What Great Leaders Do

How to stay on top of your leadership game? Don't mimic the pros—make your own moves instead.

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Product 1479
It’s a frustrating fact of leadership: Sometimes you’re on your game; sometimes you’re not. How to tip the scale toward excellence and away from mere competence? Don’t rely on imitating other leaders or poring over leadership manuals. Instead, tap into the abilities you’ve already acquired while surmounting tough personal and professional challenges in the past.

At the same time, capitalize on your employees’ unique talents: Instead of trying to change your people, identify their unique abilities—even their eccentricities. Then help them use those qualities to excel in their own way. You’ll save time, teach your employees to value differences, and build a powerful sense of team.

As you activate the leader within you—and the achiever inside each employee—remember: Though great leaders may differ in their surface-level characteristics, deep down truly great leaders have one thing in common: they all possess the humility needed to subjugate their egos to something larger and more sustaining than themselves. And they don’t tolerate mediocrity in their own or their people’s performance. Their reward? Ever higher levels of achievement from everyone around them.

Moments of Greatness: Entering the Fundamental State of Leadership
by Robert E. Quinn

You’ve led successfully before—every time you’ve resolved a daunting personal or professional challenge. To evoke that talent again, ask yourself four questions: 1) “Am I results oriented?” Have you articulated the outcome you want to create? 2) “Am I internally directed?” Are you willing to challenge others’ expectations of you? 3) “Am I other focused?” Can you put your organization’s needs above your own? 4) “Am I externally open?” Do you recognize signals suggesting the need for change? When you can answer “Yes” to all four of these questions, you’re operating at the top of your game. And each time you enter this state of mind, you make it easier to return to it again.

What Great Managers Do
by Marcus Buckingham

In addition to drawing on talent they’ve acquired through hard experience, great leaders also capitalize on their followers’ unique skills and personal quirks. They tweak job roles. For example, one Walgreens store manager tasked a laconic but highly organized employee with restocking aisles. He excelled, liberating more sociable employees to serve customers. Leaders also tailor praise to employees’ preferences—for instance, publicly praising people who prize their peers’ admiration. And they adapt coaching to employees’ learning styles—giving “analyzers” ample classroom time, “doers” increasingly challenging tasks, and “watchers” opportunities to shadow top performers. Their payoff? Employees start valuing differences while taking ownership of improving their skills.

Level 5 Leadership: The Triumph of Humility and Fierce Resolve
by Jim Collins

Your ability to put your organization’s interests above your own reflects deep personal humility—a defining quality in great leaders. Additional hallmarks of humility include crediting others for your company’s success while taking responsibility for poor results. But to be a great leader, you also need intense professional will. That means stoically doing whatever it takes to produce outstanding results, and selecting superb successors so your organization can become even more successful after you’ve left. To achieve this paradoxical combination of humility and will, recognize the hard facts facing your company—while maintaining absolute faith that you’ll prevail. And attend to people first, strategy second—by getting the right people on the bus and the wrong people off before determining where to drive it.
Moments of Greatness
Entering the Fundamental State of Leadership

by Robert E. Quinn

Included with this full-text *Harvard Business Review* article:

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Product 1460
Moments of Greatness

Entering the Fundamental State of Leadership

The Idea in Brief
Like all leaders, sometimes you’re “on,” and sometimes you’re not. How to tip the scale toward excellence and away from mere competence? Don’t rely on imitating other leaders or poring over leadership manuals. Instead, enter the fundamental state of leadership: the way you lead when a crisis forces you to tap into your deepest values and instincts. In this state, you instinctively know what to do: You rise to the occasion and perform at your best.

Fortunately, you don’t need a crisis to shift into the fundamental state of leadership. You can do so any time (before a crucial conversation, during a key meeting) by asking four questions:

• “Am I results centered?” — Have you articulated the result you want to create?

• “Am I internally directed?” — Are you willing to challenge others’ expectations?

• “Am I other focused?” — Have you put your organization’s needs above your own?

• “Am I externally open?” — Do you recognize signals suggesting the need for change?

No one can operate at the top of their game 24/7. But each time you enter the fundamental state of leadership, you make it easier to return to that state again. And you inspire others around you to higher levels of excellence.

The Idea in Practice
To enter the fundamental state of leadership, follow these steps:

1. Recognize you’ve already been there. You’ve faced great challenges before, and in surmounting them, you entered the fundamental state. By recalling these moments’ lessons, you release positive emotions and see new possibilities for your current situation.

2. Analyze your current state. Compare your normal performance with what you’ve done at your very best. You’ll fuel a desire to elevate what you’re doing now and instill confidence that you can reenter the fundamental state.

3. Ask the four questions.

<table>
<thead>
<tr>
<th>BY ASKING . . .</th>
<th>YOU SHIFT FROM . . .</th>
<th>TO . . .</th>
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<tbody>
<tr>
<td>Am I results centered?</td>
<td>Remaining in your comfort zone and solving familiar problems</td>
<td>Moving toward possibilities that don’t yet exist</td>
</tr>
<tr>
<td>Am I internally directed?</td>
<td>Complying with others’ expectations and conforming to existing conditions</td>
<td>Clarifying your core values, acting with authenticity and confidence, and willingly initiating productive conflict</td>
</tr>
<tr>
<td>Am I other focused?</td>
<td>Allowing pursuit of your own self-interest to shape your relationships</td>
<td>Committing to the collective good in your organization—even at personal cost</td>
</tr>
<tr>
<td>Am I externally open?</td>
<td>Controlling your environment, making incremental changes, and relying on established routines</td>
<td>Learning from your environment, acknowledging the need for major change, and departing from routines</td>
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Example:
John Jones, a successful change leader, had turned around two struggling companies in his corporation. Promised the presidency of the largest company when the incumbent retired, he was told meanwhile to bide his time overseeing a dying company’s “funeral.” He determined to turn it around. After nine months, though, he’d seen little improvement. Employees weren’t engaged.

To enter the fundamental state, John asked:

• “Am I results oriented?” He suddenly envisioned a new strategy for his struggling company, along with a plan (including staff reassignments) for implementing it. With a clear, compelling strategy in mind, his energy soared.

• “Am I internally directed?” He realized that his focus on the promised plum job had prevented him from doing the hard work needed to motivate his company’s people to give more.

• “Am I other focused?” He decided to turn down the presidency in favor of rescuing his failing company—a course truer to his leadership values. He thus traded personal security for a greater good.

• “Am I externally open?” He stopped deceiving himself into thinking he’d done all he could for his failing company and realized he had the capacity to improve things.
Leaders are at the top of their game when they act from their deepest values and instincts. Usually they tap into these fundamental qualities during a crisis, but it’s possible to do so anytime—in the right frame of mind.

Moments of Greatness
Entering the Fundamental State of Leadership

by Robert E. Quinn

As leaders, sometimes we’re truly “on,” and sometimes we’re not. Why is that? What separates the episodes of excellence from those of mere competence? In striving to tip the balance toward excellence, we try to identify great leaders’ qualities and behaviors so we can develop them ourselves. Nearly all corporate training programs and books on leadership are grounded in the assumption that we should study the behaviors of those who have been successful and teach people to emulate them.

But my colleagues and I have found that when leaders do their best work, they don’t copy anyone. Instead, they draw on their own fundamental values and capabilities—operating in a frame of mind that is true to them yet, paradoxically, not their normal state of being. I call it the fundamental state of leadership. It’s the way we lead when we encounter a crisis and finally choose to move forward. Think back to a time when you faced a significant life challenge: a promotion opportunity, the risk of professional failure, a serious illness, a divorce, the death of a loved one, or any other major jolt. Most likely, if you made decisions not to meet others’ expectations but to suit what you instinctively understood to be right—in other words, if you were at your very best—you rose to the task because you were being tested.

Is it possible to enter the fundamental state of leadership without crisis? In my work coaching business executives, I’ve found that if we ask ourselves—and honestly answer—just four questions, we can make the shift at any time. It’s a temporary state. Fatigue and external resistance pull us out of it. But each time we reach it, we return to our everyday selves a bit more capable, and we usually elevate the performance of the people around us as well. Over time, we all can become more effective leaders by deliberately choosing to enter the fundamental state of leadership rather than waiting for crisis to force us there.

Defining the Fundamental State
Even those who are widely admired for their seemingly easy and natural leadership skills—
presidents, prime ministers, CEOs—do not usually function in the fundamental state of leadership. Most of the time, they are in their normal state—a healthy and even necessary condition under many circumstances, but not one that's conducive to coping with crisis. In the normal state, people tend to stay within their comfort zones and allow external forces to direct their behaviors and decisions. They lose moral influence and often rely on rational argument and the exercise of authority to bring about change. Others comply with what these leaders ask, out of fear, but the result is usually unimaginative and incremental—and largely reproduces what already exists.

To elevate the performance of others, we must elevate ourselves into the fundamental state of leadership. Getting there requires a shift along four dimensions. (See the exhibit “There's Normal, and There's Fundamental.”)

First, we move from being comfort centered to being results centered. The former feels safe but eventually leads to a sense of languishing and meaninglessness. In his book *The Path of Least Resistance*, Robert Fritz carefully explains how asking a single question can move us from the normal, reactive state to a much more generative condition. That question is this: What result do I want to create? Given an honest answer pushes us off nature's path of least resistance. It leads us from problem solving to purpose finding.

Second, we move from being externally directed to being more internally directed. That means that we stop merely complying with others' expectations and conforming to the current culture. To become more internally directed is to clarify our core values and increase our integrity, confidence, and authenticity. As we become more confident and more authentic, we behave differently. Others must make sense of our new behavior. Some will be attracted to it, and some will be offended by it. That's not prohibitive, though: When we are true to our values, we are willing to initiate such conflict.

Third, we become less self-focused and more focused on others. We put the needs of the organization as a whole above our own. Few among us would admit that personal needs trump the collective good, but the impulse to control relationships in a way that feeds our own interests is natural and normal. That said, self-focus over time leads to feelings of isolation. When we put the collective good first, others reward us with their trust and respect. We form tighter, more sensitive bonds. Empathy increases, and cohesion follows. We create an enriched sense of community, and that helps us transcend the conflicts that are a necessary element in high-performing organizations.

Fourth, we become more open to outside signals or stimuli, including those that require us to do things we are not comfortable doing. In the normal state, we pay attention to signals that we know to be relevant. If they suggest incremental adjustments, we respond. If, however, they call for more dramatic changes, we may adopt a posture of defensiveness and denial; this mode of self-protection and self-deception separates us from the ever-changing external world. We live according to an outdated, less valid, image of what is real. But in the fundamental state of leadership, we are more aware of what is unfolding, and we generate new images all the time. We are adaptive, credible, and unique. In this externally open state, no two people are alike.

These four qualities—being results centered, internally directed, other focused, and externally open—are at the heart of positive human influence, which is generative and attractive. A person without these four characteristics can also be highly influential, but his or her influence tends to be predicated on some form of control or force, which does not usually give rise to committed followers. By entering the fundamental state of leadership, we increase the likelihood of attracting others to an elevated level of community, a high-performance state that may continue even when we are not present.

**Preparing for the Fundamental State**

Because people usually do not leave their comfort zones unless forced, many find it helpful to follow a process when they choose to enter the fundamental state of leadership. I teach a technique to executives and use it in my own work. It simply involves asking four awareness-raising questions designed to help us transcend our natural denial mechanisms. When people become aware of their hypocrisies, they are more likely to change. Those who are new to the “fundamental state” concept, however, need to take two preliminary steps be-
Moments of Greatness

Step 1: Recognize that you have previously entered the fundamental state of leadership.

Every reader of this publication has reached, at one time or another, the fundamental state of leadership. We’ve all faced a great personal or professional challenge and spent time in the dark night of the soul. In successfully working through such episodes, we inevitably enter the fundamental state of leadership.

When I introduce people to this concept, I ask them to identify two demanding experiences from their past and ponder what happened in terms of intention, integrity, trust, and adaptability. At first, they resist the exercise because I am asking them to revisit times of great personal pain. But as they recount their experiences, they begin to see that they are also returning to moments of greatness. Our painful experiences often bring out our best selves. Recalling the lessons of such moments releases positive emotions and makes it easier to see what’s possible in the present. In this exercise, I ask people to consider their behavior during these episodes in relation to the characteristics of the fundamental state of leadership. (See the exhibit “You’ve Already Been There” for analyses of two actual episodes.)

