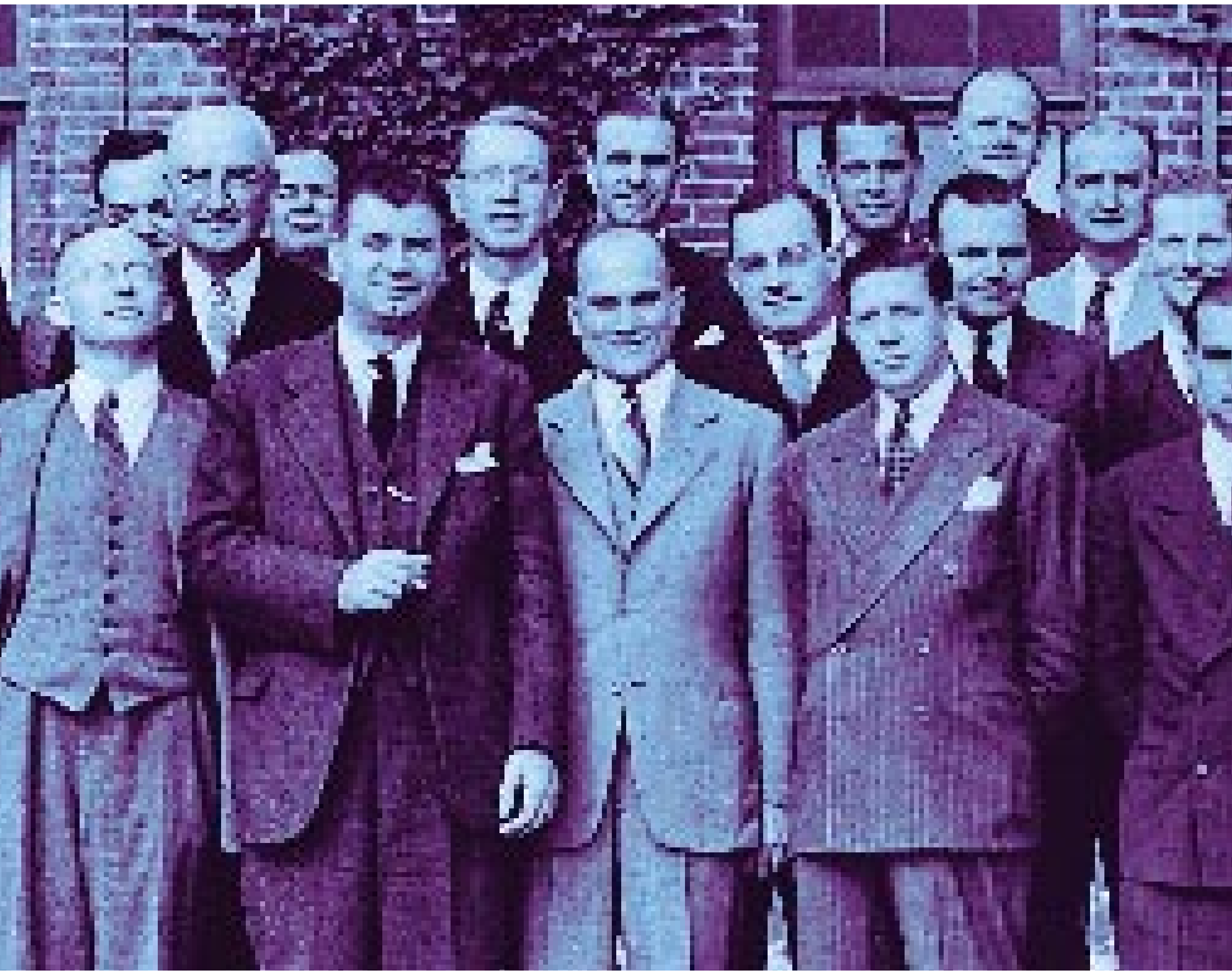
DEVELOPING LEADERS IN A BUSINESS

Marvin Bower, McKinsey's managing partner from 1950 to 1967, turned 93 this year. In his new book, he urges senior managers to abandon command-and-control structures and adopt a program to develop leaders, starting with themselves. In this excerpt, he explores the attributes of leadership.

