

Executive Leadership

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Advice From the Top

What's keeping CEOs up at night?

It's no smooth ride being a leader in an economic downturn.

Here's what three CEOs on *Fortune* magazine's most-admired companies list had to say about sleepless nights and what they're doing about it.

Problem: Coca-Cola's restaurant business is off.

Solution: Less dining out gives Coke an opportunity to sell more drinks headed for home, says CEO Muhtar Kent, who sees opportunities in cheap advertising and in the fact that another billion people will become urbanized by 2020.

"Don't waste this crisis," he says.

"Be thoughtful about your expenditures and be sure to focus only on what delivers."

Problem: Southwest Airlines CEO Gary Kelly dreads two things his company has never resorted to: pay cuts and layoffs.

"We're going to strive mightily, especially this year, to avoid them once again," he says. "I worry about that every day. And I don't worry about much, but I worry about that."

Solution: Encouraging employees to move around the company. Not too fast or willy-nilly, but enough so that

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Microsoft retools the meeting standard

Steven A. Ballmer, Microsoft chief executive, says that he and Bill Gates used to like meetings where the presenter took the long and winding road—or where a presenter describes his winding path of exploration and his ultimate conclusion.

If the presenter were to cut straight to the conclusion, their thinking went, you'd get a lot of people circling back to ask, "What about this? Have you thought about this?"

Now, though, Ballmer feels the practice is inefficient.

He espouses a different approach to meetings.

"Most meetings nowadays, you send me the materials and I read them in advance. And I can come in and say: 'I've got the following four questions. Please don't present the deck.'

"That lets us go, whether they've organized it that way or not, to the recommendation.

"It gives us greater focus."

— Adapted from "Meetings, Version 2.0, at Microsoft," Adam Bryant, *The New York Times*.

Better Decision-Making

7 steps to great decisions

Common sense and experience can help you make decisions, but they're not enough.

An expert can provide options. Only the decision-maker, however, knows all the circumstances, so make sure you have a reliable method for reaching a decision. Seven steps to help you get there:

Step 1: Define your objective. If you need more work space, that doesn't mean you need to build the Taj Mahal or a platinum-rated green building.

Step 2: Identify your requirements. You're going to narrow those down in two steps. Here, you divide them into criteria with "yes" or "no" answers. The "no's" are eliminated. The other criteria have "minimum" prerequisites that can vary. In hiring,

for instance, these can include number of years of experience.

Step 3: Choose the most important criteria; they don't all carry the same weight. You might call the most important criteria "obligatory." At this stage, you wind up identifying criteria (no more than 12) that are truly significant. The rest are "nice-to-have" rather than "need-to-have."

Step 4: Determine your available options, or solutions, from the most logical to the most ridiculous. *Remember:* You're not deciding at this point, so don't jump to conclusions and don't limit your options. "Your best decision," says strategic planner Errol Wirasinghe, "is only as good as your best option."

Step 5: Take each possible option

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Up at night (Cont. from page 1)

people in overstaffed areas can move into vacancies in other divisions.

Problem: For FedEx, it's not a good thing that people are buying less stuff.

Solution: Flexibility. To buffer rising and falling business cycles, the company keeps a number of fully depreciated airplanes as its reserve fleet, says CEO Fred Smith.

In boom times, FedEx flies them. In bad times, it parks them in the desert.

"It's free spare capacity," he says.

— Adapted from "A View from the Top," Jessica Shambora, Adam Lashinsky, Barney Gimbel and Julie Schlosser, *Fortune*.

7 steps (Cont. from page 1)

or solution and do a standard pro/con list. During this step, double-check to see whether the source of your information is legal and ethical, whether the data is credible, whether the provider has a conflict of interest and whether the information is actually relevant. Seek proof for claims.

Step 6: Go through a second weighting process. Assign each criterion a weight.

Step 7: Rank your options or solutions. With the options written down and their pros and cons listed, use a pair-wise technique to rank them: Taking one criterion at a time, pair it with each solution and assign points. After you've exhausted all criteria and possible solutions, multiply the points with the weights to determine rank.

