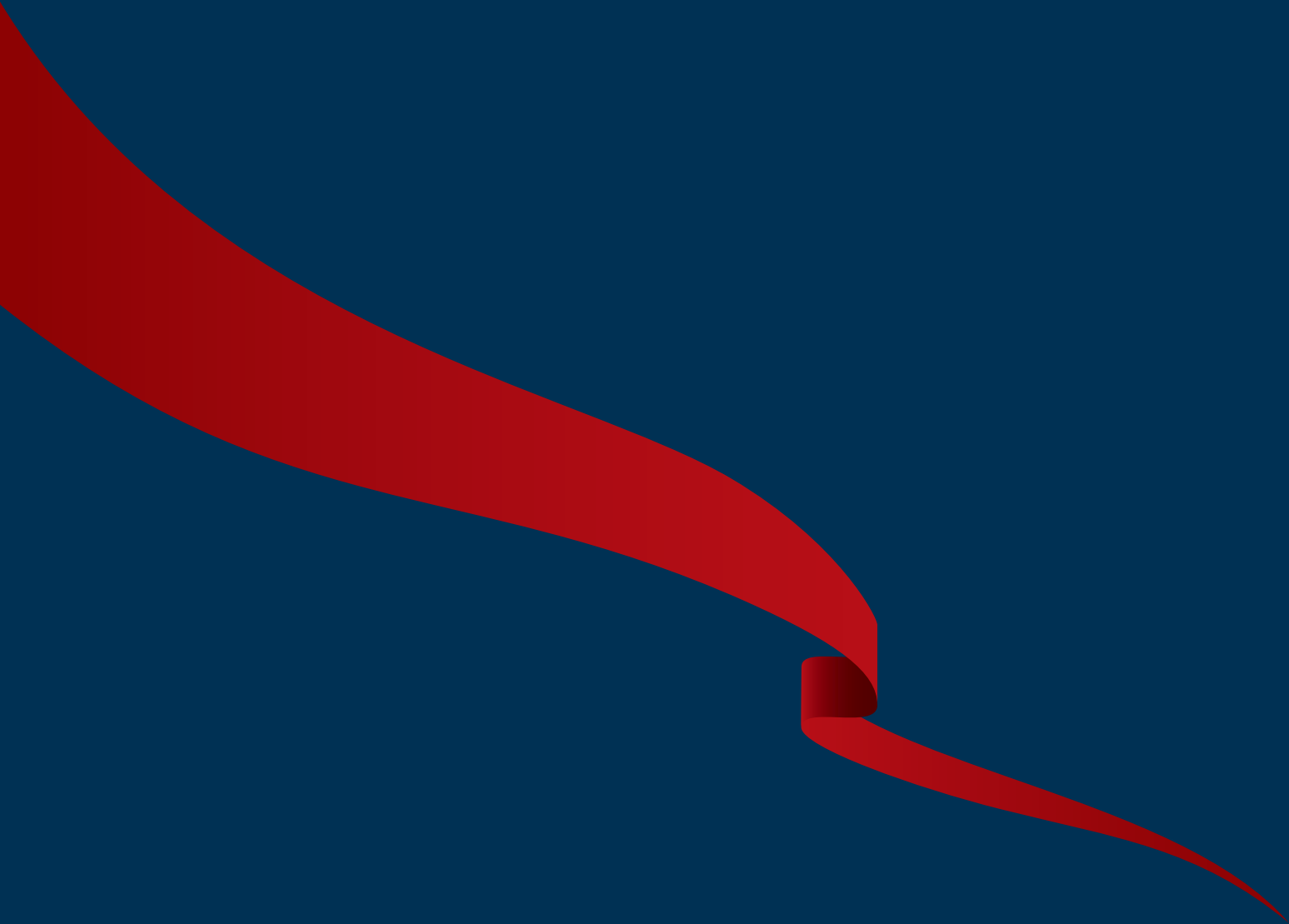


Playbook: **Leadership Sustainability**

SUMMARY OF THINK TANK SESSION #4 | 2012

Playbook: Leadership Sustainability



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THANK YOU

OVERVIEW

This playbook provides an outline of the key concepts from the RBL Institute Think Tank Session on “Leadership Sustainability” on November 13–14, 2012, in Paris, France. This document is written as a both a resource and training guide for HR and leadership development teams, and is the central reference point for a variety of additional resources and tools. We encourage RBL Institute members to use this as a manual to train individuals, teams, and organizations to use the tools outlined herein to drive change and create sustainable business value.

SECTION OBJECTIVES

- 1. Top Companies for Leaders:** Understand what leadership practices differentiate the Top Companies for Leaders.
- 2. Leadership Brand:** What is a Leadership Brand? Why is it important? And how do we build it.
- 3. Leadership Code:** What are the common competencies for leaders—a framework for leadership competencies?
- 4. Leadership Sustainability:** Identify seven disciplines of leadership sustainability.

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SECTION A: EXECUTIVE SUMMARY

If we have better leadership what will happen? This session explores this topic and answers the question of how to develop institutional leadership, not just individual leaders.

Leaders matter, but leadership matters more. We need to move from having a focus on individuals to having a system of leadership. We call this having a Leadership Brand. This type of leadership exists when the same message communicated to the external market is made real to employees and is felt by customers. There is alignment between the expectations of customers and the behavior of employees.

So why is this topic important? Our research shows that in today's global environment, companies are valued by the investment community on three things: 1) strength of industry, 2) strength of firm performance, and 3) intangibles, or investors' confidence in the future performance of the firm (which translates to leadership). It is important to approach this from a research methodology; it grounds the theory, provides the framework and, without it, we end up in isolated action.

We will introduce our Leadership Brand architecture as the framework for building leadership in your firm. In addition, during this session we focus on the research of the Top Companies for Leaders, highlighting their practices that differentiate them from other companies. We use our framework of the Leadership Code to identify specific behaviors every leader must understand to be effective. And we discuss differentiators, how to identify them, as well as how to incorporate them.

Once we address how to develop a brand, we cover how to sustain the leadership in the firm. It is one thing to kick-off the change; it's another to see it adopted and executed to impact. There are seven factors that influence a person's ability to sustain the changes needed to become the leaders that develop leadership.