Sometimes I also ask workshop participants to share their stories with one another. Naturally, they are reluctant to talk about such dark moments. To help people open up, I share my own moments of great challenge, the ones I would normally keep to myself. By exhibiting vulnerability, I’m able to win the group’s trust and embolden other people to exercise the same courage. I recently ran a workshop with a cynical group of executives. After I broke the testimonial ice, one of the participants told us of a time when he had accepted a new job that required him to relocate his family. Just before he was to start, his new boss called in a panic, asking him to cut his vacation short and begin work immediately. The entire New England engineering team had quit; clients in the region had no support whatsoever. The executive started his job early, and his family had to navigate the move without his help. He described the next few months as “the worst and best experience” of his life.

Another executive shared that he’d found out he had cancer the same week he was promoted and relocated to Paris, not knowing how to speak French. His voice cracked as he recalled these stressful events. But then he told us about the good that came out of them—how he conquered both the disease and the job while also becoming a more authentic and influential leader.

Others came forward with their own stories, and I saw a great change in the group. The initial resistance and cynicism began to

There’s Normal, and There’s Fundamental

Under everyday circumstances, leaders can remain in their normal state of being and do what they need to do. But some challenges require a heightened perspective—what can be called the fundamental state of leadership. Here’s how the two states differ.

<table>
<thead>
<tr>
<th>In the normal state, I am…</th>
<th>In the fundamental state, I am…</th>
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<tbody>
<tr>
<td>COMFORT CENTERED</td>
<td>RESULTS CENTERED</td>
</tr>
<tr>
<td>I stick with what I know.</td>
<td>I venture beyond familiar territory to pursue ambitious new outcomes.</td>
</tr>
<tr>
<td>EXTERNALLY DIRECTED</td>
<td>INTERNALLY DIRECTED</td>
</tr>
<tr>
<td>I comply with others’ wishes in an effort to keep the peace.</td>
<td>I behave according to my values.</td>
</tr>
<tr>
<td>SELF-FOCUSED</td>
<td>OTHER FOCUSED</td>
</tr>
<tr>
<td>I place my interests above those of the group.</td>
<td>I put the collective good first.</td>
</tr>
<tr>
<td>INTERNALLY CLOSED</td>
<td>EXTERNALLY OPEN</td>
</tr>
<tr>
<td>I block out external stimuli in order to stay on task and avoid risk.</td>
<td>I learn from my environment and recognize when there’s a need for change.</td>
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disappear, and participants started exploring the fundamental state of leadership in a serious way. They saw the power in the concept and recognized that hiding behind their pride or reputation would only get in the way of future progress. In recounting their experiences, they came to realize that they had become more purposive, authentic, compassionate, and responsive.

**Step 2: Analyze your current state.** When we’re in the fundamental state, we take on various positive characteristics, such as clarity of vision, self-empowerment, empathy, and creative thinking. (See the exhibit “Are You in the Fundamental State of Leadership?” for a checklist organized along the four dimensions.) Most of us would like to say we display these characteristics at all times, but we really do so only sporadically.

Comparing our normal performance with what we have done at our very best often creates a desire to elevate what we are doing now. Knowing we’ve operated at a higher level in the past instills confidence that we can do so again; it quells our fear of stepping into unknown and risky territory.

**Asking Four Transformative Questions**

Of course, understanding the fundamental state of leadership and recognizing its power are not the same as being there. Entering that state is where the real work comes in. To get started, we can ask ourselves four questions that correspond with the four qualities of the fundamental state.

To show how each of these qualities affects our behavior while we’re in the fundamental state of leadership, I’ll draw on stories from two executives. One is a company president;

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**You’ve Already Been There**

Two participants in a leadership workshop at the University of Michigan’s Ross School of Business used this self-assessment tool to figure out how they’ve transcended their greatest life challenges by entering the fundamental state of leadership. You can use the same approach in analyzing how you’ve conquered your most significant challenges.

<table>
<thead>
<tr>
<th>The pivotal crisis:</th>
<th>PARTICIPANT A</th>
<th>PARTICIPANT B</th>
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<tbody>
<tr>
<td>How did you become more results centered?</td>
<td>I was thrust into a job that was crucial to the organization but greatly exceeded my capabilities. I had to get people to do things they did not want to do.</td>
<td>I was driving myself hard at work, and things kept getting worse at home. Finally my wife told me she wanted a divorce.</td>
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<tr>
<td>How did you become more internally directed?</td>
<td>I kept trying to escape doing what was required, but I could not stand the guilt. I finally decided I had to change. I envisioned what success might look like, and I committed to making whatever changes were necessary.</td>
<td>I felt I’d lost everything: family, wealth, and stature. I withdrew from relationships. I started drinking heavily. I finally sought professional help for my sorrow and, with guidance, clarified my values and made choices about my future.</td>
</tr>
<tr>
<td>How did you become more focused on others?</td>
<td>I stopped worrying so much about how other people would evaluate and judge me. I was starting to operate from my own values. I felt more self-empowered than ever and realized how fear driven I had been.</td>
<td>I engaged in a lot of self-reflection and journal writing. It became clear that I was not defined by marriage, wealth, or stature. I was more than that. I began to focus on how I could make a difference for other people. I got more involved in my community.</td>
</tr>
<tr>
<td>How did you become more externally open?</td>
<td>I realized how much I needed people, and I became more concerned about them. I was better able to hear what they were saying. I talked not just from my head but also from my heart. My colleagues responded. Today, I am still close to those people.</td>
<td>As I started to grow and feel more self-confident, I became better at relating. At work, I now ask more of people than I ever did before, but I also give them far more support. I care about them, and they can tell.</td>
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<tr>
<th>PARTICIPANT A</th>
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<tr>
<td>I experimented with new approaches. They often did not work, but they kept the brainstorming in motion. I paid attention to every kind of feedback. I was hungry to get it right. There was a lot of discovery. Each step forward was exhilarating.</td>
<td>I began to feel stronger. I was less intimidated when people gave me negative feedback. I think it was because I was less afraid of changing and growing.</td>
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</table>
we’ll call him John Jones. The other, Robert Yamamoto, is the executive director of the Los Angeles Junior Chamber of Commerce. Both once struggled with major challenges that changed the way they thought about their jobs and their lives.

I met John in an executive course I was teaching. He was a successful change leader who had turned around two companies in his corporation. Yet he was frustrated. He had been promised he’d become president of the largest company in the corporation as soon as the current president retired, which would happen in the near future. In the meantime, he had been told to bide his time with a company that everyone considered dead. His assignment was simply to oversee the funeral, yet he took it as a personal challenge to turn the company around. After he had been there nine months, however, there was little improvement, and the people were still not very engaged.

As for Robert, he had been getting what he considered to be acceptable (if not exceptional) results in his company. So when the new board president asked him to prepare a letter of resignation, Robert was stunned. He underwent a period of anguished introspection, during which he began to distrust others and question his own management skills and leadership ability. Concerned for his family and his future, he started to seek another job and wrote the requested letter.

As you will see, however, even though things looked grim for both Robert and John, they were on the threshold of positive change.

Am I results centered?

Most of the time, we are comfort centered. We try to continue doing what we know how to do. We may think we are pursuing new outcomes, but if achieving them means leaving our comfort zones, we subtly—even unconsciously—find ways to avoid doing so. We typically advocate ambitious outcomes while designing our work for maximum administrative convenience, which allows us to avoid conflict but frequently ends up reproducing what already exists. Often, others collude with us to act out this deception. Being comfort centered is hypocritical, self-deceptive, and normal.

Clarifying the result we want to create requires us to reorganize our lives. Instead of moving away from a problem, we move toward a possibility that does not yet exist. We
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become more proactive, intentional, optimistic, invested, and persistent. We also tend to become more energized, and our impact on others becomes energizing.

Consider what happened with John. When I first spoke with him, he sketched out his strategy with little enthusiasm. Sensing that lack of passion, I asked him a question designed to test his commitment to the end he claimed he wanted to obtain:

What if you told your people the truth? Suppose you told them that nobody really expects you to succeed, that you were assigned to be a caretaker for 18 months, and that you have been promised a plum job once your assignment is through. And then you tell them that you have chosen instead to give up that plum job and bet your career on the people present. Then, from your newly acquired stance of optimism for the company’s prospects, you issue some challenges beyond your employees’ normal capacity.

To my surprise, John responded that he was beginning to think along similar lines. He grabbed a napkin and rapidly sketched out a new strategy along with a plan for carrying it out, including reassignments for his staff. It was clear and compelling, and he was suddenly full of energy.

What happened here? John was the president of his company and therefore had authority. And he’d turned around two other companies—evidence that he had the knowledge and competencies of a change leader. Yet he was failing as a change leader. That’s because he had slipped into his comfort zone. He was going through the motions, doing what had worked elsewhere. He was imitating a great leader—in this case, John himself. But imitation is not the way to enter the fundamental state of leadership. If I had accused John of not being committed to a real vision, he would have been incensed. He would have argued heatedly in denial of the truth. All I had to do, though, was nudge him in the right direction. As soon as he envisioned the result he wanted to create and committed himself to it, a new strategy emerged and he was reenergized.

Then there was Robert, who went to what he assumed would be his last board meeting and found that he had more support than he’d been led to believe. Shockingly, at the end of the meeting, he still had his job. Even so, this fortuitous turn brought on further soul-searching. Robert started to pay more attention to what he was doing; he began to see his tendency to be tactical and to gravitate toward routine tasks. He concluded that he was managing, not leading. He was playing a role and abdicating leadership to the board president—not because that person had the knowledge and vision to lead but because the position came with the statutory right to lead. “I suddenly decided to really lead my organization,” Robert said. “It was as if a new person emerged. The decision was not about me. I needed to do it for the good of the organization.”

In deciding to “really lead,” Robert started identifying the strategic outcomes he wanted to create. As he did this, he found himself leaving his zone of comfort—behaving in new ways and generating new outcomes.

Am I internally directed? In the normal state, we comply with social pressures in order to avoid conflict and remain connected with our coworkers. However, we end up feeling less connected because conflict avoidance results in political compromise. We begin to lose our uniqueness and our sense of integrity. The agenda gradually shifts from creating an external result to preserving political peace. As this problem intensifies, we begin to lose hope and energy.

This loss was readily apparent in the case of John. He was his corporation’s shining star. But since he was at least partially focused on the future reward—the plum job—he was not fully focused on doing the hard work he needed to do at the moment. So he didn’t ask enough of the people he was leading. To get more from them, John needed to be more internally directed.

Am I other focused? It’s hard to admit, but most of us, most of the time, put our own needs above those of the whole. Indeed, it is healthy to do so; it’s a survival mechanism. But when the pursuit of our own interests controls our relationships, we erode others’ trust in us. Although people may comply with our wishes, they no longer derive energy from their relationships with us. Over time we drive away the very social support we seek.

To become more focused on others is to commit to the collective good in relationships, groups, or organizations, even if it means incurring personal costs. When John made the shift into the fundamental state of leadership,
Moments of Greatness

he committed to an uncertain future for himself. He had been promised a coveted job. All he had to do was wait a few months. Still, he was unhappy, so he chose to turn down the opportunity in favor of a course that was truer to his leadership values. When he shifted gears, he sacrificed his personal security in favor of a greater good.

Remember Robert’s words: “The decision was not about me. I needed to do it for the good of the organization.” After entering the fundamental state of leadership, he proposed a new strategic direction to the board’s president and said that if the board didn’t like it, he would walk away with no regrets. He knew that the strategy would benefit the organization, regardless of how it would affect him personally. Robert put the good of the organization first. When a leader does this, people notice, and the leader gains respect and trust. Group members, in turn, become more likely to put the collective good first. When they do, tasks that previously seemed impossible become doable.

Am I externally open? Being closed to external stimuli has the benefit of keeping us on task, but it also allows us to ignore signals that suggest a need for change. Such signals would force us to cede control and face risk, so denying them is self-protective, but it is also self-deceptive. John convinced himself he’d done all he could for his failing company when, deep down, he knew that he had the capacity to improve things. Robert was self-deceptive, too, until crisis and renewed opportunity caused him to open up and explore the fact that he was playing a role accorded him but not using his knowledge and emotional capacity to transcend that role and truly lead his people.

