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Leadership

IT'S NOT JUST ABOUT YOU

ONE DAY, you become a leader. On Monday, you're doing what comes naturally, enjoying your job, running a project, talking and laughing with colleagues about life and work, and gossiping about how stupid management can be. Then on Tuesday, you *are* management. You're a boss.

Suddenly, everything feels different—because it is different. Leadership requires distinct behaviors and attitudes, and for many people, they debut with the job.

Before you are a leader, success is all about growing yourself.

When you become a leader, success is all about growing others.

Without question, there are lots of ways to be a leader. You need to look only as far as the freewheeling, straight-talking Herb Kelleher, who ran Southwest Airlines for thirty years, and Microsoft's quiet innovator, Bill Gates, to know that leaders come in all varieties. In politics, take Churchill and Gandhi. In football, take Lombardi and Belichick.

Each of these leaders would give you a different list of leadership “rules.”

If asked, I would give you eight. They didn’t feel like rules when I was using them. They just felt like the right way to lead.

This is not the last you will hear of leadership in this book. Virtually every chapter touches on the subject, from crisis management to strategy to work-life balance.

But I’m starting with a separate chapter on leadership because it is always on people’s minds. Over the past three years, during my talks with students, managers, and entrepreneurs, leadership questions invariably were asked. “What does a leader really do?” for instance, and “I was just promoted and I’ve never run anything before. How can I be a good leader?” Micromanagement often comes up as an area of concern, as in, “My boss feels as if he has to control everything—is that leadership or babysitting?” Similarly, charisma gets a lot of queries; people ask, “Can you be introverted, quiet, or just plain shy and still get results out of your people?” Once, in Chicago, an audience member said, “I have at least two direct reports who are smarter than I am. How can I possibly appraise them?”

These kinds of questions have pushed me to make sense of my own leadership experiences over forty years. Across the decades, circumstances varied widely. I ran teams with three people and divisions with thirty thousand. I managed businesses that were dying and ones that were bursting with growth. There were acquisitions, divestitures, organizational crises, moments of unexpected luck, good economies and bad.

And yet, some ways of leading always seemed to work. They became my “rules.”





WHAT LEADERS DO

1. Leaders relentlessly upgrade their team, using every encounter as an opportunity to evaluate, coach, and build self-confidence.
2. Leaders make sure people not only see the vision, they live and breathe it.
3. Leaders get into everyone's skin, exuding positive energy and optimism.
4. Leaders establish trust with candor, transparency, and credit.
5. Leaders have the courage to make unpopular decisions and gut calls.
6. Leaders probe and push with a curiosity that borders on skepticism, making sure their questions are answered with action.
7. Leaders inspire risk taking and learning by setting the example.
8. Leaders celebrate.



THE DAILY BALANCING ACT

Before we look at each rule, a word on paradoxes. Leadership is loaded with them.

The granddaddy of them all is the short-long paradox, as in the question I often get: “How can I manage quarterly results and still do what’s right for my business five years out?”

My answer is, “Welcome to the job!”

Look, anyone can manage for the short term—just keep squeezing the lemon. And anyone can manage for the long—just keep dreaming. You were made a leader because someone believed you could squeeze and dream at the same time. They saw in you a person with enough insight, experience, and rigor to balance the conflicting demands of short- and long-term results.

Performing balancing acts every day *is* leadership.

Take rule 3 and rule 6. One says you should show positive energy and optimism, showering your people with a can-do attitude. The other says you should constantly question your people and take nothing they say for granted.

Or take rule 5 and rule 7. One says you need to act like a boss, asserting authority. The other says you need to admit mistakes and embrace people who take risks, especially when they fail.

Of course, life would be easier if leadership was just a list of simple rules, but paradoxes are inherent to the trade.

That’s part of the fun of leading, though—each day is a challenge. It is a brand-new chance to get better at a job that, when all is said and done, you can never be perfect at.

You can only give it everything you’ve got.

Here’s how.

RULE 1. Leaders relentlessly upgrade their team, using every encounter as an opportunity to evaluate, coach, and build self-confidence.

After the Boston Red Sox finally broke an eighty-six-year drought and won the World Series, you couldn't turn on the TV or open a paper without hearing speculation as to why 2004 was "the year." There were theories about everything, from center-fielder Johnny Damon's hairstyle to the lunar eclipse!

Most people agreed, however, that the reason wasn't mysterious at all. The Red Sox had the best players. The pitching staff was the league's best, the fielders were good enough, and the hitters . . . well, they were sensational. And they were all bound together by a winning spirit so palpable you could feel it in the air.

