

The Little Book of Leadership

Reflections on what good leaders do

Bertram Valentin; Franziska Plesser



BERTRAM VALENTIN &
FRANZISKA PLESSER

**THE LITTLE BOOK
OF LEADERSHIP**
REFLECTIONS ON WHAT
GOOD LEADERS DO

The Little Book of Leadership: Reflections on what good leaders do

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The advertisement features a black header with the 'CMO INSPIRED CONFERENCE' logo in a green speech bubble and the text '25 OCTOBER | DE VERE BEAUMONT ESTATE | OLD WINDSOR UK'. Below the header is a photograph of the De Vere Beaumont Estate, a large white building with a fountain in the foreground. The bottom section of the ad is a collage of images showing conference attendees, a speaker at a podium, and a large audience. A green banner at the bottom of the collage reads 'Join Over 100 Chief Marketing Officers & Digital Innovators'.

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Traveler, there is no path, the path must be forged as you walk.

– Antonio Machado

Becoming a leader is not an orderly path. It is a fitful, often painful process that involves wrong turns and dead ends before great strides are made. Usually some transformative event or experience is central to finding one's voice, learning how to engage others through shared meaning and acquiring the other skills of leadership.

– Warren Bennis

ABOUT THE AUTHORS



Bertram Valentin has over 20 years of in-depth leadership experience in various companies. He worked as Finance Director in Paris with responsibility for restructuring and selling companies. As CEO, he grew the German branch of a Scottish financial services provider from a startup to a well-respected provider in the market with half a million customers, 8 billion euros in client funds and 400 employees.

Bertram Valentin gradually shifted his focus from strategic and operational topics to leadership issues and the importance of a corporate culture that enables people to develop their creative and productive strengths. Thanks to various executive programs at INSEAD business school in Fontainebleau – Challenge of Leadership and Coaching & Consulting for Change – he was able to test the latest leadership approaches and methods over many years.

Bertram Valentin studied mathematics, earned an MBA from INSEAD and is a certified professional Co-Active Coach (Coaching Training Institute).

Bertram Valentin set up his own business as a freelance executive coach and consultant in 2012 (Valentin Consulting). This decision was based on his experience that many executives deal with important business and personal decisions mainly by themselves. Bertram Valentin is an experienced and entirely neutral sparring partner, who helps executives become more deeply aware of their own strengths, values and goals.

He describes his work as “standing on the balcony”: Leaders stand both on the balcony, from where they can watch and reflect, and on the dance floor, from where they act. A good leader moves permanently between these two poles.

Bertram Valentin can be contacted via his website [Valentin Consulting \(www.valentinconsulting.de\)](http://www.valentinconsulting.de) or his LinkedIn and Xing profiles.



Franziska Plesser has worked for ten years as CEO of a trade association for the construction industry. In addition, she advises associations on the topic of restructuring and organization. Through her work with mid-sized companies, corporations and trade organizations, she comes into contact with managers from all walks of life and with different leadership styles. Based on this and her own management experience, she began to consider the characteristics of a good leader and whether leaders can improve themselves and their leadership style. In the course of her career, she has seen how poor leadership can have a disastrous effect at all levels of a company and put it in a precarious situation. However, she believes that good leadership is important not only for corporate success, but also to create social role models that provide an incentive for better interpersonal relations.

Franziska Plesser is a lawyer, author and editor-in-chief of an association magazine. In her own column, she regularly writes on topics that go beyond construction, for example, on creativity, employee motivation or digitization, and soon on good leadership. Writing has been her passion for many years.

You can contact Franziska Plesser via her [LinkedIn](#) or Xing profiles.

1 AN APPETIZER

Leadership is an improvisational art.

– Ron Heifetz

Miles Davis was a brilliant trumpeter and an innovative jazz composer. Inaction was not an option for him; he reinvented himself and his music time and again. But what is it that makes him one of the greatest jazz musicians of all time?

Miles Davis was one of the best leaders jazz has ever produced. Why? He was a magnet for people with tremendous talent and, together with his bands, gave them the platform they needed to develop their genius. As a result, many musicians who played in Miles's bands went on to become world-famous stars in their own right, up to the present day. Miles Davis was a **MULTIPLIER**.

Ernest Shackleton was a British polar explorer, who is still considered the archetype of a leader. Shackleton was inspired by the vision of being the first person to reach the South Pole. What is more, he had the ability to win the hearts and the commitment of his team. He was able to recognize potential in the people he worked with and get the most out of them. And they trusted him one hundred percent.

During his Antarctic expedition from 1914 to 1917, Shackleton and his team got trapped in the polar ice. Eight months later their ship "Endurance" sank. He drummed into his team that they now had only one goal: to ensure the survival of each individual member of the crew. He preserved their spirit to live, constantly giving them new tasks and keeping them busy, even when there was little for them to do. After more than two years, he achieved the impossible and brought all 28 men home alive.

Shackleton was buoyed by his goals and was a champion of **organizational CLARITY**. He therefore was able to unite his team behind him absolutely and enduringly.

These examples beg the question: Are leaders born or created? Is it even possible to learn good leadership?

Our fundamental proposition, which we share with all schools of economics worldwide, is that a good leadership style can most certainly be learned.

It is important and proper for leaders to develop their own style. It is deeply intertwined with their personality and therefore, to a certain extent, inherent. Leadership after all is only really effective when it is authentic. So it is not a matter of becoming an Ernest Shackleton or a Miles Davis.

At the same time, there is no such thing as THE perfect leader. Excellent leadership is always the product of a certain environment and the combination of management, employees and a company's specific situation.

But one thing can be said for sure: **Outstanding leaders DO specific things!**

It is possible to learn what to DO, and the earlier the better. In other words, it is possible to learn to be a good leader – with your own, authentic style.

Note: For readability, the masculine pronoun (“he”, “his”) is used in this book to describe leaders. However, the book also expressly addresses women in leadership positions. Women above all often possess emotional intelligence, which is vital in leadership positions.

2 WHAT MAKES A GOOD LEADER AND WHAT IS THIS BOOK ABOUT?

A woman goes into a pet store to buy a parrot. “How much does this one cost?” she asks on discovering a particularly handsome bird. “Two-thousand dollars,” answers the employee. “It speaks German, French, Italian and Spanish and knows everything about the regulation of the common market.” “Too expensive,” the woman replies. “What about this one?” “That one costs 3,000 dollars, speaks Japanese, Chinese and Persian, and is fully prepared for the 21st century.” Suddenly, the woman spots a single parrot sitting alone on a branch. “What about that one?” she asks. “It costs 5,000 dollars”, the storekeeper says, with a hint of pride. “I see, and what can it do?” “Actually, it can’t really do much at all, but everyone calls it our leader.”

This book is aimed at company and division managers with responsibility for human resources, as well as anyone interested in preparing for this role. It is written from the CEO perspective, but can easily be transferred to middle management, for example managing directors, team or project leaders. It is equally geared to employees who would like to gain a new perspective on their supervisor’s role.

The intention of this book is **not** to highlight certain personality traits that can be ascribed to leaders. On one hand, much has already been written on this subject, and on the other, there are so many different kinds of leaders, that any attempt to attribute their success to specific traits is futile, in our opinion.

Rather, we want to concentrate on what leaders DO! And to encourage all readers who feel they have the potential to become a leader to find their own path, as echoed in the quote by Antonio Machado at the beginning of the book.

So what do good leaders do?

Henry Mintzberg, an internationally renowned management guru, watched leaders at work to find out what they do all day and how to recognize a good manager. As the example above with the parrot shows, this is no trivial matter! What Mintzberg found was also somewhat baffling: He discovered that managers spend their time “running around” and that their work is not nearly as ordered as one might think. According to Mintzberg, executive work is a continuous, disjointed process that tends to fragment into short periods of activity lasting seven minutes each.

This observation is surprising, but does not yet give us insight from which we can learn or derive anything essential. We must dig deeper and ask ourselves what is at the bottom of all these interruptions and “bursts of activity.” What is their deeper meaning?

The philosophy and guiding theme, as it were, of this “Little Book on Leadership” – i.e. what it is about – can be summarized by the following statement:

“Great leaders are liberators. People’s best thinking must be given, not taken. A manager may be able to insist on certain levels of productivity and output, but someone’s full effort, including their truly discretionary effort, must be given voluntarily. This changes the leader’s role profoundly. Instead of demanding best work directly, they create **AN ENVIRONMENT** where it can not only be offered, but where it is deeply needed.”

– Liz Wiseman

This touches the core of what good leaders do and what they focus their attention on:

Good leaders build a PRODUCTIVE ENVIRONMENT that unleashes creative forces throughout the company to achieve firmly anchored development objectives!

This means that the **quality of a leader** can only be recognized indirectly, above all by asking the following questions:

- How well does the company function when the leader is not there for a longer period?
- Is a competent successor in place or is it possible to find one in good time if the leader were to leave the company?
- Does the leader manage to attract excellent employees? How do they develop over time?
- And most importantly: Do employees trust the leader?

Trust is the lubricant that makes everything in the company run smoothly and unleashes creative, productive forces. Trust can be perceived. Companies often incorporate a fine, informal network of relationships that helps to effectively accelerate changes and developments. Here, too, good leaders set an example as role models. They regularly ask themselves whether their actions enhance trust in the company or undermine it.

In the following chapter we take a closer look at what good leaders focus on and how they build a productive environment!

In part 4, we then consider some critical pitfalls that a good leader should be aware of.

3 WHAT DO GOOD LEADERS DO?

3.1 THE TEAM AS A MAINSTAY OF THE COMPANY

The best for the group comes when everyone in the group does what's best for himself AND for the group.