SECTION B: TOP COMPANIES FOR LEADERS (TCFL) RESEARCH RESULTS

Background

RBL, in partnership with Fortune Magazine and AonHewitt, has conducted this research every two years since 2002. The most recent round was completed in 2011 with the final top 25 companies identified from an original group of 478 original participants.

The companies answered a detailed survey and their responses were analyzed for strong leadership practices. Three factors were used to judge their qualification for advancement: 1) How did they score on the survey, 2) Where did they stack-up in their industry, and 3) What has their financial performance been over the last three years. In some cases, reputational issues were also considered.

Over time, the lessons learned about TCFL companies can be grouped into three waves:

1. Three Truths:

- CEO conviction
- Maniacal focus on high potentials
- Right leadership practices

2. Four Disciplines:

- Leaders leading the way
- Unrelenting focus on talent
- Practical and aligned programs
- Leadership as a way of life

3. Leadership Brand:

- Becoming a top company for leaders by building a Leadership Brand

What we have learned to be consistent among the Top Companies:

- Top Companies significantly outperform peer companies.
- Leadership programs and practices have a clear business purpose.
- Leaders fundamentally believe talent is key to sustained business results, and they model what they expect of others.
- Top Companies are focused and disciplined around the who, what, and how of building a Leadership Brand.
- Top Companies have a continuous improvement mentality.

Teach

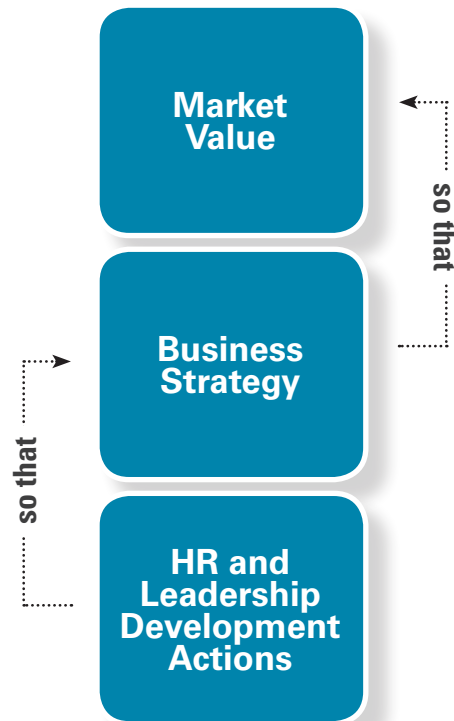
It's not about optimizing one aspect; it's about the whole. The effort is culturally embedded and integrated throughout the whole organization and, as a result, becomes more powerful. We always ask the question from the top 25 companies, "Could a senior executive at this company be able to move to a different geography and company and be a top leader?" Top Companies can answer, "Yes."

SECTION C: BUILDING LEADERSHIP BRAND

Overview

Top companies understand that leadership creates value by bringing an outside-in view. Firms used to think that it was enough to ground their practices and processes within their strategy. We know now that a firm must start with the market (outside) and bring outside requirements inside.

Teach



At top companies:

1. Leaders know external stakeholder expectations:
 - Top Companies are two to three times more likely to include customer and investor perspectives in their development curriculum than other companies.
2. Leaders are expected to be what external stakeholders expect:
 - Competency models of Top Companies include customer and investor expectations.
3. Leaders must do the right things to generate confidence:
 - Top Companies report stronger reputation for leadership with external stakeholders than other companies.

Key Take-Away:

Value is determined by the confidence your stakeholders have in the future of your firm.

Question

How do you begin to build a Leadership Brand? You must begin with a point-of-view. What is your point-of-view?

Participant Responses:

- Learning agility—leaders who learn can be more effective.
- Leaders develop leaders.
- Value creator, business developer, employee developer.
- Inspirational leadership.

Teach

Leadership Brand results from two trends.

Trend 1: Leader and Leadership

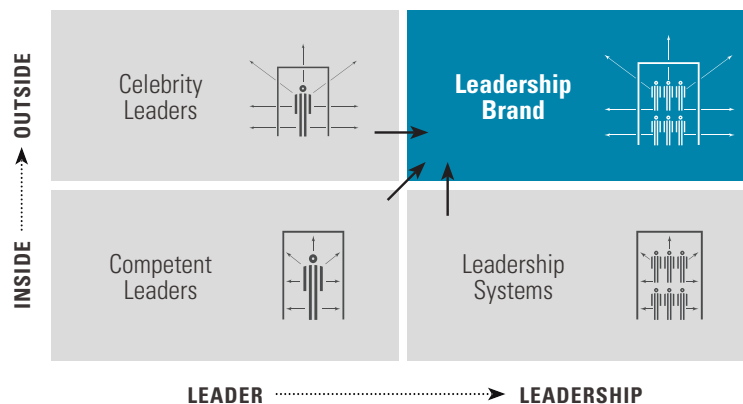
Overview: If you don't have a point of view, your programs will become a distracting hodge-podge and prove ineffective. If you don't have a point-of-view, you must step back and develop one. If you don't, you will only develop individual leaders, each with their own point-of-views. The challenge is that developing leaders that outlast individual leaders is a very difficult task. One of the great failures of leaders is that they tend to surround themselves with people not quite as good as they are, thus making themselves appear better in comparison, but the company suffers. The metaphor is like parenting. There are helicopter parents that hover and in the short term they feel that they are helping their children. But the children don't develop the independence and skills necessary for the future. **Leaders matter, but leadership matters more.**

Example: Compare Apple and Microsoft. Every time Steve Jobs announced that he was ill, Apple's stock price fell. Microsoft never experienced a drop. Why? The investors knew who was behind Bill Gates. They didn't know what supported Steve Jobs. Whenever Apple introduced a new product, Steve was on the stage by himself. At product intros, he should have brought others along with him—put ten people on stage and transfer some of the leadership equity to others.

Are leaders better when they are developed inside or is it better to bring in new thinking from outside? It depends on: if transformation is needed, it might be best to hire from outside. Or, give transformation responsibility to the next layer of leadership, the next generation. They should lead it, because they will own it.

