

Developing Great Leaders For Great Companies

Steve Olson
President, Generative Consulting
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Which came first, the Great Leader or the Great Company?

There's good news. The chicken-and-egg question of Great companies has been solved. Great leaders make Great Companies.

Whether you measure Greatness by people, by performance, or both, the evidence is clear and compelling—Greatness flows from the values, visions, and skillful actions of Great leaders.

James Collins and his team discovered this in researching *Good to Great: Why Some Companies Make the Leap and Others Don't*. The qualities of the leader made the decisive difference in sustaining "Great" financial performance year in and year out.¹

Collins discovered that the leaders of Great companies combined paradoxical qualities. Each possessed genuine humility with a fierce commitment to the growth of the company and the people in it. Great leaders, it turns out, are wise corporate elders with fire in their bellies.

But Great leaders alone are not enough to guarantee Greatness. Great Companies also develop Great Leaders. The chicken, once hatched, creates a brood.

Great Companies devote more time, money, and attention to developing leaders than their competitors. They insist on developing leaders who humbly embody the company's values, inspire pride and quality of workmanship, and create a "team" or "family" atmosphere of mutual care and support.

In short, Great Companies aim to be Great Places to Work. Robert Levering and Milton Moskowitz discovered this in researching the Best Companies to Work for in America. Their discovery became the basis for *Fortune* magazine's annual *100 Best* list. And those companies outperformed the major stock indexes by 10:1 through the recent recession!²

How to Create Greatness?

So how do you create Greatness in Leaders and in Companies?

At Generative Consulting, we've had the privilege of developing leaders for the "Best Company to Work for in America" (Synovus Financial, 1999) and for some of America's Great companies. Together with them, we've learned a lot about how to create and sustain Greatness.³

First, Bring Out The Best in People Through Values: The Paragon Effect

We know that great leaders are "made," not "born." The clue to "making" Great leaders lies in bringing out the best in people.

The lessons of experience and the evidence of psychology and the world's spiritual and philosophical traditions all agree: people develop their best by knowing, speaking, and seeking their highest values and ideals.

We call these values and ideals "Paragon Values" because they provide each person with a model of personal excellence.

Research has proven that these Paragon Values exert an irresistible, “magnetic pull” that draw us toward them. We call the pull of these values the “Paragon Affect.”

Paragon Values motivate and inspire our best. They are the ultimate meaning of our lives. They are the deep purpose of our actions.⁴

James Collins discovered the power of these Paragon Values. He found that the leaders of the Great Companies all possessed core values and core purposes that went far beyond just making money. They possessed Paragon Values, such as

Human Dignity—Promoting an organizational environment where everyone is respected for their creative input and has their basic needs met, so that they can develop their full potential.

A Great Workplace—Developing the organization and its mission to a new level of capability that benefits, employees, customers, and communities.

Integrity—Being true to yourself and to values you believe are critical to genuine leadership. Acting independently or cooperatively, with an awareness of one’s personal limitations and leadership responsibility.

Practical Innovation—Taking complex ideas and converting them into simplified, practical technology that improves society.

Humans around the world express Paragon Values in an infinite variety of forms and actions. At their best, our families, schools, churches, companies, organizations, institutions, governments, and professions embody Paragon Values in ways that inspire us to be our best. Paragon Values instruct us. In their presence, we find ourselves fiercely resolved.

The affect of Paragon Values explains why people flourish in one context but stagnate or regress in others. The Paragon Affect lies behind the transforming influence that our best bosses, mentors, and teachers had on our lives. We develop best in the presence of Paragons.

The Paragon Affect also explains the remarkable results of the world’s Great companies. Great companies explicitly commit themselves to the highest ideals and invite, encourage, and train their leaders to do same.

The Paragon Values embodied in the Great companies draw out the best in each employee. These values motivate people to reach new levels of growth as they seek to realize their deepest held ideals.

At Generative Consulting, we focus first on helping people and organizations identify and articulate their Paragon Values.

Second, Nurture the Generative Growth of Every Leader

The path-breaking psychologist of human development, Erik Erikson, named the stage of full adult development “generativity.” To create Great Leaders for Great Companies, we must nurture each leader’s generativity. Why?

