Chapter 1:

Defining Leadership Code

No one disputes that leadership matters. We recognize good leadership first hand when a leader we admire inspires, excites, engages or even leaves us. Beyond our personal awareness, research has shown that the quality of leadership helps meet the expectations of investors, customers and employees. While we can stipulate that leadership matters and that we know it when we encounter it, it is much more difficult to find the elusive answer to the simple question "what makes an effective leader?" In study after study about what CEOs worry about, a top topic is how to develop the next generation of effective leaders.

This book attempts to do the improbable if not impossible. In a brief and clear way, we want to synthesize large numbers of frameworks, tools, processes, and studies of leadership to identify the essential rules that govern what all great leaders do. Our challenge of synthesizing this amorphous and enormous body of knowledge is not easy, but it is important. Defining the essential rules of leadership serves two purposes: we want to help leaders be better leaders themselves and simultaneously help those charged with building better leadership in their organizations.

Being an effective leader starts with the self. If you want to build leadership in your company, you need to model what you want others to know and do. When you can clearly declare what makes an effective leader and then you model that behavior, your employees will have clear expectations of what they should know and do, your customers will be delighted to do business

with you, investors will have more confidence in the intangible value of your company, and you can make wise investments in finding and developing future leaders.

Being an effective leader requires that you help others to lead. Leaders succeed by enabling others to do the right work right. Modeling the rules of leadership ensures that you lead well, but helping others master the leadership rules guarantees future success. When we know and follow the leadership rules, we lead well; when we help others learn and follow the leadership rules, we expand leadership from a personal ability into an organization capability.

The leadership rules we propose in this work offer a unified way of thinking about and being a better leader. We have examined the broad field, talked in-depth with the smartest leadership people we know, and passed all that information through the screen of our own 100 years of experience in the field. Through that process, we have discovered and validated what we now know to be the five essential rules all excellent leaders must follow. Since these rules form the basis for all good leaders just as our genetic code determines our elemental core as people, we call it the Leadership Code.

This Leadership Code, like any other code, provides both structure and guidance, and helps you know what to do to be a better individual leader as well as how to build better leadership capability. Some leaders seem born to the Code, others need to learn it, but it is the sine qua non of effective leadership. The Code also avoids the trap of emphasizing one element of leadership over others. For example, when we ask thoughtful participants in programs where we teach, "what makes an effective leader?" we often get a long list of outstanding ideas. Some focus on

the importance of having a vision for the future; others on executing in the present; others on personal charisma or character; others on engaging people; and others on building long term organizations. Shopping lists of leadership attributes are useful, but they may distort the fundamentals of effective leadership. Purchasing food on a whim from a last minute shopping list may not lead to healthy eating across all four food groups. The four food groups offer a decision architecture that ensures balance in purchasing food and healthy eating – if the framework is followed. Having a Leadership Code that captures the entire domain of what makes an effective leader helps leaders avoid fads and quick fixes that offer the illusion of true leadership, but like snack foods, fail to sustain success.

So, we do not disagree with most of the current hot topics that entice leaders. We agree that leaders need to have innovative (blue ocean) strategies, forge long term relationships with customers, innovate, execute, build high performing teams, ensure accountability, manage people, communicate, engage others, create workforce plans, exercise judgment, have emotional intelligence, and be noble with honorable character. Any one of these topics deserve (and have received) extensive research, thinking, and practice. What we offer in this book is a synthesis of these ideas, a way to cover the landscape of leadership so that we see the whole of what makes an effective leader, not just one of the parts.

We characterize the Leadership Code as a set of 5 rules. Rules lay out how a game is played; they suggest the basic elements of any endeavor. Knowing the rules enables you to adapt your behavior and succeed. In sports, rules determine the type of talent and game plan that teams adopt. In writing, rules shape the use of language to communicate. In politics, rules often

establish who wins and loses. In driving, rules ensure safety and fluidity. In leadership, rules resolve what makes an effective leader.

<A> How we discovered the Leadership Code

In our efforts to arrive at the core rules of leadership, we decided to rely not only on our experiences, but also to mine a vast, well-researched body of knowledge painstakingly accumulated over the past several decades by multiple generations of leadership experts and organizational behavior theorists. In a brief and clear way, we wanted to synthesize the existing frameworks, tools, processes, and studies of leadership to define the rules that all great leaders follow. To streamline our efforts, we "socially networked" our way through the ranks of many of the most recognized leaders in the field of leadership today, and did considerable reading, thinking, debating and writing ourselves. Our goal: to identify an underlying framework of knowledge, skills, and values common to all effective leaders.