Asking ourselves whether we’re externally open shifts our focus from controlling our environment to learning from it and helps us recognize the need for change. Two things happen as a result. First, we are forced to improvise in response to previously unrecognized cues—that is, to depart from established routines. And second, because trial-and-error survival requires an accurate picture of the results we’re creating, we actively and genuinely seek honest feedback. Since people trust us more when we’re in this state, they tend to offer more accurate feedback, understanding that we are likely to learn from the message rather than kill the messenger. A cycle of learning and empowerment is created, allowing us to see things that people normally cannot see and to formulate transformational strategies.

Applying the Fundamental Principles

Just as I teach others about the fundamental state of leadership, I also try to apply the concept in my own life. I was a team leader on a project for the University of Michigan’s Executive Education Center. Usually, the center runs weeklong courses that bring in 30 to 40 executives. It was proposed that we develop a new product, an integrated week of perspectives on leadership. C.K. Prahalad would begin with a strategic perspective, then Noel Tichy, Dave Ulrich, Karl Weick, and I would follow with our own presentations. The objective was to fill a 400-seat auditorium. Since each presenter had a reasonably large following in some domain of the executive world, we were confident we could fill the seats, so we scheduled the program for the month of July, when our facilities were typically underutilized.

In the early months of planning and organizing, everything went perfectly. A marketing consultant had said we could expect to secure half our enrollment three weeks prior to the event. When that time rolled around, slightly less than half of the target audience had signed up, so we thought all was well. But then a different consultant indicated that for our kind of event we would get few additional enrollments during the last three weeks. This stunning prediction meant that attendance would be half of what we expected and we would be lucky to break even.

As the team leader, I could envision the fallout. Our faculty members, accustomed to drawing a full house, would be offended by a half-empty room; the dean would want to know what went wrong; and the center’s staff would probably point to the team leader as the problem. That night I spent several hours pacing the floor. I was filled with dread and shame. Finally I told myself that this kind of behavior was useless. I went to my desk and wrote down the four questions. As I considered them, I concluded that I was comfort centered, externally directed, self-focused, and internally closed.

So I asked myself, “What result do I want to create?” I wrote that I wanted the center to learn how to offer a new, world-class product...
that would be in demand over time. With that clarification came a freeing insight: Because this was our first offering of the product, turning a large profit was not essential. That would be nice, of course, but we’d be happy to learn how to do such an event properly, break even, and lay the groundwork for making a profit in the future.

I then asked myself, “How can I become other focused?” At that moment, I was totally self-focused—I was worried about my reputation—and my first inclination was to be angry with the staff. But in shifting my focus to what they might be thinking that night, I realized they were most likely worried that I’d come to work in the morning ready to assign blame. Suddenly, I saw a need to both challenge and support them.

Finally, I thought about how I could become externally open. It would mean moving forward and learning something new, even if that made me uncomfortable. I needed to engage in an exploratory dialogue rather than preside as the expert in charge.

I immediately began making a list of marketing strategies, though I expected many of them would prove foolish since I knew nothing about marketing. The next day, I brought the staff together—and they, naturally, were guarded. I asked them what result we wanted to create. What happened next is a good example of how contagious the fundamental state of leadership can be.

We talked about strategies for increasing attendance, and after a while, I told the staff that I had some silly marketing ideas and was embarrassed to share them but was willing to do anything to help. They laughed at many of my naive thoughts about how to increase publicity and create pricing incentives. Yet my proposals also sparked serious discussion, and the group began to brainstorm its way into a collective strategy. Because I was externally open, there was space and time for everyone to lead. People came up with better ways of approaching media outlets and creating incentives. In that meeting, the group developed a shared sense of purpose, reality, identity, and contribution. They left feeling reasonable optimism and went forward as a committed team.

In the end, we did not get 400 participants, but we filled more than enough seats to have a successful event. We more than broke even, and we developed the skills we needed to run such an event better in the future. The program was a success because something transformational occurred among the staff. Yet the transformation did not originate in the meeting. It began the night before, when I asked myself the four questions and moved from the normal, reactive state to the fundamental state of leadership. And my entry into the fundamental state encouraged the staff to enter as well.

While the fundamental state proves useful in times of crisis, it can also help us cope with more mundane challenges. If I am going to have an important conversation, attend a key meeting, participate in a significant event, or teach a class, part of my preparation is to try to reach the fundamental state of leadership. Whether I am working with an individual, a group, or an organization, I ask the same four questions. They often lead to high-performance outcomes, and the repetition of high-performance outcomes can eventually create a high-performance culture.

Inspiring Others to High Performance

When we enter the fundamental state of leadership, we immediately have new thoughts and engage in new behaviors. We can’t remain in this state forever. It can last for hours, days, or sometimes months, but eventually we come back to our normal frame of mind. While the fundamental state is temporary, each time we are in it we learn more about people and our environment and increase the probability that we will be able to return to it. Moreover, we inspire those around us to higher levels of performance.

To this day, Robert marvels at the contrast between his organization’s past and present. His transformation into a leader with positive energy and a willingness and ability to tackle challenges in new ways helped shape the L.A. Junior Chamber of Commerce into a high-functioning and creative enterprise. When I last spoke to Robert, here’s what he had to say:

I have a critical mass of individuals on both the staff and the board who are willing to look at our challenges in a new way and work on solutions together. At our meetings, new energy is present. What previously seemed unimaginable now seems to happen with ease.

Any CEO would be delighted to be able to say these things. But the truth is, it’s not a typical situation. When Robert shifted into the
fundamental state of leadership, his group (which started off in a normal state) came to life, infused with his renewed energy and vision. Even after he’d left the fundamental state, the group sustained a higher level of performance. It continues to flourish, without significant staff changes or restructuring.

All this didn’t happen because Robert read a book or an article about the best practices of some great leader. It did not happen because he was imitating someone else. It happened because he was jolted out of his comfort zone and was forced to enter the fundamental state of leadership. He was driven to clarify the result he wanted to create, to act courageously from his core values, to surrender his self-interest to the collective good, and to open himself up to learning in real time. From Robert, and others like him, we can learn the value of challenging ourselves in this way—a painful process but one with great potential to make a positive impact on our own lives and on the people around us.
Moments of Greatness

Entering the Fundamental State of Leadership

Further Reading

**ARTICLES**

**Primal Leadership: The Hidden Driver of Great Performance**
by Daniel Goleman, Richard Boyatzis, and Annie McKee
*Harvard Business Review*
December 2001
Product no. R0111C

The authors suggest asking yourself additional questions to shift into an ideal leadership state: 1) Who do you want to be? Imagine yourself as a highly effective leader: What do you see? How are people responding to you? 2) Who are you now? To assess your current leadership abilities, gather 360-degree feedback, especially from peers and subordinates. Identify your weaknesses and strengths. 3) How will you get from here to there? Devise a plan for closing the gap between who you are now and who you want to become. 4) How will you make change stick? Rehearse new leadership behaviors until they're automatic. 5) Who can help you? Identify others who can help you navigate the transition.

**The Work of Leadership**
by Ronald A. Heifetz and Donald L. Laurie
*Harvard Business Review*
December 2001
Product no. R0111K

This article sheds additional light on the importance of embracing productive conflict—part of being internally directed while shifting into the fundamental state of leadership. When organizational challenges arise, don’t quell cross-functional strife. Rather, draw out the issues and let people feel the sting of reality. How? Ask tough questions and challenge “the way we do things.” Let employees debate issues and clarify assumptions behind competing views. Resist the inevitable pressure to restore the status quo, and watch for scapegoating and denial. Protect whistle-blowers, creatives, and others who expose contradictions within your company. And instill collective self-confidence by encouraging risk-taking and backing people up if they falter.

**What Makes an Effective Executive**
by Peter F. Drucker
*Harvard Business Review*
June 2004
Product no. R0406C

Drucker examines the ability to be results oriented and to subjugate your self-interest to the collective good of your organization—key capacities for being at your best as a leader. Great leaders first ask what needs to be done, then they identify the tasks they’re best at—concentrating on one at a time. After completing a task, they reset priorities based on new realities. They also ask what’s right for their enterprise overall rather than agonizing over what’s best for owners, investors, employees, or customers. They think and say “we,” not “I,” knowing that decisions that are right for their enterprise will ultimately be right for all stakeholders.
What Great Managers Do

by Marcus Buckingham

Included with this full-text Harvard Business Review article:

15 Article Summary
The Idea in Brief—*the core idea*
The Idea in Practice—*putting the idea to work*

16 What Great Managers Do

25 Further Reading
A list of related materials, with annotations to guide further exploration of the article's ideas and applications

Product 1487
The Idea in Brief

You’ve spent months coaching that employee to treat customers better, work more independently, or get organized—all to no avail.

How to make better use of your precious time? Do what great managers do: Instead of trying to change your employees, identify their unique abilities (and even their eccentricities)—then help them use those qualities to excel in their own way.

You’ll need these three tactics:

- **Continuously tweak roles to capitalize on individual strengths.** One Walgreens store manager put a laconic but highly organized employee in charge of restocking aisles—freeing up more sociable employees to serve customers.
- **Pull the triggers that activate employees’ strengths.** Offer incentives such as time spent with you, opportunities to work independently, and recognition in forms each employee values most.
- **Tailor coaching to unique learning styles.** Give “analyzers” the information they need before starting a task. Start “doers” off with simple tasks, then gradually raise the bar. Let “watchers” ride shotgun with your most experienced performers.

The payoff for capitalizing on employees’ unique strengths? You save time. Your people take ownership for improving their skills. And you teach employees to value differences—building a powerful sense of team.

The Idea in Practice

A closer look at the three tactics:

### CAPITALIZE ON EMPLOYEES’ STRENGTHS

First identify each employee’s unique strengths: Walk around, observing people’s reactions to events. Note activities each employee is drawn to. Ask “What was the best day at work you’ve had in the past three months?” Listen for activities people find intrinsically satisfying.

Watch for weaknesses, too, but downplay them in your communications with employees. Offer training to help employees overcome shortcomings stemming from lack of skills or knowledge. Otherwise, apply these strategies:

- **Find the employee a partner with complementary talents.** A merchandising manager who couldn’t start tasks without exhaustive information performed superbly once her supervisor (the VP) began acting as her “information partner.” The VP committed to leaving the manager a brief voicemail update daily and arranging two “touch base” conversations weekly.
- **Reconfigure work to neutralize weaknesses.** Use your creativity to envision more effective work arrangements, and be courageous about adopting unconventional job designs.

### ACTIVATE EMPLOYEES’ STRENGTHS

The ultimate trigger for activating an employee’s strengths is recognition. But each employee plays to a different audience. So tailor your praise accordingly.

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<th>IF AN EMPLOYEE VALUES RECOGNITION FROM. . .</th>
<th>PRAISE HIM BY. . .</th>
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<tbody>
<tr>
<td>His peers</td>
<td>Publicly celebrating his achievement in front of coworkers</td>
</tr>
<tr>
<td>You</td>
<td>Telling him privately but vividly why he’s such a valuable team member</td>
</tr>
<tr>
<td>Others with similar expertise</td>
<td>Giving him a professional or technical award</td>
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<td>Customers</td>
<td>Posting a photo of him and his best customer in the office</td>
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### TAILOR COACHING TO LEARNING STYLE

Adapt your coaching efforts to each employee’s unique learning style:

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<tr>
<th>IF AN EMPLOYEE IS . . .</th>
<th>COACH HIM BY . . .</th>
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| An “analyzer”—he requires extensive information before taking on a task, and he hates making mistakes | • Giving him ample classroom time  
• Role-playing with him  
• Giving him time to prepare for challenges |
| A “doer”—he uses trial and error to enhance his skills while grappling with tasks | • Assigning him a simple task, explaining the desired outcomes, and getting out of his way  
• Gradually increasing a task’s complexity until he masters his role |
| A “watcher”—he hones his skills by watching other people in action | • Having him “shadow” top performers. |
Great leaders tap into the needs and fears we all share. Great managers, by contrast, perform their magic by discovering, developing, and celebrating what’s different about each person who works for them. Here’s how they do it.

