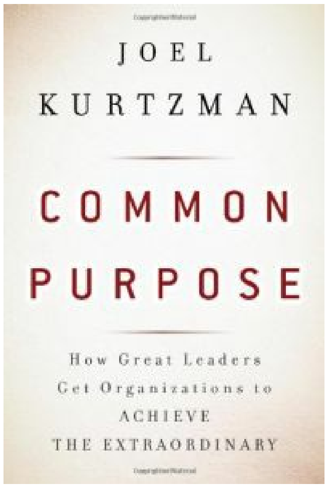

Book **Common Purpose**

How Great Leaders Get Organizations to Achieve the Extraordinary

Joel Kurtzman
Jossey-Bass, 2010

Recommendation

Renowned business thinker Joel Kurtzman offers an excellent primer on modern-day leadership. Kurtzman, a senior fellow at the Milken Institute and former editor in chief of *Harvard Business Review*, dramatically illustrates that the aloof, insular, condescending leader is a dinosaur from an unenlightened past. To foster organizations that thrive, leaders must guide and empower, not command and control, as Kurtzman explains with precepts you can put directly into action. His thoroughly researched book is packed with case studies of prominent leaders – both the good and the bad. These fascinating, sometimes chatty stories entertain and instruct at the same time. *BooksInShort* highly recommends Kurtzman's illuminating, clearly written book.

Take-Aways

- Leaders often make or break the organizations they head.
- Good leaders thoroughly engage with employees, rather than standing aloof from them. They see all staffers as potential leaders in their respective areas.
- By treating employees with courtesy and respect, and by empowering them to act, leaders create a feeling of "common purpose" in their companies.
- On a basic level, common purpose translates within organizations as a "we" mentality.
- Uniting against an adversary or competitor is an unproductive way to build common purpose. This negative "us-versus-them" stance ultimately hurts companies.
- Instead, remain positive and focus on improving your customers' experiences.
- Become a "thought leader" by valuing and nurturing intellectual capital.
- To maintain a cohesive organization, carefully balance – and, if possible, align – "personal," "mutual" and "organizational" interests.
- Make your company as flat as possible to give employees authority to make independent decisions.
- By establishing a common purpose, you'll help your firm attain its highest objectives.

Summary

Western Union: A Lesson in Poor Leadership

Companies suffer when their leaders insulate themselves from new ideas. Western Union is a prime example. By 1865, the year the U.S. Civil War ended, Western Union had become America's biggest communications company. With its vast infrastructure of telegraph wires spanning the nation, Western Union was a commercial powerhouse and one of the first stocks listed in the Dow Jones Industrial Average. However, the company had two glaring problems: It was rigidly hierarchical and its leaders strongly distrusted fresh or innovative thinking. These deficiencies proved to be its downfall. In 1879, Western Union leaders dismissed Alexander Graham Bell's telephone as an insignificant invention and refused to partner with Bell to transform their company into a national telephone provider. In the decades that followed, Western Union also passed on radio, television, the internet and cellphones. The company, bought and sold many times, is now in abject decline and swimming in debt. In fact, "Western Union's leadership never missed an opportunity to miss an opportunity."

> "Great leaders motivate people by building a sense of inclusiveness, which is how they connect with and become accepted by the group."

This cautionary tale illustrates an important lesson: The leaders you have determine the business results you get. Superior leaders make good companies great. Bad leaders drive good companies into the ground. The best leaders do not hold themselves aloof from the people within their companies. Rather, they are the mortar that keeps their organizations intact. With their every action, such leaders promote "common purpose," the "feeling that we're all in this together and that we all know and understand what to do, why we're here and what we stand for." These leaders work hard to provide genuine leadership because they believe success centers on what they do, not on who they are. Shivan Subramaniam, CEO of the insurance company FM Global, is a model common-purpose leader. His leadership style: "guide, advise and recommend."

"Us Versus Them"

Common purpose is behind all successful organizations. It is how NASA put a man on the moon, how Google became a dominant force on the internet and how the Obama campaign engaged followers to win the U.S. presidential election in 2008. However, common purpose must be a positive, not a negative, force. It must never devolve into "us versus them."

> "Common purpose is what turns me into we."

Employees at Microsoft shared a common purpose: to become the dominant high-tech company. But the firm's aggressive "we are smarter than you" attitude toward every other competitor ultimately hurt the company. It resulted in "lawsuits, Justice Department inquiries" and "threats of breakup." Microsoft operated in such a fiercely competitive manner that it made bitter enemies on all fronts. For example, venture capital firm Kleiner Perkins actually developed an "anti-Microsoft fund" to help start-ups take on the giant software company in some of its markets.

