

The Little Things That Develop Great Leadership

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Over the last several years, we've embarked on a number of studies to understand "best employers" all over the world. These studies' findings have helped organizations move in the right direction and create real competitive advantage through their people. What makes them "best"? What do they do that distinguishes them from the rest? As one piece of this larger body of work, we've focused on understanding the top companies for developing leaders and what they do that makes them so good.

We surveyed hundreds of companies and interviewed well over 100 senior executives, human resources leaders, and high-potentials in some of the world's greatest companies including IBM, Federal Express, Colgate-Palmolive, Home Depot, Dell Computer, UPS, Southwest Airlines, Procter & Gamble, and Honeywell International. We reached a startling conclusion—the little things *are* the big things. What separates the best companies, the best leaders, the best programs are often nuances, subtleties. It is the combination of little things that amount to a very *big* difference in organizational life.

The "little" differences we uncovered somehow get lost in the tabulations of practices and programs. Some of this nuance and subtlety is hard to capture in words. The intensity, the feeling, or the collective sixth sense that some leaders or cultures seem to have an instinct about cannot be easily conveyed or depicted through words. These leaders don't study what to do, they are the ones studied—it is part of their DNA, it is who they are.

This article is an attempt at capturing some of that subtlety. We do hope that we've captured enough here so it resonates with your experiences and provides you with a glimpse of what we've seen. As one executive we spoke with said, "Paying attention to little things all of the time can be just as important as paying attention to two or three big things a few times."

Five overlapping clusters of little ideas make a big difference:

- It's not the programs, it's the underlying belief system.
- How you communicate is as important as what you communicate.
- Taking risks is less risky than not.
- Fostering reciprocity means more than an incentive scheme.
- Social networks pave the way.

Each of these five is discussed here.

It's Not the Programs, It's the Underlying Belief System

The facts are indisputable: Great leadership teams build trust and confidence among their people. They motivate and inspire. They anticipate challenges and redirect the enterprise in timely and appropriate ways, unifying the workforce behind a single cause and driving the kind of performance that enabled a Southwest Airlines to soar or an IBM to reboot itself. Leadership, however, isn't just about what leaders do. It's something that they are, which then drives what they do. Genuine leadership comes from within. It's authentic and based on values: honesty, integrity, and trust. Programs and practices are the manifestations of these beliefs and values. They become the embodiment of how leaders believe the enterprise ought to be run. Without this foundation, programs and practices become sterile exercises, lacking meaning—modern day bureaucracies that actually lower the credibility of leaders and further disengage associates.

A leader's ability to create and ensure consistency between personal and organizational values matters more

than the programs that are in place. The strong personal values of leaders bring life to initiatives, provide teeth, and an "in your gut" feeling that the activities provide a meaningful contribution to both individuals and the organization. Deeply embedded in programs and practices, these values and beliefs provide enduring life traveling through the enterprise and over time; they represent how things are done.

Great companies possess belief systems that are institutionalized and demonstrated in individual leaders. When we looked for patterns in these across these companies at least three themes emerged. These institutionalized beliefs possess an element of commitment and passion to growing talent, connect on a personal level, and subordinate the unit for the greater whole.

Commitment and Passion to Growing Talent

When we asked leaders why they did the things they did around developing leaders, why they spent 50–60 percent of their time doing so, we often received incredulous stares. Either they did not know or could not conceive of another way to run an enterprise. To them, these were dumb questions.

One COO we spoke with devotes much of her time and passion to developing future leaders, both informally and formally. Sometimes the more informal situations, she believes, are those that make the biggest impact. She invites young, high-potential employees to travel with her on business trips so that they can spend time together, and she can get to know them on a personal level. She also arranges meetings with local high-potential employees when she travels so that they have an opportunity to present to her. She gets to



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see them in action, and see how they think. This COO not only believes this is essential, she sees it as fun—she likes nothing better than to see people learn and grow and to help them in that process.

Many executives at these great companies showed a visible increase in their energy level and enthusiasm as they described similar experiences. Their eyes sparkled, they moved forward in their chairs, and they became more animated and intense. They find working with emerging talent refreshing and energizing and, yes, many described it as fun.