We must nurture each leader’s generativity because only generative adults extend their actions beyond themselves toward future generations and “global” concerns. Only Generative adults create relationships, structures, systems and institutions that both challenge and nurture people. Only Generative adults possess the skills to lead others toward the highest human ideals and aspirations—love, justice, mercy, freedom, equality.

We nurture Generative growth because Generative adults become the role models and mentors that “lure” and encourage others to strive for their dreams and aspirations.

We've learned a lot over the years about nurturing Generative growth in leaders. It requires creating a safe, confidential space where people can explore their vulnerable regions and unresolved conflicts. It requires gently inviting people to accept themselves and others, with all their limitations. It requires experiencing the power of engaging others deeply, of pressing through our denials and distractions to the fear, hurt, pain, and anger that all of us feel as human beings in order to reach the bedrock of our shared humanity and our unshakeable ideals.

Generative growth can be nurtured, but not demanded. It can be invited, but not required. And, most importantly, it must be modeled, not just preached.

Fortunately, Generative growth is natural. All we have to do is aid it. If we cultivate the conditions and attend to the shoots of new growth, it blooms and flourishes. But in the hurly-burly world of today's global marketplace, this "gardening" requires both genuine humility and fierce resolve.

Third, Coach Leadership by Matching Passion with Challenge

One of the conditions that reliably "calls forth" the Generative growth of leaders is the time-tested technique of placing people in jobs that they are passionate about. We develop Great Leaders by lining people up with their "sweet spot" — those tasks and projects that we're good at, like doing, and have a genuine passion for.

We have discovered that when people operate in their "sweet spot," they lead, naturally. You don't have to tell them to lead. You don't have to ask them to lead. They just do it.

Why is the discovery of the "sweet spot" so important? Because leadership is an art, not a science. Leadership is an "unbounded" discipline that requires practical wisdom-- the wise application of experience-tested principles to the particular needs, constraints, and possibilities of real-life situations.

Leadership's "artful" or "unbounded" quality explains why there are so many theories, models, schools, and styles of leadership. No one model or theory of leadership can possibly capture the range of leadership behaviors. Such practical wisdom is beyond words.

Confronted with so many theories and models of leadership, many people become cynical about the whole enterprise. But that is a mistake.

Any model of leadership is helpful if it helps people faithfully live out their Paragon Values, their highest ideals for themselves and others.

Which model will help you express your highest values? No one but you, and the people you impact, can say.

At Generative Consulting, we develop Great leaders by working with our clients' explicit or implicit models of leadership. If they or their company doesn't have a model, then we create one with them. We help them to develop their own practical wisdom and to transmit it to others.

Most of the Great companies we work with eventually develop their own models of leadership. Why? Because there is no "off-the-shelf" way to express their unique values, culture, strategy, and wisdom. Off-the-shelf solutions tend to be bland and uninspiring, compared to homegrown leadership.

Fourth, Make it Safe to Close the Gaps

Once we've clarified what our clients are passionate about, we help them take a clear look at themselves and their situations. Then we help them work the gaps between their vision and their current reality.

The tension between our vision and our reality opens up fertile territory for learning leadership. In fact, working to close the gap between vision and reality is the work of leadership. Leaders are "gapologists."

Closing the gap requires development. To close the gap we have to learn the new skills. To meet the challenge of the case, we must grow.

Stepping into the gaps is risky. Learning leadership, like all learning, necessarily involves failing. To learn, we step out and try new skills and new behaviors and we always fail, to some degree.

Our failure is exactly where we learn! Our failures teach us what we need to revise, do differently. We have to fail in order to learn to succeed.

This failing-to-succeed dynamic makes leadership development an especially delicate enterprise. And yet we know that it is absolutely necessary. When we fail in the expression of our highest ideals, individually and corporately, we learn. And this learning is always—always—painful. Allow us to illustrate with a story from our own corporate life.

One of our core values at Generative Consulting is Accountability & Ethics—to *act on moral principles even when faced with pressures to do otherwise*. We pride ourselves on helping our clients "do the right thing" even when faced with pressure to do otherwise.

