Culture

It's an inescapable fact of business life: All organizational cultures reflect the personalities of their leaders. The leader's behavior — how he or she goes about a daily routine, or reacts to crisis — sets the tone for the workplace. Every day, in hundreds of ways, the leader demonstrates to others what is suitable — and unsuitable — in the organization.

When, for example, a CEO insists on micro-managing and making day-to-day operational decisions, the management team becomes frozen in place, unwilling or unable to challenge decisions. If a CEO shows an inclination to avoid conflict, that behavior will be played out in the organization as well.

"CEOs need to understand that the people around them interpret their behavior through what they do and do not stand for," says Vistage Chair and speaker **Don Schmincke**. "The leader's actions profoundly shape the culture of the organization."

The same principle applies to what Vistage speaker **Lee Thayer** calls "the most powerful force on earth" — mediocrity.

"An inclination towards the mean is present in any organization and can only be overcome by the leader's personal fanaticism. Leaders face large numbers of people who tend toward mediocrity, and also have to consciously fight against it in themselves."

As a result, the CEO must embody a distinctive, passionate style of leadership. "Nothing done conventionally by the CEO will offer any kind of competitive advantage," Thayer says. "Conventional thinking always and everywhere leads to conventional outcomes."

Closing the Distance

The secret to effective leadership lies in closing the distance between yourself and those you seek to lead.

"It's easy for a CEO to stay inaccessible," says Vistage speaker **Ben Gill**. "There's always a shortage of time, an abundance of commitments — reasons why you can't be seen and heard by employees. But these reasons become secondary once you realize that getting closer to your constituents is truly an important goal."

"A true leader is always learning," adds Don Schmincke. "They seek out new information through formal and informal settings. They do not discourage constructive feedback and disagreement."

Great leaders also make themselves visible on-site. They run into people in the cafeteria and talk to them about what's on their minds. They solicit and respond to employee email. They get to know the people who work for them, they find out who does what well and who needs more attention. They learn first-hand what's happening on the front lines.

The leader's visible presence serves to lessen employee anxiety, especially during times of transformation and change. Our Vistage speakers suggest various techniques to infuse courage and trust in employees, both in personal encounters and through normal organizational channels:

- **Tell it like it is.** The people who follow you deserve to know what's going on. They'll do a better job with the facts at hand.

- **Get something done fast.** Short-term victories can bolster employee resolve in the face of intimidating long-term change. Celebrate these wins and show people that you appreciate their efforts.

- **Make change exciting.** Build on the short-term gains and guide employees through the next cycle of change. With a foundation of trust, they can distinguish between good ideas that didn't pan out and those that were ill-conceived and deserved to fail.

- **Take risks on people.** Leaders always persuade people to do more — and be more — than they ever thought possible. Encourage your employees to go beyond what they've done in the past.

Expert Practices -- The Art of Communication

"You've got to lead by example. There are CEOs who get to love their office. You've got to get out into the markets. You've got to meet your customers. You've got to understand the competition. You've got to give the same speech too many times. You've got to go to the lunch bag forum with discipline. I write an article every month for the company newspaper. I do videotapes. I do company broadcasts. Communicate, communicate, communicate! You cannot be a remote image. You've got to be touched, felt, heard, and believed."

– Mike Armstrong, Former Chairman and CEO, AT&T, "Lessons from the Top: The Search for America's Best Business Leaders"

Getting the Message Across

"Our species is language-based," notes Vistage speaker **Don Schmincke**. "But although we've developed the tactical skills for talking to each other, not everyone can deliver a strategic message in an effective way — something all leaders must be able to do."

Schmincke urges CEOs to ask themselves: Do I know myself well enough to understand how I'm coming across or how another person is receiving my communication? Do I have the courage to communicate information people would rather not think about?

If your answers are "no," these are skills a leader must develop. It's essential to be able to communicate at all levels of the organization. No other single action is as crucial to winning employee trust and confidence.

Good communication helps people understand the company's business strategy. It also helps them understand how they can contribute to meeting key objectives.

Vistage speaker **Lee Thayer** recommends several principles to keep in mind when communicating your vision:

- **Paint a picture.** Metaphors, analogies and specific examples make your message more vivid.
- **Keep it simple.** Clear, positive language is always preferable to jargon and "techno-talk."
- **Watch your language.** The use of sports or battle metaphors (such as "crush the opposition") fosters a divisive, win-lose atmosphere. This "us vs. them" approach can discourage a spirit of cooperation.
- **Repeat, repeat, repeat!** People tend to absorb ideas only after they've heard them repeated several times.
- **Confront uncertainty.** Don't hesitate to discuss failures, mid-course adjustments or "glitches" the company must work through. Clearly communicate that occasional setbacks are a normal — and expected — part of the change process.
- **Give a little, take a little.** Invite responses to your message; a two-way exchange is more powerful than one-way communication.
- **All forums, large and small.** Take advantage of every opportunity to get your message across — through memos, email and personal interactions, in large-scale meetings and small gatherings.

"Sharing information creates an atmosphere of trust," Thayer notes. "Employees are interested in how the business is progressing toward its goals. Give them the relevant facts and data. People will find out anyway

— it's much better if it comes from the leader."

Through a variety of forums, the leader can amplify the organizational vision or message. The process may be time-intensive, but it's vitally important that employees understand exactly the consequences of their behavior and what is expected of them to help the business succeed.

Frequent communication offers leaders the opportunity to manage potential areas of conflict. When calling a meeting to tackle a troublesome issue, ensure that team members know in advance what is being discussed. Set ground rules and create an "attack-free" safe zone where people can engage in honest, constructive dialogue.

