

# The Leadership Engine

## Building Leaders at Every Level

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[Fertig Notes]

- Leadership and change are inseparable.
- Leaders have a personal responsibility to develop other leaders.
- Success depends upon leaders at every level of the organization facing reality and doing what works.
- At the end of the day you bet on people, not strategies. Larry Bossidy, former CEO, Allied Signal
- Winning companies win because they have good leaders who nurture the development of other leaders at all levels of the organization. The ultimate test of success for an organization is not whether it can win today, but whether it can keep winning tomorrow and the day after.
- “Winning” in winning companies means: 1. **Success in adding value** and 2. **Sustained excellence**  
This requires an organization that isn’t just built to last, but one that is *built to change*.
- Becoming a world class leader requires the ability to master revolutionary change.
- Leaders do two specific things: **See reality** and **Take action**.
- In established businesses, seeing reality is often more difficult because it means letting go of ingrained ways of thinking and working.
- Facing reality is the first crucial step that leaders must take if their organizations are going to respond appropriately. But it is just the starting point. Once a leader has figured out what the problem is, whether it’s a challenge or an opportunity, he or she has to decide on a response, determine what actions need to be taken and make sure those actions get implemented promptly and well.
- Leaders accomplish things by leading. That is, by guiding and motivating other people. Dictators issue orders, using fear and punishment to command compliance. Leaders share people’s opinions and win their enthusiasm, using every available opportunity to send out their message and win supporters.
- *It’s OK to be different...sometimes it’s better.* Debra Dunn, Hewlett-Packard
- Winning leaders have a willingness to admit mistakes and show vulnerability in order to serve as effective role models for others.
- All people have untapped leadership potential, just as all people have untapped athletic potential. With coaching and practice, we all can be a lot better than we are.
- *The basis of leadership is the capacity of a leader to change the mindset, the framework of another person.* Warren Bennis, Distinguished Professor of Business Administration, USC
- The companies that win most often are the ones whose leaders invest the time and energy to develop lots of leaders.
- Teaching others to be leaders requires that a leader have two things: **A serious commitment to teaching** and **Teachable points of view**.
- Having a teachable point of view is what allows leaders to be effective teachers. We all know that good athletes don’t always make good coaches because it’s one thing to be able to do something, and quite another to be able to explain it. Great leaders are great teachers because they not only know how to do many things, but they also organize their thoughts so that they can help others learn to do them.
- To develop teachable points of view, leaders think about their experiences, draw lessons from what they know and figure out how to share those lessons with others.
- Leadership is more about thinking, judging, acting and motivating than about strategies, methodologies and tools.
- Simply put, if you’re not teaching, you’re not leading.
- Leaders have ideas. If a company is going to win against its competitors, everyone in the organization must know what they are aiming to achieve.

