

# ULTIMATE LEADERSHIP

WINNING  
EXECUTION STRATEGIES  
for YOUR SITUATION

RUSSELL E. PALMER

# Chapter 1

## LEADERSHIP PRINCIPLES: THE BASIS OF SUCCESSFUL LEADERSHIP

---

**T**here is no single style of leadership that works. But there are basic principles of leadership that all effective leaders apply regardless of their personal style of leadership. This book is about those principles.

But the book is also about the greatest mistake that a leader can make. That is to fail to understand how important it is to adapt these principles to the particular context in which the leader is operating. What works in the corner office of the leader's own organization can be a disaster when applied mindlessly in other contexts. What do I mean by context?

I mean not only the context of the organizations that leaders lead but also the other environments in which they often operate. Here is an example. Larry Bossidy, former CEO of Honeywell International, was asked how he would react if he were chairing a business round-table of other CEOs charged with advising the government on business policy. He replied:

What is good for the goose isn't always good for the gander. In other words, if you have CEOs around the table, depending on the business they operate, they might take relatively pedestrian positions that benefit their own companies. You can't blame them for that. I've done this, as a matter of fact. However, you might say something like, "This business round-table has as one of its goals to influence legislation. And if the legislation we are

## *Ultimate Leadership*

considering goes the way it's being proposed, it will certainly have an effect on business. It may not have an effect on your business, or it may have a slightly positive effect on your business. But in the general interest of the round-table, it will have an overall detrimental effect." So you appeal to their sense of logic and decency. At the end of the day, you don't automatically command all those votes unanimously, but you still make a recommendation for what should be done for the majority of those on the round-table.

Bossidy knew that he could not simply issue an order as he might at his own company—and in fact, he probably did not order people even at Honeywell unless he absolutely had to do so. He needed to be sensitive to the egos of other CEOs and to find a common chord of understanding around which they could come together.

So the underlying theme of this book is that to be successful, leaders must understand and apply the principles of leadership and at the same time shape the application of the principles to the differing contexts in which they find themselves. Put more simply, if a leader combines leadership principles with an understanding of context, there will be effective execution. Though the idea seems obvious, I have seen able leaders fail to grasp this reality and find themselves unable to lead organizations that are in desperate need of effective leadership.

Here's an example from my own experience. Soon after I became Dean of the Wharton School, we developed a program called the Plan for Pre-eminence (about which I will say more in another chapter). Its goal was to make Wharton the top business school in the U.S., and it had many various elements, including, for instance, recruiting top faculty members from leading institutions around the country (eventually we recruited more than 100 faculty members in seven years). The plan had many other facets, including revamping the MBA curriculum, pushing forward aggressively on fundraising, transforming our Executive Education programs, and building new facilities, along with other

initiatives. For the plan to succeed, we needed every constituency at the school—faculty, staff, students, alumni, and so on—to pull together to achieve it.

Getting students to support the plan was not as easy as it might sound. Reflect for a moment, if you will, upon the circumstances of someone who decides to interrupt a career to get an MBA degree. Most of the students had taken two years off from their careers and had deferred earning a salary to get the degree, and they were paying a high tuition rate to boot. The last thing on their minds was a new plan that some new dean had introduced—and they were not exactly pleased at the prospect of interrupting their busy study and job-interview schedule to support it. They had their own goals—getting a good degree, and a good job making money—and they were at Wharton to attain those objectives. Why should the Plan for Pre-eminence matter to them?

We had to convince the students as to why the plan mattered, and how it served their present and future interests. I met regularly with students to discuss the plan, and in our conversations I would say something along these lines: “How important is the reputation of the school you attend to your career? If you go to Harvard, or Stanford, or Wharton, is that better for you than going to a school whose reputation is not quite as strong? For the rest of your life, people are going to ask you where you went to school. They will make initial judgments about you based on whether you went to a top school or a mediocre one. If we can make Wharton the top business school, it will be an advantage for a lifetime for every one of you and everyone who has graduated from here.”