– John Nash

Good leaders build and develop a strong leadership team and multiply leadership throughout the company.

In his management bestseller “Good to Great,” Jim Collins takes a look at companies that have made the leap from being mediocre to first-rate. In doing so, he ascertains that excellent companies are led by excellent teams, rather than by a “genius with a thousand helpers.”

The celebrity or lone wolf at the helm of a company, such as Steve Jobs at Apple, is the exception to the rule. The demands on top management are generally too high to be fulfilled by one person, however talented and able they may be. As long as the company is “built around one person,” its growth will be stunted.

Let's take a look at a few examples of painful mistakes:

Digital Equipment (DEC):

Many of you may not remember Digital Equipment, once an extremely successful and highly innovative IT company. Under the leadership of its charismatic CEO Ken Olsen, DEC even grew to become a major rival of IBM and HP. But as the saying goes, “Nothing is harder to bear than a succession of fair days.” As time went by, success increasingly went to Ken Olsen's head. He considered himself infallible, eliminated any constructive, critical voices around him and gradually withdrew into his shell. In the early 1980s, he prophetically declared that there was no reason why anyone should want to buy a PC for their home. DEC was taken over by Compaq in 1998 and now belongs to the HP Group.

Long-Term Capital Management (LTCM):

When LTCM went bust in 1998 with disastrous consequences for the capital markets, the company was managed by world-famous Nobel Prize laureates Merton and Scholes. They were celebrities, which was one reason why nobody dared to question their judgement. But celebrities can be wrong too: The reality in certain extreme market situations did not conform to the assumptions they made in their models.

Volkswagen:

There is substantial evidence that the emissions scandal at VW in 2015 was linked to the leadership culture at VW and above all to Ferdinand Piech. The company was aware that by installing test-rigging software in its diesel engines, it would come dangerously close to hitting, if not exceeding, the permissible range. But obviously no one dared to broach the subject with top management early on and get a clear decision. The entire affair dragged on until its cover was blown “by chance.”

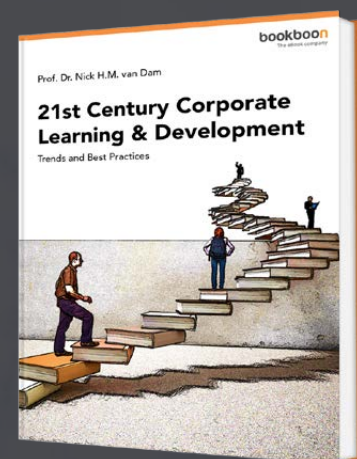
Napoleon:

And finally an example from the history books. It is interesting that Napoleon’s leadership style during his successful military campaigns was different than at the time of his great defeats. At first, he established a close group of advisers – a leadership team – with whom he regularly exchanged views and advice, whom he trusted and listened to. Having achieved major success, he withdrew more and more into himself and increasingly made his decisions alone. He did not have a close leadership team any longer and only had confidence in himself. And then came Waterloo...

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3.1.1 DOES A GOOD LEADER MEAN A STRONG TEAM?

For good leaders, a strong leadership team is indispensable. The team helps not only in making decisions, but also in realizing and implementing tasks and objectives efficiently. It is involved, plays a key role in developing strategy and focuses its attention fully on implementing it.

Success is 10% strategy and 90% implementation.

Leaders who have managed to build an excellent team often have one thing in common: They are rarely known outside the company. They take a back seat as they lead their team and the company – quietly – to success. One example of a world-class company in which this is the case is Johnson & Johnson. It has been run for decades by excellent teams, the CEO's name is generally not well known and he is appointed internally.

So the following is true:

Excellent companies are led by excellent teams!

One central task of a good leader is therefore to build an excellent team.

This is also fundamental to demonstrating leadership throughout the company:

Leadership is not only implemented at the top, but **multiplied throughout an entire organization**. In this way, it can evolve and withstand ongoing internal and external changes. This is also referred to as “distributed leadership.” In other words, leadership is “institutionalized” in the company. It becomes part of the corporate culture and is therefore less dependent on individual leaders and the leadership team.

This does not mean that new positions and titles have to be created. Leadership can and should be applied informally, for a specific situation, by giving employees full ownership of a topic or a process and allowing them to think and act beyond the requirements of their formal job description.

In the process, something extremely subtle and important can happen: **Psychological ownership is passed on to the company's employees**. This generates the freedom required within a company for creativity to thrive (see section B above).

The process of multiplying leadership in and beyond the organization is not restricted to the business world. In his book “Building a Discipling Culture,” which is fascinating not only for people with an interest in religion, Mike Breen talks about how institutions are

structured, in this case the Christian church. He puts forth the interesting theory that Jesus first selected a close “team” which he trusted completely, and which enabled him to spread his Christian message. He was not a lone wolf at the head of his organization, but pioneered a development process that resulted in leadership being adopted on behalf of his idea in many places.

We have dedicated a separate section (d) to the important topic of distributing leadership within a company. But let’s start by taking a look at the first step: How to build an effective leadership team.

3.1.2 TEAM-BUILDING IS A MANAGEMENT TASK

What should leaders take into account when building their team? First things first: Team building is a management task!

3.1.2.1 Starting from scratch – Building a new team

Let’s look first at the situation where a leader has to put together a new team.

Good leaders put a great deal of personal effort into setting up a team and recruiting each member.

People can evolve, but it is a misconception to believe they can change or “adapt” fundamentally. For this reason, it is essential to take time and, if in doubt, reject a candidate and continue the search.

Ernest Shackleton went about it the right way. He spent weeks and months finding the best people for his expedition. Not only its success, but also his and his team’s lives hinged on having people with the right skills on board and assigning suitable tasks to them.

The most effective approach to building a team is to concentrate on each candidate’s individual strengths. The aim should be to fully leverage and develop their strengths rather than trying to improve any deficiencies they may have. Because team members usually are good at different things, their weaknesses generally negate one another and they end up fitting together perfectly. An ideal leadership team should comprise an optimal combination of managers with the necessary skills for running a company.

Purely male teams often tend to run ahead of the company, sometimes too far, thereby disconnecting themselves from the rest. Such teams are characterized by visionary thinkers, frequently paired with a distinctive alpha leadership style and only a limited amount of patience. On the other hand, they lack the ability to get employees and the entire company “on board.”

The best approach for putting together a team is therefore to focus on strengths. Good leaders should be aware of their own and others’ strengths, and put these to the most effective use. How can they do so?

They should find out more about their own strengths and those of their team members through self-reflection and in-depth interviews. The following questions are a good way to start:

- What does the employee find particularly easy in relation to other tasks?
- What are they enthusiastic about?
- What are their greatest achievements, both personally and at work? What inner qualities contributed to this success?
- How can they use or leverage these qualities and strengths even more consciously and intensively in the future?
- What environment is conducive to developing these strengths?
- What other untapped potential do they have that has thus far been glimpsed only rarely or indirectly?

It is important not to take a candidate’s first, often superficial, answers at face value or be guided by first impressions, but to take time to , “dig deeper,” and trust your own intuition.

Take the following example from the book “The Leadership Mystique” by Manfred Kets de Vries:

Let’s assume an important leader has to be chosen. Here are some facts about the three candidates:

- Candidate A keeps company with dubious politicians and consults astrologers. He has two mistresses, chain-smokes and drinks 8–10 Martinis every day.
- Candidate B was expelled from school twice, used opium as a young man, now sleeps until lunchtime and drinks a quarter of a bottle of whiskey every evening.
- Candidate C was a celebrated war hero. He is vegetarian, doesn’t smoke, drinks only an occasional beer, and has no extramarital affairs.

Who would you choose for your team?

Answer: Candidate A is Franklin Roosevelt, B Winston Churchill and C Adolf Hitler.

This illustrates what we mean by “digging deeper” and not letting yourself be deceived by first impressions!

There are also many interesting assessment tools that can assist in this process. However, we would like to add a caveat: Even a good tool will only provide “good answers” and not ready answers. The best way to use one is therefore to take the result as a starting point for further research, instead of simply accepting the result without criticism. Good leaders trust above all in their own judgement and intuition.

3.1.2.2 In the thick of it – Taking over an existing team

In the second case, which is far more common in practice, leaders take over an existing team. Here, too, they must follow the same process as if they were recruiting its members themselves. They must get to know the team members personally – including their strengths and weaknesses – and gain an overall picture of the particular strengths of the team as a whole.

The situation can also arise where a new leader replaces members of the team right from the start, although this is the exception rather than the rule. Ultimately, leaders must be able to stand behind their team one-hundred percent, and not simply wait and see how things turn out. It also means they cannot hide behind excuses about the presumed poor quality of the team later on (“I knew it...”), but must take full responsibility for its performance. Like Ernest Shackleton on his expeditions.

3.1.2.3 What is a strong team?

The first step is putting together the team. The second is getting the best out of it.

How can good leaders “gauge” and recognize whether their team is going to be an excellent one?

The members of an excellent team...

- **...trust each other**
- **...focus on a shared outcome**

- ...argue actively and openly for their cause (= healthy conflict culture)
- ...are committed to their joint decisions and action plans
- ...hold other team members accountable when it comes to implementation

These criteria are indicators of a productive team culture. By focusing on them, leaders create a designated “space” in which their team – and indirectly the entire company – can change and evolve.

A leader will try to **turn up the “temperature”** in this space **as high as possible** to keep everyone on their toes without allowing destructive stress to occur.

The criteria listed above also act as a compass for letting leaders know whether the team is progressing. To this end, it helps to take time out from day-to-day operations every now and again in a workshop to find out where the team’s development issues lie.