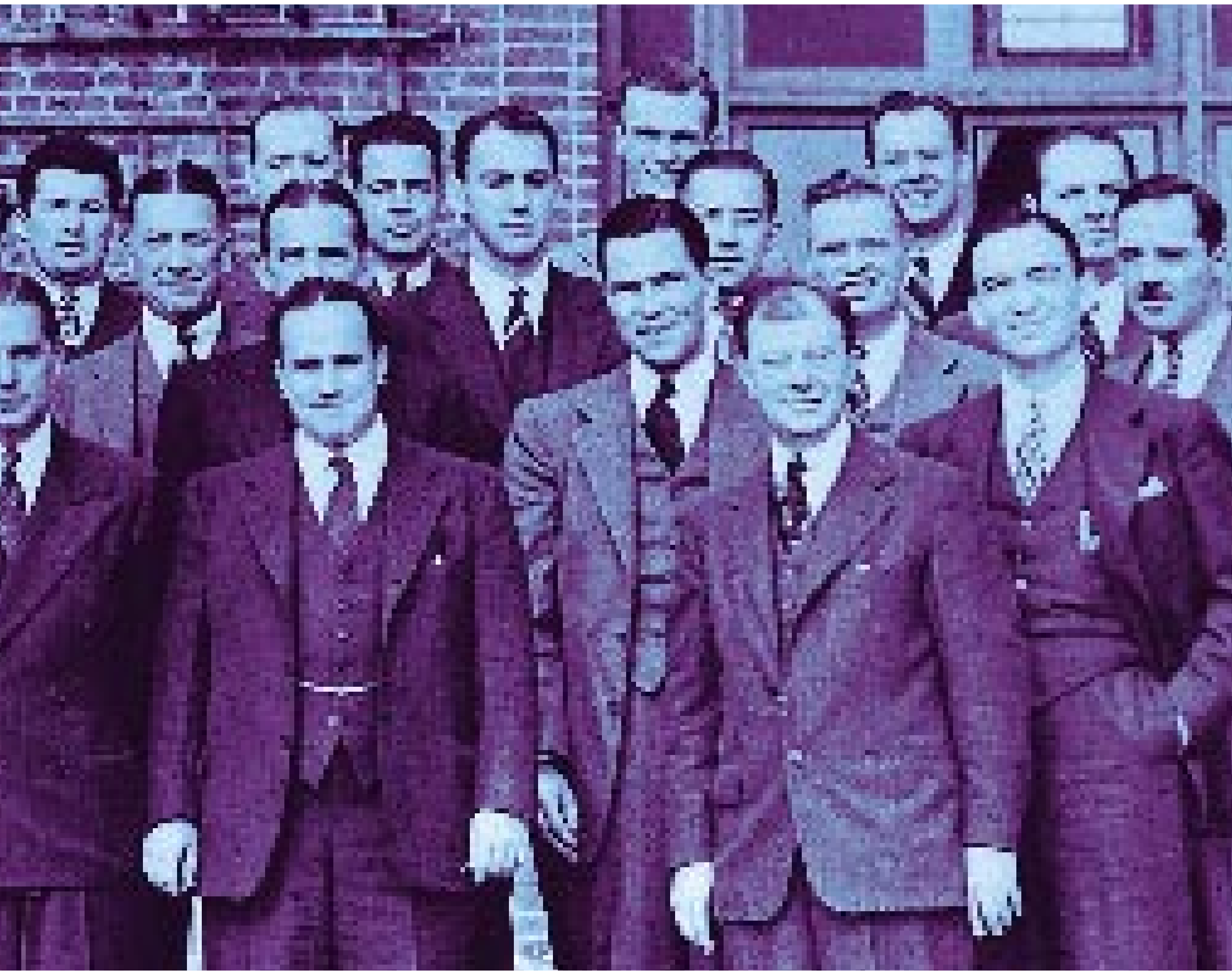


MARVIN BOWER (FOURTH FROM LEFT, SECOND ROW) AND COLLEAGUES, 1948/MCKINSEY ARCHIVES

Marvin Bower

THE SHORTCOMINGS of command-and-control management are becoming ever more apparent. The hierarchy of bosses organized into ranks, with each superior exercising authority over subordinates who do exactly what their boss wants, has long been the dominant form of corporate organization. But recognizing that they are handicapped by their current systems, many companies are now questioning the way they manage themselves. They are striving for greater

Marvin Bower joined McKinsey & Company in 1933. He is the author of *The Will to Manage* (McGraw-Hill, New York, 1966). This article is abridged from chapter 3 of his new book *The Will to Lead* (Harvard Business School Press, Boston, Mass., 1997), and appears here by permission of the publisher.



effectiveness and flexibility to cope with and capitalize on the fast-moving, ever-changing competitive conditions they see just ahead.

I believe that the old command system must be replaced. Fixing it is not good enough. My view is that authority should be replaced by leadership. By that, I don't mean that a business should be run by a single leader, but that it should be run by a *network* of leaders positioned right through the organization. Leaders and leadership teams working together will, I suggest, run a business more effectively than a hierarchical, command-and-control structure.

What makes a leader?

Leadership scholars define a leader as a person who sets attractive goals and has the ability to attract followers, or constituents, who share those goals. Above all, a leader must be trusted and respected. Trust between a leader and constituents opens up two-way communication, making it possible for them to realize their common goals.

Anyone who aspires to lead must develop certain qualities and attributes. By "qualities," I mean elements of character or personal makeup that are typically difficult (but not impossible) to learn. People usually bring their qualities with them when they join a company. "Attributes," on the other hand, are more like skills and hence easier to learn. Fortunately, the attributes needed for leadership far outnumber the qualities.

Trustworthiness