Connect on a Personal Level

A number of years ago, one of us (Robert) was working in manufacturing at a micro-electronics plant for IBM. In the bay for which he was responsible, dozens of silicon chips had fallen to the floor. A senior vice president for the division happened to pass by. He pulled Robert aside, put his arm around Robert's shoulders, and started to educate him about the quality and the value of each silicon chip strewn on the floor. Through his patience and line of questioning, this VP was teaching important lessons. In the coming months, he invested more time in educating and developing Robert.

Across the best companies for leaders, we heard about numerous examples just like this. Leaders lead—and it's personal. One senior executive we spoke with at IBM mentors over 30 people beyond his own direct reports. He makes a point to spend at least 30 minutes each quarter with each of them. He also initiated a reverse mentoring process, where someone who's been with the company less than two years has the opportunity to coach him. He believes

that this provides him the benefit of learning and receiving feedback from a different perspective, and finds this process personally motivating—motivating for the younger coaches as well.

Subordinating the Unit for the Greater Whole

In an era where we constantly hear about executive greed, one of the most fascinating—and encouraging—themes that surfaced in a number of our conversations is leaders in top companies who consistently subordinate their business unit for the good of the larger organization. What leaders would really want to give away great talent once it was identified and nurtured? The answer is, surprisingly, all of them. A senior executive at IBM said, "I would give up my best person today if I knew it would serve a group goal. . . . I would give them up this afternoon." A CEO we met reiterated these sentiments. "It's a plus to move people, it's a minus to hoard them . . . and we are keeping score. . . . It would be a bad thing for a leader to hold on to a great person. If you prime the pump, when you give up a good leader you'll get another."

As simplistic as these three themes are, they are the critical and differentiating values and principles of the leaders at the top companies for developing leaders. These leaders don't think twice about these things; this is the DNA of a well-oiled leadership development culture. We heard numerous anecdotes and examples of how these executives use their superior leadership skills to engage and develop future leaders, to foster an effective leadership culture within their organizations. What became increasingly evident as we spoke with these leaders is that they truly believe



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that if they choose the right people, set the right strategy, provide opportunities, coach, mentor, communicate, and set appropriate long- and short-term stretch goals, the cycle of great leadership will be maintained.

The leaders we spoke with run some of the world's most successful organizations; what makes them so successful is that they recognize that running the business *is* building leadership capability. They have an underlying belief in the importance and impact of developing leaders that relentlessly shines through time and again.

How You Communicate Is as Important as What You Communicate

Every senior executive everywhere knows that communication is important. Priorities, updates, and target goals need to be reinforced and communicated on a continual and consistent basis. They get it. And in the vast majority of companies, these things do get done, just not well. Too many leaders delegate these tasks to corporate communications specialists who—with great regularity and consistency—spit out messages, themes, and updates to a workforce already numbed by the banality of it all. The *Wall Street Journal* offers more passion and personal connection.

What differentiates the great leaders from the good? The innovative and passionate manner in which these essential messages are conveyed. These leaders have an incredible sense of timing—their points are clear, concise, and candid. There is an element of surprise in how they deliver key messages—not always in an outrageous way—but just enough to change what's expected, just

enough to get the appropriate level of attention. They work hard at simple and repetitive messages—they eliminate corporate-speak. One senior executive reported that when he communicates either in written form or orally, he has a standard test for clarity: "If there are questions as to my intent, I was not clear enough."

The senior vice president of Human Resources at one of the top companies for leaders claims that the CEO of his company is the "best communicator" he has ever seen. What is it that this CEO does to earn this compliment? "He takes complexity and simplifies it, and he

demands this of all of his leaders. He constantly reinforces the importance of focusing on simple but dynamic communication." A senior executive from another company reinforced this point regarding the importance of clear and simple communication: ". . . Communicate, communicate, communicate. Very repetitively, very simply, what we are trying to do. We are trying to figure out where we are going, no matter what is happening in the environment, to keep that clear . . . keep a set of

high-beam headlights as to where we are going."

One of the important messages that we consistently heard through our interviews was that communication is about more than *what* is said, it's about *how*. It begins at the top of an organization. The CEO who chooses to send out the same predictable communications to all employees worldwide time and again is not likely to have any of the messages stick. These sterile, passionless messages, crafted by the corporate communication machine, will not increase engagement among employees or their connection to the company, and certainly won't

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convey a sense of pride, passion, or commitment to the organization. On the other hand, there are the CEOs like the late Sam Walton, founder of Wal-Mart, who declared that if his company hit the numbers, he would do a hula dance on Wall Street. They did and he did. Herb Kelleher of Southwest Airlines created an open and communicative environment at his company through agreeing to do some similarly zany things. Lou Gerstner “invited people to change,” and encouraged the employees of IBM to change the way they thought and worked. These leaders practice what they preach and exemplify the art of motivational, committed, and passionate communication, all of which promote a strong leadership culture.