Don't second-guess your final decision.

— Adapted from "The Right Call," Errol Wirasinghe, *American School Board Journal*.

Random Wisdom

"The policy of being too cautious is the greatest risk of all."

— Jawaharlal Nehru

SPANX: Beyond the practical

By almost any standard, Sara Blakely was living an ordinary life.

She had tried but failed to get into law school and now had spent five years selling fax machines for a small company out of the back of her aging Honda.

She wasn't doing badly, but she wanted more.

One day, Blakely needed underwear that wouldn't show through her new white pants. Nothing worked. In desperation, she took a pair of control-top pantyhose and cut off the feet. *Voilà.*

"I can even remember getting angry that women had become slaves of uncomfortable fashion accessories. And that's when it hit me. We didn't have to be, and I could make it happen."

Blakely had never taken a business course and was clueless on patent law. But doggedly, without quitting her day job, she did the research and took time off to get her invention manufactured and sold.

She named it SPANX.

Blakely drove all over North Carolina looking for a mill that would "help make my crazy idea." All turned her down until one mill owner called her back. His daughters didn't think the idea was crazy at all.

Blakely used her cold-calling skills to find a buyer at Neiman Marcus who agreed to give her 15 minutes. She flew to Texas and dragged the buyer into a bathroom, ordering her to "Look at my backside." The woman stared, speechless, then said, "Wow. I get it."

Long story short: SPANX hit the shelves at Neiman Marcus within months. Blakely got everyone she knew to buy them and talk them up. Target also bought in, rebranding her hose ASSETS.

Lessons: To become a leader, you don't have to change who you are. You don't have to go it alone. And you don't have to take a great risk. You just need to give it your best shot.

— Adapted from *The Leap*, Rick Smith, Portfolio.

Upward Bound

3M ranks tops for leaders

The journal *Chief Executive* again rated its 20 best companies for leaders last year, with 3M shooting up to the top from 15th place the year before.

One thing that may account for 3M's rapid rise was a greater reliance on peer assessment.

After 3M, other companies in the top 20 followed in this order: Procter & Gamble, General Electric, Coca-Cola, HSBC Holdings, ABB, Southwest Airlines, IBM, Hewlett-Packard, PepsiCo, Nokia, Accenture, FedEx, Infosys Technologies, McDonald's, Caterpillar, American Express, Cisco Systems, Oracle and Intel.

3M shines because it consistently helps leaders two to four levels below the CEO move capably up the ranks, a marked characteristic since CEO

George Buckley arrived in 2005.

Many of these companies, *Chief Executive* says, have become matrixed firms where a top-down, command-and-control style has yielded to more distributed decision-making across business units.

Asked what traits they value in leaders, companies ranked the top 10 in this order: strategic thinking, execution, decision-making, technical competence/expertise, teamwork, inspiring leadership, influence, emotional intelligence, creativity and resilience.

The top three tactics they use to attract and retain young leaders are development opportunities, compensation and benefits.

— Adapted from "Best Companies for Leaders," *Chief Executive*, www.chiefexecutive.net.

Why did 'Star Trek' succeed?

A former "Star Trek" writer, who also happens to be a Caltech physicist, started wondering why. Why the six television series? Why the 11 "Star Trek" movies? Why the video games, conventions and cookbook? Why?

Even non-Trekkies recognize something special about the franchise, acknowledges Leonard Mlodinow, who wrote for the second TV series. But what is it?

And how can that help you?

Here's what he found out:

✓ **It wasn't the creator.** The first series was such a flop that its creator, Gene Roddenberry, became a pariah who couldn't find work.

Even during the second TV series, Roddenberry didn't have much influence. True, writers were ordered to use whatever ideas he gave them, but as a mere consultant he didn't have clout.

✓ **It wasn't the cast.** The actors, while enjoying a unique chemistry in each series, changed from one to the next. And all the shows used different heroes and villains. So it wasn't the show's stars or their roles.