Leadership scholars are virtually unanimous in putting trustworthiness at the top of the list of qualities required by any leader. Trustworthiness is integrity in action. Pearl S. Buck, winner of the 1938 Nobel Prize for Literature, put it thus: "Integrity is honesty carried through the fibers of the being and the whole mind, into thought as well as into action so that the person is complete in honesty. That kind of integrity I put above all else as an essential of leadership."[1]

Anyone seeking to be a leader should always tell the truth, if for no other reason than it is simpler. Richard Heckert, retired chairman of DuPont, put it this way: "If you always tell the truth, you won't have to remember what you said."

I have observed that the executives I trusted most were truthful about unimportant as well as important things. They went into detail to be accurate about small things, even correcting statements about things that did not matter. High-precision truthfulness is a good way to gain trust, the ticket of admission to leadership.

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[1] For notes, *see* page 17.

Ralph Hart, former chairman of Heublein and president of Colgate-Palmolive, spoke of an incident early in his career when he was hired to sell adding machines to small stores. He was given no training, just provided with samples and sent straight into the field. When he began his route, he was too nervous to enter the first store. As it was late in the day, he decided to wait until morning and begin fresh. But the next day he was still nervous. Finally, near closing time, he approached a store owner, who wasn't interested:

> "I asked, 'Would you at least look at them?' So the store owner started asking me questions, and I kept on saying, 'I don't know, but I'll find out.' Finally the owner agreed to purchase an adding machine. I was mystified, and asked him why he finally relented. He replied, 'Anyone who has a salesman as honest as you are must have a good product.' That was one of the greatest things that ever happened to me. It's something that I never forgot – be honest and tell the truth."[2]

Fairness

In my years as a consultant, the most frequent complaint I heard (in confidence) about bosses has been about some form of unfairness. To get something done, the boss had used authority carelessly. In the eyes of subordinates, what the boss wanted done was unnecessary, too difficult, or impossible in the time given.