In our work, we found that the state of the art of leadership has evolved over time, each new stage building at least in part on its predecessors. A brief history of modern attempts to understand leadership may help you to put this conclusion in perspective. Interestingly, as we organized this history, we realized that the six key questions that any journalist asks to uncover the "full story" have been asked and thoroughly investigated over the past few decades: who, what, when, where, why, and how. To these questions was added a seventh: for whom?

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Physical traits. **Who** is a leader? Remember when all leaders were supposed to be tall

and authoritative with a firm handshake and a steady gaze? Leadership theorists sought a

core set of leader ship traits according to height, gender, heritage, and speaking style – to

no avail. Successful leaders could have a variety of backgrounds as well as physical and

personality traits.

Style. **How** do you behave as a leader? "Take care" or "take charge?" Leadership

theorists sought to characterize a leader by style, often a trade-off between people and

task. Generally, leaders exhibited a preferred style, but the best leaders could be both soft

and hard, caring about people and managing tasks. Leaders were given numbers (1-9; 9-

1; 9-9) to capture their tendency to focus on people or tasks.

Situation. **When** and **where** do you focus on the person or the task? At this stage, the

answer to the leadership question is: "It depends." Leadership theorists realized that the

appropriate leadership style depended on understanding the particulars of the situation.

Competencies. **What** exactly do leaders know and do? Leadership theorists attempted to

identify the core competencies, or knowledge, skills, and values of successful leaders.[i]

Competencies were identified by what leaders said and did and were often tailored to not

only the situation but to the business strategy. The world is awash in competency

models.

Results. **Why** does leadership matter? More recently, the focus has shifted to the truth that without results, competencies don't matter.[ii] Leadership is about getting the right results in the right way. Leaders who can achieve a balanced scorecard of employee, customer, investor, and organization results will more likely succeed.

Brand. **For whom** are you leading? Students of leadership now realize that leadership is linking the external identity of the firm (its brand) with the internal culture. Leaders ensure that the behaviors of employees reflect the leadership brand.

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We believe it is time to synthesize decades of empirical research and theorizing about leadership. Faced with half a million books on leaders and leadership, we turned to recognized experts in the field who had already spent years sifting through the evidence and developing their own theories. These thought leaders had each published a theory of leadership based on a long history of leadership research and empirical assessment of what makes effective leadership. Collectively, they have written over 50 books on leadership and performed well over 2,000,000 leadership 360's. They are the "thought leaders" of this field.[iii]

In our discussions with them, as well as our reading and analysis, we constantly returned to two simple but elusive questions:

1. What percent of effective leadership is basically the same? Are there some common rules that any leader anywhere must master? Is there a recognizeable Leadership Code?
2. If there are common rules that all leaders must master, what are they?

To the first question, the experts varied as they estimated that somewhere in the range of 50 to 85% of leadership characteristics were shared across all effective leaders. The range is fairly broad, to be sure, but blessedly consistent. As one of our interviews put it: "I think…that 85% of the competencies in various competency models appear to be the same. I think we have a relatively good handle on the necessary competencies for a leader to possess in order to be effective." Then the expert added something of equally great significance: "But there are some other variables that competency models do not account for. [Among] the variables that I think we don't account for include… the leader's personal situation (family pressures, economics, competition, social, etc.); internal influences, such as health, energy, vitality, resilience; the intensity of effort the individual is willing to put forth; ambition and drive, willingness to sacrifice."[iv]

Answers like these encouraged us to pursue developing a framework. From the body of interviews we conducted, we concluded that 60-70% of leadership effectiveness would be contained in the Leadership Code if we could crack it. Synthesizing the data, the interviews, and our own research and experience, a single framework emerged that organizes the Leadership Code into a single framework that we believe is useful.