Be Specific

"When discussing your vision, be as specific as possible," says former Vistage speaker **Ben Gill**. "Stay away from slogans, themes or cute phrases. They never mean the same thing to all people."

What is "specific" information?

- **The scope of change.** Some changes may affect only a few people, while others may affect everyone in the company. Let employees understand the scope of change, even if it involves bad news. If layoffs are coming, don't hide it. If the company is merging or selling off a division, let employees know. This minimizes fruitless (and time-consuming) speculation.
- **The expected outcome.** Describe how proposed changes are likely to affect customer satisfaction, the quality of products or services, market share, etc. Explain how changes relate to a tangible goal, such as becoming first in the industry, or increasing revenue 15 percent by the end of the year.
- **The progress of change.** Keep employees updated on how the business is progressing toward its goals, and how their efforts compare to desired performance goals.

"In addition to 'what,' be sure to explain 'why' changes are coming,'" Thayer adds. "Employees often complain about being left in the dark about significant changes in the organization's direction. As much as possible, share the various options that were considered and rejected before the final decision was made."

Gill urges CEOs to take an aggressive approach to communication. "Keep throwing out challenges to your staff, particularly in Research and Development," he says. "Take your department heads to lunch at least once each quarter and in this informal setting, explain your vision and get their feedback. Send out a signal that you're thinking ahead and you want them to do so, too."

Active Listening

Regardless of the constituency — customers, stockholders, employees — the best way to show that you value input is by listening and learning. "Great leaders are great learners," says Schmincke. "They actively seek out new information through formal and informal channels. They actively listen."

Active listening is listening with purpose. The listener pays attention to the words and feelings of the person he or she is talking with. It's not easy, because the listener must be able to hear various messages, understand their different meanings and confirm those meanings through significant feedback.

Active listening involves more effort because the listener must stay open and non-defensive, in spite of whatever is being said. In this way, leaders learn as much as possible from their employees and are better equipped to address their concerns.

What constitutes "active listening"?

- Spend more time listening than talking.

- Be aware of personal biases.

- Don't answer questions with questions.

- Don't finish other people's sentences.

- Don't daydream while others are talking.

- Let others talk. Don't dominate the conversation.

- Plan your response after the other person has finished speaking.

- Offer feedback, but don't constantly interrupt.

"Good listening stimulates trust, improves relationships, boosts team spirit and morale," Gill says. "Listening well is a skill leaders must cultivate."

"The CEO who displays a sincere interest in what others have to say builds up a reservoir of goodwill," Thayer says. "The pay-off comes later when other problems arise. Employees are much more likely to trust the leader's direction and be reasonable as a result of past experiences."

An effective response goes hand in hand with active listening. Here are ways to enhance the communication process:

- **Use reflective statements.** Continue the thought by repeating a phrase or fragment of the speaker's words.

- **Summarize and confirm.** Repeat what the speaker has said in summary form. Follow with a question ("Does this summarize what you said?") to ensure mutual understanding.

- **Test for responsibility.** After the speaker has concluded, ask: "What do you plan to do next?"

- **Don't give advice.** Don't let the speaker draw you into giving advice. Rather, deflect back to him or her: "What advice were you hoping I'd give you?"

"By actively listening, leaders demonstrate belief in the people working for them," Gill says. "Employees feel they're being treated with respect. They move closer to the leader's vision and become even more dedicated to the organization's success."

One-to-One

When communicating the leader's vision of change, most companies follow a hierarchical pattern. Word comes down from the CEO to the senior executive team, then to middle management, then to line supervisors and finally to front-line staff. Not surprisingly, something gets lost in translation along the way.

"CEOs need to understand how employees perceive a message that's communicated through so many channels," notes Schmincke. "Sometimes managers are seen as acting for political reasons or even personal gain. Thus, the message may be received skeptically, or as just so much empty talk."

The answer? As much as humanly possible, leaders should engage in one-to-one encounters with the people who work for them. Don't rely on public speeches, corporate pep rallies or long-winded "memos from the chief" to get the message across. Large numbers of employees can be reached through these channels, but the most effective communication almost always lies in private or small group dialogues.

"Leaders demonstrate their personal fanaticism by engaging in breakfast chats or dropping in on department meetings to share their thoughts — whatever venue generates direct contact on a personal level," says Thayer. "Individual interactions also enable leaders to better understand how their own message is being

received."

Keep in mind, however, that the leader's human presence can be intimidating to some people, especially during difficult times. Body language and other mannerisms sometimes send unintended messages. A good communicator neutralizes this through some simple techniques:

- Pay compliments.

- Keep negative comments brief.

- Don't ask questions when you're unwilling to suspend judgment.

- Take time to listen and explore the other person's response.

- Respond, don't "re-act."

Whatever the context, our Vistage Speakers remind CEOs to repeat their intended message — the purpose, vision, scope of change — over and over again. Don't assume that after hearing something once, employees are instantly transformed into "true believers." In many cases, the opposite takes place; employees confronted with a dramatic new vision of change most likely worry about how it will affect them personally and then become concerned with larger implications.

"That's the time to follow up with more communication," Gill says. "Encourage feedback. Get a dialogue going. Let people feel they're helping to build the organization's future together."

Expert Practices -- Team Building and Leadership

In many cases, large-scale change — reorganizations, downsizing, cost reduction or re-engineering programs — can be implemented only from top-management levels. But to truly work, say our Vistage speakers, change programs can't be based on fear and defensiveness. This approach stifles the passion and imagination that employees can bring to the process of change; it certainly doesn't encourage a positive atmosphere on the front line, where the quality of customer contact is vitally important.

"To work effectively, an executive management team shouldn't have to guess at hidden agendas or question the reasoning behind its own decisions and actions," notes Vistage speaker **Lee Thayer**. "This kind of environment does nothing to promote the trust and skills needed by teams at all levels."