Managers spend a lot of time in meetings. It is therefore important to create an efficient structure for meetings at different levels: daily, weekly, monthly for day-to-day business and periodic offsite meetings one to three times a year for strategic issues and team-building.

The following question is interesting in relation to strategy and team-building:

What share of their management time do you think leaders and their teams spend on average getting a shared vision of a company’s development goals for the next three to five years?

Hamel and Prahalad provide the answer in their business bestseller “Competing for the Future”: less than 3%!

The authors discovered that on average, leaders devote 60% of their time to day-to-day business operations and just 40% to considering the best way for their company to grow. Of that time spent looking to the future, 70% goes to short-term and tactical issues and only 30% to strategic questions (in total $40 \times 30 = 12\%$). Of the remaining 12% of their time, they spend 80% by themselves and 20% in the team (in total : $12 \times 20 = 2.4\%$).

This shows how little time top managers typically invest in getting a shared perspective of the company’s development. Or put another way: How easy it is for a good leader to stand out against most other leaders in this category alone.

Good leaders ensure that sufficient priority is given to the company's and the team's development. For example, the following questions can help:

- Where does my team stand now, where do I want it to be in three years?
- How well does the team cooperate? Where and how can we improve in the next three years?
- What are the company's core competencies? Which can we improve and what new ones can we gain in the next three years?
- What leadership style is applied in the company? How should this change in the next three years?

An excellent team pulls together and is perceived as doing so within the company. Unlike many other companies, there is no split at the top that runs throughout the organization, resulting in a tremendous waste of time, energy and money. As they say, a fish rots from the head down.

3.1.2.4 How to “distribute” leadership in a company

In the section above “Does a good leader mean a strong team,” we stated that good leaders “distribute” leadership throughout the company. In doing so, they unleash their employees' creative forces and make the company more decisive and flexible.

Leaders face a dilemma: On one hand, they have to be sufficiently in touch with their employees and with the problems within the company – **distributed leadership is not the same as laissez-faire**. On the other, they have to avoid **monopolizing things**, since this leaves a lot of untapped potential and encourages the phenomenon of reverse delegation, which is common in many businesses.

What can leaders do to manage this balancing act?

Imagine the following situation in which you are the leader: Your team is racking its brains, trying to find a solution to a difficult aspect of a strategic project. You enter the room. What should you look out for, what is your role, and what goals do you have for the meeting?

- ➔ Listen rather than speak to avoid implicitly taking over the meeting in your role as manager. Leaders should not act as if they have all the answers. Here is a trick to discipline yourself: Imagine you have five virtual poker chips in your pocket which you can play in the course of the meeting. One is worth 2 minutes of speaking time, three are worth 1.5 minutes and one is worth just 30 seconds. That is all you have.

- ➔ First, it is important to put the problem in context, i.e. clarify exactly what the problem is and why it is relevant to the company. Many meetings fail because the participants are not in agreement on this point.
- ➔ Encourage debate: Ask questions rather than give answers. Make the questions tough, challenge the team and involve everyone as far as possible. Mention the company's overarching, ambitious goals. The basic assumption must be: "We can solve any problem if we all put our minds to it," rather than: "The leader knows better."
- ➔ If you are expected to provide answers or specific input to solve a problem, you must clarify whether your opinion is "hard" or "soft": "Hard" means your position on the subject is clear and not open to debate; "soft" means that you are merely expressing an opinion that can change.
- ➔ When a decision has to be made, you must clarify whose decision it is. You can be even more specific, giving the team 51% of the vote and yourself 49%. Or you can be even bolder: 75% to 25%.
- ➔ Whatever your input or decision in a specific situation, it is important that you hand back the further proceedings, the elaboration of details and the implementation to the team. Or to use a different image: You "hand back the marker" after explaining the decision on the flipchart.
- ➔ Finally, you must ensure that everyone knows how progress will be measured in solving the problem. Many meetings suffer because everyone is apparently in agreement, and yet nothing happens. In this regard, leaders should act like long-term investors, making sure they are regularly informed about the development of their portfolio. They have confidence in others and inspire trust, but also want to understand where their portfolio is going.

A good leader creates productive "spaces" within the company where employees can unleash their creativity, but where the leader should also show his face from time to time.

The following, outstanding video "Inno-Versity Presents: Greatness by David Marquet" illustrates the principle and importance of distributed leadership. It defines what is meant by "a good leader" right at the beginning:

"Embedding the capacity for greatness in the people and practices of an organization, and decoupling it from the personality of the leader."

The example is also interesting because it is taken from the military sector, where soldiers – i.e. employees – are usually always expected to follow instructions:

<https://www.youtube.com/watch?v=psAXMqxwol8&sns=em>

To distribute leadership and generate creative “spaces” in the company, leaders have to relinquish a considerable amount of control. It is less important for them to get their way on individual issues. **Leaders have control not of the exact details of every step, but of the overall DEVELOPMENT PROCESS that makes the company more successful and stronger.**

For this process to work well, it is important for employees to have or learn the necessary skills, and for there to be organizational clarity in people’s minds. We address this in the next section.

3.2 CLARITY IN EVERYONE’S MIND

Keep your eyes on the stars and your feet on the ground.

– Theodore Roosevelt

Establishing organizational clarity is one of the main tasks of any good leader. It gives structure to all activities, provides guidance and meaning, and channels energy and creativity in the right direction.

In the complexity and struggles of everyday life, it is easy to lose sight of what a company is really about. This is why it is important for good leaders to continuously provide organizational clarity and, if in doubt, communicate too much rather than too little.

This certainly poses a potential risk, because many leaders love intellectual challenges and are not accustomed to having to say the same things over and over. It therefore makes sense to convey messages via different channels and media: direct communication, employee meetings, periodic newsletters, etc.

Ernest Shackleton was a master of organizational clarity, especially at times of great uncertainty and danger. It was clear at all times to everyone in the expedition how important success was and how they could contribute to it. Shackleton not only communicated the big picture to his team; he even managed to break it down to each individual day.

Here is how to do it:

Envision a goal and “translate” it into daily tasks, including effective activities and routines.

An analogy from the world of sport illustrates this well:

Christian Schiester, an extreme athlete from Austria, has the vision of hiking across the world's great deserts alone. He knows from experience that without this vision, he would never set out in the first place. But once in the desert, his vision does not motivate him to cross it. On the contrary, he feels so far from fulfilling his dream that he has taught himself to forget it at that moment. What he needs in the desert are interesting sub-goals: How can he manage the next 200 meters? How much time will this section take? Can he approach it in a fun way, for example by racing against himself? By putting all his energy and consciousness into the moment, he does exactly the right thing: He places one foot in front of the other heading in the right direction, bringing him closer to achieving his vision.

Good leadership needs a vision as well as an effective structure and process orientation to put it into practice.

Ernest Shackleton managed this, too, although he had the additional challenge of having nothing to do for such a long time in the ice. The milestones he set consisted of keeping his team physically and mentally fit and prepared for when the right moment to break out would come. How did he manage it? He got his men to play soccer, organized daily competitions and rewarded the winners. These were his daily "processes". It would have been easy enough for them to simply lie down and resign themselves to their fate. But he succeeded in keeping his team together, even through the most difficult times, and motivated them deep down to carry on, and ultimately to survive.

A good leader creates clarity at various levels. Let's look at these levels step-by-step:

3.2.1 STEP 1: THE "ESSENCE" OF THE COMPANY

Have you ever listened to Harley and BMW bikers talk about their vehicles? This admittedly is not all that easy, because the two generally keep out of each other's way.

But if you do happen to hear such a discussion, you will notice that each biker is so totally convinced of the superiority of his brand that no rational argument in the world could change his opinion.

The issue at hand here is not the product itself or its characteristics, but something much deeper: Each biker identifies with the "essence" of his brand.

In the case of Harley Davidson, it is about discovery and a thirst for freedom and identity. And in some way, it is also about finding the American dream.

At BMW, it is the joy of riding combined with an ongoing pursuit of perfection.

The company's essence only reveals itself when we ask why the company exists. Or in other words: What would be missing on the market if the company was not there.

Google, for example, wants to “organize” all information in the world and reinvent the way people live. No other company in the world has such comprehensive aspirations.

Often, a company's essence can be traced back to its founder, even if they have already left the organization, as the following two examples show:

The Japanese company Panasonic used to be called Matsushita Electric. Its founder, Konosuke Matsushita, who came from a relatively poor background, had the vision of overcoming poverty in post-war Japanese society and bringing it prosperity by putting a television in every home. This desire to bring people affluence and comfort is still part of Panasonic's “essence.”

Steve Job's dream at Apple was to empower people and continuously challenge the status quo. This became evident with the first Mac computers and culminated in the iPhone, which gave users all of their personal data in a handheld device. Apple paved the way for the smartphone, of which there are an estimated 2.5 billion in existence today.



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<https://goo.gl/images/1xE03A>

This picture of Steve Jobs and Bill Gates shows two very different people: Jobs is the charismatic visionary from the working class with radical ideas, Gates the pragmatic, intellectual, upper-class technocrat. Both created and shaped a global corporation (Apple and Microsoft, respectively) with very different cultures and essences.

Why is it important for leaders to be thoroughly familiar with the essence of their company?

The following statement sums it up:

Customers do not decide to buy a product based primarily on its properties (including price), but because they identify with the company.