Gradually, after countless conversations, the message sank in that Wharton’s reputation was as crucial to the students’ future as many of the concepts they were learning in class. They understood how important it was to support the Plan for Pre-eminence, and how they would benefit from its success. Their goals and the goals of the institution were joined. We aligned our objectives. The students’ attitude changed, they threw their weight behind

the plan, and it became easier to accomplish the school's strategic goals.

This is just one example of how change can be brought about. Leadership involves many tasks—but one of the most important ones is to cause change. This is one of the most difficult things to do in any organization—because the beliefs, habits, processes, and environment have been solidified over a long period. In general, people don't mind change as long as it does not affect them. But if a change is disruptive of their activities or their lives or their normal patterns, people often dislike that—and they resist change vehemently and vocally.

How can leaders bring about change? In part, they do it by gaining the commitment of their constituents. Leaders convince their constituents to support plans for change because it benefits them to do so. In other words, employees must be convinced that when they back an initiative for change, it will benefit them tangibly and concretely—in terms of their promotion, or their bonus, or their salary—even if these things don't happen right away. They are not going to support a plan for change just because the leader happens to think it is a good idea. Wise leaders also don't use threats—"Either you do what I say or you're fired." The negative, fear-oriented approach never achieves as much over the long term as a consensus-building, enthusiastic approach to transforming an organization. (One CEO often told his subordinates that he wanted all of them to be fired with enthusiasm, or they would be fired with enthusiasm.)

When you, as a leader, are trying to bring about change in an environment that isn't in a catastrophic situation, the first thing to realize is that trying to change an organization is like trying to tear down a brick wall without tools. If you try to do it all at once, you will end up with aching arms and perhaps bloody knuckles—but the wall will still stand. The right approach is to wait for a brick to loosen, and then push it over to the other side. Then you go for the next brick. You will find that some things can be changed faster at certain times due to existing circumstances

than other things can. To succeed as a leader, you need to seize the opportunities you find to change those things—rather than working twice as hard on changing something that isn't yet ready for change.

If you focus on things that are very difficult to change, you may just end up causing disruption and lose momentum or cause a revolution. You can't be too far in front of the troops. You may know what is likely to happen and what has to be done, but if you are too far ahead of the ranks, you are in trouble. You have to move the group along so that its members generally agree with what is happening. On the other hand, the leader can use a situation in which real danger is present to accomplish a great deal in a short time. We will discuss these issues with more examples later in this book.

### *Who Should Read the Book?*

I have written this book for anyone who is a leader or an aspiring leader. The principles I describe will work in a wide variety of organizations. These include manufacturing companies, high-tech companies, foundations, arts organizations, government, the military, partnerships, service organizations, financial institutions, and educational organizations, among others.

In the book, I describe various contexts that can be found in today's organizations, and I explain the kinds of leadership styles that work best in each. But it would be a mistake for readers to assume that because there might be no chapter on an organization that exactly matches the context of their own organization that the book has no relevance to them. Many of the contexts described in the chapters are very close to a wide range of similar organizations, and the leadership styles that work in them are essentially the same. I argue that there are no industries or organizations that are so different from those in this book that they are exempt from the tools I present for leadership in the 21st century.

## *Ultimate Leadership*

The key concepts in the book are strengthened by the voices of a remarkable set of leaders that are woven into the text. They were invited to tell us about their ideas and experience of leadership, and they include corporate leaders such as Larry Bossidy, the former CEO of Honeywell, whom we have just heard from, as well as its current CEO and chairman, David M. Cote. You will also hear from Tony Kobayashi, the chairman of Fuji Xerox; Gen. P.X. Kelley, former commandant of the Marine Corps.; Gen. Eric K. Shinseki, who headed the Joint Chiefs of Staff and led the U.S. military effort to bring peace to Bosnia; Jock McKernan, former governor of Maine, who is now Chairman of Education Management Corp. in Pittsburgh; Marty Evans, a former Naval officer who was the highest ranking woman in the Navy at that time and who later headed the Red Cross; John DiIulio, a professor at the University of Pennsylvania who once headed President George W. Bush's Faith-Based and Community Initiatives and is a Jesuit leadership expert; Tom Ehrlich, former provost of the University of Pennsylvania, former president of Indiana University, and also former dean of Stanford Law School; Uriel Reichman, who once fought as an officer in the Israeli army and later was the founder and president of The Interdisciplinary Center in Herzliya, Israel; Jacob Wallenberg, who belongs to Sweden's well-known banking family and now is chairman of the board of Investor, SEB Skandinaviska Enskilda Banken and W Capital Management; and Virginia Clark, head of external affairs for the Smithsonian Museum. In addition, you will hear from several leaders with whom I worked—or continue to work—at Touche Ross, the Wharton School, and The Palmer Group. All these individuals present their own perspectives on leadership—but these serve a common purpose: To help you get a richer and deeper appreciation of the principles and context of leadership.

