

How the Best Leaders Lead

Proven Secrets to Getting the Most
Out of Yourself and Others

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CHAPTER ONE

The Heart of a Leader

“Character may be manifested in the great moments, but it is made in the small ones.”

—WINSTON CHURCHILL

Leadership is the single most important factor in the success or failure of a company or business. Your ability to step forward and lead your enterprise to success in competitive markets is both essential and irreplaceable.

The better you become as a leader, the better you will be in every area of your enterprise. Fortunately, leaders are made, not born. As Peter Drucker wrote, “There may be such a thing as a natural born leader, but there are so few of them, that they make no difference in the great scheme of things.”

Leaders are primarily self-made, self-developed. They work on themselves continually, learning, growing, and becoming more capable and competent over the years.

Leaders usually emerge to deal with a situation that requires leadership skills. A manager can work successfully at fulfilling his responsibilities and getting the job done for many years. Then a

crisis occurs, and leadership is required. At that time, the leader steps forth and takes charge of the situation. He or she becomes a different person and fulfills a different role.

Follow the Rules

General Norman Schwarzkopf tells about his first experience of leadership at the Pentagon. His senior officer told him that to do his job well, all he had to do was to “Follow rule 13.”

When he asked, “What is rule 13?” his commanding general said, “When placed in command, take charge!”

When then Colonel Schwarzkopf asked, “But after I have taken charge, how do I make decisions?”

His commanding officer said, “Simple. Use rule 14.”

When Colonel Schwarzkopf asked, “What is rule 14?” he was told, “Do the right thing!”

These are excellent ideas for you, as well. When placed in command, take charge, and if ever you are in doubt about what to do, simply do the right thing.

Leadership Requires Character

Leadership is more about who you are than what you do. Your ability to develop the qualities of effective leadership, the essence of what it takes to be a leader, is more important to your success as an executive than any other factor.

One of the great principles of personal development is, “Whatever you dwell upon grows and expands in your experience and personality.”

You become more effective, day by day, when you think and act on the basis of the key qualities of effective leaders throughout the ages. You program these qualities into your personality

and behavior by dwelling on them continually. You learn these qualities by practicing them in your daily activities as a person and as a leader in your organization.

The more of a leader you become in the *inside*, the more effective you will become in all your leadership activities on the *outside*. You become more of a leader by thinking the same way that top leaders think.

The Seven Qualities of Leadership

There have been more than three thousand studies conducted over the years aimed at identifying the qualities of successful leaders, especially successful military leaders who have won important battles against great odds in turbulent theaters of warfare—which very much describes succeeding in the marketplaces of today.

More than 50 qualities have been identified that are important to leadership. But there are seven qualities that seem to stand out as being more important than the others. The good news is that each of these qualities can be learned, and they must be learned by practice and repetition.

1. Vision: The Most Important Single Quality of Leadership

Leaders have vision. They can see into the future. They have a clear, exciting idea of where they are going and what they are trying to accomplish. This quality separates them from managers. Having a clear vision turns the individual into a special type of person.

This quality of vision changes a “transactional manager” into a “transformational leader.” While a manager gets the job done, a true leader taps into the emotions of his people.

In times of rapid change and turbulence, it's a good idea to occasionally call a "time out." Stop the clock. Back off. Take some time to think about who you really are inside, what you stand for, where you are going, and what kind of a future you want to create for yourself and your organization.

In their book, *Competing for the Future*, Gary Hamel and V.K. Prahalad emphasize the key role of "future intent" to business success. They explain that the greater clarity you have with regard to the future you wish to create, the easier it is for you to make the day-to-day decisions necessary to reach that future.

As a leader, in order to remain calm and centered in times of rapid change, you must continually ask two questions: "What are we trying to do?" and "How are we trying to do it?"

You must play your own game rather than allow yourself to be knocked off center by unexpected setbacks and difficulties. You achieve this by developing a clear vision for yourself and your organization and then by sharing this vision of an ideal future with the people who look up to you and depend upon you for leadership.

Developing Your Vision

Begin with your values. What are the organizing principles of your business that you believe in and stand for? What are the core values and beliefs that animate and motivate you? What are the values that your company practices and incorporates into all of its activities?

The difference between leaders and average people is that leaders have clear beliefs that they will not compromise under any circumstances. Average people have fuzzy or unclear values that they will compromise for short-term advantage.

Based on your values, imagine the perfect future for your business.

Imagine that you have all the time and money, all the knowledge and experience, all the people and resources—everything you need. What does your business look like?