Unfairness in a chief executive is particularly serious, because he or she sets the example for everyone else

In America, to be called an unfair boss is damning, and even implies a flawed character. Conversely, a boss who is tough but fair is to be admired. In dictionaries, "fair" is variously defined as equitable, unprejudiced, impartial, dispassionate, and objective.

However it is defined, Americans – possibly because of their intense involvement in sports – are quick to recognize what's fair and what's unfair. They will forgive much, but seldom unfairness. Unfairness in a chief executive is particularly serious, because he or she sets the example for everyone else in the company.

Fairness and trust, of course, go hand in hand. Both are essential not only in the chief executive, but in all leaders throughout the company. Moreover, if fairness and trust become an integral part of a company's culture, then these qualities will flourish, to that company's great benefit.

Unassuming behavior

Arrogance, haughtiness, and egotism are poisonous to leadership. But leaders can never be hypocritically humble. They are simply unassuming in their behavior. Unpretentiousness can be learned, and it is well suited to the examples the chief executive should set.

Robert K. Greenleaf, former director of management research for AT&T, coined a useful term for the unassuming leader: "servant leadership." In a pamphlet, and later in his book *Servant Leadership,*[3] he alludes to a German tale about a group of important men who went on a long journey into the wilderness, accompanied by a servant. They got lost and fell into deep trouble. The servant was particularly helpful and became accepted as the leader of the group. His masters came to trust him because he demonstrated attributes that helped them get out of trouble. So he, a servant, became their leader, and they became his constituents.

Having a servant leadership viewpoint helps any chief executive focus on company performance and on the needs of constituents rather than on his or her own performance or image. The chief executive knows that he or she will get credit for good corporate performance as well as blame for poor performance. So the chief who is a leader can plunge wholeheartedly into leading other company leaders in improving overall company performance, knowing that chief executive performance is always being carefully watched by everyone in the company.

Successful leaders are as unassuming in the surroundings they create – or tolerate – as they are in their behavior. Casualness and informality contribute to a leadership culture. In some successful high-tech companies, everyone dresses and behaves informally; it's integral to the company culture.

Let me add a few more examples:

◆ Unassuming leaders surprise visitors and company people with their offices: pleasant, inviting, and functional, but completely unostentatious in size and decor. And they leave their desks to sit with visitors.

◆ General Norman Schwarzkopf, commander of Operation Desert Storm, was offered a villa by the Saudis, but he chose instead a small room tucked away behind his office.[4]

◆ I know several executives who have "chairman" on their business cards and letterhead but not "chief executive officer," even though they hold both titles.

◆ I know two chief executives who often stand in line at headquarters cafeterias and then join a group at one of the general tables.

◆ The McKinsey research on excellent companies, which ultimately became *In Search of Excellence,*[5] found that unassuming executives walk around rather than holding meetings in their own offices.

If all company leaders have an unassuming manner – with the casualness and informality that it produces – the resulting behaviors of people will fit naturally into a leadership culture.

Leaders listen

Listening may seem like an unimportant activity, but my experience convinces me that the reverse is true. In a survey, one of the participants said: "Frankly, I had never thought of listening as an important subject by itself. But now that I am aware of it, I think that perhaps 80 percent of my work depends on my listening to someone, or on someone else listening to me."[6]

I have observed that a high proportion of CEOs in command companies don't listen very well. They may even turn off people who have valuable information to provide; and one turn-off may discourage the person from coming forward the next time with even more valuable information. In fact, chief executives of command companies are generally such poor listeners that they can signal their change to leading simply by beginning to listen. The shift from telling to listening can be startling to subordinates – and I guarantee they will receive it well. Indeed, at first, they will be flattered. And emerging leaders will be surprised by how much of importance they will learn.

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In meetings, chief executives often close off opportunities to learn by expressing their own views too early in the discussion. I know one chief executive of a world-class overseas company who does this constantly. His colleagues have concluded that he is subconsciously showing off his brilliance. That habit, together with the awe in which he is held, cuts him off from important facts and useful opinions.