- Some leaders excel at coming up with ideas. But you don't have to be an "idea person" to be a good leader. The important thing isn't that a leader come up with good, clear ideas but that he or she makes sure that the company has them...and that everyone knows what those ideas are.
- To keep an organization focused on good ideas, a leader must do two things:  
**Develop ideas and Communicate those ideas clearly.**
- When you can't control, dictate or monitor, the only thing you *can* do is trust. This means that you have to let people make their own decisions. And you have to have a common set of values to make sure that those decisions are the ones that will move the company ahead and ones that will make you proud.
- When a company has clear ideas and clear values, people can figure out what to do without having to ask for guidance. Most people understand that the right strategies and ideas can give a company a competitive advantage. But good leaders realize the right values can make a difference as well.
- In 1982, James E. Burke, the head of Johnson & Johnson, got the most important call of his life. Seven people in Chicago had died when they took Tylenol pills that had been laced with poison. Over the next few days, government officials and Johnson & Johnson executives scrambled to figure out what was happening. For Johnson & Johnson, this was a crucible – the whole world was watching.  
Within days it was proved that this was an isolated incident and that J&J was the victim of a terrible crime. In spite of its innocence, J&J continued removing 31 million bottles from store shelves and taking returns from customers. The decision cost the company \$100 million. This unflinching show of concern for customers led to an almost immediate recovery in Tylenol sales. How did the company react so quickly and with such integrity to its biggest crisis in history? "We had hundreds of people making decisions all the time during the Tylenol incident," says Burke. These people are the ones who saved the company and they did it because they knew the first line of the company's Credo – "We believe our first responsibility is to the doctors, nurses and patients, to mothers and fathers and all others who use our products and services..."  
At Johnson & Johnson, the Credo is the cornerstone of a values system that works because leaders take it seriously. Like other values-driven companies, leaders at J&J do the following five things to make sure their organizations understand and live by the values:
  - \* Clearly articulate a set of values
  - \* Continually reflect on the values to make sure they're appropriate to achieving the desired goals
  - \* Embody the values with their own behavior
  - \* Encourage others to apply the values in their own decisions and actions
  - \* Aggressively confront and deal with pockets of ignorance and resistance
- Whether they want to or not, leaders set the tone and determine the values of the company. Good leaders, therefore, are very careful to make sure that everything they do reflects the values they want the company to have. Winning leaders outshine the losers because they back up words with actions, embody their values and wrestle daily with their application.
- It's one thing to know that you think teamwork is important, but the test is: are you a good team player? Do you reward the people who are cooperative? And do you fire the ones who are self-serving?
- Good leaders pay attention to creating positive energy the same way they pay attention to spreading ideas and teaching values. That's because they know that positive energy helps people overcome obstacles and rise to new challenges. They also know that a leader is never "energy-neutral." You are either giving people energy or you are sapping it from them.
- One way leaders create positive energy in others is by exhibiting positive energy themselves. They work hard, with a determination that shows that they really care about the goal the organization is trying to accomplish.
- One of the most remarkable things about winning organizations is how often they manage to come out of times of trouble even stronger than they were before the problem arose. The reason for this is that stress always produces energy in people. It's a fact of nature, and winning leaders are masters at channeling that energy away from the usual complaining, infighting and resistance, and harnessing it for productive uses.
- In joining together and working their way out of trouble, everyone in the organization gets energized. They also learn how to think and work more effectively. In order to get people

energized to attack problems, leaders work to make sure that five conditions exist:

1. **A sense of urgency.** Leaders focus people on the fact that there is a real problem and that it isn't going to go away unless they do something.
2. **A mission worth achieving.** Change can be frightening, so it's not enough for people to understand that they can't keep doing things the old way. Leaders have to help them envision a specific future that looks a lot better.
3. **Goals that stretch people's abilities.** Stretch goals must be high enough to inspire extraordinary effort, but they can't appear so unreasonable or unattainable that they discourage people from reaching them.
4. **A spirit of teamwork.** The risks seem less risky and goals seem more achievable when you are part of a team. Leaders make sure that people know that the leader is on the team with them.
5. **A realistic expectation that the team can succeed.**

- Leaders who pay attention to creating positive energy almost always get positive results.
- The best way to get people to accept the need for change is not to give them a choice.  
Bill Weiss, Retired Chairman & CEO, Ameritech
- Leaders who have *edge* have an unflinching readiness to face reality and the courage to act.
- Edge decisions may not be pleasant or popular in the short term. But a great leader has the willingness to do things that will make the organization better, even though they may be scary or painful. And great leaders are unwilling to let the difficulty of the decision cloud what they know is the right thing to do.
- The best way to teach edge is to put people in progressively more difficult situations where they have to make decisions, and then to give them feedback and support. Good leaders make it a policy that mistakes are coaching opportunities rather than causes for punishment.
- In order to build a new future, people have to be willing to change things. Furthermore, they need to know what things to change and how to change them. In other words, they need motivation and a plan of attack.
- One reason that people don't like to change is that change can be frightening. They have to let go of things that are familiar. So leaders create stories about the future to take them there in their imaginations first, in order to let them see what it will be like to live in the new world.
- Good future stories always include three essential elements:
  - \* The case for change – why we can't go on like we have been
  - \* Where we are going – the picture of a better future
  - \* How we will get there – the things that people as individuals will have to do, and stop doing, to create that future
- In short, leaders teach. Teaching is at the heart of everything they do, day in and day out.
- Ideas lead the business to produce and deliver value to customers.
- Winning organizations have leaders who can articulate values explicitly and shape values that support business ideas. Avoid using abstract terms.
- Leaders must teach people how to energize others, both with face-to-face interactions and through large-scale organizational efforts.
- Winning leaders face reality and make decisions about people, products, businesses, customers and suppliers. They don't waffle. And they're willing to make decisions with imperfect data.
- ***Why do so many leadership programs produce so few lasting results? Because they do not address the most critical component of leadership: the ability to teach others to be leaders.***