What Great Managers Do

by Marcus Buckingham

“The best boss I ever had.” That’s a phrase most of us have said or heard at some point, but what does it mean? What sets the great boss apart from the average boss? The literature is rife with provocative writing about the qualities of managers and leaders and whether the two differ, but little has been said about what happens in the thousands of daily interactions and decisions that allows managers to get the best out of their people and win their devotion. What do great managers actually do?

In my research, beginning with a survey of 80,000 managers conducted by the Gallup Organization and continuing during the past two years with in-depth studies of a few top performers, I’ve found that while there are as many styles of management as there are managers, there is one quality that sets truly great managers apart from the rest: They discover what is unique about each person and then capitalize on it. Average managers play checkers, while great managers play chess. The difference? In checkers, all the pieces are uniform and move in the same way; they are interchangeable. You need to plan and coordinate their movements, certainly, but they all move at the same pace, on parallel paths. In chess, each type of piece moves in a different way, and you can’t play if you don’t know how each piece moves. More important, you won’t win if you don’t think carefully about how you move the pieces. Great managers know and value the unique abilities and even the eccentricities of their employees, and they learn how best to integrate them into a coordinated plan of attack.

This is the exact opposite of what great leaders do. Great leaders discover what is universal and capitalize on it. Their job is to rally people toward a better future. Leaders can succeed in this only when they can cut through differences of race, sex, age, nationality, and personality and, using stories and celebrating heroes, tap into those very few needs we all share. The job of a manager, meanwhile, is to turn one person’s particular talent into performance. Managers will succeed only when they can
identify and deploy the differences among people, challenging each employee to excel in his or her own way. This doesn’t mean a leader can’t be a manager or vice versa. But to excel at one or both, you must be aware of the very different skills each role requires.

The Game of Chess
What does the chess game look like in action? When I visited Michelle Miller, the manager who opened Walgreens’ 4,000th store, I found the wall of her back office papered with work schedules. Michelle’s store in Redondo Beach, California, employs people with sharply different skills and potentially disruptive differences in personality. A critical part of her job, therefore, is to put people into roles and shifts that will allow them to shine—and to avoid putting clashing personalities together. At the same time, she needs to find ways for individuals to grow.

There’s Jeffrey, for example, a “goth rocker” whose hair is shaved on one side and long enough on the other side to cover his face. Michelle almost didn’t hire him because he couldn’t quite look her in the eye during his interview, but he wanted the hard-to-cover night shift, so she decided to give him a chance. After a couple of months, she noticed that when she gave Jeffrey a vague assignment, such as “Straighten up the merchandise in every aisle,” what should have been a two-hour job would take him all night—and wouldn’t be done very well. But if she gave him a more specific task, such as “Put up all the risers for Christmas,” all the risers would be symmetrical, with the right merchandise on each one, perfectly priced, labeled, and “faced” (turned toward the customer). Give Jeffrey a generic task, and he would struggle. Give him one that forced him to be accurate and analytical, and he would excel. This, Michelle concluded, was Jeffrey’s forte. So, as any good manager would do, she told him what she had deduced about him and praised him for his good work.

And a good manager would have left it at that. But Michelle knew she could get more out of Jeffrey. So she devised a scheme to reassign responsibilities across the entire store to capitalize on his unique strengths. In every Walgreens, there is a responsibility called “resets and revisions.” A reset involves stocking an aisle with new merchandise, a task that usually coincides with a predictable change in consumer buying patterns (at the end of summer, for example, the stores will replace sun creams and lip balms with allergy medicines). A revision is a less time-consuming but more frequent version of the same thing: Replace these cartons of toothpaste with this new and improved variety. Display this new line of detergent at this end of the row. Each aisle requires some form of revision at least once a week.

In most Walgreens stores, each employee “owns” one aisle, where she is responsible not only for serving customers but also for facing the merchandise, keeping the aisle clean and orderly, tagging items with a Telxon gun, and conducting all resets and revisions. This arrangement is simple and efficient, and it affords each employee a sense of personal responsibility. But Michelle decided that since Jeffrey was so good at resets and revisions—and didn’t enjoy interacting with customers—this should be his full-time job, in every single aisle.

It was a challenge. One week’s worth of revisions requires a binder three inches thick. But Michelle reasoned that not only would Jeffrey be excited by the challenge and get better and better with practice, but other employees would be freed from what they considered a chore and have more time to greet and serve customers. The store’s performance proved her right. After the reorganization, Michelle saw not only increases in sales and profit but also in that most critical performance metric, customer satisfaction. In the subsequent four months, her store netted perfect scores in Walgreens’ mystery shopper program.

So far, so very good. Sadly, it didn’t last. This “perfect” arrangement depended on Jeffrey remaining content, and he didn’t. With his success at doing resets and revisions, his confidence grew, and six months into the job, he wanted to move into management. Michelle wasn’t disappointed by this, however; she was intrigued. She had watched Jeffrey’s progress closely and had already decided that he might do well as a manager, though he wouldn’t be a particularly emotive one. Besides, like any good chess player, she had been thinking a couple of moves ahead.

Over in the cosmetics aisle worked an employee named Genoa. Michelle saw Genoa as something of a double threat. Not only was she adept at putting customers at ease—she remembered their names, asked good questions,
The Research

To gather the raw material for my book *The One Thing You Need to Know: About Great Managing, Great Leading, and Sustained Individual Success*, from which this article has been adapted, I chose an approach that is rather different from the one I used for my previous books. For 17 years, I had the good fortune to work with the Gallup Organization, one of the most respected research firms in the world. During that time, I was given the opportunity to interview some of the world’s best leaders, managers, teachers, salespeople, stockbrokers, lawyers, and public servants. These interviews were a part of large-scale studies that involved surveying groups of people in the hopes of finding broad patterns in the data. For my book, I used this foundation as the jumping-off point for deeper, more individualized research.

In each of the three areas targeted in the book—managing, leading, and sustained individual success—I first identified one or two people in various roles and fields who had measurably, consistently, and dramatically outperformed their peers. These individuals included Myrtle Potter, president of commercial operations for Genentech, who transformed a failing drug into the highest selling prescription drug in the world; Sir Terry Leahy, the president of the European retailing giant Tesco; Manjit, the customer service representative from Jim Kawashima’s top-performing Walgreens store in San Jose, California, who sold more than 1,600 units of Gillette deodorant in one month; and David Koepp, the prolific screenwriter who penned such blockbusters as *Jurassic Park, Mission: Impossible, and Spider-Man*.

What interested me about these high achievers was the practical, seemingly banal details of their actions and their choices. Why did Myrtle Potter repeatedly turn down promotions before taking on the challenge of turning around that failing drug? Why did Terry Leahy rely more on the memories of his working-class upbringing to define his company’s strategy than on the results of customer surveys or focus groups? Manjit works the night shift, and one of her hobbies is weight lifting. Are those factors relevant to her performance? What were these special people doing that made them so very good at their roles?

Once these many details were duly noted and recorded, they slowly came together to reveal the “one thing” at the core of great managing, great leading, and sustained individual success.
It’s bold to characterize anything as the explanation or solution, so it’s a risky move to make such definitive assertions as “this is the one thing all great managers do.” But with enough research and focus, it is possible to identify that elusive “one thing.”

I like to think of the concept of “one thing” as a “controlling insight.” Controlling insights don’t explain all outcomes or events; they serve as the best explanation of the greatest number of events. Such insights help you know which of your actions will have the most far-reaching influence in virtually every situation.

For a concept to emerge as the single controlling insight, it must pass three tests. First, it must be applicable across a wide range of situations. Take leadership as an example. Lately, much has been made of the notion that there is no one best way to lead and that instead, the most effective leadership style depends on the circumstance. While there is no doubt that different situations require different actions from a leader, that doesn’t mean the most insightful thing you can say about leadership is that it’s situational. With enough focus, you can identify the one thing that underpins successful leadership across all situations and all styles.

Second, a controlling insight must serve as a multiplier. In any equation, some factors will have only an additive value: When you focus your actions on these factors, you see some incremental improvement. The controlling insight should be more powerful. It should show you how to get exponential improvement. For example, good managing is the result of a combination of many actions—selecting talented employees, setting clear expectations, catching people doing things right, and so on—but none of these factors qualifies as the “one thing” that great managers do, because even when done well, these actions merely prevent managers from chasing their best employees away.

Finally, the controlling insight must guide action. It must point to precise things that can be done to create better outcomes more consistently. Insights that managers can act on—rather than simply ruminate over—are the ones that can make all the difference.

The Elusive “One Thing”
people appreciate one another’s particular skills and learn that their coworkers can fill in where they are lacking. In short, it makes people need one another. The old cliché is that there’s no “I” in “team.” But as Michael Jordan once said, “There may be no ‘I’ in ‘team,’ but there is in ‘win.’”

Finally, when you capitalize on what is unique about each person, you introduce a healthy degree of disruption into your world. You shuffle existing hierarchies: If Jeffrey is in charge of all resets and revisions in the store, should he now command more or less respect than an assistant manager? You also shuffle existing assumptions about who is allowed to do what: If Jeffrey devises new methods of resetting an aisle, does he have to ask permission to try these out, or can he experiment on his own? And you shuffle existing beliefs about where the true expertise lies: If Genoa comes up with a way of arranging new merchandise that she thinks is more appealing than the method suggested by the “planogram” sent down from Walgreens headquarters, does her expertise trump the planners back at corporate? These questions will challenge Walgreens’ orthodoxies and thus will help the company become more inquisitive, more intelligent, more vital, and, despite its size, more able to duck and weave into the future.

All that said, the reason great managers focus on uniqueness isn’t just because it makes good business sense. They do it because they can’t help it. Like Shelley and Keats, the nineteenth-century Romantic poets, great managers are fascinated with individuality for its own sake. Fine shadings of personality, though they may be invisible to some and frustrating to others, are crystal clear to and highly valued by great managers. They could no more ignore these subtleties than ignore their own needs and desires. Figuring out what makes people tick is simply in their nature.

**The Three Levers**

Although the Romantics were mesmerized by differences, at some point, managers need to rein in their inquisitiveness, gather up what they know about a person, and put the employee’s idiosyncrasies to use. To that end, there are three things you must know about someone to manage her well: her strengths, the triggers that activate those strengths, and how she learns.

**Make the most of strengths.** It takes time and effort to gain a full appreciation of an employee’s strengths and weaknesses. The great manager spends a good deal of time outside the office walking around, watching each person’s reactions to events, listening, and taking mental notes about what each individual is drawn to and what each person struggles with. There’s no substitute for this kind of observation, but you can obtain a lot of information about a person by asking a few simple, open-ended questions and listening carefully to the answers. Two queries in particular have proven most revealing when it comes to identifying strengths and weaknesses, and I recommend asking them of all new hires—and revisiting the questions periodically.

To identify a person’s strengths, first ask, “What was the best day at work you’ve had in the past three months?” Find out what the person was doing and why he enjoyed it so much. Remember: A strength is not merely something you are good at. In fact, it might be something you aren’t good at yet. It might be just a predilection, something you find so intrinsically satisfying that you look forward to doing it again and again and getting better at it over time. This question will prompt your employee to start thinking about his interests and abilities from this perspective.

To identify a person’s weaknesses, just invert the question: “What was the worst day at work you’ve had in the past three months?” And then probe for details about what he was doing and why it grated on him so much. As with a strength, a weakness is not merely something you are bad at (in fact, you might be quite competent at it). It is something that drains you of energy, an activity that you never

**What You Need to Know About Each of Your Direct Reports**

- What are his or her strengths?
- What are the triggers that activate those strengths?
- What is his or her learning style?
look forward to doing and that when you are doing it, all you can think about is stopping.

Although you're keeping an eye out for both the strengths and weaknesses of your employees, your focus should be on their strengths. Conventional wisdom holds that self-awareness is a good thing and that it's the job of the manager to identify weaknesses and create a plan for overcoming them. But research by Albert Bandura, the father of social learning theory, has shown that self-assurance (labeled “self-efficacy” by cognitive psychologists), not self-awareness, is the strongest predictor of a person's ability to set high goals, to persist in the face of obstacles, to bounce back when reversals occur, and, ultimately, to achieve the goals they set. By contrast, self-awareness has not been shown to be a predictor of any of these outcomes, and in some cases, it appears to retard them.

