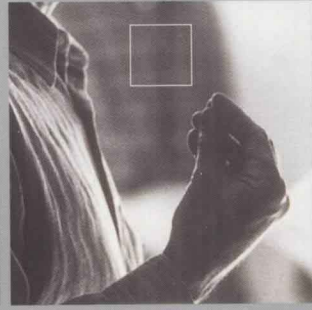
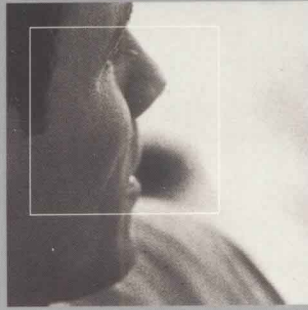
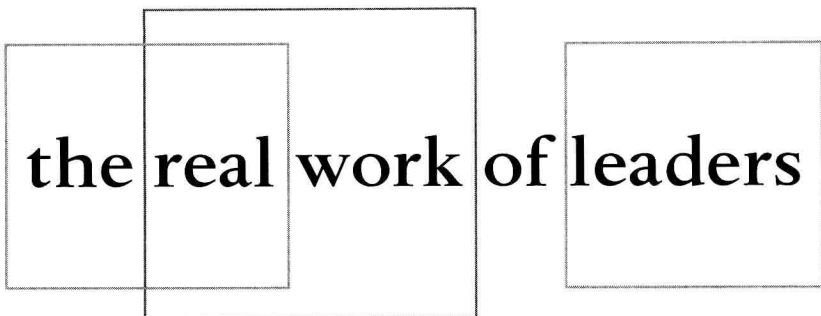


# the real work of leaders

A REPORT FROM THE FRONT LINES OF MANAGEMENT



*Donald L. Laurie*



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*To my beautiful ladies and the new sailor,  
who have brought such joy to my life:  
Susie, Meghan, Rhodie, Chantal, Madeleine, Isabella,  
and Harrison Donald*

# Preface

Deep in the mountain forests of Rwanda, a band of gorillas awaken. They stretch and scratch, rummage and root in the thick foliage for something to eat. A pair of young males hoot and grunt in boisterous play as disinterested females look on. Suddenly, the dominant silverback, the group's leader, begins to move. Seeking direction, all the others turn to him, awaiting his lead to the watering hole and to new sources of food. He stretches his massive body, looks around, selects the path, and begins to lumber down the trail, with the rest of the band following in accepted order.

Along the way, the great silverback may pause to break up a fight between two young males attempting to assert territorial rights. Or he may assemble his band in a defensive stance when he catches the scent of an intruder, perhaps a wandering young lothario intent on snatching away females to establish his own family group. Whatever problems the band encounters, it looks to the old silverback for guidance. He manages internal disputes, controls behavior, establishes authority. And his leadership works, so long as the threat is from another gorilla or some other animal common to the Rwandan forest. Weighing 400 pounds and with an arm span approaching seven feet, the silverback has no peers in his own milieu. But if the group encounters a poacher with a stun gun who is attempting to capture a young gorilla for exhibit in a foreign zoo, the

leader's physical strength and reach are of no consequence. The old silverback doesn't know how to respond to the new challenge.

Today, the business forest is teeming with new challengers packing stun guns. Globalization, cutthroat competition fueled by technological change, increasingly demanding consumers, and new opportunities and threats spawned by the Internet are only a few of the new realities that have profoundly altered the face of competition in confusing ways. Seldom have leaders at all levels confronted a more precarious business environment. And it has put them at risk. But not all the dangers come from outside. Lester Alberthal, former chairman and chief executive officer of Electronic Data Systems Corporation (EDS), based in Plano, Texas, has no doubt why almost all successful large companies eventually lose their edge. Listen to what Alberthal told me: "When you're extraordinarily successful, when you can do no wrong, when you are dominating a marketplace, and you've built something that's really fantastic and the world says, 'Isn't this wonderful?' the natural human tendency is to start institutionalizing it."

Everything becomes inwardly focused: the process of research, development, and designing, your process of thinking about the market, your education process. You say this is "the GM way," "this is our way." Although some of that speaks to your core competencies, once you become totally preoccupied with it, you ignore the marketplace. You wind up with a Cadillac, an Oldsmobile, or a Buick all looking exactly the same because the engineers have said this is the way to do it. But the marketplace says "we don't want that."