In his book “Start with Why,” Simon Sinek refers to the essence of a company as its WHY. Customers are not loyal to a company because of the quality, design or technical features of its products (WHAT). Either consciously or subconsciously, they identify deep down with the company’s WHY. **“People don’t buy WHAT you do, they buy WHY you do it.”**

It is therefore not a philosophical issue for good leaders, when they try to understand their company’s essence – its WHY – by looking for answers to the following questions:

- What would be missing in the market if our company did not exist?
- Why do customers choose our products and services?
- Why is it above all loyal customers, and therefore the company’s most profitable ones, who choose the products and identify particularly strongly with the company’s essence?

The company’s WHY is not only important in connection with its customers, but also when it comes to recruiting employees, especially for the leadership team. Good leaders find out what motivates candidates and whether they have consciously opted for this company and identify with its essence.

3.2.2 STEP 2: THREE YEARS INTO THE FUTURE

One day Alice came to a crossroads and saw a Cheshire Cat sitting in a tree:

Alice: “What road should I take?”

Cat: “Where do you want to go?”

Alice: “I don’t know.”

Cat: “Then it doesn’t really matter, does it?” (Alice in Wonderland)

Only if you know in which direction you want to go, can you decide what steps and measures to take.

Good leaders create a vision of the future in their minds, a model of how the company will look in the future.

A period of three to five years has stood the test in this respect. It is long enough to make fundamental changes in the company, yet short enough to define specific steps to achieve these changes.

However, there may be situations in which companies are advised to operate within a foreseeable timeframe, shortening their horizon to less than three to five years. This can be the case if the company is undergoing a major change process and has to outline its future more precisely. One good example is IBM in 1993, the year in which Louis Gerstner, an outsider, took over at the helm of the company. IBM had relied on its mainframe business for too long and was in a crisis. Gerstner made the famous claim: “The last thing that IBM needs now is a vision.” Gerstner took the time he needed to realign the company to the services business by acquiring a major consultancy firm and founding IBM Global Business Services. By the time he left the company in 2002, this division had 30,000 employees.

However long the chosen period, the vision should be as specific as possible and “measurable” in principle: **If it cannot be measured, it will not be implemented.**

Take this example:

Even in five years, our customers will say that choosing our products and services was the best decision they made. And at least one in two of our sales partners consider our products and services to be the market benchmark.

What is important about this vision is not the products and services themselves, which are rather a means to an end. The vision creates a mental image of a company that shows great commitment to its customers and endeavors to be better than its rivals. It wants to keep on “surprising” its customers and sales partners whenever they interact with the company. These interactions are therefore described as “moments of truth.” What happens during them can be measured, for example with customer surveys. Another possible metric is the Net Promoter Score, which measures the degree to which customers are prepared to recommend a product or service.

The company's vision should be demanding, it should be a stretch goal. If you don't aim high, you don't jump high. Everyone in the company should feel challenged and be obliged to leave their comfort zone to do what they may previously have thought impossible.

This is why it is better, if in doubt, to set a target a little too high than too low.

However, building castles in the air that nobody thinks are achievable should be avoided, too.

This psychological principle is also familiar from the world of sports:

For a long time, people thought it was not physically possible for humans to run 200 meters in less than 20 seconds. And nobody managed it for many years. But shortly after the first person did (Tommye Smith), plenty of others succeeded too. The image in people's minds had changed: It is extremely difficult, but it is possible.

This shows that it is also essential for **leaders themselves to believe in the sense and achievability of their vision.** If they have doubts, this will be felt throughout the company. Good leaders therefore motivate others with their "faith," and use it to win over the team and the entire company.

3.2.3 STEP 3: A SUCCESSFUL YEAR

Meaningful targets can be broken down further into annual targets, monthly targets, and ultimately specific steps and measures. Because only specific measures lead to results. The clearer an organization is on this point, the more individual employees can recognize for themselves to what extent their activities contribute to the company's overarching objectives. And this alone has a motivating effect: Their work acquires meaning.

A good instrument for formulating annual targets is a balanced score card (BSC). It is used to set not only financial targets, but also important operational targets, which are a prerequisite for meeting the financial targets and considerably more motivating for employees. Financial targets do not have a motivating effect.

A frequent mistake is to set too many targets in the BSC and change them too often. If this happens, the targets cannot develop a focus in the company and there is no organizational clarity.

On the contrary, the best thing to do is to **concentrate on the most important targets** and formulate these in such a way that employees recognize them year after year. For example, the targets themselves should remain unchanged and only the parameters adjusted.

The following target categories, with one to two targets formulated for each, are meaningful:

- Customer targets (satisfaction, loyalty, complaint rates, etc.)
- Operational targets (throughput times, reject/error rates, etc.)
- Market targets (revenues, market share, etc.)
- Financial targets (sales growth, profit growth, costs)
- Project and risk management targets

What is at issue here is the overarching question:

What does good development mean for our company? If we can look back on a successful year, it is because we achieved a/b/c....

By setting clear targets, leaders ensure that the company directs its focus and energy above all at the market/customers. Many companies are too preoccupied with themselves, and this is enhanced by permanent restructuring and internal changes. The BSC is an ideal instrument for communicating within the company what really matters.

3.2.4 STEP 4: EMPLOYEE RESPONSIBILITY

Nothing good happens unless you do it.

– Erich Kästner

People want to feel they belong to a group. It is motivating for employees to see themselves as part of a successful company and team, and to know and feel – or, in other words, measure – their contribution to this success every day. When they come home in the evening, they are aware that their day's work had meaning and they are motivated to go back the next morning.

In “Three Signs of a Miserable Job,” Patrick Lencioni writes that it is important for employees to be able to measure their own contribution and not be dependent on others for doing so. They have the possibility and the power to recognize for themselves whether and to what extent they have done a good job and how they have contributed to the company's overall success. As a positive side-effect, they become less dependent on any arbitrariness in their boss's assessment. This is motivating.

In this context, leaders should also look for any operational factors relating to the company as a whole which are closely correlated to its overall success and which each employee can “measure” and influence positively themselves. This would provide a common metric for the entire company.

At Wal-Mart, for example, it was discovered that revenue per customer entering the store correlates most closely to the overall economic success of the company. This is by no means trivial; other relevant factors might be the number of customers per store or the share of returning customers, etc.

However, it is important that this measurability is defined and agreed on at the employee level.

One good instrument for this purpose is contribution management, which can also be used as a basis for quarterly feedback discussions between employees and executives.

It addresses the following questions:

- What are my personal targets?
- How can I measure them?
- What did I do well? What can I improve?
- What specific changes will I make? What initiatives and measures will I implement and when?
- What support do I need?

In feedback discussions with their employees, good leaders demonstrate coaching skills. In this way, employees retain responsibility – or ownership – of their contribution instead of just being told what to do. This is all the more important when it is a matter of exploiting creative energy throughout company.

3.2.5 STEP 5: INCENTIVES FOR PERFORMANCE

The legendary football game between Iceland and England at the 2016 European Cup illustrates the difference between inner and outer motivation. The Icelanders’ game was so much more inspired and motivated than that of the English. And so the national team of a country with just 300,000 inhabitants beat a country with the largest and most expensive professional league in the world. The earnings of the English players were 70 (!) times higher than those of the Icelandic players.

The motivating effect of reward schemes and money in general is overstated. It is even true that a reward scheme with its extrinsic focus can weaken employees’ inner motivation.

For this reason, Bosch canceled its bonus scheme for executives in 2015 and raised their basic salary instead.

It is much better and sustainable if leaders address their employees' inner motivation. This is also closely connected to the values embodied by a company (see 3.3 below) and the opportunities for employee development (see 3.4 below).

Another criticism of reward schemes is that their focus frequently is too short-term. As a result, they are even being abolished in the financial sector in some cases, where bonuses have become standard practice. Neil Woodford, one of the best-known fund managers in Great Britain, recently did away with the bonus for his staff and instead upped their basic salary. His intention in doing so was to redirect the company's focus to the medium- to long-term added value for customers.

Why can a reward scheme nevertheless make sense?

Because it can help to create organizational clarity. The targets it communicates have "teeth," because each employee knows at the end of the year whether it was successful, at least symbolically, by the amount in their own wallet. Employees can see that their leader really takes the targets seriously.

It is advantageous if each and every employee gets a share of the bonus: All employees contribute to the company's success; otherwise they wouldn't be working there.

The amount of the bonus to be paid is linked to the targets achieved that year, in other words to the company's measured success (e.g. based on the balanced score card, see section c above). The absolute amount of a bonus is less important than how well the company communicates where it came from.

3.3 EMBRACING VALUES – CREATING ROLE MODELS

Your deeds are speaking so loudly that I can't hear your words.

– employee

It is important for values to be created in a company and implemented on all levels.

These values are directly linked to the company's essence and join with it to form its foundation.

Values are not immediately visible. They are not revealed in words and proclamations but through action and behavior, especially in conflict situations.

One of the best times to see whether a company really applies its declared values is when it has to reduce staff numbers. How does the company treat employees in situations like this? Is there a fair “exit process” and what do employees who have to go say about the company?

Problems regularly arise when words and actions do not concur. From the employees’ perspective, this is often the case in companies.

A company can only really be said to embrace its values if implementing them in a conflict situation can even be disadvantageous for the company, for example, by reducing its accounting income. Values are not something that can be applied opportunistically.

Let’s take a look at a positive example of a company that embraces its values:

Over 20 years ago, one of the authors of this booklet bought a Laguiole corkscrew in France. It recently got bent while opening a bottle of wine, which was entirely the user’s fault. The tool was now useless and could not be repaired. Laguiole corkscrews are produced in France by various manufacturers, and the manufacturer of this model no longer existed. Against all expectations, the importer for Germany replaced the bent, 20-year-old corkscrew free of charge for a new, even better one worth about 200 euros from a different manufacturer.