An analogy guided our thinking.   How different is the hybrid Toyota Prius from the Ford F150 Truck? If you are like most people, you likely view the two vehicles as being very different from each other. Perhaps even opposites. The eco-friendly Prius appeals to people interested in shrinking their personal carbon footprint while still getting about. The massive and sturdy F150,

on the other hand, is a perfect vehicle for people who equate driving with personal freedom and who highly value the pure pleasure of owning the open road. You may love to drive one and not want to be caught dead in the other, believing them to be very different species.

But are they really? Underneath the obvious external characteristics, they share more in common than they differ. First of all, they are both forms of individual (v. mass) transportation. They both get you where you need to go. They each do that by sharing an important set of core elements: drive train, crankshaft, engine, brakes, wipers, blades, and batteries. In fact, when you add it up, the degree to which any two cars share fundamental similarities is much greater than their differences.

As we listened to leadership experts, we felt that the same logic would apply. Does an effective leader at, say, Starbucks or Whole Foods in any ways resemble an effective leader at Exxon Mobil? Does an effective leader in a bootstrapping NGO in any way resemble an effective leader at the famously bureaucratic UN? Does an effective leader in an emerging market resemble an effective leader in a mature market? Does an effective leader in organized crime in any way resemble an effective leader in organized religion? Does an effective leader in a Swiss pharmaceutical company share any underlying characteristics with an effective leader in moveon.org? Does an effective leader at Nokia resemble an effective leader at Verizon?

Consider the following tale of two brothers. In the city of Boston, two brothers grew up together in the same household. Billy Bulger and Whitey Bulger. They definitely share a leadership gene, or a leadership learning environment, or both. However, Billy grew up to be the head of the

university system for the state of Massachusetts, while Whitey grew up to be the very powerful and notorious head of the local Irish mafia. Both are leaders, each with his talents quite differently applied, and each could be called "successful" in his own pursuit (until that informant…).

As we worked with these leadership experts and reviewed the extensive work on leadership, we concluded that leadership comprises two principle parts: one part the Leadership Code and the other the differentiators. The Code represents about 60 to 70% of what makes an effective leader. It represents the basics, the fundamentals, or the essentials of leadership.   The differentiators may vary by firm strategy and vision and by individual job requirements. Mastering the Code becomes the foundation on which effective leadership is established.

<A> Leadership Code: Time, Focus and Self

Based on our observations and inputs from the thought leaders, we suggest that Leadership Code maps against two dimensions, time and attention, and is supported by the strength of the individual leader. Why time? Because effective leaders are able to think and act both in the short term and for the long term. Effective leaders project into the future and define a context in which their organization and their people will succeed. Depending on the need, that projection may take the form of a vision, intent, purpose, mission, strategy, goal, objective, or plan. In all of these cases, leaders create a credible and hopeful image of a future to everyone who needs to invest financially, intellectually, physically or emotionally in the organization, from financial

markets to shareholders to customers to employees to potential hires. They also connect the future to the present by turning aspirations into actions.

What do we mean by attention? Effective leaders gauge when their focus needs to be on architecting the organization and its capabilities, and when it needs to shift to the individuals and their abilities. They are also able to connect the two to each other. Sometimes leaders focus on individual talent and surround themselves with gifted individual contributors. But, all-star teams would not often beat a high performing team, and leaders need to meld individual talents into successful organization capabilities.

In terms of self, leaders must model what they want others to master. Leadership of others ultimately begins with the self. Individuals who govern themselves will be more able to lead others. There is a vast array of self-leadership requirements, which we called Personal Proficiency because an individual leader needs to become high proficient in these personal requirements. Without Personal Proficiency, it is not possible to keep the other dimensions in balance. The juggling act is simply too difficult for someone who is not personally strong, aware and centered.

In an effort to create a useful visual, we have mapped out two dimensions (Time and Focus) and placed what we are calling Personal Proficiency (self management) at the center as an underlying support for the other two . This figure synthesizes the Leadership Code and captures the five rules of leadership.

<Figure 1.1
5 Rules Graphic>

<In-text head> *Rule 1: Shape the future.* This rule is embodied in the strategist dimension of the leader. Strategists answer the question "where are we going?" and make sure that those around them understand the direction as well. They not only envision, but can create a future. As practical futurists, they figure out where the organization needs to go to succeed, they test these ideas pragmatically against current resources (money, people, organizational capabilities), and they work with others to figure out how to get from the present to the desired future. Strategists have a point of view about the future and are able to position their organization to create and respond to that future. The rules for strategists are about creating, defining, and delivering principles of what can be.