In this chapter, I will briefly describe the principles that I believe are essential to successful leadership. In subsequent chapters, I will describe the many contexts in which leaders are likely

to find themselves and explain how to adapt the basic principles to these differing contexts.

### *The Basic Principles of Successful Leadership*

Regardless of the kind of organization, a leader must master and apply these principles:

- A leader at all times must embody a personal integrity, which is the foundation of leadership. Followers want to believe that their leader is unshakably fair in public and in private.
- A leader applies basically the same principles of leadership regardless of context, but the style of execution is very different in different contexts. That is, execution in leadership is to a great extent about context.
- In normal times, a leader should make faster progress taking opportunities that are ready for change rather than trying to take on areas that the leader knows will be more resisted. Later these resistance areas could be more conducive to change.
- In times of crisis, a leader must step out ahead of the followers and make the difficult decisions without consensus and at times even without adequate explanation in order to resolve the threat to the organization.
- A leader's ultimate goal is to release the human potential of the followers. This will benefit not only the followers but also the overall organization.
- In today's global marketplace, leaders need to foster innovation at all levels of the organization, and that means listening to workers and giving them ample latitude to experiment, make mistakes, and seek new products and services that will compete in a constantly changing competitive landscape.
- A leader mobilizes followers by finding out their goals, desires, wants, and needs, and makes them believe that the

## *Ultimate Leadership*

leader is truly trying to help them achieve these aspirations. At the same time, in order to achieve the goals of the organization, the leader must bridge the individual goals of the followers and the overall goals that are incorporated in, for example, a strategic plan.

- A leader's most important and essential attribute is good judgment. This is innate and really can't be taught, although it can be matured with experience.
- A leader must build confidence among the followers. Like teachers, a leader must communicate high expectations and then ensure that followers develop confidence that they can meet those expectations. They can who think they can.
- A leader must give considerable thought and careful execution to the whole area of rational and intangible rewards in relation to motivation of followers. For example, it is critical to the execution of a strategic plan that the compensation system be tied to the plan and not exclusively to earnings per share or the budget.
- A leader can't get too far out in front of the troops in leading without risking failure to achieve the leader's goals. A leader will always be ahead in thinking, but the group must be brought along so that members understand what is happening and why—or the leader may be faced with a disconnect between the leader's goals and those that the members are willing to accept.
- A leader must communicate the leader's goals to the entire organization—ideally in person, but at least in writing in his or her own words—since communication is crucial to an effective organization.
- A leader serves as a symbol and is perceived by followers to be on a different plane from the rest of the organization. Thus, the leader is constrained in what behavior is appropriate and not appropriate. He or she can only go so far in being “one of the boys.”

## *Leadership Principles*

- Leadership is the main differentiator in performance in most environments. People think that formulas, slick marketing, being first, the latest management tool, programs such as Six Sigma, and so on are the key differentiators in an organization. These other areas matter, but leadership alone is the key differentiator between organizations that succeed and those that fail.

I will return to these principles throughout the book as I explain how context affects the way they are applied.

### *The Plan of the Book*

The book is organized according to the contexts that leaders are most likely to encounter. It is not meant to be exhaustive—and thereby risk being exhausting—but rather to provide models that can help you apply the principles of leadership in contexts that I do not specifically cover.

The first two chapters are a general introduction to the fundamentals of leadership. The central theme of Chapter 2, “The Many Contexts of Leadership,” is that leaders are often not aware that the different contexts in which they operate can require them to adapt their leadership style in order to be successful. I list some of the more important contexts that I develop more completely in later chapters.

