ing the service culture. The commitment to improve customer satisfaction has to begin at the highest levels to ensure success. Executives must have both the authority and the responsibility for developing and maintaining customer satisfaction initiatives.

3. *Establish service standards through the input of both customers and employees.* Successful companies go one step beyond gathering customer and employee survey information. They produce a "Customer Bill of Rights" to inform customers of the quality of service they can expect to receive, to tell employees about the service they are expected to deliver, and to let employees know the standards management will abide by in delivering quality service to its staff.

Your Customer Bill of Rights should include some basic components: a vision statement for the future of the business; a mission statement; a core values statement; and a description of standards against which it dares to be measured and receive customer feedback.

4. *Ensure that those standards are practiced by employees and promoted to customers.* A Customer Bill of Rights should be posted throughout the organization. Customers must be made aware of it, and it should be incorporated into all employee training programs.

5. *Encourage the service culture through training and reward programs to establish and recognize excellence-in-service.* Provide motivation, positive feedback and performance-based rewards and link a portion of employee compensation to the performance of the business. Also recognize employee contributions and share authority by involving employees in the company's strategic plan.

Customer satisfaction starts with the analysis of both internal and external needs and practices. Externally, successful organizations understand that innovation comes from what works for others. Accordingly, these companies constantly review the best practices of others and adopt those that suit their needs.

Internally, successful companies know that although ideas may come from outside, change must start inside. Establishing an internal service culture must combine a commitment from management with the input of employees and customers. Although the initial investment is sizeable, developing a service culture ultimately results in revenue enhancement (increased sales) and improved profitability (decreased internal costs) without necessitating cutbacks.   **EE**

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ANN HOWARD

High-Involvement Leadership

The traditional functions of leaders are diminishing. As employees take more responsibility, leaders must learn new roles.

HIGH-INVOLVEMENT LEADERSHIP sounds simple: organizations empower their employees by pushing down decision-making responsibility to those close to internal and external customers; employees take charge of their own jobs; and leaders have more time on their hands as their traditional functions shrink. In reality, leaders soon discover that they must take on new and more complex roles that they aren't sure they want and don't completely understand. High involvement inevitably requires transforming leadership practices.
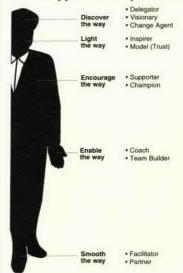
A New Model of Leadership

Traditional leadership roles have their roots in turn-of-the-century practices of scientific management overlaid with the confinement of mid-century bureaucracies. The leader maintains strong control over prescribed functions and protects and constrains both the privileges of management and assigned turf.

Traditional leadership roles include: 1) *controller*—enforces a prescribed way of work; 2) *commander*—tells employees what to do and expects obedience; 3) *judge*—sizes up employees' performance and metes out rewards and punishments; 4) *ruler*—harbors decision making as a management privilege; and 5) *guard*—protects turf and hoards resources.

As high-involvement leadership takes hold, these roles become dysfunctional and new ones must be nurtured. Roles that facilitate high-involvement leadership are designed for sleeker organizations—built for the speed, flexibility, quality, and service essential for global competition. Because high involvement begins by pushing decision making down, the role of delegator is a prerequisite. The ***delegator*** moves decision making to lower levels and sees that responsi-

bility and authority accompany job tasks.

I have identified 10 more empowering leadership roles. Each is associated with a different part of the body—head, mouth, heart, hand, or foot—that symbolizes how the approach is implemented.

Discover the way	• Delegator • Visionary • Change Agent
Light the way	• Inspirer • Model (Trust)
Encourage the way	• Supporter • Champion
Enable the way	• Coach • Team Builder
Smooth the way	• Facilitator • Partner

These approaches and roles are meant to achieve five outcomes.

1. *Discover the way.* Enforcing "one best way" of working, the traditional role of the *controller*, is unsuited to an environment of rapid change. The empowering leader seeks new and better ways of accomplishing the mission. Symbolized by the *head*, discovering the way requires mental processes such as conceptualization and imagination as well as inquiry and judgment. Roles that support this approach include: *visionary*—one who sees a more perfect future and expresses potential achievements consistent with the vision; and *change agent*—one who looks for better ways to perform work by challenging current paradigms and encouraging improvement ideas from direct reports and external stakeholders.

2. *Light the way.* In contrast to the traditional, the empowering leader illuminates and illustrates where the work group should be headed and the values that should guide goal accomplishment. Inspiring and influencing are hallmarks of lighting the way; hence its association

with the *mouth*. Roles that support this approach include: *inspirer*—communicates the vision and inspires acceptance of and commitment to it; and *model*—personifies priorities and values; is both trusting and trustworthy.

3. Encourage the way. If employees are to assume added risks and responsibilities, the empowering leader must encourage them by offering reassurance, applauding their accomplishments, and taking their interests to heart. The leader's objective is to boost their confidence rather than *judge* their incompetence. Roles that support this approach include: *supporter*—constantly expresses confidence in direct reports' self-sufficiency and treats their mistakes as learning opportunities; and *champion*—visibly celebrates their accomplishments; promotes their best ideas to higher management.

4. Enable the way. The empowering leader offers a helping hand so that direct reports can make their own decisions and manage their own responsibilities. It is not enough to simply delegate responsibility and decision making; the leader must enable others to handle tasks. Roles that support this approach include: *coach*—helps others learn to be self-sufficient through personal development; and *team builder*—establishes and supports teams that engage in self-managing activities.

5. Smooth the way. The empowering leader seeks and attracts resources from outside the group. Smoothing the way requires footwork. The leader must bring needed information and materials into the group and build mutually supportive relationships with outsiders. Roles that support this approach include: *facilitator*—provides resources for the work group and removes obstacles that impede progress; and *partner*—builds alliances with and communication bridges to other work units and external partners.