<in-text head> *Rule 2: Make things happen.* Turn what you know into what you do. The Executor dimension of the leader focuses on the question "How will we make sure we get to where we are going?" Executors translate strategy into action. Executors understand how to make change happy, to assign accountability, to know which key decisions to take and which to

delegate, and to make sure that teams work well together. They keep promises to multiple

stakeholders. Executors make things happen, and put the systems in place for others to do the

same. The rules for executors revolve around disciplines for getting things done.

<in-text head> *Rule 3: Engage today's talent.* Leaders who optimize talent today answer the

question "Who goes with us on our business journey?" Talent managers know how to identify,

build and engage talent to get results now. Talent managers identify what skills are required,

draw talent to their organizations, develop people, engage them, and ensure that employees turn

in their best efforts. Talent managers generate intense personal, professional and organizational

loyalty. The rules for talent managers center around resolutions that help people develop

themselves for the good of the organization.

<in-text head> *Rule 4: Build the next generation.* Leaders who are Human Capital Developers

answer the question, "who stays and sustains the organization for the next generation?" Talent

Managers ensure shorter-term results through people while Human Capital Developers ensure

that the organization has the longer-term competencies required for future strategic success. Just

as good parents invest in helping their children succeed, human capital developers help future

leaders be successful. Human capital developers throughout the organization build a workforce

plan focused on future talent, understand how to develop the future talent, and help employees

see their future careers within the company. Human capital developers ensure that the

organization will outlive any single individual. Human capital developers install rules that

demonstrate a pledge to building the next generation of talent.

We found in our work that most individuals have predispositions in one of these four roles. Some enjoy living in the abstract and future world of strategy; others in the concrete and actionable execution space; others are comfortable with the social setting required of talent; and others are gifted at developing future talent. We also found that as leaders move up the organization into more senior roles, they need to expand on their predisposition and learn to successfully master the rules to play all four roles. This book offers specific actions that leaders can master in each of the four roles so that even if the role does not come naturally, it can be learned.

<in-text head> *Rule 5: Invest in yourself.* At the heart of the Leadership Code – literally and figuratively – is Personal Proficiency. Effective leaders cannot be reduced to what they know and do. Who they are as human beings has everything to do with how much they can accomplish with and through other people. To distinguish between what one does – even with excellence – from who one is, consider the following passage from Mathieu Ricard in his book "Happiness":

> *The striking individuals with whom I'd crossed paths each had his or her own special genius. I'd have liked to play piano like Glenn Gould, or chess like Bobby Fisher, to have Baudelaire's poetic gift, but I did not feel inspired to* become *what they were at the human level. Despite their artistic, scientific, and intellectual qualities, when it came to altruism, openness to the world, resolve, and joie de vivre, their ability was neither better nor worse than that of any of us…I was inspired through my readings of great figures like*

Martin Luther King, Jr., and Mohandas Gandhi, who by sheer strength of their human

qualities were able to inspire others to change their way of being.[1]

Leaders are learners: from success, failure, assignments, books, classes, people, and life itself. Passionate about their beliefs and interests, they expend an enormous personal energy and attention on whatever matters to them. Effective leaders inspire loyalty and goodwill in others because they themselves act with integrity and trust. Decisive and impassioned, they are capable of bold and courageous moves. Confident in their ability to deal with situations as they arise, they can tolerate ambiguity.   Think of the steadfastness of Winston Churchill or of Nelson Mandela or of Aung San Suu Kyi persevering in the face of certain danger, and probable disaster. Leaders who demonstrate Personal Proficiency follow rules about developing and increasing personal insight so that they model the change they want to see in others.

In the last few years, we have worked with these five rules of leadership. As we have done so, we can make some summary observations.

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- All leaders must excel at Personal Proficiency. Without the foundation of trust and credibility, you cannot ask others to follow you. While individuals may have different styles (introvert vs. extrovert, intuitive vs. sensing, etc.), any individual leader must be seen as having personal proficiency to engage followers.

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[1] Matthieu Ricard, "Happiness."

- All leaders must have one towering strength. Most successful leaders have at least one of the other four roles in which they excel. Most are personally predisposed to one of the four areas. These are the signature strengths of your leaders.

