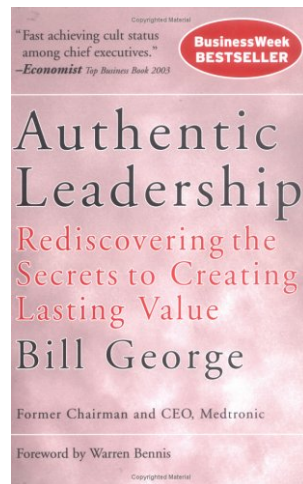




WISDOM IN A NUTSHELL

Authentic Leadership

Rediscovering the Secrets to Creating
Lasting Value



By

Bill George

Jossey-Bass, 2004

ISBN 0787975281

218 pages

BusinessSummaries.com is a business book summaries service. Every week, it sends out to subscribers a 9- to 12-page summary of a best-selling business book chosen from among the hundreds of books printed out in the United States. For more information, please go to <http://www.bizsum.com>.

The Big Idea

What separates this book from every other book on leadership is that it dwells on being realistic and authentic. Realistic in the sense that it takes its lessons from the mistakes of past CEOs and anchors its brand of leadership on what is already existent: your passion and position as a leader, your own determined goals, purpose for your company and a motivated workforce driven by your authentic leadership.

Authentic leadership style shows that success is not only for here and now, but the true measure of leadership is when success is attained years after your reign. Then and only then can your leadership be truly authentic.

Introduction

Where Have All the Leaders Gone?

The business world today is on the fast track to self-destruction due to the transgressions made by its leaders whose main goal is personal wealth. The trust that corporate leaders will be good stewards of their resources thus providing investors with a fair return has been violated. Authentic leadership solves this dilemma for it is the key ingredient to build organizations for long term

The Case for New Leadership

In the rush to get the stock price up, the business world lost its sight of the necessity to select leaders that create healthy corporations for the long term. What it needs are people of integrity who are devoted to building lasting organizations, with a sense of purpose and are firm to their values. The world is in dire need of *authentic leaders*.

Part One: Becoming an Authentic Leader

Organizations need authentic leaders who lead with purpose, integrity and values. Leaders who are good stewards, who build enduring organizations with motivated employees that provide customer service and create a long term value for shareholders.

Chapter One: Leadership Is Authenticity, Not Style

The Authentic Leader

Authenticity is the beginning and end of leadership. Being authentic in every way is one essential quality a leader must have. You must simply be yourself.

Authentic leaders have a longing to serve others. They are guided by the qualities of the heart and mind. They acknowledge their shortcomings and work

hard to overcome them. They are self-disciplined, consistent and they refuse to compromise when their principles are tested. They are dedicated to develop themselves for they know that it takes a lifetime of personal growth to become a leader.

Developing Your Unique Leadership Style

You must develop your own leadership style to become an authentic leader. It is important that your leadership style is always consistent with your character and personality. To be effective, you must adapt your leadership style to fit the immediate situation.

Being Aware of Your Weaknesses

Another essential part of being authentic is accepting your weaknesses. Do not try to win the approval of others by covering up your shortcomings for you are lying to yourself just to gain the admiration of others. Be more comfortable with yourself and more genuine in your interactions with others.

The Temptations of Leadership

The pressure to perform is always forced upon those who sit in the leader's chair. No CEO wants to appear to the public explaining why his company missed the earning projections. The pressure to succeed can pull you away from your core values, for temptations to take shortcuts and to keep the "success" going are always behind you.

Dimensions of Authentic Leaders

Authentic leaders exhibit these five qualities:

1. *Understanding Your Purpose* - No one follows someone who lacks purpose and direction in leading. Leaders are always at the mercy of their egos if they do not have a real sense of purpose. To find your purpose, you must understand yourself, your passions and your motivations. People will dedicate themselves to the common cause if they feel that you are really interested in serving others.
2. *Practicing Solid Values* - Values and character defines a leader. Values define the holder's moral compass so that they do not end up like those executives that are now facing plausible prison sentences. One value required in every authentic leader is integrity. It is telling the whole truth as agonizing as it may be.
3. *Leading with Heart* - One competitive advantage a company has is when their employees believe that their work has a deeper purpose. Leaders must have the capability to ignite the souls of their employees to achieve greatness beyond what is expected.

