Where Have All the Leaders Gone?

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Ever heard the stadium anthem, "Another One Bites the Dust?" Does it trigger thoughts of companies like Enron, WorldCom, Tyco, Global Crossing, Adelphia, Quest, and Arthur Andersen? And each time you learn of another fallen corporate star, do ask yourself, "What's the business world coming to?" That we are in the midst of a leadership crisis, a "crisis of faith" as former Federal Reserve Chairman Paul F. Volker referred to it in a June 24, 2002, *Business Week* article, may be an understatement.[1]

Like many of you, I am outraged and frustrated by the mess we are in. Each time I hear of another corporate scandal, I cringe. I wonder where the company's leaders were, how they could have let things get so out of hand. I thought leadership at the top involved stewardship—protecting and developing the reputation, resources, and people that make up the organization. I thought it involved integrity and a commitment to building a better life for all of an organization's stakeholders—employees, investors, partners, and communities alike. Was I wrong? Even business leaders like Henry M. Paulson, Jr., CEO of Wall Street powerhouse Goldman, Sachs & Co., have expressed grave concern: "In my lifetime, American business has never been under such scrutiny. To be blunt, much of it is deserved."[2] And lest you think it is only a U.S. phenomenon, witness the examples of Elan, ABB, and Vivendi, just three of the once highly respected European companies now suffering through scandals of their own.

For HR professionals and corporate leaders alike, today's crisis of credibility is a burning platform. The barrage of scandals has triggered a frightening level of cynicism across the workforce and across the globe. One of the most concerning aspects of this problem is that cynical people have little respect for an organization or its leaders. They are less likely to develop organizational loyalty or commitment. They are less likely to deliver sustained high performance.

And that is just the tip of the iceberg. Unless we confront this crisis aggressively, unless we deal with the cynicism and frustration of employees and the public at large, we are all in a heap of trouble. Continued loss of confidence in corporations and their leaders could lead to a domino effect in which companies could find it difficult to access capital as investors shy away from capital markets. Ultimately, regulations could put a stranglehold on the business environment, and the global economy could be launched into a tailspin. Hyperbole, you might say—but not unfathomable. And it is certainly based on more than a grain of truth given that 52 percent of the respondents to a June 2002 *Business Week* poll indicated a lack of confidence in the accuracy of corporate earnings reports.[3]

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THE HEART OF THE CHALLENGE

At the heart of today's credibility crisis seems to be a failure of leadership, and I mean that in the broadest of terms. I believe we have forgotten what leadership is all about, that we have stopped teaching the real essence of leadership, and that we have done a poor job of preparing individuals to be leaders. Most unfortunately of all, we have failed to hold those at the top accountable for real leadership.

But over the past 20 years, it seems that business ethics have deteriorated, and the real essence of leadership has become clouded in the celebrity of the position.

This last point is aptly reflected in the title of a July 1, 2002, *Newsweek* story on today's spate of business scandals, entitled "Bad Boys Club."[4] Sadly, the article's author, Allan Sloan, does not necessarily see senior leaders reforming on their own—that is, unless the club's members get a few more nudges along the way. Even if those responsible for today's scandals are held accountable and convicted of a crime, states a May 13 *U.S. News & World Report* article entitled, "Bad CEO! Go to Your Room,"[5] they are likely to encounter low-security incarceration in facilities that resemble comfortable college campuses as opposed to gray prison walls—hardly a punishment at all, you might say.

But is it really that bad? Have all of our leaders abandoned us and the basic tenants of integrity and stewardship? Is there no solution to the problem? That is hardly the case, but we do have a problem—a significant one. Corporations and institutions must move quickly to regain credibility and trust, but they will not do that until they acknowledge the leadership challenge and take steps to address it, until they focus on the task of developing real leaders.

WHERE HAVE ALL THE LEADERS GONE?

What are real leaders? They are people who take responsibility for stewardship, who are committed to advancing their organization and to building a better life for every stakeholder that comes in contact with their organization. Despite occasional bouts of cynicism, I believe that most leaders still feel an obligation toward those responsibilities. But over the past 20 years, it seems that business ethics have deteriorated, and the real essence of leadership has become clouded in the celebrity of the position. CEOs have become superstars, media darlings. They even have their own version of ratings in the form of analyst reports, and the pressure placed on them is brutal. Their mission, should they decide to accept it, is to "fix this broken company in two years or you're outta here"—a mind-boggling task to be sure.