> "While us-versus-them is a shortcut toward common purpose, it can also be a stepping-stone to chaos, doom and organized opposition."

Microsoft finally dialed back its self-destructive competitive posture. To gain friends around the world, the company began to assist poorer nations with their information technology infrastructures. It also became a benefactor to schools and health care institutions.

Sometimes an us-versus-them attitude can develop between groups within the same company. For example, Lehman Brothers used an incentive scheme that pitted departments and even individual employees against one another. Of course, the company also maintained a bitter rivalry with its primary competitor, Goldman Sachs. Lehman's combative stance did not win the firm any allies. In 2008, U.S. Treasury Secretary Henry Paulson decided to let Lehman Brothers fail, illustrating that, "If you run your business so that you make only enemies, you better never need anyone else's help."

Avoiding Open Warfare

Many executives love to tout *The Art of War* by Sun Tzu. But business competition is not war. Rather than seeking to annihilate their competitors, corporate leaders should focus on maximizing the services they offer their clients.

> "It is not that companies should not be competitive. They do need to maintain a vigil against all competitors and fight hard to win. But they cannot do it by focusing on a single adversary."

Operating as if the business arena were a battlefield is extremely harmful. It makes employees nervous, even frightened, and heightens "negative stress," which is toxic to any organization. Plus, this belligerent stance works against common purpose. Instead, companies should function in a positive, upbeat manner. Harmony, cooperation, kindness, empathy, "caring and compassion" are all vital to attaining a common purpose within an organization. These emotions energize employees, while ruthlessness and aggression do not. As Colin Powell, the empathetic commanding general in the first Gulf War, so aptly put it, "The day soldiers stop bringing you their problems is the day you have stopped leading them." So start "leading with the heart."

Being a "Thought Leader"

Good ideas are vital to the health of any organization, so as a leader, you should value and nurture intellectual capital. Read as many business texts as you can: Michael Porter, Peter Drucker, the *Harvard Business Review* and other relevant publications. Select a broad range of reading material. Learn about logistics from Hannibal, strategy from Napoléon Bonaparte and banking from Alexander Hamilton, for example. Let the wise people of the ages, who have already "been there, done that," help you solve the problems confronting your organization. Let others within your company know that you welcome ideas, including new ones.

The Hazards of Hierarchy

Today, rigid hierarchy within organizations is largely passé. In fact, executives put their firms at a great disadvantage when they structure employees into strict ranks of "leaders, followers, subordinates and direct reports." Consider the Federal Bureau of Investigation, with its ironbound chain of command. According to FBI Director Robert Mueller, bureau agents knew about the "9/11 plotters" before September 11, 2001. They knew the terrorists' names and where they were operating. The agents were sure that a major attack against the U.S. was coming soon and relayed this information to their superiors. But the FBI leaders at the top had cut themselves off from the people below. They ignored the warnings, assuming that, because of their exalted positions, they knew better than their agents in the field. They had no connection, no common purpose, with their subordinates. The result was the devastating 9/11 attacks.

"We Don't Trust You; You Don't Trust Us"

A toxic environment exists within many companies. Surveys show that CEOs do not trust their employees, and vice versa. But that was not always the case. During the 1950s and 1960s, trust prevailed within firms. Why have things changed? As job security has weakened, employees have become less loyal. And, in many firms, poor leadership "is baked into the structure of the organization." Fearful that direct reports will eventually supplant them, bad leaders hire equally bad junior executives, including apple polishers and incompetent staffers. Take former General Motors CEO Rick Wagoner, the product of the company's downward leadership spiral. Wagoner was so out of touch that in 2008 he traveled by private jet to Washington, D.C., to request bailout funds for GM. Either no GM executive counseled him that this lavish use of corporate funds would backfire or Wagoner ignored such warnings. Not surprisingly, the Obama administration's auto industry task force kicked Wagoner out of his job in 2009.

"Great leaders...keep their competition in their peripheral vision; focus on their customers, not their rivals; set up programs so leaders at all levels can address the needs of their clients; always strive to satisfy their customers' needs better than the competition does and than they did in the past; and study the competition – just not too much."