In this case, quality is a value that is embraced by the company: It cost the importer a small amount in the short term, but there is a good chance that its consistent pursuit of quality will pay off in the long term.

How can a company really apply its values and how can it ensure that employees do not experience a discrepancy between its words and actions?

As the quotation at the beginning of this booklet shows, leaders play a pivotal role in this regard.

They lead the way and their leadership team, and ultimately all executives in the company, will follow suit. The core values must be shared and actively practiced by all key functions in the company. Otherwise, staff will ask: “If ‘those guys at the top’ don’t observe them, why should we?”

Leaders set the pace. They create the standards. It doesn’t matter whether they are in charge of salespeople, engineers, or creatives. They will only be as disciplined, driven, focused,

and consistent as the person leading them. The speed, quality and culture of the pack are determined by the leader. **In other words, the most important, but also the most underused and most frequently violated, leadership principle is leading by example.**

When Standard Life started establishing business activities in Germany, led by one of the authors of this booklet, an incident occurred. A client had an accident after applying for their contract but before it had taken effect legally. The company therefore had no obligation to provide coverage. At this point, the CEO in Scotland intervened, stating clearly: “For us, the customer always takes top priority. Customers must be able to assume that their contract applies. We will pay, no matter what it costs (a six-digit figure).” This was an extremely strong signal that has since become part of the company’s history and corporate culture.

As in this example, values can often be traced back to a company’s origins. What is more, they become particularly vivid when linked to stories that create images in people’s minds. These images remain even long after the people involved have left the company.

3.3.1 FINDING VALUES

How do good leaders identify their company’s distinct values?

One way to develop them is by holding a leadership workshop involving not only executives, but also selected employees, or “culture carriers.” At the workshop, answers to the following questions should be discussed:

- What values point to the origins of the company?
- What positive stories do people tell about the company?
- What values are linked to the company’s essence?
- What values do the leader and the leadership team represent?
- What values are important for the long-term survival and prosperity of the company?
- What values will tie employees to the company long-term?

This leads to the question as to whether a company must embody certain values to guarantee its long-term success. In other words, are there such things as “winner values?”

The answer, according to renowned Stanford professor Jerry Porras in “Built to Last,” is no. He studied a large number of successful companies and found that each has its own individual value mix.

However, two things are important in this respect:

First, values must be “embraced,” meaning that executives and their teams consistently act in accordance with these values. Second, companies should not change their values every few years; rather the unique value mix should be part and parcel of the corporate culture. According to Porras, this is an essential difference between the best companies and those that are less good. **Only if a company embodies its distinct values in the long term will they be perceived by employees and customers as guiding principles.**

Even if there are no such things as “winner values,” if one examines the value mix of successful companies, the following categories often emerge:

Autonomy, interaction and recognition

This is known as **A-I-R culture** (autonomy – interaction – recognition).

Let’s take a look at two distinct values often found in companies with an A-I-R culture that are very “healthy” for the corporate climate.

One value that is often underestimated and sadly underrepresented in many companies is

Respect and appreciation of individuals

Every single person has the fundamental need to be seen and perceived as an individual. As German playwright Botho Strauss said:

“The one you saw is the one who followed you.”

What is remarkable about this value is that although it does not cost leaders anything to leverage, it is rarely found in companies. The impact can be tremendous when leaders treat their staff as equals, even in seemingly mundane moments, such as meeting a new employee in the elevator.

Another value that is important for employee retention is

Fair process

People have a profound need to be treated fairly.

In “Fair Process: Managing in the Knowledge Economy,” W. Chan Kim and Renee Mauborgne differentiate between

OUTCOME fairness – Is the outcome fair? and

PROCESS fairness – Is the process that leads to the outcome fair?

There is a key difference between the two:

Outcome fairness is purely subjective. What is fair for one person is unfair for another. In the case of process fairness, however, there is a universal understanding of what is fair and what is unfair, even across cultural borders. There are standard criteria for a fair process.

To single out two criteria: First, employees are involved in decisions that affect them and are asked for their input. Second, it is explained to them why certain decisions have been made.

Executives with a more conventional way of thinking fear a loss of power and leeway if they involve employees in decisions. They do not realize that an employee will accept the fact that his idea is not to be implemented as long as the executive listened to the employee beforehand and gave a reason why a different path was chosen. There is an overlap here with the value of appreciation described above. If employees are not asked, they don't feel valued.

At the same time, it is especially important for leaders to know what their employees are thinking. The term "CEO disease" signifies that leaders generally hear everything but the truth. Their employees are too much embroiled to give an unbiased picture of what is really happening in the company (if they do at all). Leaders should therefore actively seek

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out the truth and show an interest in as broad-based input as possible to be able to make sound judgements.

Let's look at a positive and a negative example of a fair process:

At VW in Mexico, the workforce has the feeling they are being cheated despite a 20% raise in salary. The underlying reason is that they were not told how management arrived at this amount.

In contrast, management at Siemens Nixdorf explained exactly why they had to cut staff numbers by more than 50,000 and involved the workforce in a series of meetings of different sizes, asking volunteers for their input. The number of volunteers grew from 30 at first to 9,000 employees. In retrospect, the company's turnaround was viewed as a great success.

3.3.2 WEIGHING UP VALUES

After identifying a company's core values, the management team should ask what they mean and what options they have for managing them to avoid leaving too much scope for personal interpretation.

This is also important because values can sometimes be conflicting. In these cases, it is particularly important for leaders to clarify what embracing these values means for the company.

An example from the world of politics illustrates this well:

The topic of the refugee crisis touches on a number of fundamental values that are – in fact or simply perceived as – conflicting:

Humaneness/generosity (“It is humane to take in as many refugees as possible”)

Security (“The more refugees, the greater the risk of terrorist attacks”)

Freedom (“The more police, video surveillance and data exchange, the less freedom”)

Fairness (“The more support for refugees, the less money there is for us”)

Chancellor Merkel's attitude in 2016 of imposing “no upper limit” could be interpreted by many to mean that she places humaneness/generosity above security. The political discourse on an upper limit for refugees is therefore ultimately also about the relationship between the different values and their relative priority.

3.4 ATTRACTING TALENT

You are only as good as the people you hire.

– Ray Kroc, co-founder of McDonalds

An enterprise is nothing more than a human venture that brings people together around some marvelous dream that inspires them to express the fullest of their talents and contribute rich value to those they serve.

– Robin Sharma

Miles Davis was a magnet for talent. He was part of a closely linked network in the jazz scene, had a keen intuition for finding talented young people and was prepared to offer them a platform in his bands. What better leader could they hope for to develop their talents?

Every excellent company is obsessed with talent and promoting talent.

Good leaders give this top priority!

Jack Welch, former CEO of General Electric, a global company with some 300,000 employees, described himself as Chief Personnel Officer. With this mindset, it is hardly surprising that GE has an unbelievable pool of talent and is able to fill top positions almost exclusively from within its own ranks. Nestlé has also appointed its CEO from within the company for close to 100 years. It broke this rule for the first time in 2016, when it hired a top manager from the medical sector for the position. The reason was a change in Nestlé's business model that shifted the focus from food to health, where the company expected higher margins.

Ultimately, companies have four goals:

- Attracting and hiring talent
- Developing and nurturing talent
- Committing and retaining talent, and if necessary
- Dismissing talent

3.4.1 ATTRACTING AND HIRING TALENT

The first goal hinges above all on a rigorous recruitment process. Good leaders take responsibility for this themselves. They naturally also accept support from the HR department, but they do not delegate authority.

The following statement is highly pertinent:

First-rate leaders recruit first-rate people, second-rate leaders recruit third-rate people.

It is worth checking out and getting to know a candidate from different angles and to involve different people. Afterwards, a leader should talk to colleagues and try to piece together an overall picture from the various perspectives to decide whether the candidate is suited to the company and to the task at hand. A rigorous process also means that if one party clearly and understandably rejects the candidate, he or she should not be hired.

The approach taken by many managers in hiring employees is too superficial. Good leaders, on the other hand, make the necessary effort, are consistent in their decisions and trust their intuition explicitly. They take not only the candidate's strengths and skills into account, but also their values and motivation. Does the candidate identify with the company's essence? If they do, it means they will give all their energy and passion to the company in the long term and not just do their job.

Ernest Shackleton spent weeks and months recruiting and putting together his team. He interviewed each candidate himself, showing a deep and serious interest in the people themselves and even recognizing hidden talents the individuals were unaware of. He did not recruit his team based on their curriculum vitae, but relied on his own conviction of their potential and motivation. His men were often given tasks they had never performed before and were always able to count on their captain's faith in them and their abilities.

The hiring process begins with getting word of the company out to potential talents and convincing them to apply.

Northwestern Mutual, a successful insurance company in the USA, set up one of the best and most renowned vacation internship programs for college students over many years for exactly this purpose. As a result, the company has access to a permanent pool of students from which it can select the most capable employees.

3.4.2 DEVELOPING AND NURTURING TALENT

The second goal is about recognizing existing talent in the workforce and developing it in an ongoing process. The aim is to “institutionalize” development in the company, so to speak, in the sense of creating a suitable environment in which employees can develop their talents.

One of the most frequent reasons why talented staff choose to work for a certain company is that they expect to learn and achieve more there than they could elsewhere.

This is based on the assumption that the company is prepared to take the (manageable) risk of giving exceptionally talented junior employees an opportunity to discover and test both their abilities and limitations, for example by assigning them special projects and challenging tasks. If they are only allowed to follow a predefined path, how can they develop their unique talents and skills? It is also important to start nurturing talent as early as possible – the sooner the better.

