

NEW YORK TIMES BESTSELLER

Foreword by ALAIN DEHAZE, CEO of The Adecco Group

VINCE MOLINARO

THE
LEADERSHIP
CONTRACT

THE FINE PRINT TO BECOMING
AN ACCOUNTABLE LEADER

THIRD EDITION

Signature

A close-up photograph of a fountain pen nib, likely a Montblaster Meisterstück, resting on a white document. The nib is positioned diagonally, pointing towards the bottom left. A thin line on the document indicates a signature line, with the word "Signature" written in a light grey font below it. The background is a light, textured surface, possibly a book cover or endpaper, with a teal-colored header at the top.

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*To my wife, Elizabeth—thank you for helping me be
a better person, husband, and father.*

*To my children, Mateo, Tomas, and Alessia—for
your daily inspiration and humor.*

*To my parents, Camillo and Maria—for always
supporting me as I pursued my dreams and goals.*

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FOREWORD

As chief executive officer of The Adecco Group, the world's leading workforce solutions provider, I see the profound changes that are transforming business and the world of work around the world. Automation, robotics, and artificial intelligence are dramatically altering business models, and the rise of the so-called "gig" economy is transforming workforces and working relationships. There has never been a more important time to build a strong culture of leadership in organizations.

Yet, while the world and its foremost corporations are crying out for strong and clear leadership, there are worrying signs of turmoil in both business and politics. Despite significant investment in leadership development, many companies believe the majority of their leaders don't have the skills they need to take their company into the future.

That is why it gives me great pleasure to write this foreword to the third edition of Vince's bestselling book *The Leadership Contract*. Many have written about leadership, its importance, and its challenges, but few have done so as convincingly and authoritatively as Vince—a position now acknowledged by this expanded and updated version of his best-known work.

The solution, as Vince shows, is that we need leaders to be truly accountable. *The Leadership Contract* offers compelling and practical ideas for leaders to embrace and organizations to implement. Such proposals have been put into practice with great effect in companies around the world, including within The Adecco Group itself.

With more than 20 years advising companies and executives, Vince Molinaro has carved out a commanding position as a strategic thinker. As global managing director of the leadership transformation practice at Lee Hecht Harrison—the Adecco Group's specialist talent development and

career transition subsidiary—Vince is uniquely positioned to comment on leadership and its pitfalls, thanks to his work with leaders of some of the world’s most forward-thinking companies.

Alain Dehaze
Chief Executive Officer, The Adecco Group

INTRODUCTION

What does it mean to be a leader? It's the question I believe every single one of us in a leadership role needs to answer.

Why? Because what it means to be a leader today is very different than it was a generation ago. You know this to be true. The world in which you lead is more dynamic and complex.

But there's more. Since releasing the first edition of this book in 2013, I have continued to see signs that leadership is still in trouble. Consider some of the following examples:

- A founder and chief executive officer (CEO) of a Silicon Valley company is publicly embarrassed when a video leaks of him berating and demeaning an employee in public. Many senior executives and employees leave based on the toxic corporate culture in the organization.
- Millions of people take to the streets to protest bribery and corruption among prominent CEOs and political leaders. It leads to the impeachment of the country's president.
- A former industry-leading innovator in the technology sector loses its market dominance in a matter of months and now struggles to survive.
- The CEO of a retailer is forced to resign after having an inappropriate relationship with a co-worker. The founder and chair of the board of that same company is pushed out after it's revealed that he knew about the relationship and did nothing to inform the board.
- No fewer than 18 executives connected with a major international organization are indicted for their participation in a culture of systematic, cynical, and constant corruption.

- A global study by a major research firm finds that 51 percent of leaders have essentially checked out, which means they show up every day, caring very little about their jobs, their people, and their company.
- Another research firm finds that close to two-thirds of the general population do not have confidence that current leaders can address their country's challenges. Furthermore the credibility of CEOs fell by 12 points in one year to only 37 percent.

