July 2009
Where Have All The Leaders Gone?

Last summer I picked up a book written by one of my favorite business leaders, Lee Iacocca. The name of the book was Where Have All The Leaders Gone? It was written in the trademark gruff, no-nonsense language that Lee was known for during his decades of leadership at Ford and Chrysler.

Not surprisingly, the book received very little press and never made any best seller list. After all, who cares what a retired 80 year old auto executive thinks. But as I watched the debacle late last year put on by the current "leaders" of the automotive and banking industries I went back and read the book again. The contrast couldn't have been more stark.

I think Lee Iacocca has a very valid question. Where the hell have all the leaders gone? Read on.

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What Happened?

I don't know about you, but I grew up absolutely enthralled with learning how to run a business. I would devour biographies of all the great business leaders to learn about their backgrounds, their families, their education, and more importantly how they developed their leadership traits and skills.

My heroes were business leaders like Andrew Carnegie (US Steel), Alfred Sloan (General Motors), Thomas Watson (IBM), and Henry Ford (Ford Motor). While I was gaining my own experience during the 70's, 80's, and 90's there were still leaders who possessed the type of courage and skill that allowed them to successfully build their companies as well as the country. These included leaders like Jack Welch (GE), Warren Buffet (Berkshire Hathaway), Lee Iacocca (Chrysler), Lou Gerstner (IBM), Bill Gates (Microsoft), and Gordon Moore (Intel). I admired and studied them all.

Today, I look around and wonder where they all went. More importantly, I look and look and look but I cannot find this caliber of business leader today. What happened?

Leadership by Example

On September 7, 1979, The Chrysler Corporation petitioned the United States government for $1.5 billion in loan guarantees to avoid bankruptcy. At the same time former Ford executive Lee Iacocca was brought in as CEO. After securing the loan, Lee Iacocca immediately hit the airwaves rallying every American with the phrase "If you can find a better car, buy it". He was personally featured in Chrysler's commercials so people could see and get to know who was running the company. This had never been done before. He worked non-stop to build confidence in the future of Chrysler, primarily through their newly introduced K-car series. To combat the perception of Japanese manufacturing superiority articulated by Sony CEO Akio Morita in his book "Made in Japan", Iacocca countered with his own book "Talking Straight". By 1983, the loans were fully repaid, several years ahead of time, resulting in a profit of $350 million to the U.S. government. This was true leadership by example and the result was impressive.

Fast forward to November, 2008. The CEO's of Ford, General Motors, and Chrysler sit in front of the House Financial Services Committee and are brow beat for 3 hours for flying to Washington instead of driving. All three sit there with their heads down and say virtually nothing save for a weak apology. For the next set of hearings before the Senate Banking Committee they all drive. Does anyone even know the names of these CEO's? Maybe you remember the name of Rick Wagoner, the former CEO of GM because he was publicly fired by the President.

Did this public display instill confidence in the future of these companies? Did this make you want to go out and buy a vehicle from one of these companies? How do you think the

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employees felt as they watched their CEO get publicly flogged and not even put up a fight? Do you think that engenders respect and inspires motivation? Have you heard from any of these "leaders" since last November? Why?

Ditto for the "leaders" of the major banking institutions.

So What's Missing?

So what's missing in these modern "leaders"? Here are some of the key ingredients I believe that go into making a great business leader.

Integrity - Start with honest and worthwhile motivations. Leaders with integrity are not motivated by lofty titles and building personal wealth. They are motivated by building a high quality organization that provides real and lasting value to its customers, its employees, and its community. The title and wealth are a bi-product of this not the goal.

Vision - True leaders are creative and innovative. They are not P&L jockeys. They create new businesses and new ways of doing business. They accomplish this by outlining and articulating a clear vision of where the company is heading. Then they allow their talented employees to execute, making sure they have the resources, and running block on distractions that will derail progress. The leader identifies the destination point. The employees decide the actual path to get there.

Courage - Arrogance is selfish and unsubstantiated confidence. Courage is doing what is right, when it is right, and personally absorbing the repercussions. Courage is taking a calculated risk because it is necessary to make your company great. Courage is telling the Senate Banking Committee that you will be flying to Washington because your time is extremely valuable especially now and that you don't have time for meaningless displays of public apology.

Communication - Leaders must communicate clearly, honestly, and often. Forget the sound bites and mumbo jumbo. Real leaders don't need scripts and TelePrompTers. Speak clearly and honestly up and down the food chain. If something is broken, identify it, own up to it, and fix it. This is doubly important regarding bad hires. Keep everyone updated and do it often. Good news or bad lay out the facts. When people have to guess everyone loses productivity.

Passion - You must have passion and conviction for what you do, and more importantly for what you believe in. Passion is infectious. It allows people to believe they can accomplish what others think is impossible. Don't even try to fake this. You won't have the stamina to fake it for long and everyone will know. All great company builders had passion. Leaders without passion are incredibly uninspiring.

So look at the list above and then look around. I don't see too many leaders today that are strong, courageous, visible leaders of their companies. We have numerous templates that successful leaders have created for us to emulate.

But there is one more key ingredient that may be missing. Desire.

* If you could use some hands on, objective, and realistic expertise to help build or restore your business contact us for a no obligation, initial consultation. If you know of someone who may benefit from this newsletter please feel free to forward a copy.

Bill Gately - Principal

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