The first step in building a strong senior team is hiring the right people. "Many CEOs pay insufficient attention to hiring because they don't understand the long-term negative effects of the wrong hire, in terms of time and money," says Vistage speaker **Ben Gill**. "A bad hire can collapse morale within the organization and damage relations with customers. The costs can be considerable."

Strong leaders aren't afraid to hire strong individuals for their senior management team.

"The best leaders surround themselves with strong, capable individuals," Thayer adds. "They hire for attitude and train for skills, dedicating the time and resources necessary to select and retain the best employees for the job."

"With weak management teams, CEOs invariably feel compelled to take control of operational issues they have no business dealing with," says Vistage speaker **Don Schmincke**. "As a result, there's no time left over for strategic thinking."

With a strong team in place, leaders work to promote a community atmosphere, a place where employees are proud of what they do and take joy in sharing a common goal. They understand that the opposite environment — a place of corporate indifference and cynicism — achieves no successful results.

How do leaders create a positive, collegial workplace?

- **Treat people with respect** — as capable, dedicated adults with individual skills, experiences and other resources.
- **Communicate throughout the company at all times** and as part of normal business life — whether through print, email or face-to-face encounters.
- **Ensure that all employees understand** the importance of their contribution to the team's objectives.
- **Work together as a team** especially when things go wrong, identifying problems without placing blame and devising effective solutions.
- **Give people access to accurate information** so they don't listen to rumors and hearsay.

Facing Difficult Issues

What makes a team great? "Inevitably, the time comes when an organization faces a difficult issue," says Gill. "A great team tackles these issues head-on, struggles with possible solutions, finds the best one. In the

process, team dynamics are strengthened. The team feels closer and better equipped to handle the next crisis."

CEOs should always encourage this process of mediated conflict and growth.

"Nothing is more frightening than competing against an organization with a robust, functioning management team," says Schmincke. "If your competitor has a team that regularly addresses and resolves important business issues — and your team doesn't — you're in trouble."

High-performing organizations have high-performing teams. To take advantage of this resource, particularly during times of crisis, Thayer suggests a few guidelines:

- **No surprises!** If the CEO brings an issue to the table, let everyone know about it beforehand. Aside from being a matter of simple courtesy, such advance notice gives people a chance to come prepared with constructive ideas.
- **Speak for yourself.** The leader shouldn't come with a prepared speech. Especially when dealing with difficult problems, try to make "I" statements, as in "I think" or "I believe." This helps diminish a non-productive atmosphere of blame or attack.
- **Just the facts.** The same principle applies to everyone else on the team. Members should speak for themselves and, as much as possible, introduce real data into the discussion. A strong leader discourages feeding frenzies and other negative group dynamics.

Meeting Goals

The Vistage speakers suggest setting **SMART** (**s**pecific, **m**easurable, **a**ttainable, **r**esults-oriented and **t**ime-bounded) goals at the outset of any project. Make sure these goals are clear and accessible to everyone on the team.

"Assigning people important tasks that aren't part of their defined job can be an effective motivational tool," says Schmincke. "This sends the signal that you believe in their ability to achieve the goal and that you trust them with the training, resources and authority they need to be successful."

According to Gill, effective goal setting involves these characteristics:

- **Specific.** The more precise the goal, the higher the team's performance. Giving no guidance at all or simply exhorting the team to "do your best" comes across as vague or ambiguous — decreasing the likelihood of a successful outcome.
- **Difficulty.** Increasing the difficulty of the team's goals increases the challenge and effort necessary to achieve them. More difficult goals lead to enhanced team performance (as long as the goals seem feasible).
- **Feedback.** Regular, detailed feedback lets people know where they're headed, how far they've gotten and how well they're doing. Performance feedback keeps the team focused on the goal and encourages them to work even harder.
- **Participation.** Goals don't have to come directly from the CEO; the team can set them. In many cases, this results in higher goal setting than previously thought possible. The team "owns" the goals and is therefore more highly motivated to reach them.

"A team working towards a common goal can overcome much of the interpersonal friction inherent in any group of strong-willed people," notes Thayer. "But there is also strength in differences. A strong leader fosters an atmosphere of mutual trust and respect, so that these strengths become a crucial factor in gaining the competitive advantage."

Expert Practices -- Motivating Others

"You have to create excitement as well as opportunity. We all spend so much time working, it's got to be fun as well as rewarding for people. They've got to smile more often than they frown. They've got to feel good about themselves as well as where they work. They need to feel that the best day of their week is Monday. If you can create that environment, people just work their bloody tails off for you. And if you've got an organization of people doing that, you're going to win."

– Mike Armstrong, Chairman and CEO, AT&T, "Lessons from the Top: The Search for America's Best Business Leaders"

The Purpose-Driven Organization

In a world of constant change, the leader's foremost task is inspiring others in the organization to move from where they are now to where they've never been before. Long-term business success depends on creating a corporate culture where people are motivated to excel.

"The leader must create a compelling strategic agenda that's intimately tied to his or her vision," says Vistage Chair and speaker **Don Schmincke**. "Employees, like members of a tribe, have to know why they are joined together to follow the leader. They want to know: Why should I give 110 percent? What does all this effort mean? All too often, employees understand the 'what' and 'how' of the organization, but not always 'why.'"

According to Vistage Speaker **Ben Gill**, leadership can be broken up into two parts: "Leaders are responsible for generating a vision and articulating values and purpose. But they also inspire people to work together to serve that common purpose. Some CEOs have vision but lack team-building skills. Others motivate people but lack a coherent, compelling vision."