What is going on?

Stories of ineffective leadership, corruption, and scandal are now so commonplace that we don't even react to them anymore. Our trust and confidence in senior leaders have been destroyed. Survey after survey finds employee engagement is chronically, cripplingly low. Managers say the new generation of workers is unmotivated and entitled, while many Millennials say they're simply not interested in rising through the ranks in the traditional way. They are looking for purpose, meaning, and inspiration. But they are not finding it. As Generation Z begins to enter the workplace, they will have even higher expectations of leaders. Meanwhile, you and your colleagues feel overworked and pulled in a dozen directions at once.

These aren't separate problems. I believe they're all part of one crisis, a crisis that companies worldwide are spending an estimated \$65 billion trying to solve—and getting nowhere.

It's a crisis in leadership.

At a time when our world is more complicated than ever, is changing faster than ever, and is more radically transparent than ever, we desperately need our leaders to be stronger than ever. And they're not. They're failing us. They are unaccountable and untrustworthy. And we're becoming disillusioned.

In all the years I've been thinking and talking about leadership, I've come to realize that the desperate need for accountable leaders is the fundamental challenge organizations are facing today. It's at the heart of every other problem we face.

“Accountability is as important as the concept of leadership, and those who are granted power must be held accountable.” This observation came from John W. Gardner—former Secretary of Health, Education, and Welfare under President Lyndon Johnson—in his book *On Leadership*, published by The Free Press in 1990. He clearly

understood the connection between accountability and leadership almost thirty years ago. Yet it's clear as we see the crisis in leadership we face today, we must also realize that it's a crisis of accountability.

We have, quite simply, a significant *leadership accountability gap*, and it is a global problem in our society, in corporations, and in politics. Truly accountable leadership is the only way to build an organization that can not only survive in our increasingly complicated world, but also grow and thrive. And yet, based on my research, this is a challenge that few organizations are facing head-on.

I've been studying leadership for almost my entire career. As an employee, I've worked for some great leaders and some not-so-great ones. I know firsthand the effect leadership has on employee engagement and organizational performance. Through my academic studies and research, I have focused on learning what sets the few truly great leaders apart from the many mediocre ones. As a consultant, I've worked with hundreds of leaders and organizations worldwide. I've also held leadership roles myself—at the front-line, middle management, and C-suite level. I know at a personal level how challenging leadership can be if you want to do it well consistently. I also know how great it can be when you get it right.

Over the last few years, I've had the privilege to speak around the world to leaders like you. These conversations confirmed that leadership accountability is a critical business issue in almost all organizations.

A while back, I set up a Google Alert for the word *accountability*. It became immediately clear from the search results that the world is in dire need of real accountability. I read about cries for accountability in the banking sector, from a corporate governance perspective, in education, at all levels of government, in the military, in health care, in police forces, in the media—you get the picture. It doesn't matter what facet of our society you look at, real accountability is lacking. What is also clear is that there appears to be a lot of talk about the need for accountability but little action to make things better. I find the same dynamic inside organizations. Every CEO I work with wants to drive real accountability, but making it a reality is not easy.

I have also learned that we are paying a real price for bad leadership. I appeared on a radio talk show a while back. I was asked to share my thoughts about how and why so many people have lost trust and confidence in their leaders.

I was struck during the radio show to see just how deeply this problem affected everyday people. The host took calls from listeners, several of whom had very moving stories about how they had been personally let down by bad and ineffective leaders. Most were cynical and very disappointed with their experience of leadership.

One call came from a woman named Marian, who talked about how she had just quit her job to escape an awful leader. Her voice trembled as she described this painful decision. Her emotions were still raw. It was a courageous move—to leave her job—but in taking a stand, she demonstrated just how damaging poor leadership can be to an organization. Unfortunately, Marian felt she had no choice but to quit.