Trend 2: Inside and Outside

Teach: Leadership Brand is an organization capability that increases confidence in future results and with external stakeholders. You need to move from individual celebrity leaders that the outside know and recognize to a systemic approach where people outside of the firm recognize your firm's capability of leadership.



Question

What does having a brand provide?

Example

When airports put in branded food, they increased their revenue by 25 percent to 30 percent increase. Buying a Kirkland Costco brand shirt is far less expensive than buying a Ralph Lauren or a Polo shirt. They are 80 percent the same garment, but you pay a premium for the brand image. Essentially, a premium is often associated with a strong brand.

GE does not pay top market salaries for their talent; they expect people will work for them for less money because of the “prestige” of the experience. Many firms take leadership talent from GE, which allows GE to continue to enjoy the financial benefits of paying lower salaries.

Teach

There are four levels of branding

1. Product: what is the tangible item that customers buy?
2. Firm Brand: what we are known for?
3. Leadership Brand: do people have confidence in the future of the firm?
4. Employee Brand: do people want to work for the firm?

There are six steps to building a Leadership Brand. It is important to remember that the whole is greater than the sum of the parts. Just doing one of the six will not generate a Leadership Brand.



Step One, Building a Business Case

If we have better leadership what is going to happen? We need to look at the stakeholders: Community, Investor, Business, Employees, Customers. How much do earnings account for in a company's stock price? In the late 1970s and early 1980s, the firm's earnings equaled stock price. Today we are seeing a world where half of stock price is based on earnings while the other half is based on intangibles. What are some of those intangibles? Brand, leadership, reputation, growth, pipeline of products.

Companies with higher intangibles tend to have higher stock valuation. If leaders are expected to create higher stock price, they need to focus on the intangibles—they need to create confidence in the future.

Four things a business leader can do to build confidence:

- Keep earning promises.
- Create a clear strategy for growth.
- Have organizational alignment with the growth strategy.
- Build organizational capabilities—including leadership.

Research

Based on the work of Baruch Lev, an Israeli economist at NYU, we interviewed a number of investors. We wanted to know factors they look at when valuing firms. They look at three primary factors:

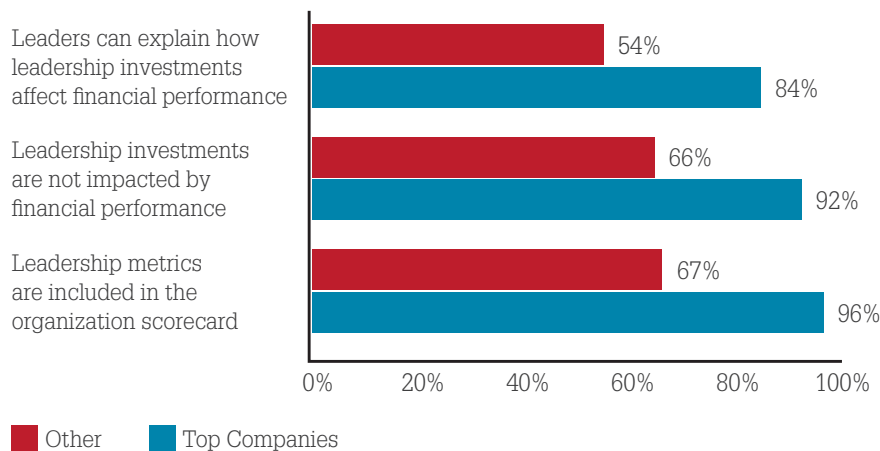
1. Quality of industry (30–40%)
2. Quality of firm (30–40%)
3. Quality of leadership (20–30%)

How confident are you in your ability to measure these three things?

1. Quality of industry: high
2. Firm performance: high
3. Quality of leadership: low

Building the business case requires a performance foundation.

Most companies indicate that they have business case for leadership, but Top Companies have built more powerful, performance-based business cases.



Tool for developing a business case:

Start with the leadership capability implications of your business strategy. Using the following index, rate the extent to which each statement applies to your organization's case for investment in Leadership Brand. Then rate the importance of each statement on having the capability to deliver your strategy: Would any of these ten factors create a vulnerability to what we need to accomplish in the next three to five years with our growth strategy? This is what sets the foundation to investing in Leadership: building the case.

		Applies to Case for Leadership Brand					Importance in Delivering Strategy				
		Low			High		Low			High	
Workforce planning	Do we have a clear picture of how many leaders we need, what skills they have, and where we need them to sustain our business strategy and growth objectives?	1	2	3	4	5	1	2	3	4	5
Right results the right way	Is there a process in place to ensure a continuity of our desired culture and values as we bring on new leaders?	1	2	3	4	5	1	2	3	4	5
Strategy shifts	Do we have a systemic process to ensure that our leaders have the right technical and social competencies to deliver on changing strategies and challenges?	1	2	3	4	5	1	2	3	4	5
Geography	Do we have an explicit process to give leaders at all levels experiences in geographies that represent our future strategic portfolio?	1	2	3	4	5	1	2	3	4	5
M&A or organic	Do we provide job assignments to develop leadership competencies consistent with how we plan to grow—acquisitions as well as organic growth?	1	2	3	4	5	1	2	3	4	5
Critical jobs	Have we identified and prepared leaders in jobs that will be under the greatest stress as we grow?	1	2	3	4	5	1	2	3	4	5
Backups	Are there enough backups for our senior executives as well as for our critical jobs?	1	2	3	4	5	1	2	3	4	5
Investor value	Have we created investor confidence about the quality of our Leadership Brand?	1	2	3	4	5	1	2	3	4	5
Customer value	Do we have leaders capable of building an organization that consistently meets or exceeds customer expectations?	1	2	3	4	5	1	2	3	4	5
Employee value	Do we have leaders who are able to attract, retain, and engage high-performing employees?	1	2	3	4	5	1	2	3	4	5

Question from Group

Do you have examples of companies that do leadership development that is not corporate driven?

Teach

Leadership Brand should be driven by your corporate structure, whether one company, a holding company, or a matrixed company. Training programs should reflect the corporate structure. Ask people in the room how many of the competencies should be shared and how many competencies should be unique across the business units. If choosing ten competencies, roughly six to seven should be common, with three or four being unique. The key is to have a selection from a common menu of options. This is more of a process than a specific answer. Top Companies tend to have more consensus in the process of creating the list.