Vistage speaker **Lee Thayer** suggests three broad actions for inspiring employees to achieve the organization's goals:

- **Be purpose-driven.** "The leader's purpose is the organization's purpose," Thayer states. "If the leader is truly passionate, employees will follow and embrace that purpose as their own. Profits and numbers alone won't inspire them. They're important, of course, but the effective leader demonstrates that he or she is up to something greater."

- **Know your people.** Leaders know the people who work for them and are committed to developing skills and helping them reach their full potential. Each employee wants to contribute meaningfully; it's up to the leader to create an environment where they can do so.

- **Get people involved.** It's simple, but true: people involved in making decisions will participate with greater enthusiasm than those who are just "following orders." They have a personal interest in the consequences of decisions; they become "owners" of the process. A leader enables people to contribute and incorporates their ideas whenever possible.

"High-performance organizations are purpose-driven, while all others just operate day by day," Thayer continues. "In a purpose-driven organization, people come to work asking, 'What can I do today? What ideas can I bring to bear that help make us the best we can be?' This inspiration grows out of following a leader whose cause appeals to them on a deeply profound level."

Fanning the Creative Spark

We may live in an era of information overload, but new ideas are still the surest path to organizational success. A true leader understands that ideas can come from anywhere — a technician, an assembly line worker, an executive assistant. The goal is nourishing each employee's potential in an environment that continually recognizes and rewards the creative impulse.

How can leaders encourage the creative spark? Schmincke says: "Often, the best ideas come out during times of stress, provided that the company culture is open and supportive. These ideas strengthen the organization and make it more effective for the next inevitable challenge."

To harness your employees' creative energy, make sure these conditions are in place:

- An inspiring mission
- A sense of urgency that is shared by all
- A "we're all in this together" attitude
- Goals that broaden employees' abilities
- A belief that teamwork can meet these goals

"When leaders make their employees' jobs challenging and meaningful, everyone benefits," Thayer says. "People naturally want to feel like members of a great team, not like so many spare parts. They want to know the work they do is necessary and important for the company's survival."

Recognition and Reward

Remember that you as CEO — and, by extension, your executive team — set the tone for the organization. You create a climate in which people feel more at ease by:

- Offering positive reinforcement
- Giving people the resources to do their jobs
- Providing and accepting constructive input

"If this seems obvious, just think about the opposite approach," Gill notes. "A CEO with negative expectations about his or her staff never musters their loyalty and dedication, never reaps the benefit of their true skills and abilities."

Employees' needs should coincide with the needs of the organization. People should be trained, encouraged and offered ample opportunity for advancement. "It's not enough to say, 'for a job well done,'" Schmincke advises. "Specify the actions that culminated in a successful outcome. Recognition and appreciation from the leader are powerful sources of motivation."

Coping with Change

Of course, in spite of all the best efforts, some employees experience difficulty keeping pace with change or simply resist it. If these individuals are deemed still worth holding onto, steps can be taken to help guide them toward the desired objective:

- **Say what you mean.** Be straightforward and credible. An employee who understands what the CEO wants stands a far better chance of working things out on his or her own.

- **Empathize, don't disdain.** There may be very good reasons why an employee is having difficulties in a particular situation. An effective leader strives to understand that person's circumstances and helps him develop a plan to improve the situation.
- **Show respect.** Employees should feel responsible for their own actions and ideas. Respect their personal values, rather than foisting your own upon them.

"The best leaders surround themselves with talented, inspired followers," says Thayer. "These individuals gain inspiration from seeing that they have nothing else in mind but the collective cause. The leader's words, deeds, vision — all of these provide the motivation toward success."

Expert Practices -- Leadership and Decision Making

Every working day brings an onslaught of situations calling for a decision to be made. Some decisions are crucial, most are relatively insignificant. Successful leaders make that determination on their own or leave it to their trusted subordinates.

In general, decision-makers fall into four broad categories:

- **Autocratic.** The leader retains total control over the decision, does not solicit ideas or suggestions from outside sources. This usually results in quick decisions, but excluding staff input may result in less-than-desired follow-through later on.
- **Collective.** The leader involves others in the process, though in the end he or she is still responsible for the outcome. This approach invites more group input (which takes time), but the consequences of the decision may be implemented with greater companywide enthusiasm.
- **Consensus.** The leader gives up control to the group, which is now responsible for the outcome. Since everyone must agree on the decision, this creates a stronger sense of teamwork and commitment; however, the process can be very slow and time-consuming.
- **Democratic.** The leader relinquishes control of decision-making and allows a group to vote. This process invites a certain amount of group participation, but no single person is held responsible for the outcome.

Regardless of style, our Vistage speakers emphasize one point: Effective leaders use the decision-making process to free up resources that go toward keeping things as they are — particularly if they no longer produce results and don't contribute to performance.

"Maintaining the status quo for its own sake drains an organization of its most precious resource — people," says Vistage Chair and speaker **Don Schmincke**. "These same people are needed to meet the challenge of future change and they can't do both at once."

Strong leaders guide the way toward change. They must be ready to scrutinize each and every element of the organization — its products, services, markets, methods of distribution, value to the customer — as if the business itself depended on it. Then they decide which elements to preserve and which to abandon.

Vistage Speaker **Lee Thayer** suggests certain conditions where the right action is letting go:

- Products, services, markets or processes that still have "a few good years of life" most likely require the greatest care and effort to maintain. (And it's easy to overestimate just how many "good years" are really left.)
- Products, services, markets or processes that are fully "written off" may generate some tax value — but instead of settling for this questionable benefit, the effective leader asks, "What are these assets producing?" and "Wouldn't we be better off without them?"
- The effort to maintain current products, services, etc., depletes energy and resources needed to develop new products and services.