I believe that a generation ago a company could get by with bad leadership. Most workplaces were dominated by Baby Boomers, who were more likely to put up with bad and ineffective leaders. As difficult as it is to believe, tolerance for bad leadership was considered a badge of honor for them.

The business world is much different today. People expect more from leaders. They also demand much more accountability from them. The workforce is now also populated with a new generation of employees who, in general, won't put up with bad or mediocre leaders like the Boomers did. Like Marian, they'll just leave. The employees who choose to stay will simply become disengaged. Sure, they will show up at work, but they will do so with little real commitment.

I talk to leaders every day who recognize that the world has changed for them. Some feel they are not keeping up. Others believe there is something fundamentally wrong with how we have come to think about leadership. They know their organizations are struggling just to stay abreast of a changing world, and they know that in their desperation they're *settling*. When everything on your to-do list is urgent, things like inspiration and motivation seem like luxuries. You feel like the leadership parts of your role are just that: parts, something separate that you do from the corner of your desk.

But leadership is not a luxury. You can't settle or accept mediocrity in yourself or you risk becoming a lame leader. Your organization needs great leaders at all levels, now more than ever. You need to be the best leader you can possibly be.

The Pressures Leaders Face Today

The reason is clear—the world is more challenging and demanding. As a leader, you are now under more pressure than ever before. Let’s look at a few of the big ones:

1. *The Pressure to Differentiate:* Whether it’s a private-sector company or a public-sector organization, every enterprise is trying to differentiate itself. All organizations have competitors, whether for market share or government funding, and that competition is fierce. Whatever competitive advantage you thought you had seems to have a shorter and shorter shelf life as rivals copy it almost overnight. You face unrelenting pressure to innovate and look for ways to stand out from the crowd.
2. *The Pressure to Execute Strategy:* You face tremendous pressure to execute strategy. If you’ve been a leader for a while, you know how hard this can be. Success is hard to come by for many organizations. Research repeatedly shows that only 10 to 30 percent of organizations ever succeed at executing their strategy. I believe the reason is that many organizations don’t fully appreciate the deep connection between strategy and leadership. It’s leaders who create the strategy, and they need to work together to align the organization. Leaders need to ensure that everyone from the front line to the senior team understands the plan. If leaders fail to live up to this responsibility, there will be gaps in strategy execution.
3. *The Pressure to Lead Transformational Change:* A recent report by the Boston Consulting Group called “A Leader’s Guide to “Always-On” Transformation,”¹ states that leaders today often feel like they are running on a steep treadmill with the speed and incline set on their maximum levels. This idea of “always-on” transformation really captures what I hear from leaders I work with. They are working through some kind of complex transformation. Then something else comes along that now requires them to drive even more change. As one leader explained to me, “We aren’t just leading one large transformation project; it feels like we are doing ten all at once.”
4. *The Pressure to Create Enduring Value:* You are also under continuous pressure to deal with ever-increasing expectations from customers, boards, and shareholders. The scrutiny you are under is intense.

Customers want value and will go wherever they must to get it. Their loyalty is fleeting. Boards and shareholders want a short-term increase in share price *and* long-term enterprise value—not an easy tension to manage for senior leaders.

5. *The Pressure to Build Future Talent:* You also cannot focus solely on the present. You are being called upon to build the next generation of leaders. The challenge you face is that after years of shedding costs and people, organizations are now realizing there are significant gaps in their leadership pipelines and succession plans. It seems like everyone finally understands that leadership does matter. The problem is that we have a new generation of employees who aren't necessarily that keen on taking leadership roles. We have demographic trends working against us. Many of these younger employees want to work with leaders they admire and who create meaningful work opportunities.

If you are like the leaders I work with every day, you personally feel the impact of all these pressures. You feel the increased ambiguity of your business environment. You can feel the scrutiny you are under. You understand the high level of accountability you have for the success of your organization. You are keenly aware of the impact you need to have on customers, employees, and other stakeholders.

Take a moment and reflect on these five pressures. How are they affecting you in your leadership role?