Question from Group

Simplicity versus comprehensiveness. Some companies are trying to simplify to make it more effective and easier for managers to accept and use.

Teach

HR tends to complicate things. We are stuck on our competency models. A great way of thinking about this is through the lens of the GAS (General / Simple / Accurate) model. Competencies can be two of the three items, but not all three: General and Accurate, or General and Simple, or Accurate and Simple. But you cannot have a competence that is all three. Steve Kerr teaches that Effectiveness = Quality x Acceptance. You need to balance the need for quality with the need for buy-in or acceptance.

Activity

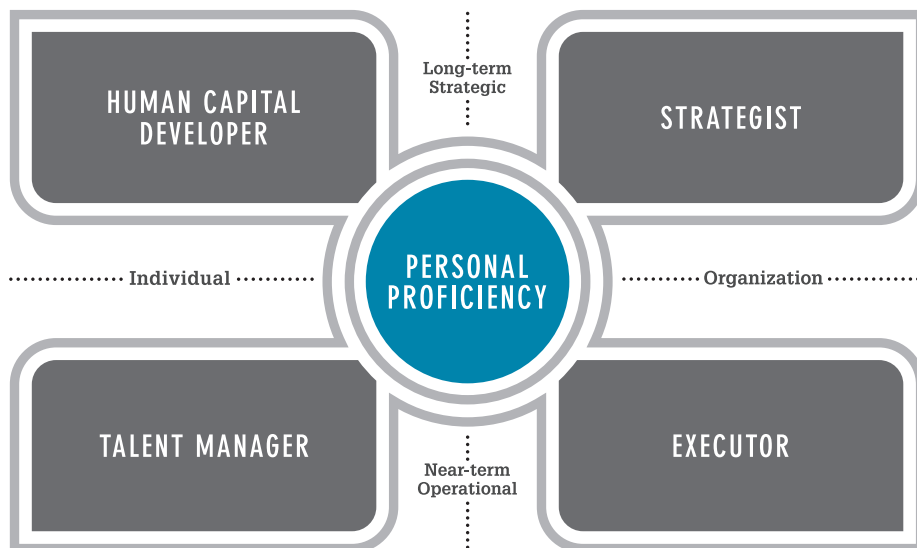
We asked participants to bring their leadership competency models with them to the session. We then asked them to share and find out what was in common:

- | | | |
|--------------------------------|---|-------------------------------------|
| 1. Results | 10. Live values | 18. Diversity |
| 2. Collaboration | 11. Entrepreneurial growth | 19. Corporate Social responsibility |
| 3. Trust | 12. Personal Risk | 20. Learning Agility |
| 4. Customer Focus | 13. Vision | 21. Communication |
| 5. Talent/People development | 14. Accountability | 22. Systems thinking |
| 6. Learning | 15. Personal commitment | 23. Building capability |
| 7. Innovation | 16. Prudent risk management | 24. Building talent and teams |
| 8. Drive Change | 17. Self-awareness / Emotional Intelligence | 25. Help employees succeed |
| 9. Develop and energize people | | 26. Continuous transformation |

There are lots of competencies, but competency models seem to be very similar. If we took your model and took the name off and put it on the wall, we probably couldn't guess which company is represented.

Research

Instead of starting from scratch, RBL went to fourteen people, key thought leaders in the field, folks that had collectively written over 100 books and had conducted over three million 360 reviews. We asked what percent of leadership is the same stuff, regardless of company size, industry, public, private, etc. We found that 60–70 percent of the leadership make-up is the same. So what is the other 30 percent? We call it the Leadership Code.



Question

Are leaders born or are they developed? Research says that about 50 percent is an individual's predisposition. It's who you are, how you approach and react to things. The remaining half of one's leadership skills are developed.

Example

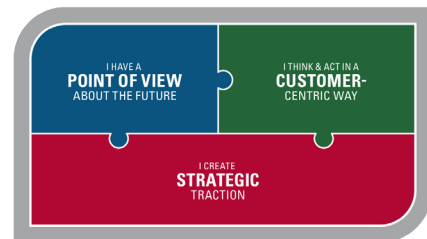
We know from Myers Briggs assessments that we have inherent tendencies. That doesn't mean that if I'm an Introvert I can't learn to be an Extrovert. I can learn the things that are not my predisposition. When a leader is coached, it helps to understand the leader's predisposition and encourage him to develop where he is weak. His progress is limited if we only discuss strengths. There will be situations where strengths cannot be applied, where a leader needs to step out of his predisposition and stretch himself with new skills.

Teach

Look at your company's competency model. Does it reflect all five areas of the code? If not, what are you missing from the basics?

Strategist

- *I Have a Point of View about the Future:* Stakeholders, keeping promises, trends
- *I Think and Act in a Customer-Centric Way:* Client value proposition, client segmentation, client focus, firm brand
- *I Create Strategic Traction:* Organizational capabilities, strategic stories



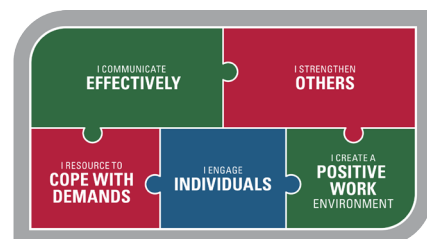
Executor

- *I Ensure Technical and Social Proficiency:* Technical skills, social skills
- *I Build Teams:* Purpose, governance, relationships, learning
- *I Establish a Decision Protocol:* Clarity, accountability, timeline, process, implementation
- *I Ensure Accountability:* Set clear goals; identify measures, ensure consequences, provide feedback
- *I Make Change Happen:* Leading change, creating a felt need, defining direction, engaging stakeholders, making decision, institutionalizing, monitoring and learning



Talent Manager

- *I Communicate Effectively:* Noise, share a vision, strategic stories
- *I Strengthen Others:* REAP coaching they lead, REAP coaching you lead, feedback, coaching the difficult employee
- *I Resource to Cope with Demands:* Buy, build, borrow, boost, bounce, bind
- *I Engage Individuals:* Engagement research, VOI²C²E, high performance
- *I Create a Positive Work Environment:* Work surroundings, positive disciplines



Human Capital Developer

- *I Track Talent Trends for Their Implications:* External trends, internal trends
- *I Help People Manage Their Careers:* Career development stages, career conversations
- *I Plan for Succession:* Six Bs, performance and potential, succession plans



Personal Proficiency

- *I Have Personal Leader Brand:* Leadership point-of-view, personal Leader Brand, career orientations
- *I Replenish Physical Resources:* Controllable factors, manageable factors
- *I Develop Intellectual Agility:* Observing, questioning, experimenting, networking, associational thinking
- *I Have a Social Network:* Trust, relationship, social, purpose, effective apologies
- *I Have an Ethical Foundation:* Headline test, behavior—intent—outcome, values



Teach

If the code is 60–70 percent, then how do we determine what the other 30–40 percent should be? How do we get at the differentiators? Remember that the Leadership Brand comes from the firm brand.