Implementing the New Model

The new leadership model guided a recent study designed to generate critical information about leaders in high-involvement implementations. Participants evaluated the importance of items representing each of the five traditional leadership roles and the empowering leadership roles. Two traditional leadership roles, *ruler* and *judge*, were particularly unpopular. Only the **commander** was rated high in importance: leaders are still expected to make sure employees comply with directions.

By contrast, all of the empowering leadership roles were rated above average in importance. Study participants strongly favored the proposed model of empowering leadership roles. They

judged *modeling trust*, represented by the item "be consistent in words and actions," as the most important role.

In business units with high involvement, people expressed greater satisfaction with current leadership practices than did those in units where high involvement was limited. High-involvement leadership has multiple payoffs—for leaders themselves, those reporting to leaders, and the organization. Empowering leaders are more committed, more satisfied with their jobs, and have fewer uncertainties about their leadership roles. Performing the roles of *coach* and *facilitator* reduces their work overload. Four other roles, however, require more effort: the *visionary* and *inspirer*, which can be intellectually and emotionally draining, and the *champion* and *partner*, who must influence others outside the work unit.

Those reporting to empowering leaders are more involved, satisfied, effective, committed, and less stressed than those supervised by traditionalists.

Learning the New Rules

Although progress has been made in the past five years, leaders have not yet mastered high-involvement leadership.
What Hurts
• *Not Enough Heart.* By neglecting the encouraging roles, leaders might miss many opportunities to enhance their direct reports' feelings about their own worth and their contribution.

• *Overevaluation.* If leaders believe they are better at empowering leadership than they really are, this could lessen their motivation to change.

• *Misunderstanding.* If high-involvement leadership is to have maximum effect, leaders must ensure that direct reports enjoy the benefits of all roles being performed.

• *Faulty Implementation.* Inadequate or unsupported implementations undermine attempts to lead in a high-involvement style. Faced with insufficient support, associates depend on the leader.
What Helps

• *Modeling by higher-level managers.* Role modeling implies that high-involvement leadership will flourish best if installed from the top to the bottom of the managerial hierarchy, because leaders will imitate behaviors of their own leaders.

• *Being Female.* The supportiveness emphasized in the new model fits more naturally with the social roles that women traditionally have been expected to fulfill.

• *Skill Training.* Without specific attention to skills, training might change leaders' self-images but not their behaviors.

Tips for Mastering the New Roles

The pattern of results surrounding each role provides tips for mastery.
Delegator—Find the appropriate balance between not letting go and abandoning your direct reports.
Visionary—Training helps, but be warned that this role requires more effort than others.
Change agent—Solicit ideas from direct reports more often; they don't think leaders do it enough.
Inspirer—It takes effort, but direct reports know when leaders inspire them. Don't get bogged down "fighting fires" when you should be "lighting fires."
Model of trust—Trusted leaders are more effective and their direct reports more satisfied.
Supporter—A sure route to satisfaction with your leadership. Learn not to blame employees for failures; search for contributing circumstances instead.
Champion—Don't be fooled into thinking this isn't important. Direct reports frequently complain of too little recognition, and even little gestures are readily observed and understood.
Coach—Training and good role models offer routes to improvement. Coach your direct reports on decision making processes and reduce your own workload.
Team builder—Building strong teams helps reduce workload among your direct reports, but it may be tough to find role models higher up in the organization.
Facilitator—Removing obstacles can reduce the workload of your direct reports. One of the most important leadership roles but frequently misunderstood.
Partner—Another misunderstood role, although your boss could be a role model. Partner requires greater effort than many other roles.

Given the potential payoffs of high-involvement leadership, mastering its new roles is definitely worth the effort.**EE**

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PETER BLOCK

Reassigning Responsibility

The alternative to leadership is stewardship, an entryway into exploring change and creating strategies conducive to change.

IF WE ARE LOOKING FOR CULTURAL or mythical heroes, let us follow the trail and scent of those in power. If, however, we care about how our institutions serve a citizen, keep a customer, or save a dollar, the attention on right leadership and right sponsorship is misplaced.

Every organization is now engaged in reshaping itself. For these reform efforts to be real rather than rhetorical, something has to shift, not in the leaders, but in the actions of those who deliver an envelope, make a light bulb, and assemble a car. Genuine reform most often boils down to a shift in the depth of ownership and responsibility core workers feel toward the success of their workplace. All of the focus on leaders and leadership has the unintended effect of reducing the ownership and responsibility felt by those close to the work.

There is a growing awareness that our efforts at enlightened leadership are not delivering the results we expect. Even though efforts in total-quality management, empowerment, employee involvement, employment ownership, and re-engineering are worthwhile, the day-to-day experience of those who do the work remains relatively unchanged.

The Leadership Question

The strength of leadership is that it embraces initiative and responsibility. The underbelly of leadership is that it is inevitably associated with maintaining control, pointing direction, and knowing what is best for others. We expect our leaders to drive cultural change by determining the desired future; defining the path to get there; and establishing rewards for acting appropriately. While we need leaders to define the playing field and make clear the desired results, we do not need them to formulate culture or specify behaviors.

Our search for strong leadership involves a desire for others to assume ownership and responsibility. This desire localizes power, purpose, and privilege in those at the top. Focusing power and purpose at the top undermines community, fosters dependency, and makes partnerships unsustainable.

Keeping the leader at the center of change is incompatible with creating partnerships and widely distributed ownership and responsibility. If, in fact, placing ownership and responsibility close to the core work is the fundamental cultural change we seek, strong leadership does not have within itself the capability to deliver. It is not the fault of the people in these positions; it is a limitation of the way the role is framed.

We have the right language about redistributing ownership and creating partnerships. We know it is a process and

> *For most bosses, caretaking is the hardest thing to give up.*

not a program. We understand it takes time and training. We realize it requires commitment, not coercion. But when we talk about leadership, we believe that change has to start at the top. We create a vision and enroll others in it. We urge bosses to be role models and to walk their talk. We create a special department to manage the change and design a pay system that reinforces the new direction. All of this is reasonable, but results in high activity and low transformation.

