

Where Are the Outstanding Business Leaders?

BY JOHN MATTONE

As I travel the globe, meeting with senior executive teams, coaching executives, and speaking to various management groups, it is clear to me that the world of business has very few *outstanding* leaders. The distribution of outstanding leadership, like anything else, follows the bell-shaped curve. I always knew this. Everyone has always known this. But nobody really cared because being a good leader has always been *good* enough to keep a position and meet its basic requirements. But things are changing quickly. The bell-shaped curve needs to be shaped into a negatively skewed distribution, in which all organizations possess a larger percentage of very good and outstanding leaders just to be able to compete.

I had suspected the need for this critical shift for a couple of years, but it became very clear in 2011 as we were interviewing executives as part of our *Trends in Executive Development* research study (Pearson, 2011). Beyond the actual research, an interesting qualitative note emerged. When I ask executives to identify a great leader in their lives—someone who had a positive impact on them and helped shape their values—roughly 9 times out of 10, they mention a former teacher, coach, parent, grandparent, or friend, as opposed to a business leader. Unfortunately, the fact is that most of us in the business world can identify the poor managers we have had much more quickly than we can the great ones. Why is this?

There is no clear answer; however, it is pretty clear that many managers are promoted before they are ready to assume leadership roles. They are not adequately trained, coached, and mentored by more seasoned executives, who often can share stories and insights to dramatically shorten a manager's learning curve. More than anything else, I believe the speed and pace of change in business—technology shifts, demographic shifts, and a more demanding operating environment—present daunting challenges to most leaders. Frankly, very few possess both the strong inner core of values, character beliefs, thoughts, and emotions and the outer core of leadership competencies that are required to successfully overcome these challenges. In the end, too many executives are beginning to derail, or have already



derailed, because of character flaws or perhaps just sheer immaturity.

Whom do I consider an outstanding leader?

ROLE MODELS First and foremost is Jeff Bezos, the CEO of Amazon.com. In an interview in *U.S. News & World Report*, which David LaGessee conducted with Bezos in 2011, Bezos demonstrated numerous examples of his strong inner core (i.e., character, values, positive beliefs, positive emotions, self-concept) and outer core (i.e., leadership competencies) that together, form the foundation of what I refer to as leadership maturity.

I define leadership maturity based on the following qualities:

- Strong statements of conviction
- Character elements of diligence and focus
- The ability to handle uncertainty and ambiguity
- An understanding of the value of experience and “references” that are the foundation for creating strong and compelling beliefs about what is possible
- A powerful sense of optimism

Another great example of outstanding leadership is Anne Mulcahy, former CEO of Xerox. When Mulcahy took over Xerox in 2000, she delivered a blunt message to shareholders: “Xerox’s business

JOHN MATTONE ON THE LEADER SHORTAGE

Interview by David Summers

David Summers, digital media director for American Management Association, interviewed John Mattone, author of the new book *Intelligent Leadership: What You Need to Know to Unlock Your Full Potential*. President of John Mattone Partners Incorporated, a global leadership consulting firm, Mattone has done research on trends in leadership development, the most recent involving 150 CEOs.

Q What is the one leadership development/talent management issue that executives say keeps them up at night?

Mattone: Most companies worry about the brain drain in the near future, as 40 to 70% of their management population retires over the next five years....You look at your Generation X population, and you don't have enough talent. Generation Y is not any better. These younger people are not ready to assume roles of responsibility at this point.

Further, most organizations aren't doing a great job of looking into the depths of their organizations and identifying the talent that exists among the younger people. There is massive talent that exists, but organizations, quite frankly, have to do a better job of identifying these people and accelerating their development.

Q How do you locate these high-potential leaders?

Mattone: Great leaders have strong inner- and outer-core skills. Indeed, those leaders with a strong inner core have a stronger outer core. The outer-core competencies include critical thinking, strategic thinking, decision making, talent leadership, team leadership and drive for results. The inner-core values are comprised of character, courage, and diligence.

Q What is the biggest mistake companies make in predicting top performance?