Great managers seem to understand this instinctively. They know that their job is not to arm each employee with a dispassionately accurate understanding of the limits of her strengths and the liabilities of her weaknesses but to reinforce her self-assurance. That's why great managers focus on strengths. When a person succeeds, the great manager doesn't praise her hard work. Even if there's some exaggeration in the statement, he tells her that she succeeded because she has become so good at deploying her specific strengths. This, the manager knows, will strengthen the employee's self-assurance and make her more optimistic and more resilient in the face of challenges to come.

The focus-on-strengths approach might create in the employee a modicum of overconfidence, but great managers mitigate this by emphasizing the size and the difficulty of the employee's goals. They know that their primary objective is to create in each employee a specific state of mind: one that includes a realistic assessment of the difficulty of the obstacle ahead but an unrealistically optimistic belief in her ability to overcome it.

And what if the employee fails? Assuming the failure is not attributable to factors beyond her control, always explain failure as a lack of effort, even if this is only partially accurate. This will obscure self-doubt and give her something to work on as she faces up to the next challenge.

Repeated failure, of course, may indicate weakness where a role requires strength. In such cases, there are four approaches for overcoming weaknesses. If the problem amounts to a lack of skill or knowledge, that's easy to solve: Simply offer the relevant training, allow some time for the employee to incorporate the new skills, and look for signs of improvement. If her performance doesn't get better, you'll know that the reason she's struggling is because she is missing certain talents, a deficit no amount of skill or knowledge training is likely to fix. You'll have to find a way to manage around this weakness and neutralize it.

Which brings us to the second strategy for overcoming an employee weakness. Can you find her a partner, someone whose talents are strong in precisely the areas where hers are weak? Here's how this strategy can look in action. As vice president of merchandising for the women's clothing retailer Ann Taylor, Judi Langley found that tensions were rising between her and one of her merchandising managers, Claudia (not her real name), whose analytical mind and intense nature created an overpowering “need to know.” If Claudia learned of something before Judi had a chance to review it with her, she would become deeply frustrated. Given the speed with which decisions were made, and given Judi's busy schedule, this happened frequently. Judi was concerned that Claudia's irritation was unsettling the whole product team, not to mention earning the employee a reputation as a malcontent.

An average manager might have identified this behavior as a weakness and lectured Claudia on how to control her need for information. Judi, however, realized that this “weakness” was an aspect of Claudia's greatest strength: her analytical mind. Claudia would never be able to rein it in, at least not for long. So Judi looked for a strategy that would honor and support Claudia's need to know, while channeling it more productively. Judi decided to act as Claudia's information partner, and she committed to leaving Claudia a voice mail at the end of each day with a brief update. To make sure nothing fell through the cracks, they set up two live “touch base” conversations per week. This solution managed Claudia's expectations and assured her that she would get the information she needed, if not exactly when she wanted it, then at least at frequent and predictable intervals. Giving Claudia a partner neutralized the negative manifestations of her
strength, allowing her to focus her analytical mind on her work. (Of course, in most cases, the partner would need to be someone other than a manager.)

Should the perfect partner prove hard to find, try this third strategy: Insert into the employee’s world a technique that helps accomplish through discipline what the person can’t accomplish through instinct. I met one very successful screenwriter and director who had struggled with telling other professionals, such as composers and directors of photography, that their work was not up to snuff. So he devised a mental trick: He now imagines what the “god of art” would want and uses this imaginary entity as a source of strength. In his mind, he no longer imposes his own opinion on his colleagues but rather tells himself (and them) that an authoritative third party has weighed in.

If training produces no improvement, if complementary partnering proves impractical, and if no nifty discipline technique can be found, you are going to have to try the fourth and final strategy, which is to rearrange the employee’s working world to render his weakness irrelevant, as Michelle Miller did with Jeffrey. This strategy will require of you, first, the creativity to envision a more effective arrangement and, second, the courage to make that arrangement work. But as Michelle’s experience revealed, the payoff that may come in the form of increased employee productivity and engagement is well worth it.

Trigger good performance. A person’s strengths aren’t always on display. Sometimes they require precise triggering to turn them on. Squeeze the right trigger, and a person will push himself harder and persevere in the face of resistance. Squeeze the wrong one, and the person may well shut down. This can be tricky because triggers come in myriad and mysterious forms. One employee’s trigger might be tied to the time of day (he is a night owl, and his strengths only kick in after 3 PM). Another employee’s trigger might be tied to time with you, the boss (even though he’s worked with you for more than five years, he still needs you to check in with him every day, or he feels he’s being ignored). Another worker’s trigger might be just the opposite—Independence (she’s only worked for you for six months, but if you check in with her even once a week, she feels micromanaged).

The most powerful trigger by far is recognition, not money. If you’re not convinced of this, start ignoring one of your highly paid stars, and watch what happens. Most managers are aware that employees respond well to recognition. Great managers refine and extend this insight. They realize that each employee plays to a slightly different audience. To excel as a manager, you must be able to match the employee to the audience he values most. One employee’s audience might be his peers; the best way to praise him would be to stand him up in front of his coworkers and publicly celebrate his achievement. Another’s favorite audience might be you; the most powerful recognition would be a one-on-one conversation where you tell him quietly but vividly why he is such a valuable member of the team. Still another employee might define himself by his expertise; his most prized form of recognition would be some type of professional or technical award. Yet another might value feedback only from customers, in which case a picture of the employee with her best customer or a letter to her from the customer would be the best form of recognition.

Given how much personal attention it requires, tailoring praise to fit the person is mostly a manager’s responsibility. But organizations can take a cue from this, too. There’s no reason why a large company can’t take this individualized approach to recognition and apply it to every employee. Of all the companies I’ve encountered, the North American division of HSBC, a London-based bank, has done the best job of this. Each year it presents its top individual consumer-lending performers with its Dream Awards. Each winner receives a unique prize. During the year, managers ask employees to identify what they would like to receive should they win. The prize value is capped at $10,000, and it cannot be redeemed as cash, but beyond those two restrictions, each employee is free to pick the prize he wants. At the end of the year, the company holds a Dream Awards gala, during which it shows a video about the winning employee and why he selected his particular prize.

You can imagine the impact these personalized prizes have on HSBC employees. It’s one thing to be brought up on stage and given yet another plaque. It’s another thing when, in addition to public recognition of your performance, you receive a college tuition fund for
your child, or the Harley-Davidson motorcycle you've always dreamed of, or—the prize everyone at the company still talks about—the airline tickets to fly you and your family back to Mexico to visit the grandmother you haven't seen in ten years.

**Tailor to learning styles.** Although there are many learning styles, a careful review of adult learning theory reveals that three styles predominate. These three are not mutually exclusive; certain employees may rely on a combination of two or perhaps all three. Nonetheless, staying attuned to each employee's style or styles will help focus your coaching.

First, there's analyzing. Claudia from Ann Taylor is an analyzer. She understands a task by taking it apart, examining its elements, and reconstructing it piece by piece. Because every single component of a task is important in her eyes, she craves information. She needs to absorb all there is to know about a subject before she can begin to feel comfortable with it. If she doesn't feel she has enough information, she will dig and push until she gets it. She will read the assigned reading. She will attend the required classes. She will take good notes. She will study. And she will still want more.

The best way to teach an analyzer is to give her ample time in the classroom. Role-play with her. Do postmortem exercises with her. Break her performance down into its component parts so she can carefully build it back up. Always allow her time to prepare. The analyzer hates mistakes. A commonly held view is that mistakes fuel learning, but for the analyzer, this just isn't true. In fact, the reason she prepares so diligently is to minimize the possibility of mistakes. So don't expect to teach her much by throwing her into a new situation and telling her to wing it.

The opposite is true for the second dominant learning style, doing. While the most powerful learning moments for the analyzer occur prior to the performance, the doer's most powerful moments occur during the performance. Trial and error are integral to this learning process. Jeffrey, from Michelle Miller's store, is a doer. He learns the most while he's in the act of figuring things out for himself. For him, preparation is a dry, uninspiring activity. So rather than role-play with someone like Jeffrey, pick a specific task within his role that is simple but real, give him a brief overview of the outcomes you want, and get out of his way. Then gradually increase the degree of each task's complexity until he has mastered every aspect of his role. He may make a few mistakes along the way, but for the doer, mistakes are the raw material for learning.

Finally, there's watching. Watchers won't learn much through role-playing. They won't learn by doing, either. Since most formal training programs incorporate both of these elements, watchers are often viewed as rather poor students. That may be true, but they aren't necessarily poor learners.

Watchers can learn a great deal when they are given the chance to see the total performance. Studying the individual parts of a task is about as meaningful for them as studying the individual pixels of a digital photograph. What's important for this type of learner is the content of each pixel, its position relative to all the others. Watchers are only able to see this when they view the complete picture.

As it happens, this is the way I learn. Years ago, when I first began interviewing, I struggled to learn the skill of creating a report on a person after I had interviewed him. I understood all the required steps, but I couldn't seem to put them together. Some of my colleagues could knock out a report in an hour; for me, it would take the better part of a day. Then one afternoon, as I was staring morosely into my Dictaphone, I overheard the voice of the analyst next door. He was talking so rapidly that I initially thought he was on the phone. Only after a few minutes did I realize that he was dictating a report. This was the first time I had heard someone "in the act." I'd seen the finished results countless times, since reading the reports of others was the way we were supposed to learn, but I'd never actually heard another analyst in the act of creation. It was a revelation. I finally saw how everything should come together into a coherent whole. I remember picking up my Dictaphone, mimicking the cadence and even the accent of my neighbor, and feeling the words begin to flow.

If you're trying to teach a watcher, by far the most effective technique is to get her out of the classroom. Take her away from the manuals, and make her ride shotgun with one of your most experienced performers.

• • •

We've seen, in the stories of great managers like Michelle Miller and Judi Langley, that at the very heart of their success lies an apprecia-
Differences of trait and talent are like blood types: They cut across the superficial variations of race, sex, and age and capture each person’s uniqueness.

Managers need to recognize that their employees will differ in how they think, how they build relationships, how altruistic they are, how patient they can be, how much of an expert they need to be, how prepared they need to feel, what drives them, what challenges them, and what their goals are. These differences of trait and talent are like blood types: They cut across the superficial variations of race, sex, and age and capture the essential uniqueness of each individual.

Like blood types, the majority of these differences are enduring and resistant to change. A manager’s most precious resource is time, and great managers know that the most effective way to invest their time is to identify exactly how each employee is different and then to figure out how best to incorporate those enduring idiosyncrasies into the overall plan.

To excel at managing others, you must bring that insight to your actions and interactions. Always remember that great managing is about release, not transformation. It’s about constantly tweaking your environment so that the unique contribution, the unique needs, and the unique style of each employee can be given free rein. Your success as a manager will depend almost entirely on your ability to do this.

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Further Reading

**ARTICLES**

**How to Motivate Your Problem People**
by Nigel Nicholson
*Harvard Business Review*
January 2003
Product no. 2780

Nicholson provides additional guidelines for identifying the activities your people find intrinsically satisfying and unleashing employees’ internal drive: 1) Through informal conversations, discern what drives an employee, what’s blocking those drives, and what could happen if blockages were removed. 2) Consider how you or the organizational situation (a tough restructuring, for example) might be inadvertently blocking the person’s motivation. 3) Affirm the employee’s value to your company. 4) Test hunches about ways to co-opt the person’s passion for productive ends. One manager found that a talented but reticent and angry employee was strongly motivated by his peers’ respect. The manager asked him to consider becoming an adviser and technical coach for his unit—then asked him for ideas on how the new arrangement might work.

**One More Time: How Do You Motivate Employees?**
by Frederick Herzberg
*Harvard Business Review*
January 2003
Product no. 388X

In this classic article, originally published in 1968, Herzberg focuses on the importance of tweaking job roles to capitalize on individual employees’ strengths. To boost motivation, consider giving people responsibility for a complete process or unit of work. Enable people to take on new, more difficult tasks they haven’t handled before. And assign individuals specialized tasks that allow them to become experts. Your reward? You’ll have more time to spend on your real job: developing your staff rather than simply checking their work. Rather than trying to recharge your people’s batteries again and again, you’ll enable them to activate their own internal generators. Your employees’ enthusiasm and commitment will rise—along with your company’s overall performance.