✓ **It wasn't the writers.** The series Mlodinow worked on, "Star Trek: The Next Generation," ran through writers

like water. The studio fired them at such a clip that the show almost tanked because the studio couldn't find new writers fast enough, employing 155 writers for 198 episodes.

✓ **It wasn't even the innovation.** Warp drive, teleportation, tricorders and holodecks. Palm copied its initial design from control panels on the starship Enterprise. The tricorder is now everywhere in the form of flip phones. Apple's Steve Wozniak would run home to draw inspiration from reruns. *Science* recently published an article about real-life teleportation. And brainiac Stephen Hawking says a matter/anti-matter engine might be the key to interstellar travel.

As fun as these imaginings are, Mlodinow says, they don't define "Star Trek," but they do offer a clue.

✓ **It's the culture.** "Some people invent a machine," he says. "Others create a machine for invention." "Star Trek," he says, is founded on a culture of imagination, same as Bell Labs, Disney and Google. The show's real legacy is a culture dedicated "to boldly go where no man has gone before."

— Adapted from "Vulcans Never, Ever Smile," Leonard Mlodinow, *Newsweek*.

Onward and Upward

Jimmy Choo: Takes two to tango

There's a reason successful start-ups often require teams of two. You need talent *and* a network.

Case en pointe: The Malaysian shoemaker Jimmy Choo made a name for himself creating custom, hand-made shoes, one pair at a time, for an elite clientele including Diana, Princess of Wales.

But his brand never would have shot into the stratosphere without the partnership of Tamara Mellon, who co-founded the business with him. She parlayed it into a phenomenon by enlisting a Los Angeles PR master, setting up a hotel suite and inviting celebrities in to dye and bead their

Jimmy Choos to match their gowns for the Oscars.

When the shoe obsession of "Sex and the City" turned to Jimmy Choos—now ready-to-wear but still high-end—the TV show's fans went wild. The rest, as they say, is in reruns.

Despite the fact that Mellon's over-the-top personality eventually drove Choo out of the business with a check for \$12.6 million, it's also a fact that he probably would never have made it without her.

Lesson: It's still who you know as well as what you know.

— Adapted from "Cobbler to the Stars," Cheryl Lu-Lien Tan, *The Wall Street Journal*.

Send the right vibe in that voice mail

When HR director Kris Dunn is in recruiting mode and gets your phone's answering machine, he uses the occasion to judge you as a leader.

"Good energy and kind of dynamic-sounding in your voice mail greeting? Cool. I'm more interested," he says. "Sound depressed and seem like the whole thing takes too much energy? I'm out—you lost the opportunity."

Once, Dunn called an otherwise impressive candidate and "BAM!!! I'm treated to 30 seconds of a profane Notorious B.I.G. track" before her professional voice greeted him.

Pity. She was out of the running.

It would have been the same story, Dunn says, if the recording were Marilyn Manson or Larry the Cable Guy.

Lesson: "Market to me, the recruiter," he says. "Don't take risky chances with your brand."

— Adapted from "Press 'I' To Eliminate Yourself Immediately as a Candidate," Kris Dunn, HR Capitalist blog, www.hrcapitalist.com.

Lessons from beyond the field

Spotting insights from fields far outside your own is one characteristic of an innovative leader. That's what 49ers coach Bill Walsh does.

The most popular offense in the NFL is known as "the West Coast offense." Walsh, who led the San Francisco 49ers to three Super Bowl wins, invented it.

And where did he get the idea for the offense? From Carl van Clausewitz, a Prussian general, philosopher and author from the 1800s.

Walsh, a history and war buff, used his interests and readings to advantage on the football field. While other coaches were imitating football legends, Walsh saw parallels in warfare that he used to devise football strategy, which he convinced his team to put into action again and again.

— Adapted from "Unsung Innovative Leaders," Rich Karlgaard, *Forbes*.

Getting the board on board

When Jan Carlzon, former CEO of Scandinavian Airlines, wanted to give customer service representatives more autonomy, he feared the board of directors would balk.