We keep looking to our leaders to provide the hope that sustainable improvement is possible. If hope is contingent on sponsorship and the actions of those in power, then employees will never claim the ownership that is required. The continued belief that top management has the ability to transform whole institutions faces these limitations:

• The leaders we are looking for are more in the news than in our lives.

• Great leaders reinforce the idea that accomplishment in society comes from great individual acts. We credit individuals for outcomes that required teams and communities to accomplish. Partnership is denied and individualism reaffirmed.

• Our attention stays fixed on those at the top. We live the myth that without sponsorship from the top, we cannot realize our intentions.

• People in power who succeed begin to believe their own press. They begin to believe that an institution's success was, in fact, their own creation.

The Stewardship Answer

Stewardship is the choice to be deeply accountable for the outcomes of an institution without acting to control others, define purpose for others, or take care of others. Stewardship puts the spotlight on the people doing the work and focuses on individual and team ownership and responsibility. The strategy is to treat those serving customers as franchise owners and let the change effort center around them. Offer "management" training to workers, and ask core work teams to maintain controls, define the means, and create a caring environment.

We were raised to believe that if we are accountable, we need the authority to go with it. How many times have we heard the cry, "How can you hold me accountable without giving me authority?" Stewardship involves questioning the belief that accountability and control go hand in hand. We can be accountable and give control to those close to the work with the belief that the work is better served.

Instead of top management defining culture and values, we can ask that employee teams decide what operating environment best suits their tasks. Have work teams define the measurements they need for control. This takes leaders out of the control and caretaking business.

For most bosses, caretaking is the hardest thing to give up. We have been told from day one that the morale, emotional well-being, and performance of our subordinates are in our hands. This is true for parents, but not for partners. We do not serve other adults when we take responsibility for their well-being. We continue to care, but when we caretake, we treat others as if they were not able to provide for themselves.

Stewardship supports the belief that we can care for our organization and not have to control it. This connection between accountability and caretaking needs to be broken. There needs to be a way for us to be accountable for outcomes of an organization without feeling we must control the people in it.

Setting goals for people, defining the measures of progress toward those goals,

and then rewarding them for reaching those goals does not honor their capabilities. This is the form our control has taken. This is not stewardship; it is patriarchy.

Stewardship affirms the spiritual meaning of the idea: to honor what has been given to us, to use power with a sense of grace, and to pursue purposes that transcend short-term self-interest. Retaining accountability, but surrendering control, creates conditions for ownership and responsibility.

Getting Practical

Four elements are required for reforms that have lasting impact on customers, costs, and quality:

• *Reframe supervision toward partnership and away from parenting.* Partners have a right to say *no* to each other. They tell the truth to each other, neither protecting the other from bad news. They are jointly accountable for outcomes, and each is responsible for his or her own future. Caretaking and control are minimized, only coming to play in extreme situations.

• *Localize choice and power close to the product and customer.* This means re-integrating the managing and the doing of the work. Individuals and work teams with training and full information should be making the decisions that under "leadership" environments were once held to be the prerogative of the boss.

• *Recognize, reward, and write about the value of labor.* Connect the pay systems for core workers to real business outcomes and success in their marketplace. The heroism and value of low-power people taking care of customers day after day too easily gets lost.

• *Hold the expectation that local franchises of core work teams will build the institution.* Genuine, sustainable change will come from small, manageable units achieving high performance. A group of classrooms in a school building delivers education; a district, a superintendent's office, the state legislature do not. In business, a district office delivers high-quality sales and service, not the regional office or headquarters. Regional and corporate staff are support services to the local unit in building the business. Focus improvement efforts on local units. Involve units with the business literacy, training, and latitude to reshape themselves in response to the markets they serve.

Real change in performance comes from a shared sense of stewardship and accountability. This comes from creating real partnership with people doing the work. **EE**

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JACK MILLER

Argue With Success

If you want continued success, you must argue with it. Success contains the seeds of its own rippling at the least, or its demise at the extreme.

THE PROBLEM WITH SUCCESS IS that it masks so many failures. When sales are growing and profits are good, we start thinking, "We're geniuses; we're doing things right." The real situation is that we may be doing some things right and others terribly wrong. But for the moment, what we are doing right masks what we are doing wrong. That may let us survive and even prosper for awhile. But it often prevents us from achieving even greater success or may lay the groundwork for our demise.

I'm in the office products business. Ours was a chummy, highly fragmented industry, working on high profit margins at every level. We and many others enjoyed "success." We all thought we were working hard and smart. And then along came the superstores, led by people from other industries that had already undergone dramatic change. They introduced low, everyday prices backed by massive advertising and unprecedented rapid expansion. To compete, we slashed our prices, cutting our margins to the point of eliminating any profitability. It took us almost a year to return to profitability and almost five years to return to our former levels of profitability.

But we did it. And today, we are extremely competitive, provide better service and are much larger and more profitable. But we could have been even more competitive and even more profitable in the years before the superstores came along. All we had to do was to focus on cutting costs and improving service. But our very success masked the many leaks and inefficiencies that we found when we were forced to take a hard look at how we did business.

When you don't argue, constantly and unremittingly, with your own success, you doom yourself to failure eventually. Remember The Great A&P, the National Tea Company, the Schwinn Bicycle Co., the Packard automobile, and hundreds of other once great companies, leaders in their industries. All of them were so imbued with their success and with their dominance in their industries, that they simply never argued with it. Challenged it.

They stood still, and the whole world moved around them and ahead of them until they were smothered. I know how easy that is to do. Because you are successful, you think that what you are doing is right. But, then along comes someone who argues with "success," your success. And often they win that argument.

But it is unremittingly hard work to constantly challenge your own success. It is easier to feel that your genius has led to

> *Improved results will only occur when companies build capabilities that serve customer needs better than the competition.*

that success, that you are doing everything right. It's easy to let a few inefficiencies creep in. After all, your day is filled.