Once you are clear about your values and your ideal future, draw up the mission statement for your company—what your company is trying to accomplish. Be specific. “Our mission is to offer the highest quality products and, as a result, grow at a rate of 20 percent per year in sales and profitability” is better than “Our mission is to offer exciting products in a spirit of innovation and entrepreneurship.”

Beyond the specific mission, you should know the core purpose of your company—why it exists. What kind of contribution does your company make to enhance the well-being of your customers?

Your company’s purpose is very important. It is your real reason for being in business. Your belief in the goodness of your purpose is what enables you to persevere against external problems and difficulties. It is what motivates and inspires your people to put in the extra effort and go the extra mile.

As Nietzsche said, “A man can bear any *what* if he has a big enough *why*.”

The “why” is the emotional component of leadership and is always defined in terms of how you and your organization serve and contribute to the lives and well-being of your customers. It is what your products or services actually do to improve their lives and work.

Finally, leaders are goal-oriented. Set specific, measurable, time-bounded targets that you must hit and numbers that you must achieve in order to get from where you are to wherever you want to go in the future with your organization.

In every case, clarity is essential.

Perhaps the most important contribution you make to your organization in times of rapid change in competitive markets is

to help everyone to remain calm, clear, focused, and forward-thinking concerning your values, vision, mission, purpose, and goals. This is the starting point of great leadership.

2. Courage: The Second Quality That Leaders Have in Common

“Courage is rightly considered the foremost of the virtues, for upon it, all others depend.” (Winston Churchill)

General Douglas McArthur once wrote, “There is no security in life; only opportunity.”

The quality of courage means that you are willing to take risks in the achievement of your goals with no assurance of success. Because there is no certainty in life or business, every commitment you make and every action you take entails a risk of some kind. This is why courage is the most identifiable outward quality of a great leader.

The fact is that the future belongs to the risk-takers, not the security-seekers. The future belongs to leaders who are willing to move out of their comfort zones and take the necessary risks that are required for the enterprise to survive and thrive in any economic situation.

Boldness means the willingness to initiate action with no guarantees. Samuel Johnson wrote, “Nothing will ever be attempted if all possible objections must first be overcome.”

The more information you gather and opinions you seek before you make an important decision, the more likely it will be that the decision will be the right one. But you can never eliminate the element of risk. It always exists.

Audacity Is the Key to Victory

Frederick the Great, who was renowned for his propensity to attack the enemy no matter what the odds, said, “L’audace! L’au-

dace! Y toujours l'audace!" (Audacity! Audacity! And always audacity!)

Robert Green, in his book *The Laws of Power*, said, "Always be audacious. Audacity will get you into trouble occasionally, but even more audacity will usually get you out."

The practice of boldness and audacity means that you continue to think in terms of actions you can take. You practice what is called the "continuous offensive." You dare to go forward in all circumstances.

By continually taking aggressive action in the direction of your goals, you put yourself on the side of the angels. The more action-oriented you become, the greater will be your confidence and the more likely it will be that you will do the right things at the right time that lead to victory.

Hang in There

An essential part of courage is called "courageous patience": the ability to stay the course and not give up when you do not seem to be making any progress, or when things are going against you.

After every great offensive action begins, there is a period when things slow down, and often nothing seems to be happening, neither victory nor defeat. In this gap, many people lose heart and retreat or withdraw, or, even worse, fight on halfheartedly.

But the leader, once committed to a course of action, continues to persevere, carry through, and push forward with the same vigor and energy with which he began.

In 1941, in the darkest days of World War II, Winston Churchill's cabinet members were urging him to "make peace" with Hitler. Churchill absolutely refused to consider the idea. He gave his famous speech, which ended with those stirring words, "We will never surrender!"

When he was asked privately why it was that he was so adamant about fighting on in the face of overwhelming odds, he replied, “Because I study history. And history tells you that, if you hold on long enough, something always happens.”

This conversation took place in November 1941. On December 7, 1941, the Japanese bombed Pearl Harbor. Two weeks later, Hitler declared war on the United States, bringing the United States and its great industrial power into the war on the side of England, changing the course of history.

The Ultimate Challenge

The ultimate test of courage in leadership is how well you perform in a crisis. The only thing that is inevitable and unavoidable in the life of the leader is crisis. This is the testing time.

Your ability to function well in a crisis largely determines the success or failure of your organization. This ability cannot be taught in a classroom. It is only developed when you actually face a real crisis—a real emergency with serious potential losses.