Example

In a company like Virgin, how would they like to be viewed in the marketplace?

- Innovative
- Fun
- Different

Who is the leader that represents Virgin? (Richard Branson). What qualities describe him?

- Action oriented
- Courageous
- Unique
- Passionate
- Crazy

Is he a strategist, is he an executor, next generation, does he have the code? Yes, he has the code and we can clearly see what differentiates both his firm and his own leadership style. We can see the connection between the senior level leaders and the rest of the company and out to the marketplace—the connection between the outside and the inside.

Exercise

Watching commercials: UBS Yo Yo Ma

What is important to UBS?

- Working together
- Creating together
- Passion
- We care
- Long relationships
- We are in it for the long term
- They know you
- They complement the relationship

How well does UBS create leaders that give their stakeholders the experience of items listed above?

Group Exercise

Finger-tip learning. Get on your choice of computing tool and look up a commercial for your company. What are three words or phrases that you see communicated to the market. What are you telling your customers? Is it in your leadership competency model?

IBM: Process of going through supermarket; redefining how business gets done by way of behaviors shows innovation, provocative, future oriented, smart, slick, focused on our client's client—the consumer (the grocery is the first level client). Our competency model says partnering for our client's success, influence of expertise and embracing challenges of future, trust, innovation that matters.

Accenture: Two pairs of feet standing in a pool wearing flip flops. We help the clients save money and help their clients execute faster. It's results driven—high performance. (We have a hard time finding the relaxed part, but that is for our clients not for us. We missed the people part in the commercial, and I think we can do better at that as a company.)

Statoil: There is a girl going to bed and the father is telling a story about the old oil adventure. It hasn't really ended; it's just begun. Our model is processing energy, becoming a global leader and going into unconventional. (We are not there yet internally. When we look at the leaders, it's still very Norwegian. And that needs to change to go into the global space. We are aspirational in our brand.)

Teach

At every level in the organization, we need to build leaders who are consistent with firm brand identity. Take your firm brand and translate into leadership behaviors. That's the process for differentiators.

Summary

What have you learned so far. Take 30 seconds and reflect.

- The company brand and Leadership Brand should be closely related (product, firm, leadership, and employee value proposition).
- Realizing that when we work on leadership development, it may be more important to work on the next generation, not just those who are leaders today.
- If you don't have follow-up to all the activity, it means nothing.

- The leadership has a big impact on a how the company's market valuation. It can have a dramatic impact on stock. We have felt that in the last few years at HP. The investors have to believe in the future. Culture eats strategy for breakfast.
- Effectiveness = quality x acceptance. The more I work with senior leaders, I see that simplicity is key to getting buy-in.
- Senior leaders spending 20 percent of time on developing leaders seems low. It should be more.
- Blackstone. In 60–70 percent of the companies they bought, they realized that they could fix and turn around and sell because the leadership wasn't there. They realized that they had to target companies that had leadership teams in place. What percent of time should you spend on building leadership? Twenty-five percent of the time.
- Leaders have competing commitments. Control the calendar. Put four hours on the weekly calendar on the desired focus, and work up from there.
- Social skills can be a hindrance. This is an area where coaching can have impact.
- If they have never experienced the desired behavior, they need to see it modeled.
- Lack of diversity can be a hindrance. We surround ourselves with people who look and act like us.
- How do you select the right person (leader) and the leadership team? It begins with the requirements of the position, not the person by name. What is the skill set and requirements of the position?
- Teamwork. One of the mistakes we make is to put people on our team that look like we do. See Doris Kearns Goodwin, "Team of Rivals." The best leaders create teams that don't agree with them.
- Pepsi, in the spirit of diversity, brings in one person who is different than the rest of the team. That's not enough. You need a rule of three: where having at least three people who are different creates confidence for them to connect with diverse others. As a leader do you have executive presence. Stage One, you do the work yourself. Stage Two, you inspire others to do the work with you. Stage Three, the work gets done when you're not there.

Model Summary

Brand is best built when you take BEST AIM.

BEST: Business, External, Standards, Theory

- **Business case:** Create it.
- **External:** Focus.
- **Standards:** In leadership.
- **Theory:** Of leadership (code and differentiators).

▪ **Asses:**

- Change 360 reviews to 720s. Go outside the company. We judge ourselves by our intent, but others judge us by our behavior.
- Leaders are getting tired of the nine box. They don't want to fill out surveys. The important thing is not the data, it's the discussion. Use a word cloud, or a "wordle" Go into your system and look at all the interactions (emails, publications, letters). Do a sentiment analysis. (See the word clouds on Obama's acceptance speeches to show which words received emphasis through repetition.)
- Importance of follow-up and integration. These need to be part of the pattern of work.