Unfortunately, new competitors don't have those problems. Since they don't have a stake in your market and have nothing to lose, they don't mind slaughtering your sacred cows. So they create a whole new order of things. And the old, once mighty, are left dead or badly injured.

But then, you can't help wondering if they too won't become so enamored of their genius and success that they fail to argue with it and fall victim to new, aggressive competitors.

It's tough to constantly argue with success. But perhaps the right attitude to have is, "I'm happy, but not satisfied." We should give thanks to the free marketplace concept that allows this process to go on. For only through such a process are we able to constantly and rapidly improve our standard of living, bringing a better life to more and more people. Without such an unforgiving system, would anyone ever argue with success?

Argue with success. If we don't, someone will. And they will win, every time. **EE**

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learn to love the work you have. Get passionate or get out. This is where many "wanna-be" leaders succumb to the "victimitis virus." "How can I do my life work when I am working flat out just to pay the bills now?" they sniffle. Well, if your current job isn't energizing you so you can energize and lead others, you have four choices: 1) do nothing but wish for your fairy job mother to magically appear and straighten out your life; 2) get out of management so you stop dragging others down to your low energy level; 3) figure out what your personal vision, values, and purpose are and transform your current job into your life work, and 4) figure out what your ideal job is and go find or create it.

Basic Focus and Context Questions

I've been involved in too many "vernacular engineering" debates where management teams argue about whether the statement they've been crafting is a vision or a mission, a statement of values and goals, or something else. Often these debates are like trying to pick the fly specks out of the pepper. Don't worry about the precise definition of *vision, mission, values,* or whatever words you use to define who you are and where you're trying to go.

What matters is that you and your team discuss, debate, and decide on the answers to three questions: Where are you going? What do you believe in? Why do you exist? These Three Ps—preferred future, principles, and purpose—are fundamental to effective leadership. Your answers to these questions define the culture you're trying to create.

To improve your leadership effectiveness, you need to answer these questions on your own. If you have a spouse or partner, you need to work on these questions together.

What you and your team call your answers to these questions doesn't matter. They can be termed *vision, mission, values, strategic niche, aspirations, purpose,* and so on. And how original your words are doesn't matter. What matters is whether you give a unified answer to the three P questions: Is whatever you've developed clear and compelling? Does everyone on your team passionately own what you've developed? Do you give these critical leadership issues a sharp focus and meaningful context for everyone? That can only be done through skilled, live communications and behavior that connects your video with your audio.   **EE**

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KEVIN CASHMAN

Mastery from the Inside Out

What does mastery mean to you? Do you think of mastering a skill, such as public speaking or financial planning?

OUR IDEAS ABOUT MASTERY tend to be externalized. Our educational heritage is focused on learning about things. We learn *what* to think, not *how* to think. We learn *what* to do, not *how* to be. We learn *what* to achieve, not *how* to achieve. We tend to fill the container of knowledge but rarely expand it.

In organizations, the external pattern continues. As leaders, we are recognized for our external mastery. Our success tends to be measured by the degree to which we have mastered our external environment. Revenue, profit, new product breakthroughs, cost savings, and market share are just some measures of our external competencies. Few question the value of achieving and measuring external results. That isn't the issue. The core questions are: *Where do the external results come from? Is focusing on external achievement the source of greater accomplishment? Could it be our single-minded focus on external results is missing the underlying dynamics supporting peak performance?*

I've often met with a CEO, business owner, or corporate executive who has lost touch with the inner dynamics supporting his or her achievements.

Many leaders today are like naturally gifted "athletes" who have mastered their external performance capabilities, but the inner dynamics supporting their success and fulfillment are a mystery to them. What happens to natural athletes who become coaches? They usually have a very difficult time because they have not comprehended from the inside out how they became great. And so it's difficult to mentor others to greatness.

When our lives are defined only in terms of the fruits of action, the circumstances of our lives define us. In this externally-driven state of identity, life is fragile, vulnerable, and at-risk. Our core identity and passionate purpose are overshadowed by the events of our lives. Success may even be present, but mastery has escaped us. Unintentionally we have chosen to "major" in the minor things in life.

Many of us are in a slumber. We go about our business and relationships much the same way day after day. Most of us rarely question where we are going and why. Unfortunately, it often takes a traumatic external event—a death, a termination, a divorce, a disease or a crisis—to bring us out of our slumber. But

> *Effective leadership begins with self-leadership, mastery of oneself.*

why wait to get shocked awake? Why not choose to wake up now?

Seven Pathways

Over the years we have identified seven pathways to awaken *mastery from the inside out.*

• *Personal Mastery.* If knowledge is power, then self-knowledge must be the source of real power. To do more, we first need to be more; to be more, we need to comprehend our being, our personhood. Understanding who we are and what we have to offer is the prerequisite for leveraging our capabilities. Sadly, many people are barreling down the freeway of life without comprehending the owner's manual. Can we really achieve optimal performance if we're not sure of our performance potential and performance limitations? Take time to study your owner's manual: *Where's your horsepower? What areas need some fine-tuning? What areas need an overhaul?* Solicit the input of others to more objectively evaluate yourself. It may not be easy at first, but beginning the process of reconciling and integrating your strengths, weaknesses and development needs is a great start toward personal mastery.

• *Purpose Mastery.* If we lack purpose, our immediate circumstances dominate our awareness and overshadow our rea-

son for being. And, our life tends to lose connection to its true nature. As Teilhard de Chardin wrote, "We are not human beings having a spiritual experience. We are spiritual beings having a human experience." Purpose is spirit seeking expression; it transforms everything it touches. It converts average organizations into exceptional ones; it transforms employees into co-partners; it creates leaders out of managers. Purpose is our inner home within where our spirit and principles reside. It's always there waiting for us, but we are often too busy "living outside" to notice. To get in touch with purpose, identify the three most fulfilling experiences of your life. Then ask: *What unique, meaningful contributions was I making during these experiences?*

• *Change Mastery.* Our personal evolution can be directly measured by our ability to adapt and to change. As Lao Tzu wrote, "Whatever is flexible and flowing will tend to grow; whatever is rigid and blocked will wither and die." While it's not possible to master change, we can master ourselves through change. Since all significant change begins with self-change, we may need to shift some personal paradigms. Our focus may need to move to opportunity; our perspectives may need to shift to the longer term; our tendency to be absorbed in immediate circumstances may need to move to a more purpose-filled context; our need to be in control may need to become more flexible and adaptable; our doubt may need to be transformed to a more trusting, more open attitude.