Active listening helps assure the other person that he or she is being heard and understood. That involves not only paying close attention, but also asking brief, nonleading questions. These convey interest and understanding without necessarily implying agreement.

But a word of caution: listening customs vary around the world. One American executive I know went to England to negotiate an alliance. He was successful, but the affiliation proved worthless. His rueful afterthought: "I wish I had known then that when most Britons nod their heads, it means 'I understand you,' not 'I agree with you.'"

Listening was cited as playing an important role in the election by *Fortune* in 1994 of six new members of the National Business Hall of Fame, each of whom was "blessed as much with forehearing as foresight":

> "Of all the skills of leadership, listening is one of the most valuable – and one of the least understood. Most captains of industry listen only sometimes, and they remain ordinary leaders. But a few, the great ones, never stop listening. They are hear-aholics, ever alert, bending their ears while they work and while they play, while they eat and while they sleep. They listen to advisers, to customers, to inner voices, to enemies, to the wind. That's how they get word before anyone else of unseen problems and opportunities."[7]

This seemingly simple attribute – along with open-mindedness – can have enormous importance and contribute to competitive advantage for any company.

A leader is open-minded

Over the years, I have encountered many chief executives whose minds were closed or only slightly ajar. As a consultant, I admit to being sensitive to this failing. What's the use of hiring consultants if your mind is too closed to consider their findings?

I've thought a lot about why chief executives are not more open-minded, and I lay much of the blame on the command-and-control system. The all-powerful chief executive sits at the top, managing mostly from there. People don't question chief executives much, and they seldom disagree with them. So CEOs become self-believers and commanders of others. That's pretty heady stuff, and it feeds on itself.

Self-assurance can be a plus, but excessive self-assurance leads to egotism and even arrogance; it certainly closes minds. I've seen it happen.

If a leader gets an idea – say, an acquisition – he or she keeps an open mind about its good and bad features. People in the organization then feel free to come forward with both positive and negative information. By contrast, a CEO in a command company who gets an idea about an acquisition might not want to hear any negative information about it, and if that CEO doesn't have a reputation for being open-minded, people are not likely to come forward with such information. When in doubt, people in a command company tend to keep quiet.

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Any leader with an open mind makes better judgments, learns more of what he or she needs to know, and establishes more positive relations with subordinates and constituents. In a leadership company where there is no hierarchy and where people are free to speak their minds about company performance and how to improve it, people can be more productive. Consider the great competitive advantage of having an open-minded chief executive and other open-minded leaders throughout a company, all ready to receive and consider ideas and put them to work if their judgments stamp them as useful.

As constituents come to learn that their leader does indeed listen with an open mind, they'll gain confidence in offering their opinions and in engaging in those full, free exchanges of thought that can turn into useful brainstorming sessions. Even the small ideas that emerge can be valuable, and sometimes they can be developed into ideas of real importance. The leader can easily control the time devoted to such sessions: constituents will sense when he or she wants to end the discussion and get on with other business.

It isn't hard to keep an open mind once you accept its value. However, for anyone who is learning to be open-minded, the following guidelines may help. Never say no immediately. Of course, you have to give a response of some sort, and it should be "I'll get back to you." After you have taken time for thought, at least overnight, your decision in all likelihood will be better for not having been made on the spot. Whatever you decide, don't fail to get back to those to whom you've promised to respond. Particularly, be meticulous in responding to anything submitted in writing.

Sensitivity to people

Most leadership scholars call this attribute "skill in dealing with people." To me that smacks of managing or even manipulating people, as though the leader should develop mechanical approaches or a studied synthetic style. Moreover, treating this attribute as a *skill* focuses the mind of the leader inwardly in a self-centered way, instead of outwardly on helping or persuading constituents.