- On the other hand, leaders must also identify those elements of the organization worth saving. Everything should be looked at with these questions in mind: What's valuable and what's expendable? Which values and operations are so important that if we jettison them, we've lost our reason for being? With the help of those around them, leaders must decide what is essential and what isn't.

Enlisting Others

Major and minor decisions shouldn't rest on the leader's shoulders alone. It may take more time and require more refined interpersonal skills, but a successful leader welcomes the input of staff in making significant decisions.

In this day and age, it's no longer possible for the CEO to know everything. Ideally, each team member brings knowledge and ideas to the table that help generate the best results. Decisions encompassing the feedback of a group of people are always more effective than one individual's viewpoint foisted upon the rest of the organization.

In the end, of course, the CEO has the final word. "A good CEO makes decisions," says Vistage speaker **Ben Gill**. "If these decisions are correct eighty percent of the time, he or she will be wildly successful. The important thing is being able to make a decision — even if it's not the right one — when it's absolutely necessary to do so."

This is especially true when an organization faces massive change or some other difficulty, Gill adds. "There is no power in a void. People in the trenches need to know that the person at the top is in charge."

Problem-Solving Skills

Whether as individuals or as part of a trusted team, specific steps can be taken to attack a problem and find its resolution. According to our Vistage speakers, these seven steps are vital to efficient problem-solving:

- **Identify the problem.** You can only solve a problem if you know what it is. Make sure you've identified it accurately, not as a symptom of another problem. One way is by asking "why?" five times, i.e., Why are our shipments always going out late? Why are there delays in production? Usually, by the fifth "why?" you arrive at the problem's ultimate cause.
- **Gather information.** Study the problem thoroughly. Look for any hidden effects the problem may have caused.
- **Develop courses of action.** There are usually several ways to remedy a problem. Try to identify as many solutions as possible, starting with the first two: fix it or don't fix it.
- **Analyze and compare.** Rank various solutions in order of effectiveness. One option may fix related problems, while another option may cause new ones.
- **Make a decision.** Choose the best action to take.
- **Make a plan.**
- **Implement the plan.**

"Always attempt to tackle a problem head-on," says Gill. "Resolving problems before they grow into a crisis is part of the essence of leadership."

Expert Practices -- Delegating Responsibility

"The … job of the leader is to pick the right people to be part of the organization and to create an environment where those people can succeed. That means encouraging others to help develop the strategy and grow the philosophy of the company. It means more collaboration and teamwork among people at every level of the company. I am now a coach, not an executive. When people ask me for a decision, I pick up a mirror, hold it up for them to look into, and tell them: Look to yourselves and look to the team, don't look to me."

– Mort Meyerson, former CEO, Perot Systems, "Everything I Thought I Knew About Leadership Is Wrong," Fast Company, April 1996

Cultivate Employee Ownership

Far too many CEOs are reluctant to let go of day-to-day control of their businesses. "Letting go can be very hard," says Vistage Chair and speaker **Don Schmincke**. "The same character traits that led the CEO to found the organization or build it into its present-day success can work against the need to relinquish authority to other qualified individuals."

What's the answer? Schmincke and fellow Vistage speakers **Ben Gill** and **Lee Thayer** say the best way to become comfortable with delegating responsibility is surrounding yourself with the best people you can find — people whose abilities you value and respect. With a strong management team in place, it's foolish, even self-destructive, not to take full advantage of their skills and abilities.

"Make sure you employ people whose beliefs are aligned with yours," Schmincke advises. "After that, the guiding principle is simple: hire the best and fire the rest."

When people understand that great things are expected of them, they usually rise to the occasion. High expectations challenge people to live up to the best they can do — and they work hard to meet those expectations.

"Sometimes employees need to be coached into accepting responsibility," Gill notes. "One way is cultivating their ownership of the organization — its goals, ideas, etc. Have them serve on a results-oriented team and participate in making key decisions. Give them a vision and sense of purpose that truly excites them."

Another technique is allowing others to fail in small ways, while they build the expertise needed for big victories. Don't expect perfection; instead, expect the individual to strive for perfection.

"Some element of risk-taking is involved whenever a leader delegates responsibility," Thayer says. "Strong leaders applaud employees who fail constructively, understanding that this is a necessary step toward success. They also cheer on employees as they grow more capable of accepting responsibility."

Guidelines for Delegating

Our Vistage speakers offer these guidelines for successfully delegating responsibility:

- **Define the task.** Don't tell people how to do the job; describe the results you want. Give them the opportunity to complete the task on their own.

- **Don't hover.** Once you've assigned a task, get out of the way. Give people room to operate and the freedom to be creative in their approach. Having someone peer over their shoulder every step of the way can be very frustrating and discouraging.

- **Give appropriate feedback.** At various intervals, ask how the project is going and give people the chance to express themselves. When employees feel they're being listened to, they are more open to constructive criticism.

- **Reward and recognize.** Different people need different forms of encouragement. Some benefit from praise along the way, while others are more self-motivated. Everyone, however, responds well to sincere praise.

"Effective leaders understand intuitively that there is more than one way to complete a project," Thayer notes. "After delegating responsibility, they avoid questioning, analyzing and second-guessing each decision made or action taken by the person they've put in charge."

Expert Practices -- Leaders Building Leaders

"I think it's very difficult to lead today when people are not really truly participating in the decision. You won't be able to attract and retain great people if they don't feel like they are part of the authorship of the strategy and the authorship of the really critical issues. If you don't give people an opportunity to really be engaged, they won't stay."