Mattone: They believe that the best predictor of future behavior is past behavior. That's just not correct. If organizations work from this premise, it's my prediction that they're going to make a lot of succession mistakes. In reality, the skills and competencies required for success in a leader's current role often have very little to do with the skills and competencies required for success in the next role. In my opinion, the best predictor of future behavior is to understand the competencies required for success in the role that you're projecting for the leader. For sure, you have to consider past performance. Too often, organizations are not assessing leaders' can-do ability to execute successfully in their new role. They're not measuring what I call the commitment or the motivation and drive to excel in that next role. And they're certainly not measuring the alignment factor, which really is the must-do, and the degree of connectedness that a leader has to the mission of the organization. That's the piece that's missing.

model is unsustainable. Expenses are too high and profit margins too low to return to profitability." Shareholders, wanting easy answers to complex problems, started to dump their shares, which drove Xerox's stock price down 26% the next day. Looking back on that dark time, Mulcahy admitted she could have been more tactful; however, she had decided it would be more credible and authoritative if she had acknowledged that the company was broken and that dramatic actions were needed to fix it.

Although she had been with Xerox for 25 years and knew the company well, when Mulcahy was named CEO, she acknowledged her lack of financial expertise. She quickly enlisted the treasurer's office to tutor her in the fine points of finance before meeting with the company's bankers. Her advisors told her to file for bankruptcy to clear \$18 billion in debt, but Mulcahy resisted, telling them, "Bankruptcy is never a win." In fact, Mulcahy thought that using bankruptcy to escape debt would make it more difficult in the future for Xerox to compete seriously as a high-tech player. Instead, she chose a much more difficult and risky goal: "restoring Xerox to a great company again."

To gain support from Xerox's leadership team, she met personally with the top 100 executives. She let them know honestly how dire the situation was and asked them whether they were ready to commit. A full 98 out of 100 decided to stay, and the bulk of them are still with the company today.

Like Bezos, Mulcahy's actions reflect numerous examples of her *executive maturity*:

- Character elements of honesty, modesty, humility, and courage
- A powerful sense of vision
- Skill at empowering others
- Passion, drive, and incredible zeal

How many executives do you know who exhibit the qualities of Bezos and Mulcahy?

LEADERSHIP COMPETENCIES There are nine strategic and tactical leadership competencies and skills you must possess to be successful as a leader now and in the future. Within the wheel is the inner core consisting of the intrapersonal and interpersonal elements that strongly impact how effectively you acquire and cultivate the nine outer-core leadership competencies.

The nine outer-core elements consist of:

1. Critical thinking
2. Decision making
3. Strategic thinking
4. Emotional leadership
5. Communication skills
6. Talent leadership
7. Team leadership
8. Change leadership
9. Drive for results

The inner core consists of six elements of character, ten values, and eight emotional states.

The six elements of character include:

1. Courage
2. Loyalty
3. Diligence
4. Modesty
5. Honesty
6. Gratitude

Visualize an iceberg. Beneath the water's surface is the larger volume of ice, which constitutes your character. Above the water's surface, the smaller volume of ice represents your values, which evoke pleasure in some way, shape, or form. The values include the desire for achievement, the desire to serve others, appropriate social behavior, and desire for excitement and fun. These are ranked in order of importance from 1 to 10, with 1 being the most valued and 10 the least. The hierarchy controls every decision you make as a leader and ultimately will determine the degree of pleasure or pain you experience as a result of the decisions you make.

Once you isolate your individual values, you can better understand why you behave as you do.

Leaders generally derail not because of a character flaw but rather because they respond immaturely to mounting stress and change. Leaders who are immature in their thoughts, beliefs, attitudes, and habits, however, are capable of recovering from their unleaderlike behavior. For example, one of the most important traits of great leaders is what I call the helping trait. Leaders who are selfless, giving, and altruistic demonstrate the mature behaviors associated with the helping trait. However, when their helping is done in an inauthentic way, with strings attached, they demonstrate the immature behaviors associated with that trait. Great leaders also possess a mature discipline trait. Leaders who

John Mattone Partners (JMP's) Leadership Wheel of Success™



can follow others and who value being part of something bigger than just themselves demonstrate the mature behaviors of this powerful trait. When leaders demonstrate a lack of belief in themselves and do not think they are worthy of success and accolades, they show the immature behaviors of this trait.

I have come to believe that organizations that do not compulsively develop their leaders and future leaders—through coaching, mentoring, executive development programs, action learning projects, and the like—unknowingly grow and multiply leaders with a high probability for derailment and failure. At a minimum, when an organization, leader, or future leader leaves things to chance, the probability of leader derailment or success is the same. MW

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