▪ **Invest:**

- Who do we invest in? There are three groups: C-suite executives, leadership academy (next generation of employees—square root of number of employees), and high potentials (triangle of talent).
- Top companies for leaders invest in high potentials. This is 5–15 percent of the employee population. High potentials should be distributed through the entire organization, not just at the top.
- High potentials can come in and out of the pool.
- How do you define a high potential? Try the four As:
 - Ambition—willing to pay the price. There is a price to move up. A high potential must be willing to sacrifice time and work life. You cannot work 30 hours and expect to move up.
 - Learning Agility (mobility)—assignment outside of home country, relationships. When you lose peer relationships, it's a cost. You are going to be criticized.
 - Ability—raw skill set.
 - Achievement pattern—a high potential may need to add networks and different functional experiences. Another one, attitude or engagement—does it have a meaning for them?
- Fifty percent of investment should be on the job and coaching.
- Thirty percent of investment should be training, guest experience (not tourist), learning solutions, come to training with a problem to address.
- Twenty percent of investment should be to develop our people outside the company. An example is the IBM service corp. Wall Street tried to get their investment bankers who think greed is good to invest in something outside of themselves. They were encouraged to spend an hour a week coaching a non-profit. Executive exchanges with customers, vendors, or government (secondment).
- **Table Exercise:** What are two creative things you do to invest in your people?
 - Singapore government. Fix distance between top leaders and the people. Our officers get attached to local leaders. The officers can hear and have the sense of how local policies are being received so when they go back they have a better appreciation for their own impact (six month).
 - CEO. Go and follow your product through purchasing, shipping, customer service, etc. at a customer site.
 - Get your leaders to use your products.
 - Walmart. How many days a year was Sam Walton in a store? 365 days—half were in Walmart stores, the other half were in competitors' stores.
 - Head of R&D at Nike,(John). Looks for exercise areas to watch what people are wearing—half the time he wears Nike gear and half the time he wears his competitors' brands.
 - Increasing collaboration from the outside in—consortium programs. China is a crucial market for us (Rio Tinto). We launched a joint talent program, focused on visits to each other's sites. Secondment assignments with our biggest competitor, client, and supplier. We are giving them talent systems and we are getting insight into China.

- Go to the board members to do executive exchanges.
- Getting a team to rally behind a common goal. Why don't we bring very successful athletic coaches to coach executives? They have to manage egos and they can build teams. Visit sites that are unusual.
- Project teams with specific charters, sponsored by executives, sponsored activity that you work on over three years and then report out—very specific business issue.
- Service Corp at IBM (using philanthropy).
- Leverage and use technology.
- Purchasing an online game. Accenture has employees play an online game for 50 minutes a day. They manage a team. If they do it wrong, they get bad outcomes.
- Coaching: before, during, and after—takes success rate from 20 percent impact to 60 percent impact with only 20 percent more cost.
- **Measure:**
 - Did we deliver the business case? Go back to the business case and measure against the initial criteria.
 - Korean firm placing leaders across the globe. What was the turnover of the folks reporting to the Korean leader? Answer: 70 percent.
 - Kirkpatrick scale of levels of impact: attitude did people like the program, knowledge, behavior change, business results, and return on intangibles.

Ensure Reputation

- Product Brand—great product, great attributes and people have to know about it for it to be relevant.
- A great leadership system will have little impact to a company's value if no one knows about it.
- When a stock price goes up or down, it's a statement of confidence in the future.
- Is the CEO talking about leadership with the investors?

Review of Day One

Key Takeaways

- Value of Leadership Brand and how important it is to stock price—and that it must be communicated.
- Importance of brand internally. And how it is communicated externally is reflected by what is being done internally—business case for leadership. We need to prioritize and better articulate the case.
- What stops leaders from leading? They may not have a model of what good leadership looks like, which is why coaching is so important. Look for good models to help them become better.
- Who are the leaders who influenced you? What do you appreciate? What are you missing?
- BEST AIM. Training alone is not enough.
- Sometimes we do work as events. We need to think about them more as patterns. See Russ Ackoff's thoughts on systems theory. The parts need to be integrated to be successful. Think about leadership systems, not initiatives.
- Consider using Mark Huselid's work about Human Capital Indexing:
 - Plot the performance of your HR practices against the performance of the firm. From 0–20, you get a lift. So if you have no HR practices, implementing the basics will immediately lift the performance of the firm.
 - From 20–80, it's pretty flat. It's hard to influence firm performance until you get to 80.
 - At 80, you see a lift. That is the space of HR integration. It is a big lift to a firm's performance.

Speed Teaching

Question

How do you sell the competencies to the business? Explain to the business why it's important and spend time focusing on competencies.

- Get the business leaders to develop them—and have ownership.
- Say to leadership team, give me three or four hours (see table).
- They teach to others. The leaders need to present it. Dell Computers was struggling with performance management. When Michael Dell was brought in to teach the module, the first couple of rounds were stiff, but because Dell had a part in the teaching, he had commitment to the program. Show them the value by having a strong case. Boeing was trying to get executives (CEO) to buy into competency models. Who does the top leader listen to? He had great respect for Jack Welch. Coaches encouraged Jack to tell how GE used competencies to be successful.
- Translate the words into day-to-day behaviors so people understand.
- Keep them simple and short.

Question

Why does inspirational leadership matter? What are the practical elements for developing this type of leader?

- Literature is called charismatic leadership.
- Storytelling. They are found not in the data, but in the emotion (Churchill).
- Strategy is a story. The word “story” is changing to “narrative.” A story is about the event; a narrative is about context—how did we get here?
- See the book, *The Charisma Myth* by Olivia Fox Cabane for very practical tips.
- Being an inspirational leader is not about copying someone else. Leaders need to be consistent with who they are.
- It's not just about being a cheerleader. It's about getting people to trust you.
- Encourage them to share something personal. If the leader gets personal, it gives permission to others to be personal.
- It's about being vulnerable. The best leaders run into their mistakes and own their decisions.

SECTION E: LEADERSHIP SUSTAINABILITY

Why does leadership matter? We keep trying to make it clear and simple. If we know what we need to do to be better leaders, why don't we do it?



Research on Sustainability

Teach

A group of turkeys attend a two-day training program to learn how to fly. They learn the principles of aerodynamics and they practice flying in the morning, afternoon and evening. They learn to fly with the wind and against it, over mountains and plains, and together and by themselves. At the end of the two days, they all walk home.

Overview

Our methodology is to leverage the work that has already been done on what makes change stick, influence/persuasion and how do you change habits, leadership derailment, self discipline and leadership development. From that literature we have distilled to seven factors needed to make change sustainable. The mnemonic is **START ME**: Simplicity, Time, Accountability, Resources, Tracking, Meliorate, and Emotion. The research we aggregated is listed below.