**Managing Away Bad Habits**
by James Waldroop and Timothy Butler
*Harvard Business Review*
September–October 2000
Product no. 7214

Waldroop and Butler further examine strategies for helping employees overcome weaknesses that can’t be addressed through skills training. The authors identify common “bad habits” and offer antidotes. For example, with “Heroes”—employees who drive themselves too hard and focus too much on the short term—point out the costs of burnout and encourage them to assess themselves for symptoms of overload. For “Bulldozers”—those who run roughshod over others but who get a lot done—point out how many enemies they’ve made and role-play conciliatory conversations with their victims. For “Pessimists”—people who emphasize the downside of change—teach them to objectively evaluate the pros and cons of proposed ideas and the risks of doing nothing.
Level 5 Leadership
The Triumph of Humility and Fierce Resolve

by Jim Collins

Included with this full-text Harvard Business Review article:

27 Article Summary
   The Idea in Brief—*the core idea*
   The Idea in Practice—*putting the idea to work*

28 Level 5 Leadership: The Triumph of Humility and Fierce Resolve

38 Further Reading
   A list of related materials, with annotations to guide further exploration of the article’s ideas and applications

Product 5831
Out of 1,435 Fortune 500 companies that renowned management researcher Jim Collins studied, only 11 achieved and sustained greatness—garnering stock returns at least three times the market’s—for 15 years after a major transition period.

What did these 11 companies have in common? Each had a “Level 5” leader at the helm.

Level 5 leaders combine the paradoxical combination of deep personal humility with intense professional will. This rare combination also defies our assumptions about what makes a great leader.

Celebrities like Lee Iacocca may make headlines. But mild-mannered, steely leaders like Darwin Smith of Kimberly-Clark boost their companies to greatness—and keep them there.

Example:

Darwin Smith—CEO at paper-products maker Kimberly-Clark from 1971 to 1991—epitomizes Level 5 leadership. Shy, awkward, shunning attention, he also showed iron will, determinedly redefining the firm’s core business despite Wall Street’s skepticism. The formerly lackluster Kimberly-Clark became the worldwide leader in its industry, generating stock returns 4.1 times greater than the general market’s.

HUMILITY + WILL = LEVEL 5
How do Level 5 leaders manifest humility? They routinely credit others, external factors, and good luck for their companies’ success. But when results are poor, they blame themselves. They also act quietly, calmly, and determinedly—relying on inspired standards, not inspiring charisma, to motivate.

Inspired standards demonstrate Level 5 leaders’ unwavering will. Utterly intolerant of mediocrity, they are stoic in their resolve to do whatever it takes to produce great results—terminating everything else. And they select superb successors, wanting their companies to become even more successful in the future.

CAN YOU DEVELOP LEVEL 5 LEADERSHIP?
Level 5 leaders sit atop a hierarchy of four more common leadership levels—and possess the skills of all four. For example, Level 4 leaders catalyze commitment to and vigorous pursuit of a clear, compelling vision. Can you move from Level 4 to Level 5? Perhaps, if you have the Level 5 “seed” within you.

Leaders without the seed tend to have monumental egos they can’t subjugate to something larger and more sustaining than themselves, i.e., their companies. But for leaders with the seed, the right conditions—such as self-reflection or a profoundly transformative event, such as a life-threatening illness—can stimulate the seed to sprout.

GROWING TO LEVEL 5
Grow Level 5 seeds by practicing these good-to-great disciplines of Level 5 leaders:

First who
Attend to people first, strategy second. Get the right people on the bus and the wrong people off—then figure out where to drive it.

Stockdale paradox
Deal with the brutal facts of your current reality—while maintaining absolute faith that you’ll prevail.

Buildup-breakthrough flywheel
Keep pushing your organizational “flywheel.” With consistent effort, momentum increases until—bang!—the wheel hits the breakthrough point.

The hedgehog concept
Think of your company as three intersecting circles: what it can be best at, how its economics work best, and what ignites its people’s passions. Eliminate everything else.
What catapults a company from merely good to truly great? A five-year research project searched for the answer to that question, and its discoveries ought to change the way we think about leadership.

Level 5 Leadership
The Triumph of Humility and Fierce Resolve

by Jim Collins

In 1971, a seemingly ordinary man named Darwin E. Smith was named chief executive of Kimberly-Clark, a stodgy old paper company whose stock had fallen 36% behind the general market during the previous 20 years. Smith, the company’s mild-mannered in-house lawyer, wasn’t so sure the board had made the right choice—a feeling that was reinforced when a Kimberly-Clark director pulled him aside and reminded him that he lacked some of the qualifications for the position. But CEO he was, and CEO he remained for 20 years.

What a 20 years it was. In that period, Smith created a stunning transformation at Kimberly-Clark, turning it into the leading consumer paper products company in the world. Under his stewardship, the company beat its rivals Scott Paper and Procter & Gamble. And in doing so, Kimberly-Clark generated cumulative stock returns that were 4.1 times greater than those of the general market, outperforming venerable companies such as Hewlett-Packard, 3M, Coca-Cola, and General Electric.
Smith’s turnaround of Kimberly-Clark is one the best examples in the twentieth century of a leader taking a company from merely good to truly great. And yet few people—even ardent students of business history—have heard of Darwin Smith. He probably would have liked it that way. Smith is a classic example of a Level 5 leader—an individual who blends extreme personal humility with intense professional will. According to our five-year research study, executives who possess this paradoxical combination of traits are catalysts for the statistically rare event of transforming a good company into a great one. (The research is described in the sidebar “One Question, Five Years, 11 Companies.”)

“Level 5” refers to the highest level in a hierarchy of executive capabilities that we identified during our research. Leaders at the other four levels in the hierarchy can produce high degrees of success but not enough to elevate companies from mediocrity to sustained excellence. (For more details about this concept, see the exhibit “The Level 5 Hierarchy.”) And while Level 5 leadership is not the only requirement for transforming a good company into a great one—other factors include getting the right people on the bus (and the wrong people off the bus) and creating a culture of discipline—our research shows it to be essential. Good-to-great transformations don’t happen without Level 5 leaders at the helm. They just don’t.

**Not What You Would Expect**

Our discovery of Level 5 leadership is counterintuitive. Indeed, it is countercultural. People generally assume that transforming companies from good to great requires larger-than-life leaders—big personalities like Lee Iacocca, Al Dunlap, Jack Welch, and Stanley Gault, who make headlines and become celebrities.

Compared with those CEOs, Darwin Smith seems to have come from Mars. Shy, unpretentious, even awkward, Smith shunned attention. When a journalist asked him to describe his management style, Smith just stared back at the scribe from the other side of his thick black-rimmed glasses. He was dressed unfashionably, like a farm boy wearing his first J.C. Penney suit. Finally, after a long and uncomfortable silence, he said, “Eccentric.” Needless to say, the *Wall Street Journal* did not publish a splashy feature on Darwin Smith.

But if you were to consider Smith soft or meek, you would be terribly mistaken. His lack of pretense was coupled with a fierce, even stoic, resolve toward life. Smith grew up on an Indiana farm and put himself through night school at Indiana University by working the day shift at International Harvester. One day, he lost a finger on the job. The story goes that he went to class that evening and returned to work the very next day. Eventually, this poor but determined Indiana farm boy earned admission to Harvard Law School.

He showed the same iron will when he was at the helm of Kimberly-Clark. Indeed, two months after Smith became CEO, doctors diagnosed him with nose and throat cancer and told him he had less than a year to live. He duly informed the board of his illness but said he had no plans to die anytime soon. Smith held to his demanding work schedule while commuting weekly from Wisconsin to Houston for radiation therapy. He lived 25 more years, 20 of them as CEO.

Smith’s ferocious resolve was crucial to the rebuilding of Kimberly-Clark, especially when he made the most dramatic decision in the company’s history: selling the mills.

To explain: Shortly after he took over, Smith and his team had concluded that the company’s traditional core business—coated paper—was doomed to mediocrity. Its economics were bad and the competition weak. But, they reasoned, if Kimberly-Clark were thrust into the fire of the consumer paper products business, better economics and world-class competition like Procter & Gamble would force it to achieve greatness or perish.

And so, like the general who burned the boats upon landing on enemy soil, leaving his troops to succeed or die, Smith announced that Kimberly-Clark would sell its mills—even the namesake mill in Kimberly, Wisconsin. All proceeds would be thrown into the consumer business, with investments in brands like Huggies diapers and Kleenex tissues. The business media called the move stupid, and Wall Street analysts downgraded the stock. But Smith never wavered. Twenty-five years later, Kimberly-Clark owned Scott Paper and beat Procter & Gamble in six of eight product categories. In retirement, Smith reflected on his exceptional performance, saying simply, “I never stopped trying to become qualified for the job.”
One Question, Five Years, 11 Companies

The Level 5 discovery derives from a research project that began in 1996, when my research teams and I set out to answer one question: Can a good company become a great company and, if so, how? Most great companies grew up with superb parents—people like George Merck, David Packard, and Walt Disney—who instilled greatness early on. But what about the vast majority of companies that wake up partway through life and realize that they’re good but not great?

To answer that question, we looked for companies that had shifted from good performance to great performance—and sustained it. We identified comparison companies that had failed to make that sustained shift. We then studied the contrast between the two groups to discover common variables that distinguished those who made and sustained a shift from those who could have but didn’t.

More precisely, we searched for a specific pattern: cumulative stock returns at or below the general stock market for 15 years, punctuated by a transition point, then cumulative returns at least three times the market over the next 15 years. (See the accompanying exhibit.) We used data from the University of Chicago Center for Research in Security Prices and adjusted for stock splits and all dividends reinvested. The shift had to be distinct from the industry; if the whole industry showed the same shift, we’d drop the company. We began with 1,435 companies that appeared on the Fortune 500 from 1965 to 1995; we found 11 good-to-great examples. That’s not a sample; that’s the total number that jumped all our hurdles and passed into the study.

For each good-to-great example, we selected the best direct comparison, based on similarity of business, size, age, customers, and performance leading up to the transition. We also constructed a set of six “unsustained” comparisons (companies that showed a short-lived shift but then fell off) to address the question of sustainability. To be conservative, we consistently picked comparison companies that, if anything, were in better shape than the good-to-great companies were in the years just before the transition.

With 22 research associates working in groups of four to six at a time from 1996 to 2000, our study involved a wide range of both qualitative and quantitative analyses. On the qualitative front, we collected nearly 6,000 articles, conducted 87 interviews with key executives, analyzed companies’ internal strategy documents, and culled through analysts’ reports. On the quantitative front, we ran financial metrics, examined executive compensation, compared patterns of management turnover, quantified company layoffs and restructurings, and calculated the effect of acquisitions and divestitures on companies’ stocks. We then synthesized the results to identify the drivers of good-to-great transformations. One was Level 5 leadership. (The others are described in the sidebar “Not by Level 5 Alone.”)

Since only 11 companies qualified as good-to-great, a research finding had to meet a stiff standard before we would deem it significant. Every component in the final framework showed up in all 11 good-to-great companies during the transition era, regardless of industry (from steel to banking), transition decade (from the 1950s to the 1990s), circumstances (from plodding along to dire crisis), or size (from tens of millions to tens of billions). Additionally, every component had to show up in less than 30% of the comparison companies during the relevant years. Level 5 easily made it into the framework as one of the strongest, most consistent contrasts between the good-to-great and the comparison companies.
Not What We Expected, Either

We'll look in depth at Level 5 leadership, but first let's set an important context for our findings. We were not looking for Level 5 or anything like it. Our original question was, Can a good company become a great one and, if so, how? In fact, I gave the research teams explicit instructions to downplay the role of top executives in their analyses of this question so we wouldn't slip into the simplistic “credit the leader” or “blame the leader” thinking that is so common today.