Redefining How You Lead to Meet Ever-Increasing Expectations

Taking all of these pressures together, it's obvious that old models of leadership just won't cut it anymore. It's time to redefine leadership for the new world we're living in. What worked in the past isn't going to work in the future. All of us need to start demanding more from ourselves as leaders. What has become clear through all my client work is that expectations for all leaders are increasing—more is expected of each of us in leadership roles.

For example, since launching the first edition of this book back in 2013, my team and I have been running one-day Leadership Contract learning programs with thousands of leaders around the world.

We begin a session with a simple exercise—participants must answer the following question: What does it really mean to be a leader today? Now here’s the catch. They must answer the question using only one word.

Here are the most common words that are shared: leaders today must be inspirational, trustworthy, courageous, agile, humble, transparent, decisive, collaborative, resilient, risk-takers, strategic, visionary, possess integrity, proactive, team players, confident, and accountable.

As these words are shared, the facilitator captures them on a flip chart. The participants are then encouraged to add to the list throughout the day as new ideas emerge. By the end of the day, the list that started with fifteen or twenty words expands to fifty, sixty, and at times even seventy words or more. This long list of words answers the question: What does it mean to be a leader today?

When I have looked at those lists, I’m always surprised by a few trends. First, it’s remarkable how consistent the words are globally. It doesn’t seem to matter where in the world the program is delivered; we have a common way of thinking about what it means to be a leader today. Second, by the sheer volume of words generated, it’s clear that we have very high expectations of leaders. Being a leader isn’t easy. It is an extremely challenging role. The expectations are very high. Third, these expectations are for all leaders, regardless of their level in an organization. They aren’t just for CEOs or executives. In fact, we recently surveyed hiring managers from around the world to quantify and rank their expectations across 21 different competencies for three levels of management: front-line, mid-management, and senior executives. The results showed that while senior leaders still carry the greatest expectations of all, leaders at other levels of an organization’s hierarchy are not absolved of the responsibility of being good at their jobs—sometimes they are expected to be just as good as the most senior executives. We asked the question: “How important is each of these core leadership competencies when assessing managers?” Remarkably, the survey results showed that expectations around leadership competencies were incredibly consistent from the front line to the senior levels of an organization.

Now when I look at those lists and reflect on those great expectations, I often wonder: Can any one person be and do all those things consistently well, every day of the week, while they are leading?

At the end of the day, this is what you have to understand when you are in a leadership role, or want to move into one: The expectations are extremely high and you must commit to living up to them as a leader.

Based on my research over the years with organizations, I've seen this expanding set of expectations. We need our leaders to do more. To be more. As a leader, you will need to take accountability to:

- *Align and engage.* You need to understand your company's strategy and your role in executing it. You must then align and engage employees so they can effectively deploy the strategy in a way that ultimately delivers value to customers, shareholders, and society.
- *Take an enterprise-wide perspective.* You must define success at the company level. This means you will need to collaborate across silos and do what's right for customers and the entire organization. All leaders in your organization need to share this *one-company* mindset.
- *Build relationships.* In our interconnected and interdependent world, relationships matter more than ever. You have to invest time in getting to know internal and external stakeholders. You must also build relationships with a foundation of trust and transparency.
- *Master uncertainty.* Today's increasingly complicated business environment creates a lot of challenging situations and risk. Many companies are attempting to transform. Your role as a leader is to create focus and help employees deal with ambiguity and the stress it brings, especially in a time of disruption.
- *Develop other leaders.* You must leave a legacy of strong leadership within your organization that goes beyond yourself. It's about making your leaders stronger so that they can make your organization stronger.
- *Model the values.* You cannot be focused exclusively on your own personal agenda or team goals. The organization's vision, values, and goals trump ego and self-interest. This means balancing strong self-confidence with humility. You need to set the bar high for yourself as a leader because mediocrity in leadership isn't acceptable anymore. It never was.