Research on Sustainability

Making change happen:

- Chip Heath and Dan Heath, *Made to Stick: Why Some Ideas Survive and Others Die* (New York: Random House, 2007).
- James O. Prochaska, John C. Norcross, and Carlo C. DiClemente, *Changing for Good: A Revolutionary Six- Stage Program for Overcoming Bad Habits and Moving Your Life Positively Forward* (New York: Avon Books, 1994).
- Jeffrey Pfeffer and Robert I. Sutton, *The Knowing-Doing Gap: How Smart Companies Turn Knowledge into Action* (Boston: Harvard Business School Press, 2000).

Influence/Persuasion:

- Robert B. Cialdini, *Influence: The Psychology of Persuasion* (New York: Collins Business Essentials, 2007).
- Roger Fisher, William Ury, and Bruce Patton, *Getting to Yes: Negotiating Agreement Without Giving In* (New York, Houghton Mifflin Company, 1991).

Changing Habits:

- James Claiborn and Cherry Pedrick, *The Habit Change Workbook: How to Break Bad Habits and Form Good Ones* (Oakland, California: New Harbinger Publications, Inc., 2001).
- M.J. Ryan, *This Year I Will . . . : How to Finally Change a Habit, or Make a Dream Come True* (New York: Broadway Books, 2006).
- Mark F. Weinstein, *Habitually Great: Master Your Habits, Own Your Destiny* (Charleston, South Carolina: Booksurge LLC, 2008).
- Jack D. Hodge, *The Power of Habit: Harnessing the Power to Establish Routines that Guarantee Success in Business and Life* (Bloomington, Indiana: Authorhouse, 2003).
- Debbie Macomber, *Changing Habits* (Don Mills, Ontario, Canada: MIRA Books, 2003).

Self-Discipline (self-help books):

- Brian Tracy, *No Excuses!: The Power of Self-Discipline* (New York: Vanguard Press, 2011).
- Dalai Lama, *Becoming Enlightened* (New York: Atria Paperback, 2009).
- Jim Randel, *The Skinny on Willpower: How to Develop Self Discipline* (Westport, Connecticut: RAND Publishing, 2009).
- Eckhart Tolle, *A New Earth: Awakening to Your Life's Purpose* (New York: Penguin Group, 2005).
- Norman Vincent Peale, *The Power of Positive Thinking* (New York: Fireside, 2003).

Leadership Derailment:

- David L. Dotlich and Peter C. Cairo, *Why CEOs Fail: The 11 Behaviors That Can Derail Your Climb to the Top—and How to Manage Them* (San Francisco: Jossey-Bass, 2003).
- Sydney Finkelstein, *Why Smart Executives Fail: And What You Can Learn from Their Mistakes* (New York: Penguin, 2004).

Leadership Development:

- Ellen Van Velsor, Cynthia D. McCauley, and Marian N. Ruderman, *The Center for Creative Leadership Handbook of Leadership Development* (San Francisco: Jossey-Bass, 2010).
- Morgan McCall, Michael M. Lombardo, and Ann M. Morrison, *Lessons of Experience: How Successful Executives Develop on the Job* (New York: The Free Press, 1988).
- Morgan W. McCall Jr., *High Flyers: Developing the Next Generation of Leaders* (Boston: Harvard Business School Press, 1998).

Quick Overview of START ME

Simplicity: Focus, focus, focus. If you try to do more than two or three things, you will fail.

Time: It must show up in your calendar.

Accountability: Go public with your intentions.

Resources: Find a coach.

Tracking: Look at lead indicators, not just lag indicators.

Meliorate: Be flexible and improvise to get around road blocks to the change.

Emotion: Be clear about why it must change. What's in it for you or others?

Question from the Group

How do I get my company comfortable with failure?

- Coach the CEO to model dealing with failure.
- An effective apology is the greatest path to a strong relationship.
- Ask the leaders to plot their story (success and failures) on a matrix to see that the path is not straight.
- Focus on solving the problem and not finding fault.
- Focus on the learning from the failure.
- Don't do feedback, do feed forward.
- What's the next play? That's the only thing we can control.

Quick Snap Shot of the Group

Where are you strong and where do you need to focus for improvement?

	Good	Poor
Simplicity	15	5
Time:	3	25
Accountability	15	10
Resources	5	20
Tracking	10	15
Meliorate	25	1
Emotion	20	5

Teach

Details on the behaviors and actions for each of the steps.

Simplicity:

- You can only focus on two or three things. It's got to be simple and if it's more than that, it's too much—Steve Covey's research was five with a plus or minus two.
- Balanced scorecard. Start with simple goal and then do the complex thinking underneath. Under that whole array of complexity what are the two or three things that you need to focus on (diamond diagram)?
- Can I explain the initiatives to someone who doesn't have the same intellectual background?
- Can I put it on one page?
- Separate symptoms from problems. Recognize the underlying issue.
- Prioritize. Separate urgent from important and turn impact into ability.
- Satisfice (Herbert Simon). Determine how well you need to do on the problem. Sometimes we get too precise when we don't need to. We don't need to optimize when a satisfice answer is enough.
- Get clear about your choices.
- Frame the problem. Find patterns in complex issues.
- Draw a picture or pattern.
- We need to know what is most key and important. Focus on the real priority.
- Don't over think actions or behaviors.
- Divide 100 points without doing an equal amount on each issue. You will see where the priority lays.

Time:

- Show me your calendar. In the last 90 days how much time have you spent on the things that are important?
- We have rampant leadership hypocrisy Do what I say, not what I do.
- We have a hard time leading if we are committing the problem ourselves.
- What percent of time should a leader spend on their focus? 15–20 percent.
- Choose two things to champion.
- Take your leader's last five or six talks and do the word cloud test. Then show that cloud test to the admin and check the calendar. What percent of time is spent on the priority? If it's not 15–20 percent then it's not important.
- Does your calendar show your priority?
- Looking forward, how much time are you blocking out?
- Do you see yourself as others see you? Others judge you by your behavior; you judge yourself by intentions.
- Replace bad habits with good ones.