Even if the board initially approved it, the changes were so major—giving employees discretion to improve service by refunding or rebooking bumped customers—Carlzon knew that board members might reverse course when faced with any backlash.

According to Carlzon in his book, *Moments of Truth*, the CEO held meetings with the board. He asked them to imagine how much pressure they would face to undermine the plan.

As Carlzon predicted, many senior managers opposed his redistribution of power. When they approached the board to badmouth Carlzon's idea, however, the board didn't withdraw its support. Board members were primed to expect the backlash.

— Adapted from *The Practice of Adaptive Leadership*, Ronald Heifetz, Alexander Grashow and Marty Linsky, Harvard Business Press.

Should you adopt Socratic management?

Years ago, a landmark study at General Electric found its performance appraisal counterproductive and ineffective. Praise had no effect on performance, and criticism led to backsliding.

What was going on? The theory of cognitive dissonance may explain why praise failed to improve performance.

Studies show that when you reward people for behavior, they do continue that behavior. However, if you discontinue rewards or give them too frequently, people actually slack off.

Adopt a Socratic management style. Don't give employees feedback. Instead, ask them how they're doing and how they think they can improve.

— Adapted from *Management Rewired*, Charles Jacobs, Portfolio.

Problem Solved *Real People ... Real Solutions*

Improving internal communications

“In every company survey, “communications” is the No. 1 issue identified by employees as a company weakness.

To improve our internal communications, we implemented a “president's council forum.” This council is composed of nonmanagerial representatives from each department. They meet with the president monthly to discuss issues in an open format.

The issues discussed must pertain to improving the company—gossip, petty complaints and nonrelated issues are not permitted. Members of the council are rotated within each department to include different views and perspectives. Since we implemented this concept, successive employee surveys have shown that the area of communications has drastically improved, although it is still the top issue.”

— Joseph Gallagher
*Fluid Seals Inc.,
King of Prussia, Pa.*

Turn exit interviews into gold

“Ask the following five questions to anyone who leaves your company:

1. If you owned this company, what are the first changes you would make?
2. What conflicts hurt your morale or your performance?
3. What conflicts are affecting the morale or performance of other employees?
4. Are there any other employees who you think may be leaving, and if so, why?
5. Did you have a job description with clear responsibilities that you understood and felt were fair?

The answers to these questions can give you insights into improving your business.”

— Allen Fishman, Founder & CEO
*TAB Boards International,
Westminster, Colo.*

What's your 1-10 rating?

“Knowing what your employees think is important.

I was working on my strengths and weaknesses in the front wheel of Strategic Business Leadership®, and decided to ask my employees what they believed my strengths and weaknesses were. In a staff meeting, I explained to them what I was doing and gave them a simple form to fill out asking for my strengths and weaknesses. They were asked to return their feedback, not to me, but to my facilitator. This gave employees the confidence that their responses would be anonymous.

The good news—there weren't any surprises. All the feedback from the employees was consistent across the organization and in line with what I believe to be my strengths and weaknesses.”

— Bob Coffin
*Joyco Multimedia,
Arvada, Colo.*

Putting a value on your time

“I put an hourly value on my time. From that number, I can calculate what the added value of my work to the company should be in a day, week, month or year.

It helps me make decisions to delegate a particular task by thinking how many hours it will take me to execute that task. It also helps me hold people accountable to what is expected of them. At the end of each period, I can go back and ask myself, “How did I use my time?” and “Did I generate that much gross profit?”

— Bob Knoll
*Millennium Packaging Group,
San Antonio*



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Nestlé's no-drama leader

Nestlé CEO Paul Bulcke is a quiet guy, the engineer father of two engineer sons who describes his family as “boring.”

He loves working behind the scenes. Most of his career has been spent simplifying processes, building teams and slowly scaling the ranks in Latin American obscurity.