Begin your mastery of change by thinking about the times when you faced major crises or challenges. What qualities arose during those times? What qualities would you like to develop during those times? What did you learn during these times? Change Mastery begins by embracing the purposeful learning in the creative flow of life.

• *Career Mastery.* As Studs Terkel put it, "Most of us have jobs too small for our spirits." Are our current jobs big enough for our spirits? If they are, each task, responsibility, and challenge can be a new opportunity to engage our purpose. If not, we may be successfully earning a living but losing a life. Unfortunately many people sacrifice their career fulfillment on the altar of security and practicality. To get on the path to Career Mastery, explore the most enjoyable, fulfilling "peaks" in your career. What were you doing? What skills were you using? Who were you working with? Why were these experiences so fulfilling? How can you connect with these career experiences consistently? Career Mastery is not merely about achieving

things, it is about how to be fulfilled in everything we do.

• *Balance Mastery.* Regardless of our external success, our life is precarious in the absence of balance. Without balance, every new opportunity or change could upset our gyroscope. When high-performance people are combined with high-performance organizations, the chance for imbalance is particularly great. Exceptional people want to achieve more; exceptional organizations have an insatiable desire to accomplish more. But what are the human limits to ensure consistent, long-term achievement? There's no pre-set, mechanistic formula. It's always an individual inside-out equation. Each of us must find our own way to the dynamic balance supporting enhanced effectiveness and fulfillment.

What are some ways to sort out our own unique balancing act? Ask yourself:

Are your personal and professional lives congruent with your principles and values? There's no greater imbalance than to be disconnected from what is really important to you. Be purposeful but be careful; purpose and passion are great balancers, but too much of them and you'll fall off the high wire. Take a *real* vacation; go to a health spa or a retreat to recharge. Listen to the wisdom of the mind-body connection; your body will give you immediate feedback to "Do more of this" or "Do less of that." Find physical activities you enjoy; if your current form of exercise requires discipline, you are probably mastering rigidity versus balance. Since all of nature achieves balance through cycles of rest and activity, consider adding more rest and reflection to your lifestyle.

• *Interpersonal Mastery.* Our relationships always begin with our self-relationship. It's an inside-out process. We can only give what we have. If we have a lot, we can give a lot. Interpersonal Mastery begins by building our internal balance sheet. Once we have increased our inner value through self-mastery, we can fur-

ther build our emotional equity with others by focusing on the needs of others, becoming more adept at questioning and listening to sort out people's real needs and motivations. We can then ask: *What can I draw from within myself to meet these needs?* Help people to uncover purpose: Instead of giving people advice focused on your needs or opinions, assist people to discover what is meaningful and important to *them.* Instead of judging others, appreciate the unique differences in people. Could it be that your discomfort in accepting something unusual about someone is really an expression of your own lack of self-mastery? Solicit feedback from others. Understanding the gap between your intentions and the perceptions of others is at the core of Interpersonal Mastery. Other people may hold some keys to your self-knowledge. Build trust in relationships by genuinely revealing your hopes, dreams, fears and limitations — you may be surprised to discover how much Interpersonal Mastery is really about personal authenticity.

• *Being Mastery.* Descartes wrote, "I think, therefore, I am." Being Mastery has a different view: *I am, therefore, I think.* To be more effective, to be more successful, to be more fulfilled, to be more alive, all require first a state of *Being.* Sadly, our fast-moving, never-catch-your-breath, externally-focused culture is "perfectly" designed to avoid the silence of Inner Being. The background and foreground "noise" of our lives is so dominant, we rarely get a chance to connect with the silence deep within us. We have become human *doers* who have lost connection to our heritage as human *beings.* Connection with Inner Being provides us with the inner restfulness and peace to more effectively live in the eye of the hurricane of life. As Blaise Pascal wrote, "All man's miseries derive from not being able to sit quietly in a room alone." How well have you mastered the art of turning within to connect with the silence of Being? Culturing our ability to do so is the foundation for more effective performance and living. Consider learning how to meditate; connecting with the vastness of nature; relaxing to beautiful music—there are as many ways to reconnect with Being as there are human *beings.*

By beginning the masterful journey, we can advance from a single-dimensional focus on external achievement to the multi-dimensional effectiveness and fulfillment of *Mastery from the Inside Out.*   **EE**

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were honored. And for the young, performance on one's current project was a (professional life-and-death issue. Those are understatements. Still, collegiality ruled the roost. It made no difference how darned busy you were, you returned your colleagues' phone calls, pronto, and lent a hand, no matter how inconvenient.

I didn't know all this in a conscious way until recently, when I became obsessed with innovation-through-the leverage-of knowledge. I thought it was normal to drop what you're doing (hot or not), fly halfway around the globe, and share everything you knew with a colleague, to join her or him for a day or two to help in preparation for an important client presentation. Mistake!

At McKinsey, *Knowledge Is Power* means that *sharing knowledge is power*. In most places (even professional service firms), *Knowledge Is Power* means hoarding knowledge so as to retain your "position power." The traditional idea was, "How can I keep my clout in purchasing if I go around sharing all my trade secrets with our manufacturing engineers?"

Tyabji believes, as McKinsey does, in sharing, sharing, sharing. And since his firm was born amid the electronic age, it has seamlessly blended a culture of sharing with sophisticated electronic networking to create a big, virtually unique win.