4. *Establishing Enduring Relationships* - One mark of a leader is the ability to develop enduring relationships because in order to give themselves fully to their jobs, employees today need more personal relationships with their leaders. This will also result to a deeper commitment to their work as well as greater loyalty to the company.
5. *Demonstrating Self-Discipline* - Another essential quality is self-discipline for without it you cannot gain the respect of others. This is a must in order to demonstrate your values through your actions. Remember that competing requires a constantly high level of self-discipline to be successful.

Chapter Two: The Transformation of Leaders

You must develop yourself to become good leaders through personal development, experience and hard work.

In the Crucible

When you find yourself in a crucible that tests your limits, you will learn who you really are and what to become. In the process you will know that you can take on any challenge and come out a better individual.

Developing as an Authentic Leader

A developmental quality is required for each dimension:

1. *Passion for Your Purpose* - Passion for your purpose comes when you are exceedingly motivated by your work because you have faith in its inherent worth, and you can apply your capabilities to utmost effect.
2. *Being True to Your Values* - Test yourself in situations in which you have to decide in context of your values, so that in a real work environment, your values will not be compromised. Remember that there is nothing worse than those who preach good values and yet do not practice them.
3. *Developing Compassion* - Developing your heart means opening up to all of life's experiences. It is being true to yourself and being in touch with your inner being. Everyday you will have the opportunity to open up your heart in order to have compassion for those people who go through obstacles in their own life's journey.
4. *Connected Relationships* - A common purpose and connectedness are the foundations of enduring relationships. Leaders must establish a commitment that is built by the sense of connection. Trust is built and commitment is strengthened so that many challenges can be conquered.

5. *Practicing Self-Discipline* - Authentic leaders do not let stress get in the way of their judgment. You must stay cool, calm and in peak condition when handling pressure. Daily exercise, consistent eating and sleep patterns, and ways of relieving stress keep the mind sharp and the body in shape.

Chapter Three: Leading a Balanced Life

A Balanced Life Makes You a Better Leader

Balance is essential in living a fulfilling life. You should commit to your work but keep in mind that there's much more to life. Healthy organizations are developed by balanced leaders because they are able to make more sound and timely decisions and lead more efficiently.

Being Authentic in All Aspects of Your Life

Being authentic must be reflected in all aspects of your life. You will end up compartmentalizing your life if you behave differently in various facets of life.

Work and Family Life

One of the most difficult issues you will face is balancing your work and home life. The main conflict is when you habitually sacrifice yourself and your family for the company.

It is essential to set clear limitations between home and work life. You should create ground rules to balance your work-home life and adhere to them strictly, rather than getting into the habit of sacrificing family time for work. It is also important to scrutinize your work-home life balance continuously and make necessary adjustments for the sake of your loved ones. This mandates thorough monitoring and open communication about the relationship.

The Authentic Life: Putting It All Together

Experiences open up new roads for you to take and interesting people to meet. These experiences shape the way you think about your professional and personal life. You must lead an authentic life that is open to all of life's surprises with the readiness to go with the flow.

Part Two: Building an Authentic Company

An authentic company is guided by a mission and vision, and practices its values.

Chapter Four: Missions Motivate, Dollars Don't

Valuing the Corporation

Companies can recognize its potential through a sense of purpose. Companies that follow a common vision create a great path to long-term growth in shareholder value.

The Essential Ingredient: Employee Motivation

Real value can be created by motivated employees. To achieve this, you must inspire them to be a part of producing something worthwhile and trust that they work for a purpose.

The Flaws in Maximizing Shareholder Value

You will disregard your costumers when you focus only on serving your shareholders. Concentrating your attention on this has little worth and it imparts less encouragement for your employees.