Leaders at the top companies also model or provide visible, tangible support for their priorities. For instance, many leaders struggle with efforts to empower employees in the interest of innovation, continuous improvement, and quality. They promote an endless number of programs, campaigns, themes, messages, and so on. One CEO at one of the top companies tried another tactic. He pulled together a group of high-potentials and told them, “we don’t have all the answers. I want you to go on a discovery mission. I want you to go around the company—all over the world. Talk to people. Talk to our customers. Observe. Discover the two or three things we need to do differently. Report back to the executive team in three months and we’ll get them done!” All the communication campaigns you can imagine would not break nearly as much ground as this did. There is just no substitute for such an initiative. “Employees don’t want to be ruled,” said the CEO, “they want to be involved and to make

decisions. . . . We don’t tell them what to do, we ask them what is right.”

Taking Risks Is Less Risky Than Not

The concept of risk taking has existed in organizations for decades in many forms—product development, innovative marketing, financial goals. Risk taking at top companies for leaders, however, is of a different kind. It involves taking their best people and consistently putting them outside their comfort zone. Doing so not only builds capability, but more important, it builds the necessary confidence to manage more complex leadership roles in the future.

There are two levels of risk that the best companies for developing leaders take. One is at the organizational level—moving the best people across the organization into functional areas or geographies for which they have little experience. But there is also a risk at an individual level—as employees choose to accept opportunities to move out of their comfort zone and

into functional areas or geographies for which they have little experience.

Surely, many companies move great talent, but there are differences in how the best companies tackle this. For example, their best people are moved with much greater frequency. It was not uncommon for us to hear people talk about having a new position with the organization every 18–24 months. The best companies are also more planful in the moves they ask people to make. Not only do they have a clearer sense of the competencies and capabilities emerging leaders need,

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they also have more clarity around the experiences that are required for success. One company has done so much research on their leaders that they not only know what global and business unit experiences the leaders needed, they can provide optimum sequencing on those moves.

The leaders we spoke with emphasized the importance of taking people and stretching them in a role where they need to develop. "If you keep doing the same thing, you'll likely get pretty good at it, but you're not likely to become a leader," one executive explained. "Becoming a leader requires a variety of experiences, honing a number of skills and capabilities, and, as importantly, building confidence along the way." These are risks that some organizations and individuals would not be willing to take, but building great leaders requires that these risks be taken. One executive believes that risk taking is a big part of his company's great leadership culture. "You talk to many leaders in the company, you know they'll throw out any number of big risks they took . . . some successful, some not. I remember sitting with the CEO and the senior team. . . . The CEO looks you in the eyeball and says, 'if I give you this money, are you going to deliver? And remember, I have a long memory.' That's a serious bet."

The ability and willingness of these organizations to continuously throw opportunities at their employees requires taking chances. These opportunities foster a different kind of learning than any formal education program could possibly address, but developing leaders on the job is risky both for the individual and the institution. What

we heard is that this is not just about the risk, it's also about trust, it's about confidence on the part of the organization and the individual. One executive shared her perspective on this topic when she said, "Once you have common beliefs, it makes it easier to take these risks. . . . You understand and accept that moving to New York or Hong Kong is an essential part of what we do and how we run the company."

When presented with such challenges people often rise to the occasion, knowing that a certain level of trust and confidence in their capability must exist. Realizing your

leaders are supporting you can be incredibly motivational. "It's inspiring to know you've been singled out. I wouldn't have picked me for the job," one person told us. "And I wasn't going to let them down." Succeeding also fosters the necessary self-confidence to take further risks and the confidence to take on larger, broader roles. This is, according to one senior vice president and group executive, "the only way to get to the top."

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Fostering Reciprocity Means More Than an Incentive Scheme

According to the dictionary, reciprocity is established when there is a "shared feeling on both sides." It implies a "mutual or equivalent exchange or giving back of what has been received." In many leaders' eyes, this sense of giving back is emotional; it is a duty, an obligation to give back more than was given.

