

## **Going First and Being Followed: Leading with Knowledge and Integrity**

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The past several years have created a sense of urgency about the quality of leadership at all levels of society. A series of corporate scandals, the global war on terror, and growing concerns about social progress and social decency at home and abroad are but a few of the forces behind this general concern. With roughly half of the world's population under the age of 25, we may be on the verge of a global leadership crisis.

However, we also believe that there is hope. Over 25 years experience has taught us that effective leadership is something that can be developed. So we draw attention to the challenge of creating change – probably the most important function of a leader of any enterprise. And we point to the importance of personal leadership character as a key ingredient of any successful change process.

Several years ago, Chris McCusker interviewed Robert Galvin, who was Chairman and CEO of Motorola for nearly 30 years. Chris asked him to define leadership. After reflecting on the question, he offered the following definition, “Leadership is going first in a new direction – and being followed.” Bob Galvin's lucid and powerful definition speaks to the problem of change...the challenge of moving an enterprise from one place to another. And it also speaks to the two main functions of a leader for any change process -- whether is it a new strategic direction, new accounting system, or a new operating culture. Leaders must 1) go first in a new direction, and 2) be followed.

### **Going First is About Knowledge**

Charting a new course involves two knowledge functions of leadership: learning and educating. Learning is needed to gain the confidence and courage necessary for leading change. Educating is needed for articulating a vision and defining problems, processes and performance associated with change.

Learning begins with a deep understanding of where your business is now. This is not just a financial issue – you must know how every aspect of your business is working – from the inner workings of the top management team to the nuts and bolts of your customers' experiences. This requires an integrated and balanced approach to learning. Consider the case of Roger A. Enrico, who was Chairman and CEO of PepsiCo from 1996-2001. Roger recently co-taught a course on leadership with Chris McCusker at Yale University.

Roger is known on Wall Street as a brilliant strategic thinker for his transformation of PepsiCo. His successes as CEO of PepsiCo include acquiring Tropicana and Quaker Oats, selling Taco Bell, Pizza Hut and Kentucky Fried Chicken, and spinning off the Pepsi Bottling Group. One reason for his success is that Roger is an adept learner. Consider the sale of PepsiCo's restaurant businesses. Roger and his team carefully

reviewed stockpiles of financial data and strategic analyses of the restaurant industry. Leaders might think learning can be accomplished from such a formal, scientific process alone.

But, as Roger stated, successfully learning about your business requires much more. It involves building an intuitive, gut-level “feel” for the business that can only come from direct, “in-the-trenches,” front-line experience. To get this feel, Roger and his top management team spent weeks in various fast food restaurants all over the country. They tried to understand the business from the ground up. It was this hands-on experience that led Roger and his team to conclude that restaurants are better run by entrepreneurs than a corporation such as PepsiCo. The challenge in “knowing your business from the ground up,” explains Roger, is to get out of the office and “hit the streets.” “You must go to where the cash register rings,” he says. Only then can you combine your scientific understandings with your intuitive senses. Wisdom, in this view, is achieved by balancing science and intuition.

Learning also involves long-term thinking. Even though your company may be performing well today, there is no guarantee that this will continue. As Andy Grove has said, leaders must maintain a “healthy paranoia.” This involves taking a long-term view. Leaders must constantly ask, “What are strategic challenges my company is facing in the long term?” Long-term thinking should increase as you move up the ladder of management. Senior members of the team must engage in strategic contingency planning. In addition, long-term thinking can be enhanced by accessing the bigger brain of the company. Including a broader set of people can generate greater access to ideas and also contribute to their leadership development.

Leaders must also educate. One way educating is accomplished is through communicating. However, carefully worded speeches are not enough. Leaders must also be aware of symbolism. For example, Craig Weatherup, who was Chairman and CEO of the Pepsi Bottling Group during its IPO, required that all top managers hold a strategy meeting in which meat and potatoes were served. He wanted to highlight that PBG was a “meat and potatoes” company, in which front-line employees, rather than top managers, were critical to overall success. On the day of the IPO, a group from PBG was invited to open the New York Stock Exchange. Craig, wearing a hard-hat, rang the opening bell with a group of his prized front-line employees. That symbolism said more than any speech ever could.

Aside from communicating, educating involves leading by example, mentoring, coaching, and formal participation in leadership development programs. For example, we have begun a CEOProfessor™ program, in which we work with leaders to accomplish their educational functions. This program involves CEOs and top managers in curriculum development and participation.

## Being Followed is About Character

General Norman Schwarzkopf once said, “Leadership is a potent combination of strategy and character. But if you must be without one, be without the strategy.” At its most fundamental level, leadership is about character – about who you are, not what you do. Ask yourself, “Are you the kind of person that others want to follow?” The answer to that question depends on your character. Without it, the leader may indeed strike off in a new direction, but no one will follow.