Recently, we were humbled to find that we had crossed a gray line in our own financial dealings. As we owned up to what we had done, we felt humbled before our failure and more resolved than ever to our ideals for Accountability & Ethics.

Most importantly, we learned about our own, human weakness. We began developing new skills and capacities. We educated ourselves about the legal obligations surrounding our finances. We learned to read and understand our own financial documents better and to attend with greater care to our financial dealings. We began having more honest conversations, more quickly. We began engaging our clients with greater empathy, understanding and accountability for their own weaknesses.

Accepting our failures and limitations turns out to be, paradoxically, the necessary path for Great leadership. Harvard University professor Howard Gardner's confirmed this in his book, *Leading Minds*.

Gardner found that great leaders had three things in common:

1. They failed early, often badly and repeatedly.
2. They reflected on their failures in order to distinguish what they were truly good at from what they were not good at.
3. They spent the rest of their lives developing and extending their strengths, and working with others who complemented them so that their weaknesses became irrelevant.

This acceptance of limitation as an empowering and collaborative force is a hallmark of Generativity.

Finally, Celebrate Each Person's Gifts

There is one, sure-fire way to know what our strengths are—have others tell us what we do that impacts them positively. Positive feedback—catching people in the act of doing things well—is

the key to development. But most organizations skimp on positive feedback.

The dearth of positive feedback in organizations is shameful. Not only does it deprive people of the encouragement they need to grow and develop, but it also keeps them ignorant of what to grow. If we don't know what our strengths are, we don't know how to lead.

At Generative Consulting, we focus on helping people strengthen each other by teaching the art of positive feedback. Leaders can do more to strengthen and grow others by encouraging people's hearts through positive feedback than by almost any other means.

If you don't recognize and encourage, you can keep the pay raise, and the stock options, and all the other external means company's contrive to motivate people. They will be to little effect. Praise, encourage, and recognize people, and you will triple or quadruple your tangible investments in them.

Conclusion: It's Easy, Really, But...

Developing Great Leaders for Great Companies is easy, really. But it requires commitment, sincerity, and consistency.

Developing Great Leaders requires being committed first, to your own growth. You cannot wish it for others if you don't practice it yourself. Model the way. Others will follow.

Developing Great Leaders requires being sincere. People can sense a fake. They know when others are genuine. The old saying "What's bread in the bone will out in the flesh" is no more true than in leadership. Genuine leaders, leaders who are sincerely, uniquely themselves, always find their way. Those who are not sincere find false followers.

And it requires consistency. You cannot start it today and stop it tomorrow, then pick it back up several months later, only to drop it again. If you commit to developing leaders, then follow it through. People listen to what you say and then watch what you do. Better not to start, than to disappoint.

We're here to help you start and follow it through. We're in it for the long-haul, too. So give us a call if you are inclined to start, or restart in earnest. The rewards speak for themselves.

Endnotes

¹ James Collins, *Good to Great: Why Some Companies Make the Leap and Others Don't* (Harper Collins, 2001).

For analysis proving that great people practices create productivity and profitability (and not vice versa), see Stanford Business School professor Jeffery Pfeffer's *The Human Equation* (Harvard Business School Press, 1998).

² Robert Levering, *A Great Place to Work* (Random House, 1988). *Fortune* magazine's "100 Best Companies to Work For" uses the internationally accepted model of the Great Place to Work® Institute—Great workplaces are ones where people "Trust the people they work for, take Pride in their work, and feel Camaraderie with the people they work with." For more, see www.greatplacetowork.com

³ Other Great company clients include: HomeBanc Mortgage, *Fortune* #39 Best Place to Work, Atlanta's #1 Best Place to Work; Waggener-Edstrom, #1 Best Public Relations Agency to Work For 2004 (*Holmes Report*).

⁴ For the discovery, research, and application of these values, see Brian P. Hall, *Values Shift* (Twin Light Publishers, 1994). For a historical and philosophical analysis of these values, see especially Charles Taylor, *Sources of the Self: the making of modern identity* (Harvard University Press, 1989) and *The Ethics of Authenticity* (Harvard University Press, 1992).