All leaders today are being called upon to redefine how they lead. This process starts with you, and it starts now. Are you ready?

The Leadership Contract

Let's begin with an analogy. You know that experience you have when you're online planning to buy a product or a service? At some point in the transaction, an online contract appears. To complete the purchase, you have to click that Agree button. Almost everything you do online today requires you to click an Agree button, and when you do, you also know you are agreeing to pages of tiny single-spaced text outlining a set of complicated terms and conditions. You go ahead and click Agree. But do you actually read those terms and conditions? If you are like most people, you don't. You simply click away without really thinking about it.

Studies show that only 7 percent of people ever read those terms and conditions of online contracts.² Yet with that simple click, you are agreeing to quite a lot. You have some sense that you have just agreed to a contract, but you don't know what it entails. You don't understand the fine print.

I believe something similar is happening in leadership today. A lot of leaders have clicked Agree to take on a leadership role without thinking through the terms that come with what I call the *leadership contract*.

You may have clicked Agree for a valid reason—to get the promotion, the higher salary, the perks, the power, or the opportunity to have a real impact—but if you don't fully appreciate what you have signed up for, you won't be effective in leading through the pressures of today's business environment.

Redefining leadership for the future begins with recognizing that there is in fact a leadership contract. It's not a legal or formal contract that you sign. It's a personal one. It represents the commitment you must personally make to be an accountable leader. It's a deep commitment to redefine how you lead and become the leader for the future. And when you sign the leadership contract, you are agreeing to a set of terms that you must live up to.

Here they are. Here's the fine print to becoming a truly accountable leader.

1. Leadership Is a Decision

Every leader's story begins with a decision. I have heard lots of people describe a moment in their career when they made the conscious decision to be a leader, whether it was their first promotion or the day they

stepped into the executive suite. These moments demand that we reflect on why we want to lead, whether we are ready for a new role, and how committed we are to becoming great leaders. This term of the leadership contract demands that you make the personal commitment to be the best leader you can be.

2. Leadership Is an Obligation

Once you decide to lead, you quickly learn you are going to be held to a higher standard of behavior. You also realize that you have obligations that go beyond yourself. It's not just about what is best for your career anymore. You are obligated to your customers and employees, your organization, and the communities in which you do business. This term of the leadership contract demands that you step up to your accountabilities and live up to your obligations as a leader.

3. Leadership Is Hard Work

Leadership is hard, and it's getting harder. We have to stop pretending that it is easy or that some quick-fix idea is going to make things better. You need to develop the resilience and determination to tackle the hard work of leadership. You need personal resolve and tenacity to rise above the daily pressures and lead your organization into the future. This term of the leadership contract demands that you get tough and do the hard work that you must do as a leader.

4. Leadership Is a Community

In our complex world, no one leader will have all the answers. The idea of the lone hero who can save us all was yesterday's model of leadership. Today, we need to build a strong community of leaders. Imagine if you and your colleagues were all fully committed to being great leaders and focused on supporting one another to be better—this would set your organization apart. This term of the leadership contract demands that you connect with others to create a strong community of leaders in your organization—a community where there is deep trust and support, where you know everyone has your back, and where all leaders share the collective aspiration to be truly accountable leaders.

Why I Wrote the Third Edition of This Book

In January of 1990, I left a stable and secure job with a public-sector organization to start my own consulting business. I was young and naïve, but full of optimism and enthusiasm.

Most of my initial work came from individuals who wanted career advice. They were trying to navigate their lives in turbulent times. The economy was struggling. Uncertainty was high.

What I quickly found was that many of my individual clients brought me into their organizations. They wanted me to help their employees deal with change. I then found much of that work focused on helping leaders develop the skills they needed to lead change at a personal, team, and organizational level.

As I reflect back on that period of time, it is fascinating how much the word “change” was part of the lexicon of companies and individuals. And yet, I can tell you that change was nothing compared to what companies are facing today.