For Nestlé, this was perfect. The company, which sells 1.2 billion products every day in every country except North Korea, is wary of prima donnas. After all, it manufactures Gerber baby food. It doesn't want any drama.

So when the time came to choose between two Nestlé insiders—Bulcke, the boring engineer who's been with the company since age 25, or a chatty charmer who was the “obvious” choice—Nestlé went with the low-key guy.

As Bulcke characterizes it, his company reflects the Swiss persona of one who's trustworthy, does good things

on his own and keeps mum about it.

The focus will stay on trust because it will become harder for multinational food companies to keep tabs on food safety as they have to source ingredients from all over the world. Consumers' trust is “hard to build up, and you can lose it in the flash of a second,” Bulcke notes.

Being in charge of Nestlé's North American operations came with plenty of responsibility, he observes, but in a way, that position was sheltered. Now, at the top of the corporation, “that's where the buck stops.”

And that's where you want a solid individual.

Bottom line: The company's choice of leaders appears to be working. In the past few quarters, Nestlé has pulled ahead of rivals such as Unilever and Danone in profits and growth. Pretty dramatic for a no-drama boss.

— Adapted from “Belgian rock who scaled a Swiss peak,” Haig Simonian and Jenny Wiggins, *Financial Times*, ft.com.

The Leader's Toolbox

Esther Dyson: ‘Googling’ Russian style

Internet pioneer Esther Dyson continues to work as a venture capitalist in Eastern Europe and also sits on the board of Yandex, a Russian-language search engine described as the “Google of Russia” even though it started first, in the late 1980s.

Dyson likes the company's work environment and its wit. For example, in her words:

“At the bottom of every escalator in the Moscow metro is a glass booth for the escalator monitor—usually a grumpy-looking woman. There's a sign on the booth that says, ‘The monitor does not give consultations.’ Meaning, don't ask her for help. It's a Soviet-style formulation that evokes the opaque past. Yandex bought ads in about half the subway cars, saying, ‘The conductor does not give

consultations ... so please address your questions to Yandex.’ Everyone got the point.”

A few lessons from Yandex:

Lesson 1: Its honchos used humor to be liked—and to make money.

Lesson 2: They also used humor to create hope. “As Yandex does things like that,” Dyson says, “people's expectations of what is possible start to change, even in Russia.”

Lesson 3: Yandex leaders are fearless. They might have concluded there was no way they'd be allowed to run that ad. They might have censored themselves for being too cheeky or even for making too bold a claim.

They did none of those things.

That's why Yandex now leads Russia in search.

— Adapted from “Esther Dyson: The Thought Leader Interview,” Art Kleiner, *strategy + business*.

What's your theory of influence?

“The core of leadership is intentional influence,” says Chick-fil-A COO Tim Tassopoulos. He knows that his success depends on whether his employees behave in ways that improve results.

In a recent study of how more than 1,000 leaders influence behavior change in their companies, these commonalities emerged:

1. Successful influencers spend as much as half their time thinking about and actively trying to change employees' behavior.

2. They have a theory of influence that is articulate and repeatable. They can answer the question, “How do you change the behavior of a large group of people?”

3. They go beyond talking. Most influence efforts start with PowerPoint presentations. But persistent problems demand more than a slide deck.

4. They don't believe in silver bullets. An inspiring poster, color-changing mug or star-studded retreat isn't going to create lasting change. Deeply ingrained bad habits cannot be obliterated with a single gimmick or tactic.

— Adapted from “Leadership: Intentional Influence,” Joseph Grenny, *BusinessWeek*.

Conan O'Brien on Conan O'Brien

In the days leading up to his start as host of “*The Tonight Show*,” Conan O'Brien said he felt like a racehorse being led to the gate, rearing and bucking and eager to get started.

Knowing is doing, he said. “I like being tested, I really do. I get as scared as anyone when I'm tested. But the feeling of putting yourself on the line and really putting your talent out there, and betting on yourself and having it work is the most exhilarating feeling in the world.”

— Adapted from “Conan O'Brien: I Like Making Funny Things Happen,” James Kaplan, *Parade*.