– Howard Schultz, Chairman and CEO, Starbucks Corporation "Lessons from the Top: The Search for America's Best Business Leaders"

The Next Generation of Leaders

In addition to style, vision, communication and motivating others, one sure sign of strong leadership is the desire to instill leadership traits in your executive management team. According to our Vistage speakers, CEOs committed to building the next generation of leaders must develop and refine their own skills while encouraging others to expand their leadership skills.

Effective leaders promote an atmosphere that supports the efforts of others to broaden their skills base. "Enlist trusted employees to coordinate special projects or serve on problem-solving task forces," advises Vistage Chair and speaker **Don Schmincke**. "Help them learn more about steering the organization and reward the kind of behavior you want repeated."

According to Vistage Speaker **Ben Gill**, certain factors make a leader-mentor credible to his or her subordinates:

- A demonstrated track record of success in a leadership role
- Mentoring or coaching others to succeed

What does a true mentor do? According to Vistage speaker **Lee Thayer**, true mentors:

- Focus on the person's strengths and potential
- Convince that person that he or she has greatness within
- Put aside their own agendas to help this person express a unique talent
- Understand they can't motivate the person, only help him or her motivate themselves

"Leaders who want to instill the spirit of leadership in others must actively observe and listen," says Schmincke. "They must be committed to praising and rewarding individuals for a job well done and helping them over rough spots with understanding and patience."

General guidelines to effective mentoring include:

- A truly effective mentor relationship involves two people learning from each other — the apprentice from the leader and the other way around.
- Mentoring relationships develop out of the unique personalities of the people involved. A formal structure isn't necessary for this relationship to succeed.

- Depending on how the mentoring relationship evolves, the experience may be relatively short-term, but with long-lasting benefits. It's up to the individuals involved to make that determination.

The Benefits of Mentoring

The benefits of mentoring for the individual depend on his or her particular needs and ambitions. There are tangible benefits for the organization as well. Here are some of these benefits, as outlined by our Vistage speakers:

For the individual:

- Enhanced people management skills
- Improved listening and empathizing skills
- Ability to set and achieve performance-stretching goals
- Gaining a broader perspective on one's own management style
- The confidence to lead others and serve as an advocate for change

For the organization:

- Greater resources for accelerating company-wide change
- Enlisting greater commitment to the CEO's vision
- Assistance in managing any downside effects of change management
- Assistance in maintaining performance during times of transition
- Promoting organizational stability during periods of restructuring

"In our time and for many years to come, organizations will be obliged to constantly reinvent themselves," Schmincke notes. "The effective leader understands that instilling leadership traits in others is an essential part of making that reinvention successful."

Member Practices -- 360-Degree Performance Appraisal

Member Best Practice: *Use of a "360-degree" performance appraisal system*

Benefit: *Stimulates discussion on leadership attributes necessary for the organization*

Over the years, I've gained a more mature outlook on leadership, gaining the self-confidence to let people make mistakes and use a "lead, teach and coach" approach — rather than the control-oriented, hierarchical style I employed early on. I have become a big fan of 360-degree performance appraisal systems and have been using one for six years. In each case (with two different companies), I made myself the guinea pig and then cascaded it throughout all supervisory folks. This has yielded great results and a safe way to stimulate discussion about what leadership is, the attributes that are strategic for the company, and where each leader needs to focus additional attention.

This process has been around for a while, but hasn't been too widespread. It involves a method where a company's leadership team decides which attributes will be strategically important for the organization in the future (strategy, feedback, delegation, etc.).

Then, starting usually with the top person, a written forced-choice instrument is answered by the board, peers and subordinates. The instrument is scored by the company and the individual then gets a 360-degree appraisal of perceptions of how he/she is doing in the chosen strategic attributes, and what changes in style, approach, etc., are warranted. The process then moves down to the next level of officer, where the CEO might be "Boss," other VPs would be peers and the next level of management would be subordinates.

The questionnaire and summary of answers are anonymous, so the recipient can't tell who said what. The scoring system is designed to prevent someone with a bias from giving intentionally low ratings.

Member Practices -- Using Teams for Continuous Improvement

Member Best Practice: *Using teams for continuous improvement*

Benefits: *Provides a valuable tool for inspiring and motivating employees*

My organization has been using teams to implement continuous improvement techniques in our daily operations. This results from a top-down leadership shift that emphasizes training and other supportive programs.

The impact on our organization? It has succeeded beyond my wildest dreams! We have a very productive, motivated workforce. And costs are down because our people are coming up with the best and fastest processes to achieve results.

We strongly believe that using teams and continuous improvement offers a major competitive advantage in today's workplace.

Member Practices -- Articulate a Vision and Delegate Responsibility

Member Best Practice: *Articulating a vision and delegating responsibility*

Benefit: *Generates creativity and leadership throughout the organization*

If you communicate a vision and company values, most people will work to make them a reality. Say, "This is where I want to be, how we get there is up to you." Resist the temptation to get involved in the details. The correct response to most question is, "What do you think?" For my company, this has generated creativity and leadership at all levels.

My advice to CEOs: Spend your time looking "out there" at the horizon. Others can do the tasks; only you can build the vision.

Member Practices -- Meet and Greet Employees

Member Best Practice: *Take the time, and make the effort, to meet and greet your employees*

Benefit: *Effective tool for motivating the workforce*

I have found that nothing impresses and motivates employees so much as the CEO's visible presence on-site. Many people are amazed that the CEO takes time to come see them in person!

My advice to Vistage members: Walk the four corners of the office, the plant, the building, etc. Get your own coffee. Eat lunch in the lunch room. Meet and greet and be seen by the people in your organization.

This technique won't work with everyone (but nothing works with some people). You will, however, impress and motivate the majority of employees.