The reality is that a leader can't motivate or persuade constituents or others effectively without having some sense of what's on their minds. So unless they are always forthcoming about what is on their minds (which is unrealistic to expect), the leader must try to discern what they're thinking and feeling. That's why I prefer to call this important attribute "sensitivity to people."

I believe a leader can develop competence in guessing what's on people's minds. Once my late partner Zip Reilly had convinced me to give up commanding and try persuading, I knew that I could persuade people better if I could tell what was going on inside them. It seemed to me, however, that I had to start paying attention to everyone I dealt with every day. I had to stop taking them for granted and exercise insights, intuition, perception, empathy, or some combination of these in the guesswork of trying to find out what was on their minds. Eventually I got the hang of it; I suggest that nearly anyone with the will to lead can do the same.

There is a stereotype that women have more intuition than men; my own experience backs this up. At McKinsey, we work extensively with teams. I have observed that when I have worked for some time with an all-male team and then add a woman, the team becomes more imaginative, has more and better ideas, and is more sensitive to what's on the minds of client people. It is well to keep this in mind in making up leadership teams.

Sensitivity to people also means that leaders are sensitive to their feelings. Leaders are polite, considerate, understanding, and careful that what they say to someone is not dispiriting unless criticism is intended. Leaders, especially chief executives, must also be careful not to be overheard discussing someone's job performance with another person. There's nothing new in that but it's frequently overlooked.

Sensitivity to situations

Situations are created by people and must be dealt with by people. Any company leader who is called on to resolve a dispute or disagreement must combine a careful analysis of the facts with an acute sensitivity to the feelings and attitudes of the people involved.

Consider the case of a food manufacturing conglomerate that developed a strategy of acquiring other food companies to increase its share of market and profits. A small taskforce scoured the country looking for acquisition candidates. Eventually, a fast-food chain became available. The taskforce studied it carefully and recommended to the president and chief operating officer that it be acquired.

The acquisition was made. After several years, however, poor results created a drag on the conglomerate's profits. On closer examination, its chief executive realized that a fast-food chain was an entirely different type of business from a food manufacturer. Key factors for success were proper selection of sites and the selection and training of people to make and serve the products – as contrasted with manufacturing products in volume and packaging, distributing, advertising, and promoting them effectively. The conglomerate sold the fast-food chain (ironically, to another food manufacturer) and took a large charge against earnings. The president was fired.

This disaster could have been avoided if the people involved had conducted a more searching, sensitive, and intuitive investigation. In that conglomerate, managed by command and control, members of the taskforce expected a successful outcome to mean advancement for them – and the president expected the acquisition to clinch his promotion to chairman. Thus the objectivity of the taskforce and the president were undermined by personal ambition. And poor judgment by the president cost him his job. He failed to sense intuitively that he should have challenged the taskforce's objectivity more rigorously before authorizing the acquisition. But the chief executive was really the one at fault.

Initiative, initiative, initiative

Initiative is one of the most important attributes of any leader. It is also easy to learn. Just think a bit, use judgment, and *act*. The important thing is to keep alert for opportunities.

American chief executives seldom lack initiative; their boards wouldn't have elected them if they did. Every board knows that the chief executive has responsibility for getting things going and keeping them going. Even so, command-and-control managing inhibits initiative, especially down the line.

But consider the dynamics of a leadership company run with a network of leaders. All leaders stationed strategically throughout the company are alert to taking initiatives at every opportunity. And constituents as well as leaders can suggest initiatives.

My late friend Bob Greenleaf once said "Nothing in this world happens except at the initiative of a single person." His observation points up the opportunities for action that are open to every leader and constituent in a leadership company. These can make an important contribution to competitive advantage.