As CEOs garnered the spotlight, we watched them with intense interest. We saw them surrounded by the trappings of their position—power, wealth, fame, celebrity—and pressure. Many an aspiring leader shaped his or her personal view of the position by watching celebrity CEOs, reading their books, and learning from them. What about stewardship? What about commitment to integrity and the betterment of stakeholders and of society as a whole? I believe those ideals remained a driver for most corporate leaders, but not necessarily the leaders in the spotlight. Most of the attention seemed to go to the larger-than-life leaders, those who generated phenomenal numbers, both in terms of corporate performance and personal net worth.

THE THREE Ls

Is it any wonder that some leaders got caught up in the pressure, seized by the moment, blinded by the spotlight? I mean, how easy would it be for you to handle the challenge of managing billions of dollars, leading tens of thousands of people, delivering on your promise to millions of customers? It is a huge responsibility.

Part of the problem is that, as the old saying goes, "It's lonely at the top." Many CEOs lament the fact that once they reach the top of the corporate ladder, they are on their own. When they were children, Mom and Dad reminded them to be mannerly and responsible. When they were growing up, teachers reminded them to be honest and dependable. When they were in the prime of their youth, friends reminded them to be humble and approachable. And from all of that prodding, their personal characters were formed.

But when they arrived at the top of their company, they found themselves suddenly on their own. Why shouldn't they negotiate for signing bonuses and severance packages up front? After all, they are on their own when they get up there, they need to watch out for themselves, and they need to "fix this company in two years or they're outta here." Maybe they feel that way because, when they get to the top, the people who surround them no longer help to remind them to be mannerly, responsible, honest, committed, dependable, humble, and approachable. They feel the pressure to generate results—immediately. And as a result, maybe some of them lose sight of the real essence of leadership, what I call the three Ls—*life, love,* and *legacy*—the drivers that make truly great leaders great.

LIFE

First, great leaders are committed to ensuring that their organizations enhance the quality of *life* for all stakeholders who come in contact with the organization. That means they are committed to making the organization not only a great investment, but also a reliable and dependable source of products and services, a great employer, and a strong supporter of the community.

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Each year, *Fortune* magazine develops a list of the best companies to work for. The companies on the list all have volunteered for the chance to be considered, their employees randomly surveyed, and a list of the top 100 companies compiled. The good news is that 279 companies chose to compete for the honor last year. Despite challenging times, each of these companies jumped at the chance to prove their commitment to *life*—to creating a great organization that is a great place to work that makes a real contribution to society. Commenting in a February 4, 2002, *Fortune* article on his company's commitment to try to avoid layoffs in a down market, John Bachmann, CEO of stockbroker Edward Jones, the top company on the 2002 survey, noted: "We want to build the kind of relationship with workers that makes them willing to go the extra mile. You can't do that if you get rid of them whenever times are rocky."[6]

But it was not just attention to employees that made these companies stand out. Following September 11, *Fortune* asked each of the 279 companies that had requested consideration for the list what they had done in response to the tragedy. The magazine noted that their response had been an "extraordinary" outpouring of support for the victims of the tragedy. The companies and their workers "rose to the occasion," said *Fortune*, "And that, too, is what being one of the 100 Best is all about."[7]

LOVE

Second, great leaders create an environment based on what Southwest Airline's Herb Kelleher called *love*. Kelleher once noted, "A company is stronger if it is bounded by love rather than by fear."[8] And what did he mean by love? It is very simple—an organizational culture in which employees feel appreciated, involved, like they are making a contribution, like they are doing something important, like someone gives a damn that they are on board, like someone really wants them to succeed.

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For Andrew Pearson, former CEO of PepsiCo and current CEO of Tricon Restaurants, a man named by *Fortune* magazine in 1980 as one of the ten toughest bosses in the United States, a respect for love came a little later in his career. Based on his years of experience as a senior executive in major corporations, Pearson has learned that the secret to sustained top performance is to get everybody in the organization on board, get them excited about being part of the organization, get them contributing to their full potential. Pearson noted in an August 2001 *Fast Company* article that he is still proud of his reputation for toughness and his propensity for getting results, but he also proclaimed his commitment to the power of both personal humility and the recognition of others. The challenge, he noted, was building a team of leaders around him who could similarly balance the need for results with the ability to share recognition and inspire commitment-to build a culture of, dare we say it, love. Said Pearson:

> *There's a big difference between being tough and tough-minded. There's an important aspect that has to do with humility. But I've been moderately disappointed at how hard it is to get leaders to act this way. I think it is going to take a generation of pounding away at this theme. We've got a half-dozen or so real leaders in our company, but we don't have 20 or 30. You know what it takes? [It takes] Role models.*[9]

LEGACY

Third, great leaders are committed to their organization's *legacy*, to passing the organization on to the next generation of leaders in better shape than it was in when they took the helm. This is the essence of stewardship. It means ensuring that the organization has the ability to deliver and sustain high levels of performance. Such high levels of performance can only result when an organization makes full and judicious use of all of its assets—financial, physical, and intellectual—and fully utilizing the assets of an organization requires real leadership.