One of the qualities that I have observed over the years is that, when presented with a crisis, an unexpected reversal, or a setback, leaders immediately become calm. They take a deep breath and deliberately slow down. They have learned over time that the calmer you remain in a crisis, the better you can think, analyze, and decide.

The crisis is the true testing time of leadership. During the crisis, you demonstrate to yourself, and everyone who is watching you, what you are really made of, deep inside.

The key to dealing with a crisis effectively is to decide, in advance, that no matter what happens, you will remain calm, cool, and relaxed. You resolve in advance that you will not become angry or upset. You will get the information you need, make the

decisions that are required, and take the actions that are necessary. This is the true mark of leadership.

3. Integrity: The Most Respected and Admired Quality of Superior People and Leaders in Every Area of Activity

In every strategic planning session that I have conducted for large and small corporations, the first value that all the gathered executives agree upon for their company is integrity. They all agree on the importance of complete honesty in everything they do, both internally and externally.

Some years ago, after all the executives around the table had agreed that integrity was the most important of all values in the company, the president, one of the richest men in America, made a statement that I never forgot. He said, “It seems to me that integrity isn’t really a value in itself; it is simply the value that guarantees all the other values.”

In his bestselling book *Winners Never Cheat*, Jon Huntsman, who started a chemical company from scratch and grew it into a \$12 billion enterprise, writes, “There are no moral shortcuts in the game of business—or life. There are, basically, three kinds of people: the unsuccessful, the temporarily successful, and those who become and remain successful. The difference is character.”

The core of integrity is truthfulness. Integrity requires that you always tell the truth, to all people, in every situation. Truthfulness is the foundation quality of the trust that is necessary for the success of any business.

Steven Covey says that the key to earning the trust of others is to be “trustworthy.” Imagine that everything that you do or say is going to be published in the local newspaper. Always tell the truth, no matter what the price, because the price of not telling the truth is going to be even higher. Jack Welch says the lack

of truthfulness, or “candor” in his words, can destroy any business. “Lack of candor basically blocks smart ideas, fast action, and good people contributing all the stuff they’ve got. It’s a killer.”

A key part of trustworthiness is to always keep your promises. You should give promises carefully, even reluctantly, but once you have given a promise, you must always follow through on that promise.

The natural extension of personal integrity is quality work. A person who is truly honest with himself continually strives to do excellent quality work in the service of his customers.

It seems that the very best companies, those that are famous for the quality of their products and services, also have the highest internal ethical standards.

The Reality Principle

When he was the president of General Electric, Jack Welch was interviewed in *Fortune Magazine* and asked what he considered to be the most important principles of leadership. He said that the most important principle, in his estimation, was what he called the Reality Principle.

Welch defined this principle as, “Seeing the world as it really is, not as you wish it would be.”

He was famous for going into a problem solving meeting and immediately asking, “What’s the reality?”

The Reality Principle is a practical application of the value of integrity. It requires truthfulness and honesty. It requires dealing in a straightforward way with the reality of the situation, based on facts rather than hopes, wishes, or assumptions.

Accepting Responsibility

Leaders with integrity are responsible. They accept responsibility for themselves and for getting the results that they have been

hired and appointed to achieve. Leaders continually remind themselves, “I am responsible.”

Leaders say, “If it’s to be, it’s up to me.”

Leaders refuse to make excuses when things go wrong. Instead, they make progress. They refuse to dwell on what might have happened; instead they focus on what can be done now to resolve the problem.

Leaders do not blame other people for mistakes. The leader accepts that “the buck stops here.”

4. Humility: Leaders Have the Security and Self-Confidence to Recognize the Value of Others

The best leaders are those who are strong and decisive but also humble. Humility doesn’t mean that you’re weak or unsure of yourself. It means that you have the self-confidence and self-awareness to recognize the value of others without feeling threatened. It means that you are willing to admit you could be wrong, that you recognize you may not have all the answers. And it means that you give credit where credit is due. Jim Collins writes that the best leaders “Look in the window, not the mirror, to apportion credit for the success of the company.”

Humility gets results. Larry Bossidy, the former CEO of Honeywell and author of the book *Execution*, explained why humility makes you a more effective leader: “The more you can contain your ego, the more realistic you are about your problems. You learn how to listen, and admit that you don’t know all the answers. You exhibit the attitude that you can learn from anyone at any time. Your pride doesn’t get in the way of gathering the information you need to achieve the best results. It doesn’t keep you from sharing the credit that needs to be shared. Humility allows you to acknowledge your mistakes.”