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Good judgment

John Gardner gives this definition of judgment, of which every leader would do well to memorize the first sentence:

> "Judgment is the ability to combine hard data, questionable data, and intuitive guesses to arrive at a conclusion that events prove to be correct. Judgment-in-action includes effective problem solving, the design of strategies, the setting of priorities, and intuitive as well as rational judgments. Most important, perhaps, it includes the capacity to appraise the potentialities of co-workers and opponents."[8]

Following fads in running companies often reflects bad judgment. Adopting Japanese manufacturing ideas provides an example. Some American manufacturers have found that this approach is nowhere near as effective at lifting productivity in their own plants as it seems to be in Japan. I can also think of many cases of bad judgment in making acquisitions of new types of business to shore up weak earnings (and weak management) in the core business. Too many acquisitions are based simply on the chief executive's wish to make the company larger, a prime cause of bad judgment.

In my opinion, the chief executive of a leadership company is more likely to make good judgments than the chief of a command-and-control company, simply because constituents – recognizing the leader's open-mindedness and willingness to listen – will be more willing to volunteer their candid opinions. I also believe that multiple first-among-equals leaders in a leadership company will make decisions of a consistently higher quality because many leaders and constituents will be involved in much of the decision making.

People whose judgments have been tested and usually found to be sound are an invaluable resource. Any company can strengthen the quality of its decision making by seeking out people with good judgment among its network of leaders. Moreover, in a leadership company where constituents can speak up, their judgments, too, can make important contributions.

Broad-mindedness

My dictionary defines the term "broad-minded" as "tolerant of varied views" and "inclined to condone minor departures from conventional behavior." This attribute is closely related to being open-minded, adaptable, and flexible. Other aspects of broad-mindedness are being undisturbed by little things, willing to overlook small errors, and easy to talk with.

This is probably as good a place as any to bring up sense of humor. It's hardly an attribute, but it can serve everybody well. A leader with a sense of humor will certainly get along better with everyone, and he or she should nourish it constantly and be thankful for having it.

Flexibility and adaptability

Flexibility and adaptability go hand in hand with open-minded listening. The chief executive and other leaders thereby show their readiness to consider change and their willingness to make changes when most agree they are needed.

When competitive circumstances call for change, I'm convinced a leadership company will always be more ready for it. From the chief executive down, all leaders will keep their minds open and alert to the need for continuous improvement in all segments of the enterprise. In doing so, they will learn how to spot the need for change faster, how to initiate change, and how to adapt to it.

The capacity to make sound and timely decisions

A sound decision by an individual chief executive in a command company depends largely on his or her ability to think and to seek advice from others. In a leadership company, there will be fewer individual decisions, even by the chief executive. Most decisions will be checked by others, at the CEO's request or at the initiative of others. In fact, all decisions should be of higher quality because so many people are free to speak up and to disagree.

The late Charles Mortimer, chairman of General Foods, was unusual in that he was openly trying to improve his own performance. In one of our sessions, he gave me a pamphlet by Robert Rawly entitled *Time Out for Mental Digestion*. He told me that he followed the message faithfully and found that his decision making improved substantially. Ever since then, I've followed it too, and with surprising success. Perhaps it will work for others.

The key to the approach is "mental digestion"; these words have more meaning for me than the old phrase "mulling it over." "Mulling" connotes turning over the same thought, whereas "mental digestion" implies putting the original thought out of mind for a time. Mental digestion, at least overnight, almost always brings new options from which to choose. For something of real importance, however, one night will usually not be long enough for new options to emerge. Then I may wait a week or two; again, I put the thought out of mind, and again, new options suggest themselves each time I go back to it. That's the "mental digestion."

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All leaders – particularly the chief executive – must recognize that the speed as well as the quality of their decisions will set an example for others. I've observed a number of busy chief executives who appear to be indecisive, but are not. They can make up their minds all right, but they simply do not realize that delaying a decision (or failing to communicate it) not only erodes effective performance, but also irritates those waiting for the decision. They could correct this simply by setting priorities and asking their assistants to remind them to follow up.

Some make decisions too quickly. One chief executive I worked with surprised me with his rapid-fire decision making. It turned out that he had been a baseball umpire in college and had carried the habit over into business. Once he was aware of the reason, it was easy for him to slow down – and the quality of his decisions went up.