The Path to Long-Term Shareholder Value

The source for unrelenting competitive advantage and steady profit growth is a mission that motivates your employees to make inventive products and give superior costumer service.

Chapter Five: Values Don't Lie

Instilling values throughout the company begins with the leader. You must work to gain alignment with the company's values, emphasizing positive actions and taking actions when the employee does not follow.

To have an authentic company, you must know the magnitude of stewardship to the people you serve. Keep in mind that an authentic company is characterized by a spirit of inquiry, a yearning to understand and it challenges people to reach their full potential.

Can Values-Centered Culture Achieve Peak Performance?

Poor performance can result to overrun expense budgets, missed sales targets, and delayed product delivery. To address this, an assurance to performance principles should be integrated in the company's norms.

Chapter Six: It's the Customer, Stupid!

The Heart of the Matter

The purpose of any company is to serve its customers and its success will depend heavily on how well it serves its costumers.

The role model for costumer focus is the management. Managers should be able to recognize the employees who are truly serving the costumers. The management should also ensure that they are providing a work atmosphere that empowers and rewards good efforts.

Infusing Passion for Customers

There are leaders with the fervor to serve the company's costumers. There are also head of organizations that are highly costumer-focused. These leaders set the norms to adhere to and form the incentive systems to fortify the focus on costumers.

Chapter Seven: It's Not Just the CEO

CEOs have a great impact on the results of corporations. Great corporations, however, are built by teams and not by a single person.

The Executive Office: A Partnership for Leading

To form an elite team for the company's success, it is crucial that you identify the people who can facilitate the organization to attain its goals.

Diversity Isn't About Quotas

Diversity, in experience and background, is an essential component of an organization for it deepens the debates that lead to more effective decision making.

Chapter Eight: Whose Bottom Line: Customers or Shareholders?

The stakeholder model is when the success of a leader is measured by how greatly he served everyone that has vested interest in his enterprise. Remember that there is no clash in serving both stakeholders and shareholders. Nevertheless, it entails steadfast leadership, vision and discipline to serve all the stakeholder groups.

Part Three: In the Crucible of the Market

Because they are so zealous about their cause, authentic leaders do not let anything hinder their success. They have a plan on how to organize their companies to attain market place leadership and uphold their long-standing achievements.

Chapter Nine: Seven Deadly Sins

Pitfalls to Growth

The true challenge an authentic company must face is whether it can prolong its growth without falling into the temptations of short term pressures that ultimately lead to a state of decline.

Pitfalls to Sustainable Growth

Pitfall # 1: Lack of a Clear Mission - Attempting to expand without a fully worked-out mission is one of the causes why companies fall into a decline. Without a clear mission, it is difficult to know the direction you're going and what your organization stands for.

Pitfall # 2: Underestimating the Core Business - The most advanced sectors enlarge their market definition to generate growth prospects. Remember that when observed correctly and engaged in productively, a business can grow continuously.

Pitfall # 3: Depending on a Single Product Line - Companies that depend on the success of a single product line often neglect to allot funds to create new businesses. When the inevitable slowdown in growth occurs, there will be no time to expand their tactics and they will be strained to inhibit their investments just to go on.

Pitfall # 4: Failure to Recognize Technology and Market Changes - Do not become overly devoted to the technology that has brought you your success. There will always be new and more sophisticated technology that will emerge and help prevent the displacement of your product.

Pitfall # 5: Changing Strategy Without Changing Culture – Sometimes, companies that modify their strategies to the changing market conditions neglect to change their institution's culture. This results in an inability to become accustomed to changing customer preference.

Pitfall # 6: Going Outside Your Core Competencies - Expanding too far from your core competencies brings forth lack of market power and technological inferiority. This results in a slowdown of growth or total demise of the business.

Pitfall # 7: Counting on Acquisitions for Growth - Depending solely on acquisitions for growth may lead to indecisive purchases or payments that are far too much for a new target.