There are lucky breaks and bad calls in any season, but the team with the best players usually does win. And that is why, very simply, you need to invest the vast majority of your time and energy as a leader in three activities.

■ You have to **evaluate**—making sure the right people are in the right jobs, supporting and advancing those who are, and moving out those who are not.

■ You have to **coach**—guiding, critiquing, and helping people to improve their performance in every way.

■ And finally, you have to **build self-confidence**—pouring out encouragement, caring, and recognition.

Self-confidence energizes, and it gives your people the courage to stretch, take risks, and achieve beyond their dreams. It is the fuel of winning teams.

Too often, managers think that people development occurs once a year in performance reviews. That's not even close.

People development should be a daily event, integrated into every aspect of your regular goings-on.

Take budget reviews. They are a perfect occasion to focus on people. That's right, people. Yes, you need to talk about the business and its results, but in a budget review you can really see team dynamics in action. If everyone around the table sits silent and frozen while the team leader pontificates, you've got some serious coaching to do. If everyone's involved in the presentation and the whole team is alive, you've got a great opportunity to give immediate feedback that you like what you see. If the team has a real star or a dud in its midst, share your impressions with its leader as soon as you can.

There is no event in your day that cannot be used for people development.

Customer visits are a chance to evaluate your sales force. Plant

Take every opportunity to inject self-confidence into those who have earned it. Use ample praise, the more specific the better.

tours are an opportunity to meet promising new line managers and see if they have the ability to run something bigger. A coffee break at a meeting is an opening to coach a team member who is about to give his first major presentation.

And remember in all these encounters, evaluating and coaching are great, but building self-

confidence is, in the end, probably the most important thing you can do. Take every opportunity to inject self-confidence into those who have earned it. Use ample praise, the more specific the better.

Besides its huge impact on upgrading the team, the best thing about using every encounter for people development is how much fun it is. Instead of mind-numbing meetings about numbers and plant tours showing off new machines, every day is about growing people. In fact, think of yourself as a gardener, with a watering can in one hand and a can of fertilizer in the other. Occasionally you have to pull some weeds, but most of the time, you just nurture and tend.

Then watch everything bloom.

RULE 2. Leaders make sure people not only see the vision, they live and breathe it.

It goes without saying that leaders have to set the team's vision and most do. But there's so much more to the "vision thing" than that. As a leader, you have to make the vision come alive.

How do you achieve that? First of all, no jargon. Goals cannot sound noble but vague. Targets cannot be so blurry they can't be hit. Your direction has to be so vivid that if you randomly woke one of your employees in the middle of the night and asked him, "Where are we going?" he could still answer in a half-asleep stupor, "We're going to keep improving our service to individual contractors and expand our market by aggressively reaching out to small wholesalers."

I had just that kind of experience last year when I was out

There were times I talked about the company's direction so many times in one day that I was completely sick of hearing it myself.

hawking an investment fund for Clayton, Dubilier & Rice, where I consult. At one dinner session in Chicago, the room was filled with about a dozen investors, all focused on our investment criteria and projections for returns.

Steve Klimkowski, the chief investment officer of Northwestern Memorial HealthCare, was one of

them. But in the midst of all the financial chatter, he was just as interested in talking about his hospital's mission to deliver "excellent patient care—from the patient's perspective." He had examples of how employees at every level—including him, the investment guy—had transformed their work to fulfill the vision. He had been coached, for example, never to give outpatients directions to a location in the hospital, but to walk them there. At his performance review, Steve had been asked to list several ways in which he personally had improved the patient's experience at Northwestern Memorial. In fact, Steve's understanding of his role in achieving the mission, and his passion for it, were so real that after talking to him for fifteen minutes, you could wake me in the middle of the night and I could tell you about it!

Clearly, Northwestern Memorial's leaders had communicated the hospital's vision with amazing clarity and consistency. And that's the point. You have to talk about vision constantly—basically, to the point of gagging. There were times I talked about the company's direction so many times in one day that I was completely sick of hearing it myself. But I realized the message was always new to someone. And so, you keep on repeating it.

And you talk to *everyone*.

One of the most common problems in organizations is that

leaders communicate the vision to their closest colleagues and its implications never filter down to people in frontline positions. Think about all the times you have bumped into a rude or harried clerk at a high-service department store, or been put on hold by a call center operator at a company that promises speed and convenience.

Somehow, they haven't heard the mission, maybe because it wasn't shouted in their direction, loud enough or often enough.

Or maybe their rewards weren't aligned.