But Level 5 found us. Over the course of the study, research teams kept saying, “We can't ignore the top executives even if we want to. There is something consistently unusual about them.” I would push back, arguing, “The comparison companies also had leaders. So what's different here?” Back and forth the debate raged. Finally, as should always be the case, the data won. The executives at companies that went from good to great and sustained that performance for 15 years or more were all cut from the same cloth—one remarkably different from that which produced the executives at the comparison companies in our study. It didn't matter whether the company was in crisis or steady state, consumer or industrial, offering services or products. It didn't matter when the transition took place or how big the company. The successful organizations all had a Level 5 leader at the time of transition.

Furthermore, the absence of Level 5 leadership showed up consistently across the comparison companies. The point: Level 5 is an empirical finding, not an ideological one. And that's important to note, given how much the Level 5 finding contradicts not only conventional wisdom but much of management theory to date. (For more about our findings on good-to-great transformations, see the sidebar “Not by Level 5 Alone.”)

Humility + Will = Level 5

Level 5 leaders are a study in duality: modest and willful, shy and fearless. To grasp this concept, consider Abraham Lincoln, who never let his ego get in the way of his ambition to create an enduring great nation. Author Henry Adams called him “a quiet, peaceful, shy figure.” But those who thought Lincoln's understated manner signaled weakness in the man found themselves terribly mistaken—to the scale of 250,000 Confederate and 360,000 Union lives, including Lincoln's own.

It might be a stretch to compare the 11 Level 5 CEOs in our research to Lincoln, but they did display the same kind of duality. Take Colman M. Mockler, CEO of Gillette from 1975 to 1991. Mockler, who faced down three takeover attempts, was a reserved, gracious man with a gentle, almost patrician manner. Despite epic battles with raiders—he took on Ronald Perelman twice and the former Coniston Partners once—he never lost his shy, courteous style. At the height of crisis, he maintained a calm business-as-usual demeanor, dispensing first with ongoing business before turning to the takeover.

And yet, those who mistook Mockler's outward modesty as a sign of inner weakness were beaten in the end. In one proxy battle, Mockler and other senior executives called thou-

The Level 5 Hierarchy

The Level 5 leader sits on top of a hierarchy of capabilities and is, according to our research, a necessary requirement for transforming an organization from good to great. But what lies beneath? Four other layers, each one appropriate in its own right but none with the power of Level 5. Individuals do not need to proceed sequentially through each level of the hierarchy to reach the top, but to be a full-fledged Level 5 requires the capabilities of all the lower levels, plus the special characteristics of Level 5.

- **Level 5 Executive**
  Builds enduring greatness through a paradoxical combination of personal humility plus professional will.

- **Level 4 Effective Leader**
  Catalyzes commitment to and vigorous pursuit of a clear and compelling vision; stimulates the group to high performance standards.

- **Level 3 Competent Manager**
  Organizes people and resources toward the effective and efficient pursuit of predetermined objectives.

- **Level 2 Contributing Team Member**
  Contributes to the achievement of group objectives; works effectively with others in a group setting.

- **Level 1 Highly Capable Individual**
  Makes productive contributions through talent, knowledge, skills, and good work habits.
Not by Level 5 Alone

Level 5 leadership is an essential factor for taking a company from good to great, but it’s not the only one. Our research uncovered multiple factors that deliver companies to greatness. And it is the combined package—Level 5 plus these other drivers—that takes companies beyond unremarkable. There is a symbiotic relationship between Level 5 and the rest of our findings: Level 5 enables implementation of the other findings, and practicing the other findings may help you get to Level 5. We’ve already talked about who Level 5 leaders are; the rest of our findings describe what they do. Here is a brief look at some of the other key findings.

First Who
We expected that good-to-great leaders would start with the vision and strategy. Instead, they attended to people first, strategy second. They got the right people on the bus, moved the wrong people off, ushered the right people to the right seats—and then they figured out where to drive it.

Stockdale Paradox
This finding is named after Admiral James Stockdale, winner of the Medal of Honor, who survived seven years in a Vietcong POW camp by hanging on to two contradictory beliefs: His life couldn’t be worse at the moment, and his life would someday be better than ever. Like Stockdale, people at the good-to-great companies in our research confronted the most brutal facts of their current reality, yet simultaneously maintained absolute faith that they would prevail in the end. And they held both disciplines—faith and facts—at the same time, all the time.

Buildup-Breakthrough Flywheel
Good-to-great transformations do not happen overnight or in one big leap. Rather, the process resembles relentlessly pushing a giant, heavy flywheel in one direction. At first, pushing it gets the flywheel to turn once. With consistent effort, it goes two turns, then five, then ten, building increasing momentum until—bang!—the wheel hits the breakthrough point, and the momentum really kicks in. Our comparison companies never sustained the kind of breakthrough momentum that the good-to-great companies did; instead, they lurched back and forth with radical change programs, reactionary moves, and restructurings.

The Hedgehog Concept
In a famous essay, philosopher and scholar Isaiah Berlin described two approaches to thought and life using a simple parable: The fox knows a little about many things, but the hedgehog knows only one big thing very well. The fox is complex; the hedgehog simple. And the hedgehog wins. Our research shows that breakthroughs require a simple, hedgehog-like understanding of three intersecting circles: what a company can be the best in the world at, how its economics work best, and what best ignites the passions of its people. Breakthroughs happen when you get the hedgehog concept and become systematic and consistent with it, eliminating virtually anything that does not fit in the three circles.

Technology Accelerators
The good-to-great companies had a paradoxical relationship with technology. On the one hand, they assiduously avoided jumping on new technology bandwagons. On the other, they were pioneers in the application of carefully selected technologies, making bold, far-sighted investments in those that directly linked to their hedgehog concept. Like turbochargers, these technology accelerators create an explosion in flywheel momentum.

A Culture of Discipline
When you look across the good-to-great transformations, they consistently display three forms of discipline: disciplined people, disciplined thought, and disciplined action. When you have disciplined people, you don’t need hierarchy. When you have disciplined thought, you don’t need bureaucracy. When you have disciplined action, you don’t need excessive controls. When you combine a culture of discipline with an ethic of entrepreneurship, you get the magical alchemy of great performance.
sity, a dedication to making anything he touched the best—not just because of what he would get but because he couldn’t imagine doing it any other way. Mockler could not give up the company to those who would destroy it, any more than Lincoln would risk losing the chance to build an enduring great nation.

A Compelling Modesty
The Mockler story illustrates the modesty typical of Level 5 leaders. (For a summary of Level 5 traits, see the exhibit “The Yin and Yang of Level 5.”) Indeed, throughout our interviews with such executives, we were struck by the way they talked about themselves—or rather, didn’t talk about themselves. They’d go on and on about the company and the contributions of other executives, but they would instinctively deflect discussion about their own role. When pressed to talk about themselves, they’d say things like, “I hope I’m not sounding like a big shot,” or “I don’t think I can take much credit for what happened. We were blessed with marvelous people.” One Level 5 leader even asserted, “There are a lot of people in this company who could do my job better than I do.”

By contrast, consider the courtship of personal celebrity by the comparison CEOs. Scott Paper, the comparison company to Kimberly-Clark, hired Al Dunlap as CEO—a man who would tell anyone who would listen (and many who would have preferred not to) about his accomplishments. After 19 months atop Scott Paper, Dunlap said in BusinessWeek, “The Scott story will go down in the annals of American business history as one of the most successful, quickest turnarounds ever. It makes other turnarounds pale by comparison.” He personally accrued $100 million for 603 days of work at Scott Paper—about $165,000 per day—largely by slashing the workforce, halving the R&D budget, and putting the company on growth steroids in preparation for sale. After selling off the company and pocketing his quick millions, Dunlap wrote an autobiography in which he boastfully dub himself “Rambo in pinstripes.” It’s hard to imagine Darwin Smith thinking, “Hey, that Rambo character reminds me of me;” let alone stating it publicly.

Granted, the Scott Paper story is one of the more dramatic in our study, but it’s not an isolated case. In more than two-thirds of the comparison companies, we noted the presence of a gargantuan ego that contributed to the demise or continued mediocrity of the company. We found this pattern particularly strong in the unsustained comparison companies—the companies that would show a shift in performance under a talented yet egocentric Level 4 leader, only to decline in later years.

Lee Iacocca, for example, saved Chrysler from the brink of catastrophe, performing one of the most celebrated (and deservedly so) turnarounds in U.S. business history. The automaker’s stock rose 2.9 times higher than the general market about halfway through his tenure. But then Iacocca diverted his attention to transforming himself. He appeared regularly on talk shows like the Today Show and Larry King Live, starred in more than 80 commercials, entertained the idea of running for president of the United States, and promoted his autobiography, which sold 7 million copies worldwide. Iacocca’s personal stock soared, but Chrysler’s stock fell 31% below the market in the second half of his tenure.

And once Iacocca had accumulated all the fame and perks, he found it difficult to leave center stage. He postponed his retirement so many times that Chrysler’s insiders began to joke that Iacocca stood for “I Am Chairman of Chrysler Corporation Always.” When he finally retired, he demanded that the board continue to provide a private jet and stock options. Later, he joined forces with noted takeover artist Kirk Kerkorian to launch a hostile bid for...
Chrysler. (It failed.) Iacocca did make one final brilliant decision: He picked a modest yet determined man—perhaps even a Level 5—as his successor. Bob Eaton rescued Chrysler from its second near-death crisis in a decade and set the foundation for a more enduring corporate transition.

An Unwavering Resolve
Besides extreme humility, Level 5 leaders also display tremendous professional will. When George Cain became CEO of Abbott Laboratories, it was a drowsy, family-controlled business sitting at the bottom quartile of the pharmaceutical industry, living off its cash cow, erythromycin. Cain was a typical Level 5 leader in his lack of pretense; he didn’t have the kind of inspiring personality that would galvanize the company. But he had something much more powerful: inspired standards. He could not stand mediocrity in any form and was utterly intolerant of anyone who would accept the idea that good is good enough. For the next 14 years, he relentlessly imposed his will for greatness on Abbott Labs.

Among Cain’s first tasks was to destroy one of the root causes of Abbott’s middling performance: nepotism. By systematically rebuilding both the board and the executive team with the best people he could find, Cain made his statement. Family ties no longer mattered. If you couldn’t become the best executive in the industry within your span of responsibility, you would lose your paycheck.

Such near-ruthless rebuilding might be expected from an outsider brought in to turn the company around, but Cain was an 18-year insider—and a part of the family, the son of a previous president. Holiday gatherings were probably tense for a few years in the Cain clan—“Sorry I had to fire you. Want another slice of turkey?”—but in the end, family members were pleased with the performance of their stock. Cain had set in motion a profitable growth machine. From its transition in 1974 to 2000, Abbott created shareholder returns that beat the market 4.5:1, outperforming industry superstars Merck and Pfizer by a factor of two.

Another good example of iron-willed Level 5 leadership comes from Charles R. “Cork” Walgreen III, who transformed dowdy Walgreens into a company that outperformed the stock market 16:1 from its transition in 1975 to 2000. After years of dialogue and debate within his executive team about what to do with Walgreens’ food-service operations, this CEO sensed the team had finally reached a watershed: The company’s brightest future lay in convenient drugstores, not in food service. Dan Jorndt, who succeeded Walgreen in 1988, describes what happened next:

Cork said at one of our planning committee meetings, “Okay, now I am going to draw the line in the sand. We are going to be out of the restaurant business completely in five years.” At the time we had more than 500 restaurants. You could have heard a pin drop. He said, “I want to let everybody know the clock is ticking.” Six months later we were at our next planning committee meeting and someone mentioned just in passing that we had only five years to be out of the restaurant business. Cork was not a real vociferous fellow. He sort of tapped on the table and said, “Listen, you now have four and a half years. I said you had five years six months ago. Now you’ve got four and a half years.” Well, that next day things really clicked into gear for winding down our restaurant business. Cork never wavered. He never doubted. He never second-guessed.

Like Darwin Smith selling the mills at Kimberly-Clark, Cork Walgreen required stoic resolve to make his decisions. Food service was not the largest part of the business, although it did add substantial profits to the bottom line. The real problem was more emotional than financial. Walgreens had, after all, invented the malted milk shake, and food service had been a long-standing family tradition dating back to Cork’s grandfather. Not only that, some food-service outlets were even named after the CEO—for example, a restaurant chain named Corky’s. But no matter; if Walgreen had to fly in the face of family tradition in order to refocus on the one arena in which Walgreens could be the best in the world—convenient drugstores—and terminate everything else that would not produce great results, then Cork would do it. Quietly, doggedly, simply.