Why it's OK to overcommunicate

You can't know what your employees are *really* thinking.

That's why one CEO went undercover to find out. He worked, in disguise, for two weeks on 10 different sites. His goal was to hear what workers said when they were uncensored.

The biggest lesson Stephen Martin, CEO of England-based Clugston Group, learned? Communicate with employees "on their terms."

Martin learned that his key messages weren't getting through, or were distorted and misunderstood.

For example, Martin discovered that one of his ideas, encouraging workers to take a tea break where they were working rather than coming back to a cafeteria, was interpreted as the loss of their break.

His new policy is to overcommunicate, especially when dealing with a stressed-out workforce. "If you don't pass on enough information, even if it is bad news," Martin says, "they will fill the gap with something else, probably worse than the truth."

— Adapted from "The undercover boss," Stefan Stern, *Financial Times*.

Perfect Pitch

The Dodgers' partnership of leaders

Brooklyn Dodgers executive Branch Rickey gets credit for several firsts.

He's best known for signing the first black major league baseball player, Jackie Robinson; drafting the first Hispanic, Roberto Clemente; inventing the minor league farm system; and introducing the batting helmet.

Rickey, however, did none of those things alone. Take integrating baseball. Rickey got help from baseball commissioner Happy Chandler, who, right after being named commissioner in 1945, said that if a black soldier could fight at Okinawa and Guadalcanal, he could play professional baseball.

That was Rickey's cue to scout and sign the second baseman Robinson, which he did in just four months. On the other hand, Rickey needed Robinson himself. Asked if he would take insults in public without fighting back, Robinson said yes. He kept his word.

At the same time, Robinson began to

see his role as a pathfinder on the national stage. After his first season, his manager said, "He's the greatest competitor I ever saw, and what's more, he's a gentleman."

Rickey's leadership was actually a partnership.

The first time the Dodgers headed South, Rickey wanted any threats brought directly to him. It didn't take long. The team received a telegram from the Ku Klux Klan that read: "If you come to Atlanta, we'll kill you. We'll shoot you out on the field."

Rickey contacted the Rev. Martin Luther King Jr., who advised the team to come anyway. The threats proved baseless.

Bottom line: Achieving anything important requires not so much leadership and followership as a partnership of leaders.

— Adapted from *Bums: An Oral History of the Brooklyn Dodgers*, Peter Golenbock, G.P. Putnam's Sons.

Creative Leadership

David Ogilvy on big ideas

You don't need to be born with the ability to come up with ideas. David Ogilvy is proof.

As research director for an advertising firm he helped start, Ogilvy was taking the train home one night in 1950 when an idea for a client, Guinness, came to him. It involved describing food pairings and led to the cheeky *Guinness Guide to Oysters*, a high-brow advertising vehicle followed by similar guides to game birds, cheese and other foods.

Soon new accounts were rolling in.

You might think that big ideas require originality, but Ogilvy thought otherwise. "I had a reasonably original mind, but not too much so," he said in an interview when he was 75. "Which helped, not being too original. I thought as clients think. I also thought as women think."

Ogilvy, who grew up in England

and had worked as a chef, salesman, researcher, farmer and intelligence officer, said these qualities helped him:

"First of all, I'm the most objective man who ever lived, including objective about myself," he said. "Second, I'm a very, very hard worker. Next, I'm a good salesman."

It may have been his edge in salesmanship that put him over the top.

"I had a terrific advantage when I started in New York," he said. "I'd got a gimmick—my English accent. I've always had an eye for the main chance."

Bottom line: Range around for a good idea. Relying on your experience plus objective information, figure out how it'll work for you. Then go at it hammer and tongs.

— Adapted from *The King of Madison Avenue: David Ogilvy and the Making of Modern Advertising*, Kenneth Roman, Palgrave Macmillan.

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To find ‘happyness,’ start where you are

Chris Gardner’s life story, turned into a book and movie. *The Pursuit of Happyness*, strikes a chord because it’s really the story of everybody who makes good.