In his landmark book *Good to Great*, Jim Collins reported on a study in which he found that among the largest corporations in the United States, those that had generated the highest levels of sustained performance over the longest periods of time were led not by celebrity CEOs, but by leaders with humility and fierce resolve[10]—leaders who Andy Pearson might call role models. These leaders were not necessarily the most charismatic individuals, and often they were not terribly visible outside their companies. But when necessary, they were willing to take responsibility for poor organizational results without pointing the finger at others and equally willing to give credit for success to others or even to luck, but never to their own genius. They were focused and intense and demanding, yet they had the ability to involve, inspire, and develop people. Collins depicted these CEOs as leadership team builders—demanding and results-oriented to be sure, customer focused without question, but mentors and coaches at heart. They were real leaders committed to building a real legacy.

WHAT IT IS ALL ABOUT

That is really what leadership is all about: *life, love,* and *legacy.* But it is not building a better life only for the leader him- or herself. It is not gaining the adulation of the media as a celebrity CEO. It is not building a personal financial legacy to pass along to one's children. It is making a positive contribution to every individual who comes in contact with the organization, whether that person is an employee, a customer, an investor, a community resident, or a stakeholder at any level. It is contributing to the ongoing legacy of the organization by ensuring sustained performance, leadership depth, orderly succession, and stakeholder respect and support.

Why don't leaders remember this? What gets in the way? Maybe it is fame or fortune. Maybe it is pressure for performance. Or maybe it is because once they reach the top, no one reminds leaders of their real obligations as leaders. Whose job is it to do that? It starts with boards of directors, those folks who are supposed to be, among other things, the surrogate parents, teachers, and friends of the CEO. That is part of what a board is supposed to do, remind the leader to be courteous and humble and dependable, to act with integrity. It seems, though, that far too many board members refuse to accept that responsibility.

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A recent article in the June 15, 2002, *Economist* noted that, "America's boards have been in scrapes before. Never, however, has their reputation sunk so low."[11] A *BusinessWeekonline* story was more succinct, "Executives are allowed to enjoy outrageous incomes and baronial perks...so long as the board approves."[12] We need reform in the boardroom, and proposals are being made, but we need to act on those proposals. We need more external involvement on boards, fewer friends in significant positions, more commitment to stewardship as opposed to cronyism, more taking the job of board member seriously—as a leadership responsibility—as opposed to frivolously, as a status symbol with income attached.

But it does not stop there. It is also the responsibility of human resource development (HRD) professionals, those individuals responsible for leadership assessment, appraisal, and development. We have spent a great deal of time and effort building all sorts of leadership development processes in organizations but far too little time focusing on what we are supposed to be developing.

We are supposed to be developing *leaders,* people who are able to get results but at the same time build commitment to the organization, people who understand stewardship, people who are committed to the principles of *life, love,* and *legacy.* We need to address the nature of leadership—what it is and what it really means—as aggressively as we have been addressing the process of leadership development.

Real leaders are not an instant commodity. Both are developed over time.

One of the fastest growing segments of the HRD consulting business is executive coaching. In effect, executive coaches are hired to play the role of the parent, teacher, and friend to the leaders. A significant part of their jobs is to remind leaders to be responsible, honest, committed, dependable, and humble. It is a start, but there needs to be more. Values and integrity are not an instant process. Real leaders are not an instant commodity. Both are developed over time. It stands to reason, then, that we must make a long-term commitment to developing real leadership talent, and that includes ensuring that potential leaders (and that is everyone in the organization) understand what leadership really is. We must create processes to identify and develop those individuals with the highest level of real leadership potential, and we must have the confidence to hold appointed leaders accountable for delivering on real leadership.

Of course, we cannot forget the role that incumbent leaders play. Like it or not, they are role models. My guess is that "Chainsaw" Al Dunlap did not have many people-oriented leaders surrounding him, nor did Al Capone have many aides who prodded him to behave ethically. Admittedly, these are extreme examples. But then, therein lies their power. Future leaders learn the job by observing incumbents. That means if we want effective, ethical leadership at the top of an organization, we need to demand those behaviors of those in leadership positions. We need to teach and coach them on how to meet our expectations, and we need to hold them accountable for delivering on those expectations. If we let inappropriate behavior slide, then we will be surrounded by inappropriate behavior.