Many excellent companies are often even simply elitist when it comes to promoting talented employees. At Google, it is said that a top engineer is worth around 300 times (!) more than a normal engineer to the company. It is therefore understandable that the best talents are given more responsibility, challenges and opportunities.

Employee development is a core value for a good leader.

Strictly speaking, companies cannot develop people, they can merely create a favorable environment for their development. It is up to employees to grasp the opportunity and take responsibility for their own progress, to invest in themselves and their future.

The implied deal is now:

”We give you the opportunity and you manage your career.”

This is also in the interest of employees. A Chinese proverb says:

“Give a man a fish and you feed him for a day. Teach a man to fish and you feed him for a lifetime.”

Developing and unleashing a person’s inherent capabilities is always an individual process, which involves testing their personal skills on new tasks, rather than purely cognitive activities, e.g. internal or external seminars (a frequent mistake).

A good leader combines progress with action, meaning he is very much hands-on.

To enable employees to develop, they must step outside their comfort zone and do things they have never done before. An external or internal mentor or coach can help them to capture opportunities for learning from their new activity as consciously and purposefully as possible. By talking to peers, people often realize that many difficulties associated with a new task are not related primarily to themselves and that other people have similar experiences. Knowing that they are not alone in this is highly motivating.

3.4.3 COMMITTING AND RETAINING TALENT

Another goal is to make sure employees stay with the company for as long as possible to ensure that the investment in their development pays off for the company in the long term.

Why do employees leave a company?

If we take a look at how employees identify with their company and job, it is clear that their direct superior has the greatest influence, both in a negative and positive sense. Employees leave first and foremost their boss, and then their company. This means that leaders are primarily accountable for the quality of their employees' jobs.

By the same token, if executives lose one or more good employees, it is only consistent for the company to considerably reduce their bonus.

In his book "The Three Signs of a Miserable Job," Patrick Lencioni gives three reasons why employees leave their boss and their company:

1. Anonymity = Employees feel they are not perceived as individuals and human beings
2. Irrelevance = Employees cannot see how they contribute to the company through their work. They see their contribution as being irrelevant.
3. Immeasurability = Employees have no way of measuring whether they are doing a good job or not. They are dependent on the judgement of others.

Reversing these signs produces the formula for a good and healthy workplace:

1. Appreciation = Employees are perceived as individuals (see quote above from Botho Strauss in C 3a)
2. Relevance = Employees see that their work is important to customers and colleagues. (see also C 2d)
3. Measurability = Employees can see for themselves how well they are doing their work. (For example, a cashier at Wal-Mart can assess for himself whether his manner and the friendliness of his service encourage a customer in the store to buy as much as possible)

Good leaders make sure that these three elements are present in the company. They are rewarded for this with the loyalty of their staff.

There will nevertheless still be occasions when talented employees who the leader particularly supports will want to leave the company. Good leaders, however, do not take this personally (as is often the case), but ask themselves whether they and their company have done all they could to offer this employee interesting opportunities for development. If they can answer in the affirmative, and the employee still wants to leave, then they must respect the employee's decision. They must put the individual before the institution.

3.4.4 DISMISSING TALENT

Conversely, there are also situations when leaders have to let go of an employee, maybe even a member of their leadership team.

The decision is relatively clear-cut if the employee's performance does not improve even with long-term support. The situation is more difficult if an employee performs well, but violates the company's basic values.

Take the example of a highly successful salesperson, who sometimes acts in an ethically dubious manner or is the opposite of a team player. If ethically correct behavior or teamwork are basic values embodied in the company, a good leader will not be afraid to make a difficult decision. They will give the employee in question a warning and, if this makes no difference to his behavior, dismiss him, even if he is one of their best salesmen. Core values are not something a leader can pick and choose.

This case should not be confused with employees who behave "inconveniently" or are critical of the leader. Leaders should not try to surround themselves with "yes-sayers." Criticism

in particular can offer potential that must be leveraged constructively in the interest of the company.

Overall, it is fair to say:

Leaders can recognize whether they are good at managing talent by asking themselves the following questions:

- Can important positions in the company be filled with internal candidates? Excellent companies prefer to fill posts with candidates from within the company, but also ensure that “fresh blood” is regularly injected from the outside.
- How successful are executives and employees who leave the company? At GE, 40 vice-presidents who left the company between 2003 and 2011 became CEOs at other companies.
- How does the company function when the leader is not there?
- And most importantly: Is there a pool of capable potential successors for the leader himself?

The last point is particularly appropriate for finding out whether leaders have narcissistic tendencies. Are they interested in building up a legend around their own person or are they motivated to design an excellent company, or a division within a company, that also functions well when they themselves are not, or no longer, there. **Good leaders are recognizable by their legacy.**

4 WHAT GOOD LEADERS SHOULD NOT DO

4.1 DON'T POINT A FINGER AT OTHERS

Outstanding leaders are prepared to take full responsibility. They do not point their finger at, or shift the blame to, others.

From a certain age you are responsible for how you look.

– Andre Guide

Many people are in the habit of blaming their fortunes, misfortunes or anything else on external factors, whatever form they may take. To put it bluntly, in a complex world, we are quick to see ourselves as victims of outside circumstances, which absolves us from taking a good look at ourselves and doing something about it.

And so we say, “If only abc were different, then we wouldn’t have this problem!”

But abc is usually beyond our control. As a result, taking this attitude generally means that we miss creative opportunities and waste our productive energy.

According to Jacko Willink and Leif Babin (“Extreme Ownership”), a victim mentality and leadership are mutually exclusive.

Victim mentality or leadership – that is the choice!

The key word here is “choice.” We know from cognitive psychology that reality is not objective, but in the eye of the beholder, as it were. We all have our own perception, involving both conscious and subconscious processes. It is as if we put on eyeglasses that enable us to see certain things in sharp focus and other things hardly or not at all. So-called “objective” reality is always strongly colored by our own perception.

However, the question is whether we can consciously choose to wear such glasses to support our own or our company’s development. It is not a matter of glossing things over, but of taking a productive attitude that puts the focus on development. That is exactly what good leaders do, whether consciously through reflection or subconsciously. They direct their attention above all to the following questions:

What is the problem and how can I solve it? What can I learn from it, what can I create from it?

This inner attitude – or these glasses, as we have called them – is the opposite of playing the victim. It reveals a good leader.

In this regard, leadership, as hinted at in the quote by Andre Guide at the beginning of this chapter, also relates to life in general. It is the ability to take responsibility for your own life, to discover, develop and express your talents and strengths. In other words, to **“own your life.”**

It is naturally also linked to leadership in a company, which is what this book is about. So much energy in companies is wasted as a result of endless discussions, of one person pointing the finger at another, or everyone together at a third person, in any case at something that is outside their own sphere of influence. And if this happens at the helm of the company, you can maybe guess what creative opportunities are squandered throughout the company.

The quality of a leader is revealed particularly at times of upheaval or difficulty. A good leader understands instinctively that it is especially important during periods of great change to take responsibility for their own share of the difficult situation and to communicate as much.

The message a good leader sends in this case should first clearly state the need for change or the difficult phase ahead, secondly take responsibility for the situation, and thirdly offer a positive outlook for the future, for example:

“I take full responsibility for the current (difficult) situation xy...! What matters now is the following... We will all have to work hard and give up some things we have come to treasure. But in the end we will emerge from this situation stronger.”

As we stated previously, it is essential for good leaders to build a strong leadership team and establish leadership throughout a company. One critical issue when it comes to judging whom to trust to be a (good) leader is the question as to what extent colleagues are able and willing to take responsibility for themselves and their actions. Good leaders have a keen instinct for this decision; they do not want to waste energy, but work creatively with their team to shape the future of the company.

The crucial point is whether this ability is part of a leader’s personality, or whether it can be learned. A willingness to accept responsibility is certainly more than an external behavior; it is deeply embedded in an individual’s personality. And yet personality is not immovable or rock-like, but can develop throughout a person’s life if that person is prepared to let it.

4.2 DON'T BE SELF-CENTERED

Good leaders are not primarily concerned with how their own career is progressing. Their aim is to build something that is greater than themselves.

The world is divided into people who do things and people who get the credit. Try, if you can, to belong to the first class. There's far less competition.

– Dwight Morrow

Is it helpful or even necessary for a leader to be narcissistic?

Professor Manfred Kets de Vries from INSEAD reached the conclusion that a good leader certainly needs a healthy (!) measure of narcissism to want to rise to the challenge of permanently being “on stage.”

The emphasis here is on “healthy.” Being in a powerful position in a successful company can act like a drug, especially for leaders with a pronounced ego. In this case, the office can actually ruin a person with a correspondingly distinct personality. “Power shows the man.”



What if you could build your future and create the future?

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Such leaders begin to shed any self-doubt and convince themselves gradually, but unwaveringly, of their own unfailing greatness. At this point, their narcissism threatens to become corrupt and they begin to lose contact with the company and reality. The consequences are often disastrous.

This is not only true in the business world, but also occurs in politics and in many institutions. It is therefore hardly surprising that only very few institutions today have actually improved their reputation in the last ten years.

It is often the case that companies with an excellent reputation in the long term are managed by CEOs who do not seem to be charismatic at first glance or are maybe even slightly introverted. They are not interested in putting themselves at the center of attention and working on their career. They are “clock builders” rather than “time tellers.” Their goal is to develop the company and its employees and, by doing so, make themselves virtually superfluous. They do not waste their time and energy and that of their employees on internal politics with the sole aim of showing themselves in a positive light. They serve the company and the purpose behind it, which is greater than themselves and their own ego.