Hatim Tyabji, while admitting his organization is pretty far in front of the pack, nonetheless insists that within 15 years all business by necessity will be done the Veri-Fone way. Moreover, he says, you eat the whole pancake, or don't bother to come to the table. That is, there's no halfway "culture of urgency." I think he's right. But I also think that most will make utter fools of themselves trying to get there.

I recall my research at 3M some 15 years ago. To my surprise, 3M execs were remarkably open in explaining their culture of internal entrepreneurship. But one did say to me, "To tell you the truth, what you write will only confuse your readers." I took no offense. He meant that while I would take away a dozen stories about structure, promotional schemes, compensation, etc., the real story lay in a deep, complex, multi-layered, decades-old tradition of entrepreneurial spiciness; and those who chose to mimic the tools that I would present, while ignoring the anthropology, would likely make things worse by creating ever-more-complex bureaucratic mazes.

Leveraging knowledge is as central to tomorrow's corporate success as the most hyperbolic of its adherents claim. **EE**

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WARREN BENNIS

Leading Change

The more authentic we become and the more attuned to the times, the better we can lead transformations of organizations.

I BELIEVE IN SELF-INVENTION. To be authentic is literally to be your own author, to discover your native energies and find your own way of acting upon them—not existing simply to live up to an image posited by the culture or some other authority.

Most effective business leaders reinvent themselves in important ways in response to the volatile, complex, turbulent, ambiguous, surprising, fluid changes in our society.

Given these changes, how can we not—if we want to continue to grow—keep from overhauling who we are? The world is different, and we've got to react differently to it—to realize, for example, that we don't have to be a brutal boss; we need to be an empowering, participative manager.

Einstein's definition of insanity is to repeat over and over the same practice, hoping to get different results.

The problem with many companies is that they have been insane. When you're successful, it's hard to change. All companies are subject to insanity.

I feel for the people in the middle of an organization, because it's more difficult than if you're on the periphery. If you're a salesperson out in the field, the opportunities for learning are a lot better. The real initiatives come from the periphery—from creative people at the margins.

If you are going to succeed in business today you're going to have to develop people. Wealth is a function of ideas and know-how. It's important for people in any position to work in a situation where they can grow and develop.

I think you should talk with the boss directly, one-on-one. And if that doesn't work, go around and talk to other people and maybe even to the boss's boss. And if that doesn't work, you have to leave.

Is it cavalier or callous of me to recommend that? In the long run that business is going to fail if it doesn't change its

ways, so the end result is the same.

It's like staying in a bad marriage because you're frightened by the prospect of being too old to remarry and not being in a financial position to strike out on your own again. So you stuff it all down and say, "I'm going to stay in a lousy relationship because the alternatives are worse." Often, the alternatives are better—if you act on them.

The best people have a bias toward action. They keep saying, "You're never going to get anywhere if you keep sitting in the dugout." The only way you're going to succeed, ultimately, in whatever you do is to get up there and take your

> *The real initiatives come from the periphery— from creative people at the margins.*

swings. And sometimes that means taking a swing at someone else who you think is doing something wrong or dangerous for the company. That's action, too.

Most of the 150 millionaires that I've interviewed said they've learned more from failure than from success. They possess the ability to learn from themselves and their mistakes, and what they do to get the best and worst out of people.

There is nothing like power to reveal your own humanity and character—especially power in crisis situations, because that's when you've hit rock bottom. As one CEO told me, "That's when the iron enters your soul, and gives you resiliency to cope." There's nothing like being a person of responsibility that teaches you about who you are. Nothing.

We've gone about 50 percent of the way in terms of intellectual acceptance of participative management and employee involvement. Where we still need to go further is in the capacity of tough leadership to create a social architecture that will generate intellectual capital—ideas, innovations, learning, know-how. That's what it's all about. **EE**

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was thrilled, but now we are back to our old fighting stances."

I said, "Why don't you be the model of the concept that *we solve our problems through synergy* If the trust isn't sufficient for synergy, at least you can have a respectful compromise. But no more name calling or labeling. Set yourself up as the model, and if you falter, acknowledge it by saying, 'I have faltered in the past, and I may falter in the future, but I will acknowledge it in order to set a new pattern of civil dialogue inside our organization.' "

An appreciation of diversity allows for synergy, and synergy creates transformation. When people feel understood and valued, they can transform in their own way instead of according to some norm, clone, or mandate. The chief characteristic of cancer is that it makes all cells the same. It robs them of what makes them unique.

> We can't talk about transforming organizations without first talking about transforming individuals.

10. The key thing is the transcendent purpose. Today, we are so buried by private and special interests that we don't share a transcendent purpose. The other day, as I met with a group of military generals, I noticed that it was much more difficult for them to create mission statements in peace time as opposed to war time. They're more focused when they have an "enemy." But most turf battles block transformation because you're too concerned about protecting your special interests to have the incentive and motivation to transform. When you see the world in terms of "us versus them," you get into transacting, not transforming.

Transformation of people and organizations happens faster once we have shared awareness and pain. We can then bury the old and get on with the new without carrying all the baggage of "what-might-have-been" deals and "us-versus-them" relationships.

Effective leaders "transform" people and organizations—changing them in mind and heart; enlarging vision, insight, and understanding; clarifying purposes; making behavior congruent with beliefs, principles, or values; and bringing about permanent, self-perpetuating, and momentum-building changes.   **EE**

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TOM PETERS

Sharing Knowledge

"Nations will wither. Knowledge will triumph." So claim the noted futurists, Alvin and Heidi Toffler.

NATIONS SEEM TO BE fragmenting, and knowledge is certainly triumphing. Nike, a shoe company, is usually classified as a service company; it farms out all production and makes its bundle from intellect (product design and marketing excellence).

Moreover, what has been is mere prelude. Quality goods now come from every corner of the globe—from Argentina and Chile and Mexico, from Malaysia and India and China. To provide good quality is a must, but it will *not* be a particularly distinguishing factor.