And let us not ignore the rest of us. I recently received a letter from Larry Weis, a businessman and teacher from Hawaii, with comments on an article I had written in which I discussed the essence of leadership. He pointed out that in an April 2002 survey sponsored by the Pew Charitable Trusts (a collection of seven foundations that support citizen participation in addressing critical social issues), a resounding 79 percent of the respondents said a dearth of common courtesy is a serious problem in the United States, and 46 percent said they had walked out of a store in the past year because of poor service.[13] His question to me was, "Are we impressing our young leaders with the very real need we have for higher standards of conduct and values?" He went on to note, "It is very hard to ask young people to do something when what they see and experience is far different."

Maybe Mr. Weis is on to something. Maybe all of us need to take a look at our own behavior. Do we do the minimum necessary to be accepted as functioning members of society, or do we aim for higher standards? Do we just behave civilly, or do we strive to be courteous and gallant? Do we just try to behave ethically, or do we strive to be principled and even virtuous? OK, I may be perilously close to the edge for some of readers here, but it is worthy of consideration. If we want real leaders, maybe we need to look in the mirror first.

WHAT CAN WE DO?

It seems that each of us has a role in solving today's leadership crisis. At the highest level, we can start by holding leaders at all levels accountable for the real obligations of leadership—for contributing to life, love, and legacy. We can turn down the media spotlight and turn up the stewardship spotlight. We can put the ratings (analyst reports) in perspective. We can demand real leadership and adherence to higher standards of ethical, courteous, and principled behavior. We must accept nothing less.

Taking it a step further, we can reform leadership structures in our organizations and corporations. We can demand that boards of directors fulfill their stewardship responsibilities. We can demand that leaders display the characteristics of real leadership. We can strive to instill those characteristics in potential leaders throughout the organization by teaching them, developing them, holding them accountable for appropriate leadership behaviors. We can focus on developing real leadership capabilities and not just leadership-development processes.

And we can start with ourselves. First, we must recognize that each of us is a leader, and each of us is a role model to someone. We can make an effort to display our own commitment to the three Ls, our own commitment to real leadership. We can try to influence others within our spheres of influence, including our colleagues, friends, and children in their understanding of the essence of leadership. We can address the lack of civility and common courtesy by stepping up ourselves, by demonstrating that we hold ourselves accountable to a higher standard.

Perhaps it was stated best by Elliott M. (Pete) Estes, President of General Motors from 1974 to1981, when he defined leadership as, "the courage to admit mistakes, the vision to welcome change, the enthusiasm to motivate others, and the confidence to stay out of step when everyone is marching to the wrong tune." So let us admit that we have a problem, be open to potential solutions, engage one another in a dialogue to make things better, be willing to lead the charge, and not let ourselves or any leader off the hook.

After all, if your best friend (or spouse or child) were behaving badly, acting self-centered, becoming arrogant and aristocratic, wouldn't you say something? Wouldn't you do something? Shouldn't you?

NOTES

1. McNamee, M. (2002, June 24). Volker on the crisis of faith. Business Week, 42.
2. Paulson has been quoted extensively on the credibility crisis, including in Sloan, A. (2002, July 1). Bad boys club. Newsweek, 44-46.
3. The results of the survey appear in the June 24, 2002, Business Week, pp. 38-39.
4. See the previously cited Newsweek story, "Bad boys club."
5. Clark, K. (2002, May 13). Bad CEO! Go to your room. U.S. News & World Report, 39.
6. A discussion of the Fortune survey and the winning companies can be found on http://www.Fortune.com in an article written by Robert Levering and Milton Moskowitz, "The best in the worst of times," February 4, 2002.
7. See the previously cited www.Fortune.com story, "The best in the worst of times."

8. Colvin, G. (2001, November 12). What's love got to do with it? Fortune, 60.
9. Dorsey, D. (August 2001). Andy Pearson finds love. Fast Company, 78-86.
10. Collins, J. (2001). Good to great. New York: HarperBusiness.
11. Designed by committee. (2002, June 15) The Economist, 69.
12. Wahlgren, E. (2002, June 13). If only CEO meant chief ethical officer. http://www.BusinessWeekonline.
13. The Pew Charitable Trusts funded study, "Aggravating circumstances: A status report on rudeness in America," may be found on the Public Agenda Online Web site, http://www.publicagenda.org/specials/civility/civility.htm.

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