Chapter Ten: Over Coming Obstacles

Overcoming Barriers

Authentic Leaders are passionate about their missions. They are zealous about overcoming barriers. There are two things that are required to fulfill a company's mission:

1. Strategic focus.
2. Desire to succeed.

Keep in mind that this takes commitment and passion. It is only when you are passionate and committed that you are assured of your success.

Chapter Eleven: Ethical Dilemmas

Ethical Standards and Global Standards

The reputation of your company goes wherever you do business. As a leader, you must establish a common ethical standard for all of your employees, especially international ones, to follow. To achieve this, you must have an open line of communication with your people.

Chapter Twelve: Innovations from the Heart

Passion Begets Innovations

Organizations that maintain their growth often connects the passion of their people to the generation of innovative products.

To be an effective leader, you must hang out with your innovators. This entails learning about new ideas before it gets dismissed by middle-management. You should also hang around the marketplace to look for innovative ideas to bring back to the company.

Innovation Begets Transformation

Remember that not all of the ventures you take on will be a success. Management should be open-minded when it comes to failure. As a leader, you should always motivate your employees, especially when they are not successful in an endeavor.

Chapter Thirteen: Acquisitions Aren't Just About Money

Acquisitions are powerful for it can hasten growth through the accumulation of technologies and capabilities. Its accessibility and timing can neither be planned nor expected. Consequently, if you depend solely on acquisitions, rather than internal growth for expansion, you will surely end up in deep trouble.

Reflections

Do not become reliant on acquisitions to make the numbers. Instead, use them for strategic reasons that will surely strengthen the organization.

Chapter Fourteen: Shareholders Come Third

Customers

Service to its customers must be one of the corporation's reasons for existence. The best way to gauge how well a company serves its customers is through the market share. The market share is important because a growing market share leads to more customers. It also motivates the employees, thus sustaining future growth.

Employees

As a leader, it is your duty to provide your employees sufficient education, training and support. You must also give your staff an environment that enables them to attend to the customers well.

Shareholders

To face the conflicting objectives of the shareholders, you must stay focused on the long-term trend of the stock. It is a must that you learn to manage them and not let them run you.

When dealing with your shareholders, transparency is the key. Communication is always important and it is crucial that you communicate precisely the same messages inside and outside the organization.

Part Four: Beyond the Bottom Line

To guarantee that the entity is preserved, sound governance is needed. This also ensures that the entity is built for the long term and that it stays sincere to its obligations. Bear in mind that a sound governance and leadership succession is crucial for an authentic company to succeed.

Chapter Fifteen: Governance is Governance

Legislating Corporate Governance

Good governance imparts the correct balance of power for management. It should not, however, be a substitute for its responsibilities.

Governance Principles

The independent directors of the board should establish a set of governance principles which outlines its responsibilities and roles. Every year, the board should report to the shareholders on progress against the principles.

Governance Committee

A governance committee should be established. It is accountable for proposing new directors for election to the board, evaluating the performance of the CEO and board, approve the agenda for board meetings and plan for the leadership succession.

Functioning of the Board

The board meetings must grant sufficient time for the discussion of strategies and investments. There must always be an open dialogue on new ideas, proposals and strategies.

The Delicate Power Balance

Attaining power balance involves exchanging of ideas, trust and a board that is at ease in challenging the CEO. Remember that clarity of roles must be kept to ensure that the board does not exceed its limit into management's prerogatives.

Chapter Sixteen: Sticking Your Neck Out

Sometimes, dealing with issues "behind the scenes" simply does not work. To be an authentic leader, you must surpass challenging the market to changing public policy. Remember that leadership is all about taking risk.

Chapter Seventeen: Preparing for Succession... and Moving On

It is always difficult to give up a position and the power it has given. At times, flaws in succession are caused by the CEO's hesitance about stepping aside. However, the mark of a great leader is when the organization is still well-and-good after he has gone. It is always important to prepare for your own succession.