Organizations need a new breed of leaders: executives who are in touch with their staffers and who value their opinions and information. In an age of mass layoffs, loyalty no longer holds organizations intact. The ties that bind are "interests," which leaders must carefully balance:

- **"Personal interest"** – Employees remain at a company because they benefit. Money is important, but they also want opportunities to advance professionally and to feel proud of their work.
- **"Mutual interests"** – The business and its employees share the goal of "creating value."
- **"Organizational interests"** – The primary imperative of any organization is to thrive.

"Since the information playing field is far more level than ever before, collaboration is a far more appropriate working relationship than followership."

Robust, flexible organizations align these interests. As a result, their employees feel a sense of common purpose, of being part of something worthwhile. Such companies respect and empower their people, enabling them to become leaders in their individual areas and activities. In contrast, unsuccessful companies lack a common purpose, "common vision" and "common goals." They have rigid hierarchies and are prone to "internal confusion."

"Allow Me to Drive for Nine Hours at My Own Expense to Assist You"

Employees respond positively to trust and responsibility. For example, Wynn Resorts is a highly successful enterprise where each staffer is his or her own leader. The company even celebrates acts of leadership, particularly "heroism" in guest service, on an internal website. One of the site's feature pieces describes a bellman at Wynn's Las Vegas hotel, who, while carrying a guest's bags, learned that the guest had left her medicine at home in Los Angeles. The bellman took down her address and drove to Los Angeles to bring back the pills. He independently decided to make this nine-hour round trip at his own expense. This demonstration of employee leadership distinguishes the most vibrant, successful companies.

"Caring is an important leadership tool no matter who the followers are."

Employees do not feel a sense of common purpose with leaders they do not respect, such as Jeffrey Skilling at Enron and Dennis Kozlowski at Tyco International. The character flaws of "greedy or mistrustful" CEOs and senior executives can also work their way into the fiber of the organization. As a result, employees begin to mirror their leaders' bad traits. Because former Lehman Brothers CEO Richard Fuld paid himself "more than $500 million during his career," numerous other Lehman executives thought it reasonable to take huge risks so they could also earn vast sums. However, employees mimic good traits, too. For instance, Microsoft's Bill Gates is famously philanthropic. Thus, many Microsoft staffers make generous charitable donations.

Retaining and Empowering Employees

Constantly losing good executives is enormously expensive for companies. Firms make huge investments in their leadership and staff. When people leave, companies are drained of valuable talent and institutional knowledge. To mitigate this problem, Colgate-Palmolive rates its employees and categorizes some of them as "high-potential, high-performance people." If one of these employees expresses plans to quit the company, his or her manager must notify the CEO quickly, so the company can make a counteroffer. To keep your employees on board, recognize their accomplishments. Assign engaging, challenging projects to them and keep them satisfied.

"One essential quality of a successful leader is to enjoy and be interested in people."

Make your organization as flat as possible. Eliminate hierarchy and give employees maximum authority to make independent decisions. Establish a culture of learning. Model your learning activities after General Electric, whose famous John F. Welch Leadership Development Center in Crotonville, New York, is "the corporate equivalent of the Harvard Business School." Effective leadership always involves the transfer of knowledge – such as the leadership website Wynn Resorts set up for its employees.

Can Your People Network?

Researchers at Bell Labs were uniformly brilliant academics with exceptional IQs and degrees from prestigious institutions. But while some achieved scientific and technological breakthroughs, others failed. What caused this disparity? "How Bell Labs Creates Star Performers," a *Harvard Business Review* article, answers the question. Bell Labs' superstars were adept at developing "networks of support," while the underperformers were not. Ensure that your employees can easily connect with others so they can do their best work. Follow the example of Jean-René Fourtou, former CEO of the "chemical giant" Rhône-Poulenc, who met with his top 60 executives three times annually. At the meetings, the executives forged personal connections they could rely on for advice or help, even after they'd returned to their home offices.

"In the years ahead, leaders who can create common purpose will be in great demand...By connecting with people on their teams at a human and purpose level, they are likely to create organizations superior to anything that has come before."

What is the mark of a true leader? Psychoanalyst Michael Maccoby says a leader is simply "someone whom people follow." Some individuals, like Saddam Hussein, gain power through people's fear. Religious figures and others rise on their followers' "love, devotion or respect." However, the best leaders focus on "mutual respect, learning and building common purpose." They can help their organizations achieve their most ambitious goals.

About the Author

Joel Kurtzman is chair of the Kurtzman Group and senior fellow at the Milken Institute, a nonpartisan think tank. He was previously editor in chief of the *Harvard*

Business Review.