And their employees know this. They have a keen sense of whether their leader is driven by self-interest alone. It is far more motivating for staff to be able to contribute toward a greater purpose than to work directly or indirectly for their boss’s career, thereby making themselves dependent on his whims.

Leaders who are more interested in what comes next for themselves are likely to put their career before their management role in a company. The same is true if they want recognition for the company’s success.

Conversely, leaders might ask:

“How do I feel if the company achieves major success, but I, as the author of this success, remain in the background?” Do they feel comfortable sitting by the fireside in the evening with a glass of wine in their hand and raising their glass to the company’s success? Or will they be unable to resist the urge to rush forward and claim the credit for themselves? Good leaders prefer the glass of wine at the hearth.

A leader is best
When people barely know that he exists
Not so good when people obey and acclaim him
Worst when they despise him.
Fail to honor people,
They will fail to honor you.
But a good leader, who talks little,
When his work is done, his aim fulfilled,
They will say, We did it ourselves.

– Lao-tzu

4.3 DON'T COURT FAVORS

Good leaders do not feel the need to be popular. They are prepared to make decisions that may be even unpopular.

He was a self-made man who owed his lack of success to nobody.

– Joseph Heller

In their role as leaders, executives tend to become isolated to a certain extent. Why is that so?

It is partly due to the “CEO disease” we mentioned before. It makes a difference in the relationship between A and B, if A is B’s boss. A has reason to ask whether B really gives him all the information he needs, or if B filters it according to his needs, which is generally the case.

On the other hand, leaders face high demands. In management assessments, they come under great scrutiny and are rarely treated gently. The position comes with expectations, hopes and fears, and thus with considerable pressure for incumbents.

And so, more often than the self-assured manner of many leaders would suggest, sooner or later, deep inside and almost unconsciously, they start to ask themselves: Do I really deserve this exposure and do I have what it takes? Am I perhaps only pretending and, once my cover has been blown, could I lose my authority and maybe even my job?

These doubts are reasonable, but worrying for most people. So they push them aside, along with the energy they would need to deal with them. Nevertheless, the misgivings continue to gnaw, sometimes with even greater effect. Ultimately, some leaders start to assume consciously

or sub-consciously that they owe their job more to the goodwill of their boss, colleagues or employees, and less to their own abilities and efforts and would be well-advised to avoid fundamental conflicts. In other words, they try to be popular.

This basic situation can even increase their need for harmony and desire to please as many people as possible. Ironically, this often has exactly the opposite effect: By trying to make everyone happy, leaders get ever more entangled in inconsistencies, become vague and inauthentic, with the ultimate effect that they end up not pleasing anyone at all.

Sooner or later, employees will put their leader to the test: They will watch to see whether their boss can put up with the discontentment of his employees about pending changes or goes on the defensive. Enduring employees' displeasure without taking a defensive stance is a challenge, but also an excellent way for a good leader to build trust.

Not many people really enjoy conflicts; most find them more or less disagreeable. But avoiding them usually leads to even greater problems. For leaders, it can even be fatal. It is important to emphasize at this point:

The most frequent reason for leaders to fail is a fear of conflicts.

To recognize whether they are in danger of falling into this perilous trap, leaders should ask themselves the following questions:

- How regularly do feedback discussions take place and how open and transparent are they? To what extent is the leader afraid of angering employees, and therefore avoids justified criticism?
- How “surprised” are employees when they are fired? Were they notified in good time that they would have to leave the company if their performance did not improve?
- Is the leader prone to cronyism in relations with employees and colleagues? Does the leader want to protect certain employees from the effects of change?
- Is there a tendency in the management team or in the company towards “group thinking,” i.e. everyone comes to an agreement quickly and necessary conflicts are not addressed at all? It is not a good sign if colleagues argue all the time, but if there is no conflict at all, it is a sign that things have come to a standstill.

Good leaders know how to establish a healthy conflict culture in a company, starting in the management team. They are aware that productive conflict is essential to finding the best path for the business. This best path doesn't appear from nowhere; it is the result of hashing out arguments and tackling different perspectives.

At their root, most conflicts are nothing but a collision of different doctrines, values and perspectives. But it is these differences that offer the best foundation for human progress and development. Good leaders understand how to leverage this potential. Nobody grows by just looking in the mirror. Anyone who avoids conflicts compromises their own chances of finding the right path.

In their bestseller “Getting to Yes,” Roger Fischer and William Ury advocate the principle of “be hard on the merits, soft with the people,” or in other words, don’t confuse relationships with facts. A simple but good piece of advice.

What is astonishing is that rather than endangering relationships, a productive approach to conflicts can even earn leaders respect from their superiors, colleagues and employees, thus improving the relationship.

Good leaders try to earn respect from their employees in the long term and not their affections. They see their staff as key people who have the aspiration and duty to achieve their goals. Good leaders challenge and encourage their employees, without dodging important conflicts.

4.4 DON'T POSTPONE DECISIONS

Good leaders are not afraid of making wrong decisions, to then simply postpone them. They are ready to act, even under (great) uncertainty.

The most effective leaders are able to both act AND reflect.

– Manfred Kets de Vries

Many people feel the need to put off decisions, depending on the situation, not as a conscious step, but because they do not feel ready to act or decide. This only rarely leads to better decisions, but usually to a loss of vitality.

Nowadays, we live in what is called a VUCA world:

V = volatile

U = uncertain

C = complex

A = ambiguous

In this world it is difficult, even in retrospect, for leaders to say what decision would have been best, or what they should have done.

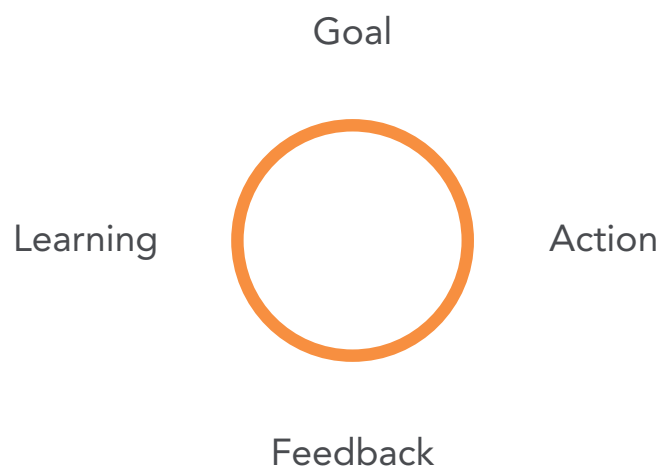
However, leaders with a particularly analytical mindset try to make “optimal” decisions. If they have the choice between making an uncertain decision or postponing the decision to have more time and collect data, they will tend toward the latter. They feel threatened in their authority if they risk being accused of making the wrong decision.

The price of putting off decisions is deadlock, wasted energy and usually therefore also squandered money, as well as a loss of organizational clarity. In companies managed by leaders like this, the rumors often fly thick and fast and a unique sense of paralysis prevails.

We do not claim that it is always better to act immediately and to shoot from the hip instead of holding back. Important decisions should be made carefully, taking into account the available facts and a wide range of input. Sometimes, it can make more sense for a leader to postpone a decision rather than put themselves under pressure. But in this case, deferment is a conscious decision about the matter at hand and is not because the leader wants to avoid appearing incompetent.

One extremely important aspect of actually doing things is that it generates feedback and input, from which something can be learned for new decisions. By taking well-considered steps and bringing themselves and their company forward, good leaders reduce uncertainty to a certain extent and create facts for better future decisions. They give people in the company the feeling that something is happening and that an experimental spirit prevails. That alone is motivating for everyone.

Good leaders see their decisions as part of a process and not as isolated incidents:



No. 1: The most effective leaders act AND reflect

Even if they are not able to plan the individual stages and steps in advance, good leaders keep in control of the process as a whole: They act purposefully, consider the consequences and ensure that the wheels keep turning. They are seekers and learners at the same time. Sometimes this can also mean taking a short-term perspective, as described in the example of Louis Gerstner at IBM in section C 2b above.

At this point we would like to highlight the importance of intuition for good decisions. There is clear evidence that intuition plays a key role in ensuring the best outcome. Reason, or intelligence, is valuable for challenging and examining decisions and finding the best way to implement them. But it is not necessarily the best instrument for making the decisions themselves. Almost any decision can be justified (“rationalized”) coherently and rationally.

In today’s VUCA world, the best path cannot be found through reflection alone. This is also the problem with business plans if they are required to regard every aberration per se as a problem. It’s like planning everything in detail and then spending the next three years implementing it. That simply doesn’t work in reality. The notion of a business plan indicates hidden anxiety in the company’s management rather than competence. A healthier version of a business plan is one that does not strictly predict the future, but gives the direction in which the company should progress and initiates a meaningful discussion.

4.5 DON’T AIM FOR PERFECTION

Good leaders do not pretend to be perfect and invulnerable. They are also prepared to show that they have a human side.

To reignite creativity, innovation and learning, leaders must rehumanize education and work.

– Brene Brown

It is healthy for leaders to ask themselves: Would I want to work for myself if I was an employee? Do my employees enjoy working for me?

As we stated above, employees devote themselves first and foremost to their direct manager. In other words, when employees hand in their notice, they are resigning above all from their direct superior.

How would it be if leaders started to regard their employees as “volunteers?” Such volunteers would be free to choose both the company and leader they want to work for. And how

if they treated them as equals? Imagine the force and energy this would release and how dedicated employees would be if they could say, “I want to work for this person and go the extra mile for them!”