Bossidy learned the difference between humility and weak-

ness from his mother, who told him, “It’s not a question of thinking less of yourself; it’s a question of thinking of yourself less.”

Forget your ego, and focus instead on what’s right for the company. Don’t let an overblown opinion of yourself get in the way of finding the right answers and the right solutions to problems. Don’t be afraid to recognize and use the strengths of others. Jack Welch said he always wanted to be surrounded by people smarter than he was.

Don’t believe that humility will undermine your authority in the eyes of others. The opposite is true. Reckless arrogance does not inspire confidence; self-assured humility does.

As former New York City mayor Rudy Giuliani writes in his book *Leadership*, “Leaders of all kinds—CEOs, coaches, even the occasional mayor—run the risk of thinking they are where they are because of divine intervention. When selected for a position of leadership, do not believe you were selected by God. That’s exactly when humility should be applied. What are my weaknesses? How can I balance them?”

Continuous Learning

The hallmark of humble leaders is that they continually strive to get better. They never stop learning. They don’t believe that they know everything there is to know, that they have nothing more to learn. As Pat Riley, the basketball coach, said, “If you’re not getting better, you’re getting worse.”

Charlie Jones, the businessman and speaker, often said, “You will be the same person in five years that you are today except for the people you meet and the books you read.”

Learn from the people you meet and work with. Listen as much as you talk.

And as with any student, don’t be afraid to hit the books.

Zig Ziglar said, “Not all readers are leaders; but all leaders are readers.”

Reading is to the mind as exercise is to the body. Resolve today to read 30 to 60 minutes daily in your field. This amount of reading will translate into one book per week, 50 books per annum, and 500 books in 10 years. When you read regularly to upgrade your knowledge and skills in your field, you soon develop the winning edge that gives you an advantage over people who are less informed.

5. Foresight: Leaders Have the Ability to Look Into the Future and Anticipate What Might Occur

Excellent leaders are good strategic thinkers. They have the ability to look ahead, to anticipate with some accuracy where the industry and the markets are going.

Leaders have the ability to anticipate trends, well in advance of their competitors. They continually ask, “Based on what is happening today, where is the market going? Where is it likely to be in three months, six months, one year, and two years?”

Because of increasing competitiveness, only the leaders and organizations that can accurately anticipate future markets can possibly survive. Only leaders with foresight can gain the “first mover advantage.”

Leaders are astute in what I call *extrapolatory thinking*. They have the ability to accurately predict what is likely to happen in the future based on what is happening in the present. They accurately predict the consequences of their actions and the consequences of the changes taking place in the current market.

Project Forward

The extrapolatory thinking and foresight of leaders cover all aspects of the business. What is it that your customers want, need,

and are willing to pay for today? Based on current trends, what kinds of products and services will they be demanding in the future? Based on your current results, what changes are you going to have to make to ensure that your products and services of tomorrow are exactly what the customers will be wanting at that time?

A key aspect of foresight is crisis anticipation. Leaders look down the road into the future and ask, “What could possibly happen that could threaten the survival of my business?”

Leaders think clearly about the future. They think about what might happen. They think about what they are trying to accomplish today and what might happen to interfere with their plans for tomorrow.

Only leaders can think about the future. This is one of their primary jobs. No one else in the organization is tasked with this degree of future orientation. The greater accuracy with which leaders can predict the likely consequences of their actions and the changes in the market, the greater the success of the business will be.

What are the worst possible things that could happen to your business in the months and years ahead? Of all those things, what would most threaten the survival of your business? And what could you do, starting today, to make sure that the worst possible events do not occur?

The more information you gather and the more people you talk to, the greater your clarity about future conditions will be. The greater clarity you have, the better your decisions will be for taking actions to guard against the possible crises or to take advantage of the possible opportunities.

One of the best tools to help leaders anticipate both crises and opportunities is called *scenario planning*. A wide variety of problems, setbacks, and unpleasant surprises can befall your company in the long term. Scenario planning gets you thinking

about what could go wrong so you prepare for the future today. With scenario planning, you develop three or four detailed scenarios of your company and its environment 5, 10, or 20 years down the road (the number of years depends on how quickly change can dramatically affect your industry). Each scenario is filled with details; you describe not only your product line, customers, and competitors, but all the other environmental factors that could impact your business, such as new federal regulations. Once you have filled in the scenarios, you can then take realistic, short-term steps to prepare for the scenarios. Does one scenario anticipate a new competitor underselling you with cheaper products? If so, what do you need to do today to reduce costs and increase the value of your product?