And that's the final piece of this particular leadership rule. If you want people to live and breathe the vision, "show them the money" when they do, be it with salary, bonus, or significant recognition of some sort. To quote a friend of mine, Chuck Ames, the former chairman and CEO of Reliance Electric, "Show me a company's various compensation plans, and I'll show you how its people behave."

Vision is an essential element of the leader's job. But no vision is worth the paper it's printed on unless it is communicated constantly and reinforced with rewards. Only then will it leap off the page—and come to life.

RULE 3. Leaders get into everyone's skin, exuding positive energy and optimism.

You know that old saying "The fish rots from the head." It's mainly used to refer to how politics and corruption filter down into an organization, but it could just as easily be used to describe the effect of a bad attitude at the top of any team, large or small. Eventually, everyone's infected.

The leader's mood is, for lack of a better word, catching. You've

seen the dynamic a hundred times. An upbeat manager who goes through the day with a positive outlook somehow ends up running a team or organization filled with . . . well, upbeat people with positive outlooks. A pessimistic sourpuss somehow ends up with an unhappy tribe all his own.

Unhappy tribes have a tough time winning.

Of course, sometimes there are good reasons to be down. The economy is bad, competition is brutal—whatever. Work can be hard.

But your job as leader is to fight the gravitational pull of negativism. That doesn't mean you sugarcoat the challenges your team faces. It does mean you display an energizing, can-do attitude about overcoming them. It means you get out of your office and into everyone's skin, really caring about what they're doing and how they're faring as you take the hill *together*.

Now, you might be thinking, "That kind of emotional bonding—it just ain't me."

And it isn't for some people. I've seen a few capable managers run their businesses while keeping their people at arm's length. These managers often demonstrated the right values, like candor and rigor, and they delivered good results.

But in never really getting inside their people, something was lost. Work stayed work.

The right attitude could have made it so much more.

Make that attitude yours.

RULE 4. Leaders establish trust with candor, transparency, and credit.

For some people, becoming a leader can be a real power trip. They relish the feeling of control over both people and information.

And so they keep secrets, reveal little of their thinking about people and their performance, and hoard what they know about the business and its future.

This kind of behavior certainly establishes the leader as boss, but it drains trust right out of a team.

What is trust? I could give you a dictionary definition, but you know it when you feel it. Trust happens when leaders are transparent, candid, and keep their word. It's that simple.

Your people should always know where they stand in terms of their performance. They have to know how the business is doing. And sometimes the news is not good—such as imminent layoffs—and any normal person would rather avoid delivering it. But you have to fight the impulse to pad or diminish hard messages or you'll pay with your team's confidence and energy.

Leaders also establish trust by giving credit where credit is due. They never score off their own people by stealing an idea and claiming it as their own. They don't kiss up and kick down because they are self-confident and mature enough to know that their team's success will get them recognition, and sooner rather than later. In bad times, leaders take responsibility for what's gone wrong. In good times, they generously pass around the praise.

When you become a leader, sometimes you really feel the pull to say, "Look at what *I've* done." When your team excels, it's only normal to want some credit yourself.

After all, you run the show. You hand out the paychecks, so people listen to your every word (or pretend to) and they laugh at all your jokes (or pretend to). In some companies, being boss means getting a special parking place or traveling first class. It could go to your head. You could really start to feel pretty big.

**Leaders never score off
their own people by
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claiming it as their own.**

Don't let it happen.

Remember, when you were made a leader you weren't given a crown, you were given a responsibility to bring out the best in others. For that, your people need to trust you. And they will, as long as you demonstrate candor, give credit, and stay real.

RULE 5. Leaders have the courage to make unpopular decisions and gut calls.

By nature, some people are consensus builders. Some people long to be loved by everyone.

Those behaviors can really get you in the soup if you are a leader, because no matter where you work or what you do, there are times you have to make hard decisions—let people go, cut funding to a project, or close a plant.

Obviously, tough calls spawn complaints and resistance. Your job is to listen and explain yourself clearly but move forward. Do not dwell or cajole.

You are not a leader to win a popularity contest—you are a leader to lead. Don't run for office. You're already elected.

Sometimes making a decision is hard not because it's unpopular, but because it comes from your gut and defies a “technical” rationale.

You are not a leader to win a popularity contest—you are a leader to lead.

Much has been written about the mystery of gut, but it's really just pattern recognition, isn't it? You've seen something so many times you *just know* what's going on this time. The facts may be incomplete or the data limited, but the

situation feels very, very familiar to you.

Leaders are faced with gut calls all the time. You're asked to invest in a new office building, for instance, but visiting the city, you see cranes in every direction. The deal's numbers are absolutely perfect, you're told,

but you've been here before. You know that overcapacity is around the corner and the "perfect" investment is about to be worth sixty cents on the dollar. You've got no proof, but you've got a real uh-oh feeling in your stomach.