Member Practices -- One-on-One Meetings with Employees

Member Best Practice: *"Coffee with Steve" meetings to communicate with employees*

Benefit: *Facilitates productive communication throughout the company*

I hold "Coffee with Steve" meetings to communicate financial and project results, business plans and new customer activities with our 50 employees. Employee groups of eight to 10 people are scheduled into 45-minute coffee meetings in our conference room. The employees hear from me and can ask questions during these meetings, which are held every five to six weeks.

Previously, I spoke at company meetings attended by all 50 employees. There was little two-way dialogue; as a result, mistrust from "overanalysis" occurred. With the change to regular, smaller get-togethers, employee anxiety is considerably reduced.

CEOs interested in holding "Coffee with … " meetings should tell their employees that they're committed to having no one leave the room with any confusion about the subjects under discussion.

Member Practices -- Explain Expectations and Get Out of the Way

Member Best Practice: *Explaining expectations and "getting out of the way"*

Benefit: *Pushes decision-making to ground level in organization*

The key to successful leadership is having a management team in place that is the "right person, right job" in all key areas. Concisely explain your expectations to the team members and then get out of the way. What gets measured gets managed, as long as you pay for performance.

With the right team in place, everyone in the organization realizes that empowerment and pushing decision-making to ground level is not only endorsed, it's expected and rewarded.

Member Practices -- Apply a Company-wide Set of Values and Principles

Member Best Practice: *Applying a set of values and principles throughout the organization*

Benefit: *Understanding of management philosophy and leadership expectations*

We have adopted a set of values and principles that we hire to and drive our management toward. This includes initial orientation and group reinforcement, as well as formal and informal personnel reviews. This has resulted in a common language and culture that clearly articulates management philosophy and leadership expectations.

In general, I believe there is a big difference between leadership and management. Leadership is an innate skill that cannot be cultivated in someone who doesn't have the basics.

Tools & Analysis -- Self-Assessment Checklist: Leadership

How do your leadership methods and habits stack up against our Vistage experts' best practices? Print and complete this checklist to find out!

Self Scoring Guide: *For each section below, scoring is as follows:*

1 or less = serious problem area.

2 = area needs major improvement.

3 = area needs moderate improvement.

4 = area needs minimal improvement.

5 = world-class!

Building a Vision

_____	I ask questions about organizational vision and values and rally followers to provide the answers.
_____	I've formulated a vision that involves assessing its effect on the company's primary stakeholders.
_____	I work to expand my intellectual horizons by attending leadership seminars, reading cutting-edge books, etc.
_____	I spend time with key customers to determine their future needs.
_____	I provide a clear direction for others to follow, reminding them why they work long hours and give their best to the organization.

Communication

_____	I strive to use clear, positive language instead of jargon and "techno-talk."
_____	I communicate a message that occasional setbacks are a normal — and expected — part of the change process.
_____	I invite responses to that message, understanding that two-way communication is more powerful than a one-way exchange.
_____	When calling a meeting to tackle a difficult issue, I ensure that team members know in advance what will be discussed. I also set ground rules and "attack-free" zones where people can engage in honest dialogue.
_____	I practice "active listening" — or listening with purpose — as part of my leader's learning process.
_____	I engage in one-to-one encounters to best get my message across.

Team Building

_____	I take the time and effort to make the right hire, understanding that the wrong hire can collapse company morale and damage customer relations.
_____	I've worked to surround myself with strong, capable individuals.

_____ I've worked to create a positive, collegial workplace by treating people with respect.

_____ My team works together, especially when things go wrong, identifying problems without blame and devising effective solutions.

_____ I've set specific goals for the team and I provide regular, detailed feedback on the team's progress.

Motivating Others

_____ I know the people who work for me, and I've made a commitment to developing their full potential.

_____ I work to enable people to participate in major decision-making processes, and I strive to incorporate their ideas wherever possible.

_____ I harness employees' energy by fostering a sense of urgency shared by all and a belief that teamwork can meet stated goals.

_____ I support recognition and reward by offering positive reinforcement, providing and accepting constructive input and giving people the resources to do their jobs.

_____ I reward individuals for specific achievements, not just "for a job well done."

Delegating Responsibility

_____ I cultivate employee ownership of the organization by fostering high expectations for performance and coaching individuals to accept greater responsibility.

_____ I allow people to fail in small ways, while building the expertise they need for big victories.

_____ I don't tell people how to do the job; rather, I work to clearly describe the results I want.

_____ I assign a task and then get out of the way, giving people room to operate and freedom to be creative in their approaches.

_____ After delegating responsibility, I avoid questioning, analyzing and second-guessing each decision or action taken by the person put in charge.

Tools & Analysis -- An 11-Step Approach to Changing Culture

In the past decade, increasing numbers of companies have attempted to make significant changes in the way they manage their businesses. In a world where rapid change has become the norm, a variety of forces have driven organizations to alter their structures and practices and often to tackle the monumental task of changing their culture.

The decision to make fundamental changes in the organization is frequently a response to a need to adapt powerful external or internal change triggers. These include: the rapid pace of technology and innovation, more aggressive competition, fundamental changes in industries and markets, deregulation, a more diverse workforce, increased organizational complexity, mergers and acquisitions and escalating customer expectations.

In addition, globalization has created economic interdependence and has opened up new markets, new competition, new opportunities and also created new threats. Organizations have therefore been forced to make dramatic responses in order to survive. Like other organisms, organizations need to adapt to their environment, or they'll become extinct. Darwin's evolutionary theory applies to the evolution of all species including business organizations. According to Darwin, "It is not necessarily the strongest or the most intelligent who survive, but those that can adapt and change."

The changes required differ in degree and scope and range from the incremental adjustments to major transformations. Incremental changes occur within the context of existing organizational structures, systems, and practices. Transformations require fundamental changes and re-alignments in order to put the organization and culture in synch with new realities and a new strategy.