"The only sustainable competitive advantage comes from out-innovating the competition," consultant James Morse wrote in the *Harvard Business Review*. And whence comes that innovation? From, still (and thank God), lonely entrepreneurs dreaming impossible dreams. And from quirky superstars on corporate payrolls (of corporations smart enough to tolerate the quirks and the quirky).

But there is perhaps an even deeper stream from which innovation flows. And that is the oft-touted learning organization. "Leveraging knowledge is the only basis for sustainable advantage," says Bob Buckman, head of Buckman Labs. But how do we leverage knowledge? Networked computers, of course. Groupware, dummy. Or so goes the conventional litany. But the conventional litany is half right at best.

Networked computers, ever more friendly and convivial (i.e., all linked to all) are, let us never forget, "mere" enablers. A big "mere" to be sure. What's missing, mostly, is the sociology.

VeriFone, world leader in credit-card authorization hardware and software, *is* its global (electronic) network. Company founder William Melton professed to have been more interested in sociology than technology. CEO Hatim Tyabji says

VeriFone's effectiveness is 5 percent technology, 95 percent psychology—now that's a fraction to chew on!

The technology, brilliantly applied to be sure, makes possible Tyabji's self-declared "blueberry pancake model" of organization. (Very flat. All blueberries are equal.) But in no way does it ensure success. Electronic network notwithstanding, virtual-org nut Tyabji spends 80 to 90 percent of his time on the road, logging about 400,000 air miles per year. It's part of his unabashed effort to "act as a beacon" for his "culture of urgency."

When on the road, he practices "communicate, communicate, communicate." Open dialogue—F-A-C-E to F-A-C-E—marks every stop along the way.

And for those who don't get it, who refuse to communicate openly, who hoard information? "Screw you" is Tyabji's blunt response. That is, you work easily and in a boundary-less fashion with your fellow blueberries. Or else.

You see, the man is obsessed with the notion of creating an environment where knowledge is readily and selflessly shared. And he is the rare corporate chief who understands that getting the psychology and sociology of sharing right is more important than state-of-the-art electronic linkages.

Tyabji is lucky compared to most. VeriFone is young. And the founder was a closet shrink. Fact is, most traditional enterprises that have seen the electronic network/learning-organization/leveraging-knowledge light are frittering away their investments in technology. Why? In short: no culture of sharing.

I worked for McKinsey from 1974 to 1981. "We" were electronic ninnies then, and the firm is not exactly at the front edge now. But even without the spiffiest tools, we were, VeriFone style, inveterate sharers of information. The issue was pure, unadulterated corporate culture. Though McKinsey has its share of big egos and is officially incorporated, long-term managing director Marvin Bower modeled the company after the classical law firm: It was true, blue partnership.

Top client prospectors and billers

MICHAEL E. QUIGLEY

Transformative Leadership

Leaders are well aware that we are moving through a new economic revolution which will impact every facet of our lives.

THE NEW WORLD OF WORK IS information intensive. Information is now available on the laptop computer of every person in every office.

Availability of information is one thing. Developing the internal personal capacity to make use of this information, and from it to create new knowledge, is a different matter. Creation of knowledge, requires a mind which is curious, forever seeking new connections between pieces of information, as well as the expertise to apply innovative knowledge in new situations. All this is bound up in the transformation from a focus on quantity to one of quality. The capacity for knowledge-creation is the cornerstone for future success and survival in business.

But knowledge-creation is a capacity not easily achieved because there is also a philosophical revolution afoot concerning the nature of management. Our understanding of this revolution is the key to creating the successful organization of the future. But grasping it requires a transformation of our thinking.

The dominant paradigm of science has been formed by empirical thought and by the analytical method of inquiry and hypothesis. We have divided knowledge into disciplines, disciplines into specializations, and we have created experts in these specializations who convey their expertise to the next generation.

Unfortunately, the success of this scientific method and consequent ways of thinking and acting has obscured our inability as a culture to think in systemic or holistic ways. Our ability to act is the outcome of how we think, and if we only think in analytical or mechanistic ways, we won't see the whole for the parts. We will try to manage the bits and pieces, but overlook new ways of thinking and acting which can potentially give us great leverage.

Paradoxically, we can manage the elements of an organization efficiently, and yet the organization can fail. We need a new holistic way of thinking.

To achieve this end, we must view people not as disposable parts of the machine, nor as resources to be used up and cast aside, but as critical sources of knowledge and innovation because of their ability to understand and interpret information statistically, as well as their insights into possibilities for innovation.

Systemic thinking represents a theoretical revolution which carries enormous implications for leaders and managers. Holistic thinking and acting will require us

> *This is our personal choice: developing true leadership or remaining wishful thinkers and magicians.*

to think long-term, both in spatial and in time categories. Today we realize how disastrous short-term thinking is. As holistic thinkers, we must begin with the end in mind. We must develop a clear, inspiring, and shared aim. As quantum theory proposes: in the midst of a turbulent environment, the best chance of survival is strong propulsion forward. Only a clear aim and mission can achieve this end.

Second, holistic thinking will require a plan of action which is built on the indispensable interactions between components to achieve the aim or mission. Independent action is disastrous both in terms of duplication and waste of resources, as well as loss of brainpower. Internal independent action can lead to adversarial competition, with subsequent dispersal and loss of psychic energy. Only when two or more people interact collaboratively and carry out their mutual responsibilities toward achieving an agreed aim do we experience synergy. Organizations need a plan to ensure these interactions take place.

Third, these interactions must be viewed from three dimensions: personal synergistic development, internal synergistic processes, and external synergistic processes. Leaders who see the need to develop these dimensions will know that organizations are not closed mechanistic systems but open, interactive organic systems. A closed system is subject to the law of inertia, and management solely within this paradigm is a matter of controlling the inevitable entropy. Holistic leaders who understand the necessity of interactions will perceive that the feedback from the supra-system is the data needed for creating knowledge, which in turn becomes the food for regenerating life. In this manner, inertia and entropy can be overcome, with future survival and success a real possibility.