But how does this relate to the issue of whether leaders can, or maybe even should, show their human side?

When leaders reveal something about themselves, something personal that is not directly related to their function, but shows them as human beings, it is easier for employees to consciously choose to work for them.

In the process, a quality that is basically ingrained in all successful leaders comes to bear:

The willingness and ability to build personal relationships

Here, again, good leaders must act as role models: If they show they are human, their employees can too. If the leader is imperfect, employees can have faults, too. This has two positive effects:

First, there is something unbelievably liberating about not having to pretend and appear perfect. Second, it meets a basic need of each and every employee: To not just be a small cog in the works, but to be perceived as an individual in their own right.

The poet Botho Strauss puts it succinctly: “The one who saw me, is the one I followed.” I can follow and commit myself to those who see and acknowledge me, with all my potential, but also with all my weaknesses.

There are tangible benefits when leaders do not try to come across as being perfect to their employees, but meet them as equals.

But why do so many leaders still have difficulty “showing” themselves?

There are two main reasons: One is that leaders are always in the spotlight. Everything they do and say is observed and interpreted. As a result, it requires a lot of courage for them to stand “on stage,” not only in their function as a leader, but also as people.

Second, leaders are under tremendous pressure to have things under control and find an answer to every problem. Not being able to would give rise to feelings of shame, insecurity, fear and vulnerability, or so leaders assume who want to be perfect.

As we said before, this tendency is enhanced by the following anomaly: Studies have revealed that many leaders are insecure and ask themselves deep down inside why they deserve this important position. It is often the case that the more confident a leader seems on the surface, the more this question bothers them.

Ultimately, however, it is better to face this basically natural problem and the fears associated with it than to avoid it in an effort to be as untouchable and perfect as possible.

Good leaders, however, are aware of the following:

People expect me to be competent, because competence inspires trust. But somebody who is perfect puts people off.

Of course leaders are also exposed to risks and have to cover themselves. But if self-protection means that the person behind the function is no longer able or willing to show themselves as they are, they become less dynamic and effective.

Another way of referring to this is as the quality of a good leader's heart. The following table shows what happens when leaders close or harden their hearts:

Quality of a leader's heart	→ becomes	→ revealed as
Openness	Cynicism	"Sense of reality"
Curiosity	Arrogance	"Authoritarian know-how"
Empathy	Insensitivity	"Thick skin"

No. 2: The quality of a leader's heart and its possible deformations

Andre Guide said:

"Trust those who seek the truth and distrust those who have found it."

Above all, **competent seekers and learners** are those who make mistakes, have weaknesses like all people do AND show them, and are thus able to generate trust in their employees and colleagues. By having the courage to take this step, good leaders create an environment in which their employees can also "show themselves" and cast off the mantle of their role.

This basically demands two things from leaders: **self-awareness and COURAGE!**

Another thing that certainly helps is a good sense of humor: **Laughter is the shortest connection between two people from a neurological standpoint**, because it allows their limbic systems to communicate directly. Humor is a wonderful strength for a leader to have.

That's why we also talk about the **4Hs of effective leadership**:

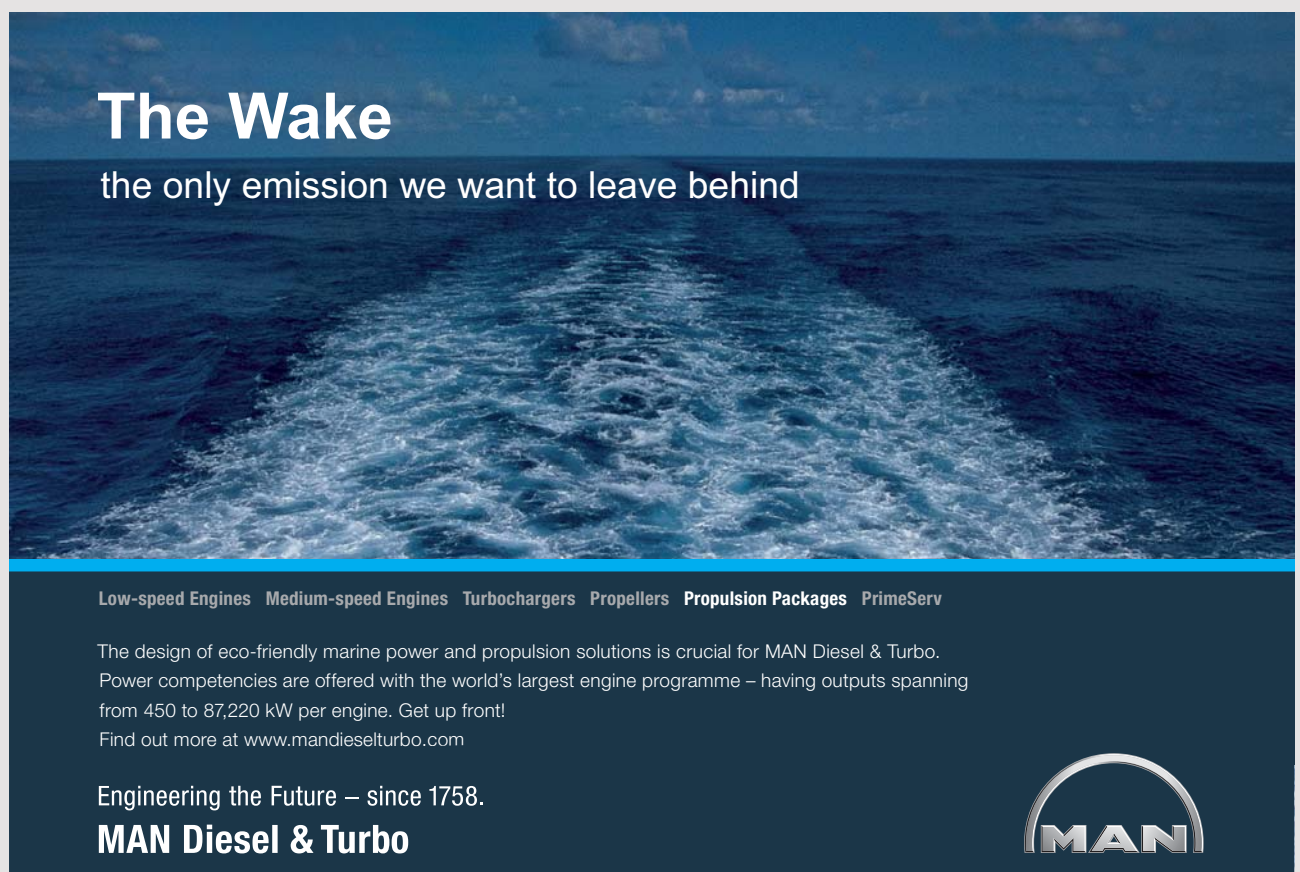


5 WHY DO WE NEED GOOD LEADERS?

Why are good leaders necessary at all? Do we really need them or is it simply enough to muddle through and be satisfied or pleasantly surprised when we come across a really good leader now and again?

The answer is clear: **Yes, we do need good leaders!** And we need a lot of them. After reading this booklet, it should be obvious that it is in every company's interest to find, develop and retain good leaders. Only by doing so can they ensure lasting success and the long-term commitment of their employees, something that is increasingly important today due to the scarcity of skilled personnel. Word gets around fast as to which companies offer attractive working conditions. At least this insight has created a new job profile in recent years: employer branding.

Of course it should also be in our own personal interest to find good leaders at our place of work. Anyone who has worked for a bad leader knows only too well how much it can affect us personally and make our lives difficult.




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But it's not just about company success, about achieving goals and our own personal well-being. In times like these, in a world that is changing faster than ever, where trouble spots are ubiquitous and digitalization is destroying areas of work and creating new ones, **it is essential to have good leaders who are prepared to act as role models in society, too.** When good leaders offer us visionary ideas and set an example, they shape not only their own corporate culture, but also how we interact with one another in society. We need leaders who create the future, forge visions and strategies that enable us to cope with the complexity of our age, who motivate those around them to help implement these strategies successfully and overcome obstacles. We shouldn't have to rely on a few good leaders. We need them everywhere: in companies and corporations, in schools, universities and government.

6 CONCLUSION

If you want to learn the trumpet, you must play the trumpet.

The difference between a beginner and a master is that the master practices a whole lot more.

– Yehudi Menuhin

No book in the world has the power to make everyone who reads it a good leader.

Good leaders act AND reflect. Simply doing things without thinking results in aimless actionism; reflection alone cannot change anything. Only when the two come together can things change, both for leaders and their companies.

To use a metaphor:

Leaders stand both on the balcony, from where they can watch and reflect, and on the dance floor, where they can act. Good leaders move permanently between these two poles.

This little book on leadership is intended both as an incentive and a compass. As an incentive to put you on your own path to becoming a good, or a better leader, as soon as possible and regardless of your position in a company. And as a compass to show where good leaders should focus their actions. This book spells out what leaders strive to achieve.

Good leaders build a PRODUCTIVE ENVIRONMENT that unleashes creative forces throughout the company to achieve a firmly anchored development objective.

Our booklet shows the key milestones and pitfalls on the way to achieving this goal.

It is up to each (future) leader to find out HOW to do this, using their own personality, with all their strengths and knowing their own weaknesses.

Good leaders do not develop in an orderly and structured fashion; it is a difficult process, littered with wrong turns and dead ends, before they find the right path. Often, it is a transformative event or a special experience that strengthens a person's resolve that they have what it takes to be a good leader. They start believing in themselves and develop the ability to motivate and unite others in the quest to achieve common goals.

We wish you success on your journey!

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