"I felt privileged to be singled out—to be moved into key jobs early in my career," one group leader reported. "They sent me to Harvard and our own executive

development programs. My mentors are now running the company. I had the benefit of great coaches. Of course, others in the company were singled out, too. But somehow you were made to feel it was just you, it was personal. It's now my turn to give back."

Over and over again we heard executives describe the opportunities given them, the risks their bosses took with them, and the faith and confidence others had—thereby obligating them, solidifying a relationship that no incentive scheme can replicate. There is a key difference between an incentive or reward scheme and the kind of emotional, obligatory sense of responsibility that their reciprocal arrangements bring. Both are effective and both are probably necessary in organizations today. But, the latter is more enduring and, in the end, more powerful.

Both are based on an exchange—an exchange of monetary rewards or opportunities for current or future performance. Reward schemes can be motivational and have been shown to change behavior, but the recipients tend to believe they have earned what was given. In reciprocal arrangements, on the other hand, the recipients feel special, "hand picked," not yet deserving of the offer bestowed. In these reciprocal relationships, there is a genuine caring about the whole person, the individual. They are less mechanical than reward systems.

Reciprocity instills a strong sense of pride and desire to give something back to the organization—to foster what was provided for you. One executive we interviewed talked at length about his "responsibility to make sure that the company is optimizing the talent identified to make

sure that we are establishing the future technical or management leaders." Another said, "As a leader, you have to give of yourself and become accessible to people." The leaders we spoke with view their jobs as twofold: to meet a set of financial objectives and to *build an organization*—not just their own unit but the larger whole—that can get the job done. There is a sense of pride on the part of the employees that is created in an organization that has developed its leaders, presented them with challenging opportunities, and invested not only time and money but also confidence and trust in their capability to bring the business to the next level. All of this leads to a desire to

give back to the organization through building and growing the next generation of great leaders, and a determined spirit that fosters confidence and fortitude throughout the organization.

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Social Networks Pave the Way

A critically important by-product of this approach to developing talent—the consistent, regular movement of people across geographies and functions, the deliberate efforts

of leaders to spend time with people as they travel or in learning—is the social network that is formed. Leaders should not underestimate the organizational power this brings. One high-potential leader we spoke with said, "We are so network and relationship driven. Networks are a very powerful part of our leadership culture. I would have to start all over again if I were to leave this organization tomorrow. . . . As long as I'm here, this network I've acquired follows me."

Social networks pave the way for the belief systems, the communication, the risk taking, and the reciprocity.

Through the continuous movement of people, and mentoring programs that extend beyond any one unit, employees have an opportunity to build relationships with people all over the organization. There are a number of benefits. These networks allow great companies to identify talent better—everywhere. Decision making and, more important, execution are faster. Individuals are more able to take pride in accomplishments of the large enterprise if they have some connections across organizational boundaries—a mentor, a coach, a history of working in a number of areas. As she reflected on her career thus far, one executive said, “The opportunities I have had to work with different teams of people and travel all over the world have allowed me to create a strong network of friends and colleagues. . . . We all continue to support each other.”

One executive, talking about the programs at his company, said, “Very early on leaders meet their peers, spend time with them in both formal and informal forums, and have the opportunity to build a rapport with this group of people. This is as important as the [leadership development] classes themselves.” A COO we met with talked about similar experiences and opportunities at her company through leadership development classes that expose high-potentials to their peers as well as senior executives. Through leadership training pro-

grams, moving around within the organization, and meeting peers and mentors in both informal and formal settings, social networks are created that shape the relationships that employees have throughout their career. “We all know each other,” one executive noted, adding, “What differentiates this organization is a tremendous sense of global cohesiveness.”

Ensuring a Legacy of Leadership

Ultimately, the little things are the big things. Beliefs and behaviors of individuals form patterns in these organizations. These little things become institutionalized. Leaders experience what was done for them. They observe. They perpetuate a system, a culture, and the network allows it to travel through time and across boundaries. It is powerful and enduring. It is cultural and, indeed, difficult to replicate through the mechanical application of practices. Through a strong belief system and values that support strong leadership development, these organizations have ensured a legacy of

developing and encouraging the growth of great leaders long after their current leaders are gone. They have ingrained these processes and mindsets into the next generation, enabling the leadership culture to continue indefinitely. ■

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