With scenario planning, you can identify the worst possible things that might happen that could affect the ability of the company to survive. Then, make a plan to ensure that if one of those reversals took place, you have already developed a strategy to deal with it.

6. Focus: The Ability to Focus Personal and Corporate Energies and Resources in the Most Important Areas Is Essential to Leadership

Leaders always focus on the needs of the company and the situation. Leaders focus on results, on what must be achieved by themselves, by others, and by the company. Leaders focus on strengths, in themselves and in others. They focus on the strengths of the organization, on the things that the company does best in satisfying demanding customers in a competitive marketplace.

Your ability as a leader to call the shots and make sure that everyone is focused and concentrated on the most valuable use

of their time is essential to the excellent performance of the enterprise.

The natural human tendency, at home and at work, is toward entropy, toward a dissipation of energy, toward diffusion of effort and “majoring in minors.”

As Goethe said, “The things that matter most must never be at the mercy of the things that matter least.”

The job of the leader is to help every person in the company achieve laser-like focus on the most valuable contributions they can make to the growth of the enterprise. And, of course, the leader must lead by example. The leader must be a role model. If you want everyone else to concentrate on their highest value activities, you must do the same, every hour of every day.

How do you recognize the highest value activities? The answer lies in your core competencies and the core competencies of your organization.

Start with your *personal* core competencies; what is it that you do extremely well? What special skills and abilities have been most responsible for your personal success to date? What is it that you, and only you, can do, that, if done well, will make a real difference to your organization?

What are the core competencies of your *organization*? What is it that your company does especially well? What makes your company superior to your competition? What are the areas where you are recognized as a leader in your industry? What should those areas be in the future?

What are your most profitable and successful products and services? Who are your best and most productive people? What are your most important markets, and who are your most valuable customers?

Focus on the Future

Leaders are intensely solution-oriented, not blame-oriented. They think in terms of solutions most of the time. They think

about what can be done immediately to resolve the situation, rather than who did what and who might be to blame for the problem in the first place.

Leaders focus on the future, on the opportunities and actions of tomorrow, rather than the problems and difficulties of yesterday.

Leaders do not complain or criticize. They remain positive and focused on their goals and the goals of the organization.

One of the keys to calmness and mental clarity is to refuse to spend a single second worrying or becoming angry about something that you cannot change. And in most cases, you cannot change a past event. If something has happened, like spilled milk, there is nothing you can do about it.

Instead, focus your precious mental and emotional energies on what can be done, and on what others can do, to deal constructively with the situation now and solve the problem today.

The only real antidote for worry is purposeful forward action. As the leader, you should get so busy working on the solution, on the future, that you have no time to think about what happened in the past and how it might have been avoided.

7. Cooperation: The Ability to Work Well with Others Is Essential for Effective Leadership

Your ability to get everyone working and pulling together is essential to your success. We will talk about the key elements of building an effective team later in this book. Just remember that leadership is the ability to get people to work for you because they want to.

The 80/20 rule applies here. Twenty percent of your people contribute 80 percent of your results. Your ability to select these people and then to work well with them on a daily basis is essential to the smooth functioning of the organization.

Gain the cooperation of others by making a commitment to

get along well with each key person every single day. You always have a choice when it comes to a task: You can do it yourself, or you can get someone else to do it for you. Which is it going to be?

You Become What You Think About

The greatest principle ever discovered, which underlies all religion, psychology, and philosophy, is, “You become what you think about most of the time.”

Most of the time, leaders think about the qualities of leadership and how to apply them daily.

Leaders have a clear vision of where they are going, and they convey this vision to everyone around them.

Leaders have the courage to take risks, to move forward, to face danger with no guarantee of success.

Leaders have integrity. They deal honestly and straightforwardly with each person. They tell the truth, and they always keep their word.

Leaders are humble. They get results by using the strengths and knowledge of those around them. They know how to listen, and they know how to learn.

Leaders have foresight. They continually look ahead and anticipate what might happen. They make provisions to guard against possible reversals and put themselves into a position to take advantage of possible opportunities.

Leaders focus on what's important. They concentrate their time and resources, and the time and resources of the company, on the activities that will make the most difference.

Leaders cooperate well with others. They are liked and respected by everyone around them. They go out of their way to get along well with the key people upon which the company de-

pend. They truly believe that people are their most valuable asset.

The best companies have the best leaders. The second-best companies have the second-best leaders. The third-best companies, in these times of turbulence, are unfortunately on their way out of business.

The most important contribution you can make to your company is to be a leader, accept responsibility for results, and dare to go forward.