You have to kill the deal, even if that pisses people off.

Sometimes the hardest gut calls involve picking people. You meet a candidate who has all the right stuff. His résumé is perfect: prestigious schools and great experience. His interview is impressive: firm handshake, good eye contact, smart questions, and so on. But something nags at you. Maybe he's moved around an awful lot—he's just had too many jobs in too few years without a plausible enough explanation. Or his energy seems too frantic. Or one previous boss said nice things about him but didn't sound as though he really meant them.

And you're left with that uh-oh feeling in your stomach again. Don't hire the guy.

You've been made a leader because you've seen more and been right more times. Listen to your gut. It's telling you something.

If you're left with that uh-oh feeling in your stomach, don't hire the guy.

RULE 6. Leaders probe and push with a curiosity that borders on skepticism, making sure their questions are answered with action.

When you are an individual contributor, you try to have all the answers. That's your job—to be an expert, the best at what you do, maybe even the smartest person in the room.

When you are a leader, your job is to have all the questions. You have to be incredibly comfortable looking like the dumbest person in the room. Every conversation you have about a decision, a proposal, or a piece of market information has to be filled with you saying, “What if?” and “Why not?” and “How come?”

When I was first made a manager, in 1963, I was running a start-up with a product that went to market through a large pool sales force. I knew we weren't getting enough attention from the people in the field. So every weekend I would take home carbon copies of the sales reports filed after every customer visit—piles of them. On Mondays, I would make a pest of myself with a round of phone calls, asking the salespeople or the plant manager to explain everything I didn't understand. Why, for instance, were we giving truckload pricing to one customer for small lot sales? Why was another customer getting a product with black specks?

These questions got the sales team to give our product the attention it needed and increased my understanding of how it was sold.

Questioning, however, is never enough. You have to make sure your questions unleash debate and raise issues that get action.

Remember, just because you are a leader, saying something doesn't mean it will happen.

That was the case back in the early '90s when I was pretty much obsessed with the idea of an MRI machine with a larger opening. If you have ever had an MRI, you'll know what I am talking about. You lie on your back and are slid inside a tunnel containing a spinning magnet.

At the time, the tunnel—or bore, as it was called—was very narrow, and patients were experiencing claustrophobia during the

forty-minute MRI process. Word was that Hitachi was coming up with a machine with a much wider bore, but some members of our medical business dismissed the product. Hospitals, they said, would never accept the low-quality images such large-bore machines produced.

Having experienced an MRI myself, I just wasn't convinced. The machines did make you feel claustrophobic! Every chance I got, I asked the medical team to look at the situation again. Won't hospitals compromise image quality for patient comfort, especially for simple procedures, like elbows and knees? Won't the technology eventually improve?

In response, the medical team gave me the all-too-common business head fake. "We'll look into it," they kept assuring me. Of course they didn't. I was a know-nothing, meddling pain in the neck, and they were just trying to mollify me.

A year later, Hitachi rolled out a large-bore machine and captured a significant piece of the market. We spent two years playing catch-up.

The last thing I want to sound like with this story is a hero. Just the opposite.

I should have pushed a whole lot harder with my questioning. In fact, I should have insisted we put resources into developing our own large-bore machine. All we were left with at the end was me thinking, "I knew it," and wanting to say, "I told you so."

Both of those sentiments are worth nothing. You would assume that was obvious, but I've seen more leaders believe that second-guessing absolves them from responsibility when things go wrong. Years ago, I used to see a well-known CEO socially on

"We'll look into it," they kept assuring me. I was a know-nothing, meddling pain in the neck, and they were just trying to mollify me.

a fairly regular basis. Whenever his company had been in the news for screwing up, he'd always say something like, "I knew they shouldn't have done that." For some reason that made him feel better, but what did it matter?

We've all been guilty at one point or another in our careers of boasting of perfect hindsight.

It's a terrible sin.

If you don't make sure your questions and concerns are acted upon, *it doesn't count*.

I realize most people don't love the probing process. It's annoying to believe in a product or come into a room with a beautiful presentation only to have it picked apart with questions from the boss.

But that's the job. You want bigger and better solutions. Questions, healthy debate, decisions, and action will get everyone there.

RULE 7. Leaders inspire risk taking and learning by setting the example.

Winning companies embrace risk taking and learning.

But in reality, these two concepts often get lip service—and little else. Too many managers urge their people to try new things and then whack them in the head when they fail. And too many live in not-invented-here worlds of their own making.