In a leadership company, it might not have taken an outsider (me) to help that executive improve his decision making. In such a culture, people are more likely to help each other learn how to decide. Competition among individuals to get ahead will likely be replaced by mutual support among people helping each other to improve company performance.

The capacity to motivate

John Gardner puts it well: "More than any other attribute, this is close to the heart of the popular conception of leadership – the capacity to move people to action, to communicate persuasively, to strengthen the confidence of followers."[9]

Too often, in so-called modern managing, motivations take the form of monetary rewards for the individual, or promises of advancement within the company. Both are characteristic of command-and-control managing and should not be carried over into a leadership company. In a leadership company, people will be motivated by example and the daily satisfaction they get from making valuable contributions to the company, and from being treated fairly, with dignity and consideration. These are motivations they can take home every day. And since everyone should participate in profit sharing and be owners of stock, they will have financial incentives as well.

In the longer term, people in a leadership company derive satisfaction from being involved in work that produces products or services that customers buy with increasing satisfaction. And for everyone, simply belonging to a leadership company will be satisfying in itself.

A sense of urgency

One of the ways currently advocated for improving the command system is to use time (that is, speed) to provide a competitive edge. Bring new products out on time, deliver orders promptly, get things done faster than competitors. All are useful practices if carried out without harming quality.

Early in my McKinsey career, I observed that many outstanding companies had a sense of urgency underlying everything they did – a refreshing difference from companies where every response is either slow or erratic. I also noticed that the chief executive invariably set the pace, which was promptly followed throughout the company.

When a sense of urgency has spread right through a company, it can make a substantial difference in both effectiveness and efficiency, and also makes it easier to speed up activities further when necessary. Moreover, people like to work in a company where "things happen." A sense of urgency is a useful ingredient in a leadership culture.

And a sense of urgency is easy to establish in a leadership company. With the chief executive setting an example, every leader throughout the company can, in turn, set an example for his or her constituents.

Getting started

Whether or not the ultimate plan is to convert the business from a command-and-control company to a leadership company, I suggest that the CEO take immediate steps to become a leader. No matter how the company is run now, this change – from managing to leading – will, I am sure, increase the CEO's effectiveness in running the business.

The CEO will already have the trust of the board – and probably of his or her direct reports. The challenge will be to convince bosses throughout the company that they can trust the CEO. To achieve this trust and become leaders, some CEOs may need only to become more consistent in the way they currently behave; others may find that they will have to undergo a major behavioral overhaul, a prospect that may prove too daunting for them to undertake.

My experience has been that most CEOs will fall between these two extremes. They will be natural learners and eager to try what works. I'm convinced they should expend effort in three areas: learning to listen to people actively with an open mind, demonstrating high-precision truthfulness in all dealings, and becoming unassuming and approachable in behavior. Combined, these basic changes are likely to be so surprising to constituents that they will respond favorably almost immediately. And as the CEO makes these changes, he or she will be able to judge the difficulties that others may have in changing their behavior to become leaders in their turn. Q

NOTES

1 Pearl S. Buck, lecture for the Ghandi Foundation, Washington, DC, April 23, 1960.

2 From biographical information provided for the *Horatio Alger Awards* television show, 1994.

3 Robert K. Greenleaf, *Servant Leadership,* Paulist Press, New York, 1977.

4 *60 Minutes,* volume 23, number 20, January 27, 1991.

5 Thomas J. Peters and Robert H. Waterman, Jr, *In Search of Excellence,* Harper & Row, New York, 1982.

6 Ralph G. Nichols and Leonard A. Stevens, "Listening to people," *Harvard Business Review,* September–October 1957, p. 85.

7 Peter Nulty, "The National Business Hall of Fame," *Fortune,* April 4, 1994, p. 118.

8 John W. Gardner, *On Leadership,* Free Press, New York, 1990, p. 49.

9 John W. Gardner, "Attributes and context," *Leadership Papers* 6 (published for Independent Sector, 1987), p. 15.