Gardner offers maxims for success, including these:

✓ **Without a plan, a dream is just a dream.** To help crystallize your plan, Gardner recommends a daily supplement he calls the five C’s: Be clear, concise, compelling, committed and consistent.

✓ **You have a choice.** A homeless dad who made it as a broker, Gardner says he once was introduced to a crowd as something of a fluke. He makes it clear that success comes not by luck, accident or talent, but by the sum of your choices.

✓ **Stop “digging your potatoes.”** When you’re jumping rope double Dutch—two ropes swinging in opposite directions—there’s a hesitation in which would-be jumpers roll up on the balls of their feet and sink back on their heels. They may need a push; you should not.

✓ **Start with what you’ve got in your hand.** In the Bible, God convinced Moses that he was fit to lead the Israelites out of Egypt using only his shepherd’s staff.

✓ **Baby steps count.** For this lesson,

Gardner looks to his Uncle Joe, who walked from Mississippi to Wisconsin because his feet were his only means of moving toward a better life.

✓ **Cultivate knowledge.** Here, Gardner draws on his mother’s clever lure: “The public library is the most dangerous place in the world because you can go in there and learn how to do anything.” He still visits a bookstore or newsstand every day.

✓ **Truth rocks.** Motown producer Berry Gordy so insisted on authentic lyrics that he defied convention

by releasing “*Money (That’s What I Want)*,” which topped the charts in 1960. But he had to relearn his own lesson after discouraging Marvin Gaye

from releasing a protest album a decade later. The resulting songs, including “*What’s Going On*,” helped define a generation.

✓ **Keep fighting.** Once, when Gardner’s business was in trouble, he spied Muhammad Ali in an airport and breathlessly asked the heavyweight champion if he’d ever been scared. Ali answered, “I’m scared now. I’ve got a disease and there is no cure. But I’m still fighting.” Recharged, Gardner continued to New York and “lit that city up.”

— Adapted from *Start Where You Are*, Chris Gardner, Amistad.

*It’s really the story
of everybody
who makes good.*

Leadership checkup at the Mayo Clinic

The Mayo Clinic is known for its unique approach to leadership development.

These four tenets are critical to maintaining its culture:

1. Assume career potential. The assumption that employees will stick around is part of the culture at Mayo, making leaders more willing to invest in rising talent.

2. Provide opportunities. Mayo makes sure that potential leaders have multiple opportunities to serve on committees or task forces, especially those outside their comfort zones.

3. Commit to partnerships. Teaming an experienced administrator with a physician leader is crucial to how the clinic functions.

4. Make rounds. At Mayo, non-clinical managers also make rounds. They meet regularly with employees to gain perspective on what’s happening and what needs attention.

— Adapted from “The Mayo Culture of Leadership,” *Healthcare Financial Management*.

Write out your recession script

The key to not letting gossip drain energy from your workplace is teaching supervisors to effectively address employees’ concerns.

Consider this scenario: An employee asks his supervisor whether a rumor that division A will close soon is true. The manager responds with a stammer that the organization is doing its best to avoid closings. The employee starts spreading “bad news.”

To avoid that destructive scenario, train supervisors in what to say and how to say it, advises management expert Quint Studer. Leaders must be specific, he explains.

Take action: Tell supervisors exactly what you want them to say in response to various questions, recommends Studer. “Write a script, so that everyone is speaking in the same voice.”

— Adapted from “Recession Rx for Business,” Quint Studer, *Business Credit*.

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■ Lead your team using Google's "wisdom of crowds" model.

You can operate a company by consensus, which is how Google operates, says CEO Eric Schmidt, but you have to have two things: You need a leader who enforces a deadline, who can create a crisis, if necessary, to get everyone through a knothole. And you need dissent. "If you don't have dissent, then you have a king," he says.

In meetings, Schmidt often seeks the opinion of those who have not spoken, who are likely dissenters. "That promotes the discussion and the right thing happens," he says.