- Look for quick wins.
- Look for signals.
- Manage signals and optics. The physical settings around us gives a message about who we are: physical appearance, physical work setting, office architecture, personal choice.
- Be consistent—four threes. What will you do in the next three hours, three days, three weeks, and three months. It will then turn into what others expect.
- Competing commitments. We need to let go of some things.
- Let leaders have time in the role to learn it.
- If you can label and talk about your bad habits they can be overcome. Example. Six key discussions in marriage: money and work, children, heritage or family patterns (becoming like same sex parents), administrative duties, sex. If you don't talk about these issues, what happens? If you can talk about the issues, you have a chance to change them.

Accountability:

- Personalize it.
- Go public.
- Get the leader to describe the change they are trying to achieve.
- HP was losing engineers. Leaders encouraged engineers to go public with their commitment to HP. If you were a highly-rated engineer, you go on campus to recruit. Engineers went public with their commitment to someone else and retention went up significantly.
- Ask for feedback, ask for people to hold you accountable.
- Sometimes those in HR are not aggressive enough to call out their leaders.
- Because we are not competing for their jobs, we are in the best position to coach.
- Don't blame others. Accept responsibility.
- When we succeed, we need to share the credit; when things fail, own it.
- Get people to behave as if they are committed.
- Send a text or email to someone you care about regarding what you are going to do to become a better leader.
- When you make a mistake, run into it; don't run from it.

Resources:

- You have to have a coach. Find someone to help you through it, someone to be honest about it and give you honest feedback.
- A coach needs to be someone you can trust.
- You need to have it woven into the HR system. If employees do what they are supposed to do, then they should receive the reward or promised goal.
- If we want success, we have to resource for it.
- Use coaching. This is so critical. It's hard to sustain a change by yourself. Self coaching, peer coaching inside the organization, peer coaching outside the organization, boss coaching, expert training.
- Institutionalize into the system.
- The HR systems institutionalize change, promotion, rewards/appraisal, communication, work, budget.

Tracking:

- Define desired outcomes—example is of a Safari. You have had a successful outcome when you see the “big five” animals (elephant, lion, cheetah, giraffe, rhino). What are the big five indicators for your change?
- Measure what's important, not easy. Safari guides are in constant communication with each other and change their plans according to their input in order to find the big five. Sometimes it's not convenient and not timely, but critical to make changes as we go.

- Be transparent and timely.
- Focus on leading measures versus lagging measures.
- Talk about what behaviors you want to see more of, and what do you want to see less of.
- Example of a measure. Track versions of presentations that go to senior leaders. How many iterations does something go through from the knowledge worker to the executive?
- Don't over analyze. Get directional data. You can get paralyzed in the data process.
- Mountain climbing metaphor—"get on the wall." You can't see all the hand holds that will get you to the top until you get on the wall.

Meliorate:

- You are constantly looking to improve.
- When most people face failure, they fall apart. The key to success is whether or not you can learn and move through the failure.
- Leadership in an orchestra is very top down, hierarchy based, functional and led by one conductor. The strategy is to produce music according to the score. The job of the listener is to be silent.
- Leadership in a jazz ensemble is about following a beat. Leadership is shared. Every player is highlighted at some point. The job of a listener is to be vocal and appreciate. There is no such thing as a mistake. The key to success is to improvise.
- Ability to bounce back from failures.
- Share ideas across boundaries.
- Learn by generating ideas.
- Share what we stole from someone. Give the second leader support for institutionalizing change.
- Find a way around the obstacles.

Emotion:

- What's in it for me?
- If it's not important you won't change it.
- Think about a major event, when there is emotion and passion around us. It impacts us in a different way, and it sticks with us.
- As a leader, how can you embed meaning in what you are doing and asking your folks to do?
- Articulate what gives you meaning and how it impacts others.
- Be clear about motives.
- Understand what creates meaning at work (slide 162).
- Link what you're trying to change to an emotional factor.
- Be a meaning maker.

SECTION F: SPEED TEACHING

Question

How do we get leaders to be passionate about developing people? How do we really inspire the passion?

- Give leaders an opportunity to speak about themselves. Give them a chance to share their emotion.
- Ask them about one of their mentors—get them to connect to their own emotional experiences.
- Challenge them to give back.
- Tie development to rewards. Recognize them for developing others.
- Change the incentives and the behavior will follow or change the behaviors and then use an incentive system that reinforces the change and behavior.
- Ask them who have they brought in and where are they now.
- Twenty percent will have a natural passion, 20 percent never will have the passion. Don't focus on either group. Focus on the 60 percent in the middle that need the model and then light their fire to develop others.

Question

What is leadership, is it just the competencies? Sometimes we focus on old leadership behaviors. What needs to change for the future?

- We need to have a point of view about the context in which we work.
- Leadership is the collective action of individuals who combine external expectations into internal action.
- There is not a right or wrong answer.
- Leadership has to connect to the organization. Leaders have to corral individual action and create collective action.

Question

How do you deal with leaders who operate by themselves versus leaders who lead through a team?

- Leaders need a common purpose and agenda (alignment).
- What behaviors do you reward?
- Behavior vs. outcome, individual versus collective (2x2). Plot it and then allocate 100 points. No single cell can be less than ten points and no more than 60 points in any one cell.
- Part of the challenge is to develop great leaders who work in teams.
- We need to focus on organizational capability of teamwork and collaboration.
- It used to be that leaders could command and it would happen. In today's world, top down command and control is a false positive.
- The world is becoming so complex that the leaders cannot know it all. They will need strong networks and influence to be impactful.
- The hierarchy developed as a result of difficulty in getting information. Today that's not a barrier to management. It will impact where we go next.

Question

How do you develop a coaching culture (outside of the U.S. it is still seen as an intervention)?

- Have an external coach—meaning not in the chain of command. This should be someone in a different division, function, geography, etc.
- Who is going to coach?
- Make it a commodity, open access, for whoever receives coaching.
- Recipients need to be willing to change.
- Mentor and coach are not necessarily the same thing.
- Two strategies for coaching: either deliver the results or change the behavior.
- Building it into the leadership development is a more sustainable solution.
- Focus on a peer coaching element, which can continue after a training event.
- Who gives the coaching, and what is the goal for an outcome?
- Mentoring is more of a long-term personal relationship versus problem solving that coaches focus upon.
- Very good book on mentoring by AHRI—head of the organization.
- Find coaches who have the right skills—not too much celebration, not too much criticism. Seek for a balance.



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