When leaders internalize these transformative ideas, we will recognize that the whole of the organization is greater than the sum of its parts, for an interactive organization is capable of what the parts independently can never come close to achieving. A dynamic culture and new proactive behaviors soon appear. Leaders will then seek to optimize the interactions between components for the long-term good.

The new science must be understood in terms of its blessings and curses. It blesses us with holistic concepts and a new ability to see the whole, to lead people toward optimization of the whole, and to develop refreshingly new ways of collaborating between business, education and government institutions. But we must seek to offset the apparent corrosive relativism of organizational beliefs and values which such a fluid state of chaos suggests.

Truly holistic leadership requires us to see the whole in terms of our intellectual and spiritual traditions as well as moral principles on which to base this leadership. The organization's mission should therefore incorporate its past as well as its future hopes for economic success. Its aim for the future must articulate future forms of expression of this mission, without eliminating its inherited patrimony of wisdom and experience. Devoid of this inclusive and holistic aim, we will be reduced to mere tampering with what now exists, in the forlorn hope that some occurrence, by chance, will enable us to survive the turbulence of today's competitive environment. This is our personal choice: between developing true leadership or remaining wishful thinkers and magicians. Without this leadership, our massive investment in technology and information systems will be largely wasted, and our hoped-for future will remain elusive.   **EE**

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DEBORAH BRIGHT

Constructive Uses of Criticism

Leaders can't create an open environment without criticism, the most powerful communication tool at a leader's disposal.

EW EXECUTIVES USE CRITICISM to strengthen relationships with others, enhance performance, and move an organization forward. Many managers are reluctant in feedback sessions to engage in meaningful exchanges with employees. When a weakness shows up on the reports, managers get weak in front of their employees and claim they don't understand why others perceive a problem.
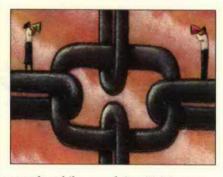
Dispel Four Myths

Executives need to dispel four myths.

Myth 1: Criticism can sometimes be positive. In an era when "be sensitive to others" has become a catch phrase, criticism is considered an objectionable, even unmentionable, word. Many executives disguise criticism by changing its name—calling it "positive feedback," "constructive criticism," or "caring confrontation."

Criticism, at its core, will never be positive, and employees are quick to see through the use of less negative-sounding names. So let's start from a more realistic assumption: Criticism *is* negative. When used properly and sometimes mixed with praise, however, criticism is an important ingredient in developing fine-tuned performance and maintaining consistently high levels of productivity. The proper balance of criticism and praise leads to improved performance, becoming what many managers refer to as the "gyroscope of guidance."

Myth 2: Criticism can't be used as a motivator. Many executives believe that the only way to successfully motivate others is through praise, a notion that is strongly promoted not only in the workplace, but in our school system. Praise is easy for a manager to use because it is received with little or no resistance; its implication is that the person receiving the praise should continue along the par-

ticular course of action for which he or she has been praised. Criticism, on the other hand, implies a change in behavior is needed, so it is typically met with resistance. No wonder the giver of criticism goes through such anguish! But when criticism is used well, the effort is worthwhile. Pointing out the negative aspects of a person's actions can lead to new challenges, along with greater opportunities to succeed and perform at higher levels. For

example, while a coach is criticizing an athlete during practice, the athlete is learning how to do things better.

Myth 3: The giver is in control of the criticism process. Giving quality criticism requires thought. The giver has to think about what change in the receiver's behavior is desired and how criticism can bring about that change. Because the giver initiates criticism, we tend to think that the giver is in control. But the receiver is more in control, because he or she does not have to take the criticism passively. The receiver can—and often does—challenge the giver, either by asking for specific examples of behavior being criticized or by rejecting what the giver has said. Also, the receiver ultimately decides whether to accept the criticism by taking action to change a behavior pattern. The giver only controls the preparation phase—that part of the criticism process that precedes delivering the criticism when the giver considers the best approach to a particular situation.

Myth 4: Employees don't want to be criticized. Most employees say they want honest feedback from their bosses; they want to know what they are doing right and wrong. But, while employees expect and even want to be criticized, they may

resist criticism because it is delivered ineffectively. Even the creation of exceptionally performing teams suffers without the employment of criticism. Just as quality criticism can serve to motivate individuals, it can help keep a team functioning at a high level. The improper use of criticism, on the other hand, chips away at the building blocks of good teamwork. Mishandling criticism in a team setting breeds dishonesty, breaks down relationships, interferes with the free flow of ideas and information, and leads to the construction of "walls" between people and departments. When managers and teams fail to criticize those who aren't pulling their own weight, those who *are* get resentful and question why they should work so hard when others don't.

Four Practices

Executives can do four things to foster open communication:

1. Make criticism part of a routine day. Address criticism in a matter-of-fact way. Help employees understand that criticism is as integral a part of doing business as paying bills. To be a well-functioning team, a group must operate with a level of honesty that necessitates leaving room for criticism.

2. Conduct more frequent reviews. An organization that conducts periodic reviews sends a strong message that open communication is desired. The developmental review is a non-threatening meeting where the manager reviews the employee's performance for the purpose of giving the employee insights on ways to improve performance. Proponents of this practice say that employees listen more receptively to issues involving their day-to-day performance because salary increases are not discussed, as they would be in a formal annual review.

3. Do not shoot the bearer of bad news. When team members "shoot" the bearer of bad news, not only are they delivering unfair criticism, they are also promoting an atmosphere that discourages openness and honesty. Rather than laying blame, be thankful that the information is being communicated.

4. Focus on solutions. Expressing what's wrong and criticizing events as they unfold is off-limits. This team rule suggests that to criticize is easy; high-performing team members must supply solutions or reasonable courses of action to rectify a problem or prevent a similar situation from happening again. **EE**

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