Character is especially critical in times of change, when the organization is challenged to move in new directions. A leader who can inspire during times of change is one who presents an external image that is consistent with his internal being. Fluff, posturing or grandiose rhetoric are never appropriate, but are deadly in turbulent times. Sincere, sensitive and deeply-rooted communication – the kind that comes from authentic leaders, is what touches people in times of change and evokes the response necessary to face the adversity new directions always involve.

Today’s leadership is hard work. Even those accustomed to power and responsibility will have to lead in ways that support and bring forth leadership from all employees. And those who have not yet accepted the challenge of leadership will have to assume a higher level of responsibility for their company’s success. Those who succeed at leadership, at whatever level, will have developed strong leadership character.

As an aid to leadership development, we have developed a model of leadership character. It outlines core qualities that create the kind of underlying character that makes a leader worth following.

Notice that the foundation of leadership character – the base of the scales – is integrity. Without integrity, leadership behavior rings hollow. Also notice that the leadership scale is balanced between the qualities of respect and responsibility. Integrity is reinforced and enhanced by developing those other qualities of character—and particularly by achieving a dynamic balance of respect and responsibility. When there is respect in an organization, everyone feels a sense of partnership in change efforts. There is equality and fairness. When responsibility is prevalent, each person is willing to take up and get behind change initiatives, and, to do so for the good of the entire organization.

Integrity is the most fundamental, basic attribute of character. Integrity is authenticity, knowing who you are and what you stand for, and being willing to let others know it too. It is also honesty – a willingness to tell the truth even when it is painful or difficult. Integrity is developed by ethical choice; to build it, you must be able to recognize ethical choices when they arise, reason your way through them, and stick to your convictions and decisions.

Leaders create a climate of respect when they develop and display the core character qualities of empathy, lack of blame, emotional mastery, and humility. Leaders who are empathetic understand what others are feeling and are consequently better able to connect

emotionally with followers. Change can produce concern and fear among followers, making the ability to understand, connect to, and modulate the emotional tone of the organization particularly critical.

Respectful leaders can also master their own volatile emotions, remaining clear and focused in the face of obstacles and encouraging others to remain courageous and on track. Anxiety in the leader produces anxiety in the follower, and anger in the leader produced resentment and passivity. Humility, which is lack of arrogance, is vital for keeping the communication channels open between leaders and followers.

Respectful leaders blame themselves or the environment for failure; they don't blame others. In Julius Caesar, William Shakespeare wrote, "There is a tide in the affairs of men, which, taken at the flood, brings them on to fortune. Omitted, all the voyage of their life is bound in shallows and misery." This quote highlights the power of situations. Like a tide, situational conditions can determine the success or failure of an enterprise. Lack of blame involves focusing on situational conditions rather than personalities. Leaders must create dissatisfaction with the status quo in order to motivate a change process. To do so without assigning blame will make followers more receptive to the mandate.

The sense of partnership, participation, and fairness created by a respectful leader builds commitment, engagement, and a willingness to follow. When there's a climate of respect everyone may not be equal in terms of salary or position, but everyone's role is viewed as vitally important, and in one-on-one interactions, people are treated as equals. People want to follow a respectful leader.

Responsibility is the other side of the leadership character scale. It includes the core qualities of accountability, self-confidence, courage, and focus on the whole. Integrity is greatest when leaders balance respect and responsibility.

Accountability is critical for managing change. Leaders must execute flawlessly and must be especially concerned with **sustaining** change. To do this, leaders must do more than demand that others be accountable. Responsibility means that a leader must also be accountable. Accountability on the part of a leader can build trust in followers. Leaders who are open about their performance, who are willing to admit mistakes, and who always keep promises, are easier to trust than those who are opaque, never wrong, and inconsistent.

Self-confidence and courage are qualities of responsibility that are at the very heart of change efforts. Think for a moment about the leaders of great societal change. They all had self-confidence and courage. The best leaders today should strive to have the courage of Martin Luther King and the self-confidence of Ronald Reagan.

Focus on the whole means that one is accountable not only to one's own division, or team, but for the organization as a whole. In a change process, this quality of leadership character means that a leader thinks holistically. Responsible leaders take seriously the

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needs and successes of the entire organization as a whole – thinking like an owner or a shareholder – and that kind of holistic, selfless responsibility inspires followers.

The power and necessity of these traits is especially clear when we consider leaders like Ghandi or Martin Luther King, Jr. They had no payrolls to dispense, no available carrots and sticks like hiring, firing or promoting. The only way they could move people to undertake the formidable was through strength of character.

### **Leading for growth and change**

Two constants of organizational life in today's global economy are 1) leaders must constantly grow, and 2) organizations must constantly change. Leaders who work to grow their knowledge are going to be the first to recognize strategic changes and first to point their companies in fruitful directions. Leaders who strive to balance learning and educating, science and intuition will meet their knowledge challenges. And finally, leaders who lead with character will likely be followed and emulated, building leadership character at all levels; strengthening the organization and the bottom line.