Or you do what IBM did—it ignored the personal computer and the demand of the marketplace for personalized technology and got a few years behind the curve. Once you do that, it becomes very difficult in a high-paced research and development

(R&D) environment to catch up. This is true regardless of how talented people are.

Alberthal's culprit is complacency, plain and simple. As old as human nature, and just as deadly, it is merely another of the factors—albeit of a company's own doing—that undermines corporate management structures and leads to their early demise.

Leadership has joined the ranks of dangerous professions. Chief executives, declares *Business Week*, “leave their jobs these days with the regularity of NFL coaches.” Evidence backs them up. Studies show that corporate boards are three times more likely to oust a chief executive today than they were twenty years ago. Between August 1999 and January 2000, some sixty-six computer-industry executives vacated their posts; in the financial-services industry, some fifty-two executives departed. Those who do manage to remain often find themselves swept away in a takeover; witness Robert B. Palmer of Digital Equipment Corporation, Wolfgang A. Schmitt of Rubbermaid, Inc., and Thomas T. Stallkamp of Chrysler Corporation. Is it any wonder that many leaders feel as if they have lost their way? Much of what they knew and took for granted about managing their companies has been called into question.

I know firsthand about the problems leaders are encountering today and the wreckage strewn around corporate boardrooms here and abroad. For some twenty years now, I have advised the chief executive officers of *Fortune* 100 companies. It is from my observations of the environments in which these leaders are operating that this book was born. Three years in the making and featuring more than forty in-depth CEO interviews, it is designed to help current and future leaders and their organizations cope with the harsh, sometimes disorienting realities of today's business world.

I intend to simplify the act of leadership by providing a new and practical framework for understanding and practicing it. It

is my hope that this book will enable leaders to ask tough questions that uncover the problems that can threaten the very existence of an organization. Leaders who orient their employees toward solving problems will find them more able to ward off the corroding dangers of complacency. The time is now for understanding the complex work that leaders do. Let's get on with *The Real Work of Leaders*.



# Acknowledgments

I have learned the most from my work with clients. I have learned that real leadership can be performed by a CEO, a technologist with passion, a marketing person with insight, or an executive assistant with great administrative skills. I have seen real leadership in action at British Airways, IBM, Hewlett-Packard, Nokia, Warner Lambert, Johnson & Johnson, KPMG, Up To Date, Optigrab, and elsewhere.

The CEOs who participated in my research during the past four years have been generous with their time, experience, and insight. My special thanks to those who encouraged me to return to their offices for deeper discussion. Ralph Larsen of Johnson & Johnson, Gene Fife of Goldman Sachs, Roger Ackerman of Corning, Bernard Fournier of Rank Xerox, Colin Marshall of British Airways, Lew Platt of Hewlett-Packard, Ruud Koedijk of KPMG Netherlands, Doug Brown of Advent International, Paul Garwood of Unilever, and others.

There is a special group of intellectual and operational partners whose collaboration has enriched this work in thought and deed. Ron Heifetz of the Kennedy School of Government at Harvard University was my coauthor on the *Harvard Business Review* article, "Work of Leadership." That article was the genesis of this book. He has been an invaluable and generous resource. We have often written together and collaborated in the sometimes difficult task of working with the top teams of global

corporations as they tackle the real work of leaders. Terri Munroe of San Diego University brought her unique insights to these challenges. Yves Doz, C.K. Prahalad, Gary Hamel, Michael Pieschewski, Susie Friedman, Suzanne Boulos, and Mike Placko have always been readily available as colleagues and friends.

Nick Philipson of Perseus added great value in suggesting formidable editorial enhancements. Donna Carpenter of Wordworks was a helpful collaborator. Helen Rees, my literary agent, provided sage and pragmatic advice at critical points in the process. Caro Fry, my assistant for the past ten years, has been an example of how to turn around production of impossible deadlines with a sense of good cheer. Candy McGann has been amazingly helpful in everything administrative during the past fifteen years.

I owe the most to my elegant wife, Susie. She is the source of the intangibles—a lifetime commitment together, loving support in the face of adversity, and a contagious confidence that this would all work out.