Chapters 3 through 9, grouped under the title, “Mastering the Contexts of Leadership,” are the heart of the book and describe the contexts that all leaders should be aware of to be successful. They begin with Chapter 3, “The Top-Down Organization: Learning That It’s Not So Simple.” Even a strong leader in a typical hierarchical organization can soon find out that dealing with outside organizations often requires a more collaborative style than the direct organizational style that works at the home office. In this chapter, and in all of the chapters in “Mastering the Contexts of Leadership,” I weave in the principles of leadership that I have described above as appropriate to the context.

Chapter 4, “The Organization of Peers: Leading Your Equals,” takes you into the ambiguous world of dealing with peers. You will perhaps find no challenge that is more difficult than working with other leaders to achieve some common purpose. I suggest a number of ways that you can meet this challenge.

I believe that though effective leadership is always important to the success of an organization, it is absolutely critical in times of crisis. In Chapter 5, “The Organization in Crisis: Turning Danger into Opportunity,” I argue that leaders need to look at crises as opportunities. Yes, a crisis is a danger, but it also can provide the platform for fundamental organization transformation into a vibrant new player in whatever environment you happen to be operating.

It is not enough to realize the need for change in your organization. You must often face the opposition of the organization’s culture that may view change as a threat. In Chapter 6, “When Organizations Change: Transforming the Culture,” I describe the two major kinds of change—change within a single organization and the change that occurs when two different organizations merge—and explain ways that you can reassure balky workers that they have more to fear from not changing than from changing to meet a changed world.

There are special challenges for entrepreneurial leaders, and in Chapter 7, “The Entrepreneurial Organization: Sharing Your Vision with Others,” I make the point that entrepreneurs have a unique position: They are alone. They may have investors, advisors, and so forth, but they are the decision makers, and usually make decisions very quickly. This makes it possible for entrepreneurs to execute very fast. That is why entrepreneurial environments provide fertile ground for leadership. But the risk is that entrepreneurs may try to do it all rather than develop a group of trusted associates who can share the burden of decision making.

Leaders outside of the academic world often consider it an ivory tower with nothing to teach those in the “real world.” I believe this to be a great mistake, and in Chapter 8, “The Academic

Organization: Learning from the Wharton Experience,” I describe—partly from my own experience—how academic leaders often face the same kinds of challenges as other leaders. Their responses hold valuable lessons for those outside the academic world.

Even in your own organization, there are different contexts. In Chapter 9, “National Cultures and Context: Leading in a Global Environment,” I describe how leaders must understand the special place that culture and social norms occupy in a global organization. Leadership styles that work well in some cultures may be perceived as handicaps in others.

Having explored the different contexts in which leaders may be required to exercise leadership principles, in Chapter 10, “The Heart of Leadership: Motivating Workers,” I return to describe possibly the most important attribute every leader must have: the ability to motivate his or her constituents. Finally, in Chapter 11, “Putting It Altogether,” I return to the principles of leadership and describe how they can differ in application depending on different contexts.

### *Leadership Versus Management*

I conclude this chapter by asking an important question in a book on leadership: Is there a difference between management and leadership? Again, let us hear from Larry Bossidy, with whom I agree:

Yes there is. Management is the art of getting things done by using administrative skills to organize, plan, and execute. Leadership is all that, but it is also more motivational, more visionary, and it requires more in terms of personal attributes of the leader. In other words, management is administration, while leadership is vision, strategy, and motivation. Each requires a different set of attributes.

This does not mean that a manager cannot aspire to be a successful leader. In fact, most leaders began as managers somewhere in the organization. They were leaders then also, but they

## *Ultimate Leadership*

just didn't have the platform. But to become an effective leader you have to transcend the requirements of management and demonstrate the attributes of a true leader.

It is the purpose of this book to help you do just that. I should clarify that my purpose is not to offer tools of the "one-minute manager" variety, but to build on the skills you already have and help you mature them by making you aware of how to use the principles of leadership in different contexts.

### *Summary*

- There are basic principles of leadership that you must master in order to be effective in your own organization.
- You will succeed in the larger task of leadership only if you adapt the basic principles of leadership to the varied contexts in which you will find yourself.