If you want your people to experiment and expand their minds, set the example yourself.

Consider risk taking. You can create a culture that welcomes risk taking by freely admitting your mistakes and talking about what you've learned from them.

I cannot count the number of times I've told people about my

first big mistake—and it was huge—blowing up a pilot plant in Pittsfield, Massachusetts, in 1963. I was across the street in my office when the explosion occurred, set off by a spark igniting a large tank of volatile solution. The noise was enormous, and then roof shingles and shards of glass flew everywhere. Smoke blanketed the area. Thank God no one was hurt.

Despite the enormity of my mistake, my boss's boss, a former MIT professor named Charlie Reed, didn't beat me up. Instead, his sympathetic, scientific probing of the reasons for the incident taught me not only how to improve our manufacturing process, but more importantly, how to deal with people when they were down.

That wasn't the only mistake in my career; I made plenty. I bought the investment bank Kidder Peabody—a cultural fit disaster—and made many wrong hires, to name just two more.

These experiences were nothing to feel great about, but I talked about them openly in order to show that it was OK to take swings and miss, as long as you learned from them.

You don't need to be preachy or particularly somber about your errors. In fact, the more humorous and lighthearted you can be about them, the more people will get the message that mistakes aren't fatal.

As for learning—again, live it yourself. Just because you're the boss doesn't mean you're the source of all knowledge. Whenever I learned about a best practice that I liked at another company, I would come back to GE and make a scene. Maybe I often overstated the case, but I wanted people to know how enthusiastic I was about the new idea. And I was!

You can—and should—learn from one another too. Remember that executive in Chicago who

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asked me how he could appraise people who were smarter than he was? The answer I gave him was, “Learn from them. In the best-case scenario, all your people will be smarter than you. It doesn’t mean you can’t lead them.”

There is no edict in the world that will make people take risks or spend their time learning. In most cases, their risk-reward equation just isn’t obvious enough.

If you want to change that, set the example yourself. You’ll love the exciting culture you create and the results you get—and so will your team.

RULE 8. Leaders celebrate.

What is it about celebrating that makes managers so nervous? Maybe throwing a party doesn’t seem professional, or it makes managers worry that they won’t look serious to the powers that be, or that, if things get too happy at the office, people will stop working their tails off.

Whatever the reason, there is just not enough celebrating going on at work—anywhere. When I travel, I frequently ask audiences if they’ve done anything to recognize their team’s achievements—large or small—over the past year. I’m not talking about those stilted, company-orchestrated parties that everyone hates, in which the whole team is marched out to a local restaurant for an evening of forced merriment when they’d rather be home. I’m talking about sending a team to Disney World with their families, or giving each team member two tickets to a great show in New York, or handing each team member a new iPod or the like.

But to my question “Do you celebrate enough?” almost no one raises a hand.

It's not as if GE was immune to this phenomenon. I harped on the importance of celebrating for twenty years. But during my last trip as CEO to our training center in Crotonville, I asked the hundred or so managers in the class, "Do you celebrate enough in your units?" Even knowing what I wanted them to say, less than half answered yes.

Work is too much a part of life not to recognize moments of achievement. Grab as many as you can. Make a big deal out of them.

What a lost opportunity. Celebrating makes people feel like winners and creates an atmosphere of recognition and positive energy. Imagine a team winning the World Series without champagne spraying everywhere. You just can't! And yet companies win all the time and let it go without so much as a high five.

Work is too much a part of life not to recognize moments of achievement. Grab as many as you can. Make a big deal out of them. If you don't, no one will.



There is no easy formula for being a leader. If only!

Leadership is challenging—all those balancing acts, all the responsibility, all that pressure.

And yet, good leadership happens—and it comes in all kinds of packages. There are quiet leaders and bombastic ones. There are analytical leaders and more impulsive ones. Some are tough as nails with their teams, others more nurturing. On the surface, you would be hard-pressed to say what qualities these leaders share.

Underneath, you would surely see that the best care passionately about their people—about their growth and success. And you would see that they themselves are comfortable in their own

skins. They're real, filled with candor and integrity, optimism and humanity.

I am often asked if leaders are born or made. The answer, of course, is both. Some characteristics, like IQ and energy, seem to come with the package. On the other hand, you learn some leadership skills, like self-confidence, at your mother's knee, and at school, in academics and sports. And you learn others at work through iterative experience—trying something, getting it wrong and learning from it, or getting it right and gaining the self-confidence to do it again, only better.

For most of us, leadership happens one day when you become a boss and the rules change.

Before, your job was about yourself.

Now, it's about them.

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