- All leaders must be at least average in his or her "weaker" leadership domains.

- The higher up the organization that the leader rises, the more he or she needs to develop excellence in more than one of the four domains.

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<A> Leadership Code: making it real for you and your organization

If you want to be a better leader or build more effective leadership in your organization, you need to learn these five rules of leadership. As an individual leader, some of these rules will come naturally; some will have to be learned. Each person's leadership will look and feel somewhat different based on personality as well as more external circumstances (position, job level, industry, company culture). That said, every leader must master the fundamentals. Without owning these basics, an individual cannot lead and CEOs cannot invest in future leaders because they won't know what they are looking for.

You may ask yourself which if the five rules come more naturally to you. Where do you enjoy spending time? What work comes more easily? What work energizes you? Knowing your predisposition enables you to develop a signature leadership strength. It also focuses your attention on what you must learn to progress in becoming a more effective leader. If you are strong as a strategist, you may need to pay particular attention to the rules for talent management, execution, and human capital development. A simple personal exercise is to take the

abbreviated Leadership Code survey find out your predispositions. To be more informed, you

may want to solicit feedback from others on how they see you and compare yourself with others

national scores.

<Figure 1.2
Leadership Code Short Assessment>

At a company level, we have used the Leadership Code template to track if the organization has

the right competency model. Often when we place a company's 7 to 12 competencies into the

five rules, we find that the model is un-balanced. In one company, they identified 12

competencies they wanted their leaders to demonstrate, then they built a leadership 360, training,

and compensation systems to encourage these 12 competencies. When we matched their 12 to

the 5 rules, 11 of their 12 were in Personal Proficiency. They had a flawed model of the basics

of leadership. Even if their leaders excelled at mastering their proposed competencies, they

would not be doing all the basics well. They were eating only from one food group and

wondering why they were not healthy. A simple organization exercise is to match your

organization's competency model against the five rules we have suggested. Do you want leaders

who are effective in all five areas?

The purpose of this book is to synthesize what we know about the basics of leadership so that we

can each understand how to be and build better leaders. Leadership can be developed through

education, experience, mentoring, coaching, job assignment, and leaders teaching leaders. There

is no magic bullet. The essential thing is to know what leadership dimensions need to be

developed, and then develop them. By defining the basic rules of leadership, you can examine

your own leadership style and you can organize effective leadership development efforts to build future leaders.

If you want to be a better leader or build more effective leadership in your organization, you need to master these rules. Some of these characteristics will come naturally; some will have to be learned. Each person's leadership will look and feel somewhat different based on personality as well as more external circumstances (position, job level, industry, company culture). That said, every leader must master the fundamentals. Without owning these basics, an individual cannot lead and leaders cannot invest in future leaders because they won't know what they are looking for.

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Go to www.leadershipcodebook.com for a short video lesson from Dave Ulrich that will help you to interpret the results of this short Leadership Code tool. He will also introduce you to our Leadership Code premium tools collection, including a full length Leadership Code assessment in both the Self Assessment and the 360 forms.

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[i] Competency theorists include:
Richard E. Boyatzis.   1982. The Competent Manager: A model for effective Performance. New York: Wiley.

Lyle Spencer and Signe Spencer. 1993   Competence at Work: Modes for Superior Performance. New York: Wiley.

[ii] Results focused theorists include:

[iii] These generous thought leaders included: Jim Bolt (working on leadership development efforts): Richard Boyatzis (working on the competency models and resonant leadership); Jay

Conger (working on leadership skills as aligned to strategy); Bob Fulmer (working on leadership skills); Bob Eichinger (work with Mike Lombardo to extend work from Center from Creative Leadership and leadership abilities); Mark Effron working on large studies of global leaders; Marshall Goldsmith (working on global leadership skills and how to develop those skills); Gary Hamel (working on leadership as it relates to strategy); Linda Hill (working on how managers become leaders, and leadership in emerging economies); Jon Katzenbach (working on leaders from within the organization); Jim Kouzes (working on how leaders build credibility); Morgan McCall (representing Center for Creative Leadership); Barry Posner (working on how leaders build credibility); Jack Zenger and Joe Folkman (working on how leaders deliver results and become extraordinary).

[iv] Personal correspondence with Jack Zenger.   Cited with permission (we hope!!!)