One final, yet compelling, note on our findings about Level 5: Because Level 5 leaders have ambition not for themselves but for their companies, they routinely select superb successors. Level 5 leaders want to see their companies become even more successful in the next generation and are comfortable with the idea that most people won’t even know that the roots of that success trace back to them. As one...
Level 5 CEO said, “I want to look from my porch, see the company as one of the great companies in the world someday, and be able to say, ‘I used to work there.’ ” By contrast, Level 4 leaders often fail to set up the company for enduring success. After all, what better testament to your own personal greatness than that the place falls apart after you leave?

In more than three-quarters of the comparison companies, we found executives who set up their successors for failure, chose weak successors, or both. Consider the case of Rubbermaid, which grew from obscurity to become one of Fortune’s most admired companies—and then, just as quickly, disintegrated into such sorry shape that it had to be acquired by Newell.

The architect of this remarkable story was a charismatic and brilliant leader named Stanley C. Gault, whose name became synonymous in the late 1980s with Rubbermaid’s success. Across the 312 articles collected by our research team about the company, Gault comes through as a hard-driving, egocentric executive. In one article, he responds to the accusation of being a tyrant with the statement, “Yes, but I’m a sincere tyrant.” In another, drawn directly from his own comments on leading change, the word “I” appears 44 times, while the word “we” appears 16 times. Of course, Gault had every reason to be proud of his executive success: Rubbermaid generated 40 consecutive quarters of earnings growth under his leadership—an impressive performance, to be sure, and one that deserves respect.

But Gault did not leave behind a company that would be great without him. His chosen successor lasted a year on the job and the next in line faced a management team so shallow that he had to temporarily shoulder four jobs while scrambling to identify a new number-two executive. Gault’s successors struggled not only with a management void but also with strategic voids that would eventually bring the company to its knees.

Of course, you might say—as one Fortune article did—that the fact that Rubbermaid fell apart after Gault left proves his greatness as a leader. Gault was a tremendous Level 4 leader, perhaps one of the best in the last 50 years. But he was not at Level 5, and that is one crucial reason why Rubbermaid went from good to great for a brief, shining moment and then just as quickly went from great to irrelevant.

The Window and the Mirror
As part of our research, we interviewed Alan L. Wurtzel, the Level 5 leader responsible for turning Circuit City from a ramshackle company on the edge of bankruptcy into one of America’s most successful electronics retailers. In the 15 years after its transition date in 1982, Circuit City outperformed the market 18.5:1.

We asked Wurtzel to list the top five factors in his company’s transformation, ranked by importance. His number one factor? Luck. “We were in a great industry, with the wind at our backs,” he said. But wait a minute, we retorted, Silo—your comparison company—was in the same industry, with the same wind and bigger sails. The conversation went back and forth, with Wurtzel refusing to take much credit for the transition, preferring to attribute it largely to just being in the right place at the right time. Later, when we asked him to discuss the factors that would sustain a good-to-great transformation, he said, “The first thing that comes to mind is luck. I was lucky to find the right successor.”

Luck. What an odd factor to talk about. Yet the Level 5 leaders we identified invoked it frequently. We asked an executive at steel company Nucor why it had such a remarkable track record for making good decisions. His response? “I guess we were just lucky.” Joseph F. Cullman III, the Level 5 CEO of Philip Morris, flat out refused to take credit for his company’s success, citing his good fortune to have great colleagues, successors, and predecessors. Even the book he wrote about his career—which he penned at the urging of his colleagues and which he never intended to distribute widely outside the company—had the unusual title I’m a Lucky Guy.

At first, we were puzzled by the Level 5 leaders’ emphasis on good luck. After all, there is no evidence that the companies that had progressed from good to great were blessed with more good luck (or more bad luck, for that matter) than the comparison companies. But then we began to notice an interesting pattern in the executives at the comparison companies: They often blamed their situations on bad luck, bemoaning the difficulties of the environment they faced.

Compare Bethlehem Steel and Nucor, for example. Both steel companies operated with products that are hard to differentiate, and both faced a competitive challenge from cheap...
imported steel. Both companies paid significantly higher wages than most of their foreign competitors. And yet executives at the two companies held completely different views of the same environment.

Bethlehem Steel’s CEO summed up the company’s problems in 1983 by blaming the imports: “Our first, second, and third problems are imports.” Meanwhile, Ken Iverson and his crew at Nucor saw the imports as a blessing: “Aren’t we lucky; steel is heavy, and they have to ship it all the way across the ocean, giving us a huge advantage.” Indeed, Iverson saw the first, second, and third problems facing the U.S. steel industry not in imports but in management. He even went so far as to speak out publicly against government protection against imports, telling a gathering of stunned steel executives in 1977 that the real problems facing the industry lay in the fact that management had failed to keep pace with technology.

The emphasis on luck turns out to be part of a broader pattern that we have come to call “the window and the mirror.” Level 5 leaders, inherently humble, look out the window to apportion credit—even undue credit—to factors outside themselves. If they can’t find a specific person or event to give credit to, they credit good luck. At the same time, they look in the mirror to assign responsibility, never citing bad luck or external factors when things go poorly. Conversely, the comparison executives frequently looked out the window for factors to blame but preened in the mirror to credit themselves when things went well.

The funny thing about the window-and-mirror concept is that it does not reflect reality. According to our research, the Level 5 leaders were responsible for their companies’ transformations. But they would never admit that. We can’t climb inside their heads and assess whether they deeply believed what they saw through the window and in the mirror. But it doesn’t really matter, because they acted as if they believed it, and they acted with such consistency that it produced exceptional results.

Born or Bred?

Not long ago, I shared the Level 5 finding with a gathering of senior executives. A woman who had recently become chief executive of her company raised her hand. “I believe what you’ve told us about Level 5 leadership,” she said, “but I’m disturbed because I know I’m not there yet, and maybe I never will be. Part of the reason I got this job is because of my strong ego. Are you telling me that I can’t make my company great if I’m not Level 5?”

“Let me return to the data,” I responded. “Of 1,435 companies that appeared on the Fortune 500 since 1965, only 11 made it into our study. In those 11, all of them had Level 5 leaders in key positions, including the CEO role, at the pivotal time of transition. Now, to reiterate, we’re not saying that Level 5 is the only element required for the move from good to great, but it appears to be essential.”

She sat there, quiet for a moment, and you could guess what many people in the room were thinking. Finally, she raised her hand again. “Can you learn to become Level 5?” I still do not know the answer to that question. Our research, frankly, did not delve into how Level 5 leaders come to be, nor did we attempt to explain or codify the nature of their emotional lives. We speculated on the unique psychology of Level 5 leaders. Were they “guilty” of displacement—shifting their own raw ambition onto something other than themselves? Were they sublimating their egos for dark and complex reasons rooted in childhood trauma? Who knows? And perhaps more important, do the psychological roots of Level 5 leadership matter any more than do the roots of charisma or intelligence? The question remains: Can Level 5 be developed?

My preliminary hypothesis is that there are two categories of people: those who don’t have the Level 5 seed within them and those who do. The first category consists of people who could never in a million years bring themselves to subjugate their own needs to the greater ambition of something larger and more lasting than themselves. For those people, work will always be first and foremost about what they get—the fame, fortune, power, adulation, and so on. Work will never be about what they build, create, and contribute. The great irony is that the animus and personal ambition that often drives people to become a Level 4 leader stands at odds with the humility required to rise to Level 5.

When you combine that irony with the fact that boards of directors frequently operate under the false belief that a larger-than-life, egocentric leader is required to make a company great, you can quickly see why Level 5 leaders rarely appear at the top of our institu-
We keep putting people in positions of power who lack the seed to become a Level 5 leader, and that is one major reason why there are so few companies that make a sustained and verifiable shift from good to great.

The second category consists of people who could evolve to Level 5; the capability resides within them, perhaps buried or ignored or simply nascent. Under the right circumstances—with self-reflection, a mentor, loving parents, a significant life experience, or other factors—the seed can begin to develop. Some of the Level 5 leaders in our study had significant life experiences that might have sparked development of the seed. Darwin Smith fully blossomed as a Level 5 after his near-death experience with cancer. Joe Cullman was profoundly affected by his World War II experiences, particularly the last-minute change of orders that took him off a doomed ship on which he surely would have died; he considered the next 60-odd years a great gift. A strong religious belief or conversion might also nurture the seed. Colman Mockler, for example, converted to evangelical Christianity while getting his MBA at Harvard, and later, according to the book Cutting Edge by Gordon McKibben, he became a prime mover in a group of Boston business executives that met frequently over breakfast to discuss the carryover of religious values to corporate life.

We would love to be able to give you a list of steps for getting to Level 5—other than contracting cancer, going through a religious conversion, or getting different parents—but we have no solid research data that would support a credible list. Our research exposed Level 5 as a key component inside the black box of what it takes to shift a company from good to great. Yet inside that black box is another—the inner development of a person to Level 5 leadership. We could speculate on what that inner box might hold, but it would mostly be just that: speculation.

In short, Level 5 is a very satisfying idea, a truthful idea, a powerful idea, and, to make the move from good to great, very likely an essential idea. But to provide “ten steps to Level 5 leadership” would trivialize the concept.

My best advice, based on the research, is to practice the other good-to-great disciplines that we discovered. Since we found a tight symbiotic relationship between each of the other findings and Level 5, we suspect that conscientiously trying to lead using the other disciplines can help you move in the right direction. There is no guarantee that doing so will turn executives into full-fledged Level 5 leaders, but it gives them a tangible place to begin, especially if they have the seed within.

We cannot say for sure what percentage of people have the seed within, nor how many of those can nurture it enough to become Level 5. Even those of us on the research team who identified Level 5 do not know whether we will succeed in evolving to its heights. And yet all of us who worked on the finding have been inspired by the idea of trying to move toward Level 5. Darwin Smith, Colman Mockler, Alan Wurtzel, and all the other Level 5 leaders we learned about have become role models for us. Whether or not we make it to Level 5, it is worth trying. For like all basic truths about what is best in human beings, when we catch a glimpse of that truth, we know that our own lives and all that we touch will be the better for making the effort to get there.
Level 5 Leadership
The Triumph of Humility and Fierce Resolve

Further Reading

ARTICLES
Leadership That Gets Results
by Daniel Goleman
Harvard Business Review
March–April 2000
Product no. 4487

Collins identifies these characteristics of Level 5 leaders: humility, will, ferocious resolve, and the tendency to give credit to others while assigning blame to themselves. He demonstrates how Level 5 leaders have transformed their companies from good to great. Goleman’s “Leadership That Gets Results” does not deal with Level 5 leaders per se, but his research on emotional intelligence also distinguishes between outstanding performers and those who are merely good. His five components of emotional intelligence are: self-awareness, self-regulation, motivation, empathy, and social skill. Goleman also identifies six leadership styles: coercive (demands immediate compliance), authoritative (mobilizes people toward a vision), affiliative (creates emotional bonds and harmony), democratic (builds consensus through participation), pacesetting (expects excellence and self-direction), and coaching (develops people for the future). He stresses that the best leaders have all these styles in their repertoires, switching among them to produce the most powerful results.

Building Your Company’s Vision
by James C. Collins and Jerry I. Porras
Harvard Business Review
September–October 1996
Product no. 410X

This article relates to Collins’s concept of Level 3 leadership—organizing people and resources toward the pursuit of predetermined objectives—and to BHAGs, “big, hairy, audacious goals.” Many companies have BHAGs—but just as many get stuck at the first hurdle to meeting those goals, mobilizing the organization away from the status quo. Catalytic mechanisms help catapult organizations over this hurdle. These simple yet powerful tools enable companies to propel commitment past the point of no return. They are galvanizing, non-bureaucratic means of turning visions into reality, usually involving a redistribution of power. Short pay is a defining example of a catalytic mechanism. Granite Rock mobilized its employees to feverish levels of performance improvement with this simple but radical policy that invites customers who are not completely satisfied to reduce their invoice payment, without returning product.