Changes in structure and practices are relatively easy to accomplish. Changes in culture are far more difficult and complex. At my organization, HCG (Hagberg Consulting Group), we've worked to identify a systematic process that an organization can utilize to make major changes in its culture.

Step 1: Understand the environmental and other forces that that will influence your future strategy. Review the internal and external forces that are impacting your business. Then ask yourself if any of these forces necessitate changes in the organization's strategy. Finally, assess the degree and scope of the adaptations that will be required.

Step 2: Determine the core values that have been fundamental to your business' identity, core purpose, and success that you will not compromise. A fundamental step in culture change is to determine which of your core values are timeless and are the basic heart and soul or your organization. It's critical at the outset of a major change effort that core values be evaluated and affirmed if they still hold up as the organization's guiding principles.

In the popular business book, "Built to Last," Jerry Porras and Jim Collins write, "Visionary companies, at the heart, are grounded in a timeless set of core values and an enduring purpose beyond just making money." Their findings indicate that the companies that endure and thrive are both adaptable and forward looking, yet built on a solid foundation of a few "precious core values." Porras and Collins recommend caution when tinkering with the core values unless they clearly need reworking. They suggest that organizations adapt their strategies, practices, secondary values, and structures to a changing world.

Step 3: Create a shared vision of what the company needs to become. Ask yourself what kind of culture, values, and organizational structure you need to develop in order to implement your strategy and adapt to the current and future business environment. Developing a vision of this desired future and a picture of the ideal organization is an essential step in guiding change. Do you need to be more nimble? Is it important that you become more decentralized? Do you need to be more aggressive? Do you need to build a closer relationship with your customers? Prioritizing the elements of culture that are critical to your future is a key step in creating an organizational vision. This will provide clarity, focus, and a shared sense of the direction as the organization moves forward towards the future. Just remember that the organization you seek to become may be very different than what you are today.

Step 4: Assess the existing culture and determine what elements of culture need to change. Culture change interventions generally start by diagnosing the organization's existing culture to assess its fit with the current or proposed business strategy. However, this is often difficult because culture can be hard to see when you are on the inside. Underlying values are often unconscious, and the unspoken norms and shared assumptions that are a key part of culture are difficult to assess. In general, people in the organization are so immersed in the culture that they lack objectivity and perspective.

Step 5: Determine what changes need to occur to implement strategy and address the gaps. Once you've defined your ideal and also have an objective understanding of the existing culture, attention can be turned to closing the gaps. Are the elements of our current organization (the values, norms, structures, systems and practices) aligned with our desired future? This "gap analysis" will identify the targets of intervention at various levels of the organization.

Step 6: Define the role of senior management in leading the culture change. The leadership team is key to the success of most efforts to change culture. In order to drive the change, it will be necessary to line up the senior management team to direct and guide the change effort. It helps if this team is broadly based and contains individuals who have a diversity of strengths and mind-sets. The leader also needs to ensure that this group focuses on the greater good and well being of the entire organization rather than being self serving or maneuvering for political advantage.

The leadership team is responsible for creating the vision of the ideal organization, communicating that vision and mobilizing others around it. It's very important that this group is able to engender trust throughout the organization. After all, change can create a good deal of fear and insecurity in the organization's members. This team must rally the troops, but also needs to empower others to make decisions and act in ways that allow changes to take hold.

Step 7: Once the gaps between the envisioned culture and the existing organization have been identified, a plan of attack needs to be developed. What will be the priorities? What and where should we focus our efforts? What resources will be needed? How should we sequence our interventions? Who will be responsible for the different parts of the project? What is our timeline? These basic project management steps must be followed for a change as complex as this to succeed.

Step 8: Communicate the need for change, the plan for change, and create motivation and buy in among key stakeholders.
Change in something as basic as organizational culture needs to be communicated carefully and sold persuasively. Employees at all levels need to be brought into the loop to provide input, ask questions, and understand the need for change. They need to know how the changes will benefit them, how it will create new opportunities, and how it will meet their needs. Leading change means guiding, facilitating and empowering the entire workforce to get on board and support the cause. Motivation and commitment will come easier when people in the organization are treated as valuable participants in the change process and co-creators of the future.

Step 9: Identify obstacles and sources of resistance and develop strategies for getting around them. Appraise and plan for employees' resistance to change. People react to change in many different ways. Some will embrace it and others will need to be dragged kicking and screaming. Resistance is sure to be intense if employees at all levels are not heard and if conflict and challenges are swept aside. Fear and loss must be dealt with and worked through. Fear can be reduced with information and management's willingness to listen to input, frustration and concerns.

Sometimes senior executives underestimate how hard it can be to move people out of their comfort zones. It is important to be sensitive to the need for some stability amid the disruption that change can create.

Another strategy for helping employees adapt to change involves breaking the change down into smaller steps. In addition, management needs to encourage employees to see the new opportunities and personal benefits arising from the change.

Step 10: Institutionalize, model, and reinforce the changes in culture. The leadership team plays a crucial role in modeling, reinforcing and rewarding the change. When management's behavior and decisions are inconsistent with the desired changes, this can undermine all of their motivational messages supporting change.

In addition, management must reward the behaviors and results that support the change. Be sure to link reward systems to these desired behaviors and actions and to recognize, acknowledge and celebrate the many small steps in the right direction.

Step 11: Continually reassess the organization's culture and establish a norm of continuous learning and transformation.
Remember that change is a dynamic process that requires a continuous feedback loop of assessment, and reassessment. As the organization's environment changes, its culture must adapt. The formula that works well at one point in time will not work forever.