There is something more fundamental going on in our economies and our workplaces. Whether it’s fueled by all things digital, fundamental shifts in how we will work, or new competitors who are turning industries upside down, I can tell you that today’s change isn’t like what we saw in the 1990s. It’s something more profound. Disruption is everywhere.

And how are companies responding?

Well, the ones who are quick and agile have already positioned themselves for success. Take the example of Cisco. In a recent interview conducted for McKinsey Insights, John Chambers, the chairman of the company, eloquently described what companies are facing today, but also talked about how Cisco has responded. He described the world in which leaders lead today as one of “brutal disruption,” where many companies will not even exist in ten to fifteen years.

He also argued in the interview that most companies will need to reinvent themselves. They will need to be fully digital in five years. And here’s the real point—he believes most will fail.

Why? Because leading today is very different than leading was yesterday. Leaders need new skills that allow them to work more horizontally, across functions and departments. Cisco began its transformation by focusing on leaders with those crucial skills. What has been the impact

of those organizational changes? In the McKinsey interview, Chambers shared that they changed 40 percent of their top leaders over the last couple of years. As he reflected on this, he said, “This isn’t something I’m proud of, but it’s something we had to do so we could disrupt, rather than be disrupted.”

I’ve seen more and more companies pursuing radical change like this, just since publishing the second edition of this book. Many of my clients now need my company’s help and the expertise of my colleagues to successfully transform their organizations. Like Cisco, these organizations understand that successfully transforming your company starts by transforming your leaders.

This is why I was driven to write the third edition of *The Leadership Contract*. Leaders and organizations around the world have found the ideas in this book extremely relevant and important as they begin to transform themselves.

And this is where things get personal for each one of us in a leadership role. Chances are, your organization is going through a transformation. Are you going to help lead that transformation, or will you be a casualty of it?

The ideas in this book will help you understand how to step up and be truly accountable to help your organization thrive in a time of change and disruption.

A Word of Warning

I believe leading an organization is one of the greatest honors and challenges that any individual can assume. But it’s not a job for everyone. And there is only one way to ensure that you have what it takes to be a truly accountable leader—you have to make a conscious decision to lead, with full awareness of what that means.

So this book is going to ask a lot of you. It has to because leadership matters more than ever. Your organization needs you to be the best leader you can be, especially if your organization is transforming itself.

There may be times when you feel overwhelmed by the ideas in this book. You may feel they are completely unrealistic. But you’ll also realize something else—these ideas are ones you’ve already thought about. Deep down, you know that we all must redefine how we are leading today. We all have to. It’s not just you. We all need to be more accountable as leaders.

You will also have to think hard about whether you are ready to commit to accepting the four terms of the leadership contract and becoming a great leader, the kind of leader your company needs you to be. You can't be a good or average leader any longer. You can't make leadership just a part of your job, something you focus on only when you have a few minutes of spare time. You must make leadership your whole job. It's time to aspire to more. It's time for you to be a great leader. But this is going to take some serious work on your part.

To help you through this, you will find a section at the end of each chapter called "The Gut Check for Leaders." Inspired by my weekly "Leadership Gut Check" blogs, I'll ask you a series of reflective questions based on the ideas in each chapter. They will be tough questions that I believe all of us in leadership roles need to think about. I believe it is critical to reflect on what it means to be a leader today and how you can transform yourself to be a truly accountable one. I encourage you to pause when you get to this section and think about your answers to the gut check questions.

If you want to take your leadership even further, then consider getting *The Leadership Contract Field Guide* (Wiley, 2018). It is full of practical activities to help you apply the leadership contract at a personal and organizational level.

Now if you're *not* ready to challenge yourself and hold yourself to account, you might want to put this book back on the shelf for a while. But if you believe, as I do, that we desperately need great and accountable leadership in the world today, then read on. If the ideas in this book speak to you, I hope you'll join others who share your passion at www.theleadershipcontract.com.