*Don Laurie*  
Oyster Harbors  
Osterville, Massachusetts  
February 7, 2000

## **the real work of leaders**

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PART ONE

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# A Leader's Real Time



# What Should Leaders Do?

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**A**SK LEADERS WHAT THEIR REAL WORK IS, as I often do in my role as an adviser to senior managers, and you will get a variety of thoughtful answers. Then I pose another question: “If I had followed you around for the last four to six weeks, what would I conclude about your real work? In other words, what are your real priorities? How do you and other key executives in your organization spend your time day to day? Are your priorities linked to your work as a leader, as you have described it?” As you might expect, the answers vary. Many senior managers insist that their schedules support their image of themselves as leaders. Then, I ask to see their calendars—a revealing exercise. Often, they have spent little or no time in the past month on what they say matters most, not because they didn’t want to. People do not overbook themselves on purpose, but crises often rule their calendars. Emergencies, by definition, arrive unannounced.

Ralph S. Larsen, chairman and chief executive officer of Johnson & Johnson (J&J), the largest health-care products company in the world, told me a story about a reporter for a New York City television station implicating a J&J product in the death of

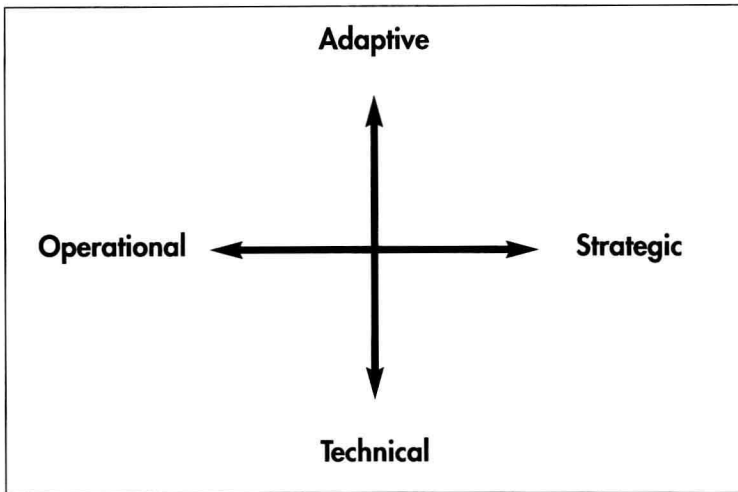
a patient. “I *have* to step away and deal with that kind of emergency,” Larsen told me.

Invariably, when leaders confront the truth about how they spend their time, they tell me the last month was “unusual.” One of my favorite comments came from Jan Carlzon, who was then chief executive officer of Scandinavian Airlines System (SAS), the \$5.2-billion-a-year passenger and cargo carrier based in Stockholm, Sweden. After Carlzon defined his work as setting strategy, I asked him how much time he had spent on it during the past month. He thought for a minute, and then said with a smile: “Oh, you’d conclude I was a liar. I’m not the leader I just described.” Truth is, most leaders are not the leaders they describe. That is, they aren’t engaged in the real work of leadership. Being a leader is not easy and never has been. But today more than ever, leaders confront a complex list of problems as they attempt to guide their organizations toward growth and prosperity.

This book describes how you, as a leader, can and must nurture your awareness of problems, recognize them, and fortify your organization to meet and solve them. In business, the primary mission of the manager as leader is to mobilize people—your superiors, subordinates, lateral colleagues, and outside parties—to engage in their work. And this requires everyone to define, refine, and resolve problems. Solving problems—or, more accurately, enabling *others* to solve problems—is the leaders’ real work. By identifying and framing problems, a leader jump-starts the crucial process of marshaling the resources needed to eliminate them.

Am I being too negative with my emphasis on problem solving? I think not. Confronting problems will lead to their resolution; avoiding them is not only “negative,” it is dangerous. I have on my desk a brass paperweight in the shape of a Chinese character that stands for “problem.” But it has a second meaning: “opportunity.” In other words, every business problem and every





The problem(s) we are trying to solve.

business risk contains the seeds of business opportunity. The Internet serves as a useful example. At one level, it allows new competitors to assault and sabotage a company while simultaneously it opens a strategic window of opportunity to create new relationships with customers and suppliers, reduce selling and distribution costs, and even invent new businesses.

In this book, I provide leaders with an approach that can simplify and speed up the task of addressing business problems, as well as help them prepare their organizations to harvest their inherent and unique opportunities. My leadership framework (above) encompasses both problems and the work necessary to arrive at effective solutions. It reflects the experience I have gained advising dozens of organizations in the United States and Europe, as well as the wisdom of the many successful leaders I have interviewed along the way.

The horizontal axis of the framework enables you to place your problems (a.k.a. opportunities) into one of two categories: opera-