— Adapted from "A conversation with Eric Schmidt," *The McKinsey Quarterly*.

■ Lay the foundation for tomorrow's workforce by developing virtual teams.

In a recent survey, two of three employers expect to rely more on virtual teams in the future. More than 75% of respondents noted that these teams facilitate information-sharing and 70% said they encourage diverse thinking.

■ Close the gap between leader and followers by demonstrating visibly that you value employees,

writes Edward Lawler III in *Talent: Making People Your Competitive Advantage*. The reign of the "Imperial CEO" is over. When cost-cutting is a priority, explore alternatives before cutting staff. When it's necessary, be sure cuts are executed in a way that fits your brand. When there is leadership training, take part. When it's time for talent reviews, lead the process.

■ Step No. 1 for leading in tough times?

Face facts. Bob Seelert, who has run five companies and is now chairman of Saatchi & Saatchi, offers this advice: "When things are not going well, until you get the truth out on the table, no matter how ugly, you are not in a position to deal with it."

— Adapted from *Start With the Answer*, Bob Seelert, Wiley & Co.

Business lessons from unusual places

In June, a spontaneous outburst of dancing captured on video at the Sasquatch Music Festival (www.BusinessManagementDaily.com/dancing) showed the power of leaders to sway crowds.

One guy's goofy expression of joy led, within three minutes, to a second happy dancer, a third and then a teeming horde of young people pulsing to the tune "Unstoppable."

Business bloggers Seth Godin and Todd Taskey shared their thoughts on business innovation:

First, Taskey:

1. Being the leader may feel weird but it gets you noticed. No one will ever pass judgment—good or bad—on something they don't know exists. The risk of looking foolish is something leaders take in stride.

2. The second guy, an early adopter at about 18 seconds into the dance, demonstrates acceptance and appreciation. He takes the fun from an individual act into an event.

3. The third guy represents what we all now call the tipping point.

He's obviously a regular fellow who shows up almost a minute into the festivities and proves that you don't need to act smooth or do somersaults.

Within seconds, the crowd doubles, then doubles again. At this moment, Taskey's take is that it's harder to hang back than to join in. He makes the analogy to creating a new product or service that customers love.

"You have momentum, you have a hit, and if you manage it properly, you may even have a successful business," Taskey says.

Godin's take is that it's scary to be the leader, but it's also fun.

And the beauty of the third guy—also a leader, but your garden-variety, everyday kind of leader—is that he makes the goofy dance safe for everybody. Which is why we need more Guy No. 3s.

— Adapted from "Can I Learn Business Innovation from a Topless dancer?" Todd Taskey, *Business Management Daily*, www.BusinessManagementDaily.com.

The Winning Formula

6 leadership traits in bad times

Ram Charan, leadership guru and author of *Execution*, offers what he calls the essential qualities leaders have to possess in hard times:

1. Honesty. This ain't easy, especially when the wind is constantly shifting. "How can you tell people what you believe," he asks, "when you can't be confident that it is right?"

Answer: Give your best understanding of the situation, ask for theirs and calculate the probabilities together.

2. Inspiration. A financial tsunami destroyed employees' hard-earned savings and put their jobs and futures at risk. They are wary. Work with your direct reports to rebuild a vision.

3. Connection with reality. Put all your concrete, external information on the table—however awful—and open the floor for discussion.

4. Realism tinged with optimism.

While few problems are insoluble, it may be hard to see that right now. And it's also true that pure pessimism leads straight down. Your challenge is to handle bad news with just enough optimism to avoid looking like a fool.

5. Intensity. Only through deep personal involvement will you get the ground-level intelligence and speed required in times like this. Your people need your presence. Translated: Golf course, no. Exercise and sleep, yes.

6. Planning. In an immediate crisis, it's tempting to quit thinking about the future. That would be a mistake. Find your bearings, gather your wits, break out of the collective myopia and place a few bets.

— Adapted from *Leadership in the Era of Economic Uncertainty*, Ram Charan, McGraw-Hill.