

Head, Heart, and Guts

**How the World's Best Companies
Develop Complete Leaders**

David L. Dotlich

Peter C. Cairo

Stephen H. Rhinesmith



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Introduction

Complex times require complete leaders. Partial leaders struggle during an era of paradox, ambiguity, and unpredictability. To employ a one-dimensional leadership approach may have worked in simpler times, but in an environment of moral complexity and rapid shifts in attitude, social and political circumstances, economic conditions, and technology, leaders must be capable of using their head, their heart, and their guts as situations demand.

What's Wrong with Partial Leadership

In recent years, political, religious, military, and business leaders have all disappointed their constituencies. President George W. Bush exhibited guts in his aggressive strategy to fight terrorists, but his critics have accused him of lacking judgment and compassion in his policy on the war with Iraq. Catholic church leaders may have dealt with the problem of priests abusing children with compassion for the priests, but most people are disappointed by their apparent lack of concern for the victims and their unwillingness to take a strong stand on punishment and restitution. Business leaders have been extremely savvy in delivering short-term results, but they have not demonstrated the inner fortitude and courage to consistently do the right thing in the face of

competing stakeholder needs, the constant pressure for performance, and the requirement to keep people engaged and motivated at work.

In other words, our leaders often rely exclusively on a single quality—head *or* heart *or* guts. Unfortunately, when you do that you ignore other aspects of what is required to be successful. If all you are trying to do is demonstrate your analytical rigor, you may come across as insensitive and unethical. Perhaps even more significantly, you will lack the ability to respond effectively outside a narrow range of situations. When you're trying to create a compassionate culture, you may miss opportunities that a more astute and strategic leader would have seen. Relying solely on the courage of your convictions and toughness may cause you to underestimate the negative consequences for the people you are trying to lead.

New York Times columnist David Brooks astutely pointed out the failures of institutional leadership in an opinion piece shortly after Hurricane Katrina struck New Orleans. Though his initial focus was on the lack of compassion and execution on the part of the Bush administration toward residents of that flooded city, he noted that this leadership failure was part of a larger trend. Referring to baseball's steroid crisis, corporate scandals, and the military's mistreatment of prisoners at Abu Ghraib prison, Brooks noted how the public has lost confidence in leaders in the same way they did during the seventies.

As executive development consultants and coaches, we have observed this same trend in organizational life, and the cause is partial leadership. We have listened to CEOs as they bemoan the lack of whole leaders in their ranks and express their fear that people no longer trust them. They ask: "Is it possible to develop cognitive abilities, emotional

intelligence, and courage in leaders who are deficient in one or two of these areas?”

We have been asking the same question, and the result is this book. Over the years, we have committed ourselves to helping senior leaders develop their head and sometimes their heart. More recently, we have been focusing our attention on the additional requirement for courage—guts—though this remains an area where we (and everyone else) need to do much more work. Still, everything we do in our work and see in the larger world tells us that it is possible to develop whole leaders, but only if organizations move away from traditional cognitive development models and embrace a more holistic approach.

Who We Are

We’re getting ahead of ourselves. We’d like to go back a bit and tell you more about who we are and how we created the three-part model—the head, heart, and guts model of leadership—that you’ll find in these pages.

First a mea culpa: as consultants, we have contributed to the problem of partial leadership. We have done our share of classroom teaching, and no doubt our efforts have helped emphasize cognitive skill as the critical component of leadership success. Fortunately, we have also learned from our mistakes, and we discovered that even the most brilliantly analytical leaders fail if they lack certain other, noncognitive qualities. In fact, in our (David and Peter’s) earlier book *Why CEOs Fail*, we found that some of the brightest top executives we studied lacked awareness of their personal vulnerabilities, and this lack of awareness resulted in their downfall. In other words, chief executives who possess the emotional capacity to understand themselves and their effect on others, along with cognitive

skills, have a much better chance of being successful leaders.

We began emphasizing the importance of “softer” qualities to compliment the “harder” ones. We found that leaders who allowed their vulnerabilities to show or who extended trust before it was earned—what we termed “unnatural” leadership skills—frequently were more effective in certain situations than the traditional command-and-control leaders. We created a development approach that helped leaders develop both cognitively and emotionally.

But something was missing. Each of us glimpsed what it was in our own way and through our own experience. Steve, who has extensive global management experience and was special ambassador to the Soviet Union for President Reagan, observed that in leaders such as Mikhail Gorbachev and Ronald Reagan, what made them effective was their ability to put their beliefs on the line. Peter, as the former head of the Counseling Psychology Department at Columbia University, has consistently worked to develop in leaders the capacity to empathize and connect; he was a first-hand witness to Mayor Giuliani’s courage after 9/11 and to how it helped a city cope with despair and fear. David, as a former executive vice president of several large companies, including Honeywell International, worked directly with some of the smartest CEOs but saw that the key to their long-term success, as well as respect and commitment from others, was their willingness to do what was right rather than take the easy or politically expedient course of action.

What We Stand for and Teach

Guts is an umbrella term for the quality we’d been missing: a willingness to do the right thing, no matter how difficult

that is. It became clear to us that leaders who combine the capacity to exhibit courage with cognitive and emotional intelligence are best able to deal with the complexities that organizations face today. It isn't guts in the sense of reckless risk taking that is important; rather, it is the willingness to take risks, based on strong beliefs and values.

This insight is not new or unique, but it is needed now more than ever. Once we began to expand our own understanding of effective leadership, we began testing it out with different companies and leaders, and we have found the response to be overwhelmingly positive. Executives in all types of companies facing all types of different situations quickly saw that the head, heart, and guts ideal, however described, was worth trying to select for, coach toward, and develop.

We are fortunate to work every day with some of the best leaders in some of the top companies in the world, and our clients and colleagues in these companies have contributed to our thinking and insights. We work with them as faculty in senior executive programs that we conduct through the Mercer Delta Executive Learning Center and serve as their coaches and business advisers. They come from a range of companies, industries, products, and services, and they form the basis for our head, heart, and guts approach. Clients include Johnson & Johnson, Avon Products, Bank of America, Novartis, Time Warner, Colgate Palmolive, Coca-Cola, Washington Mutual, UBS, Nike, Dell, Cemex, Mitsubishi, Unilever, and Citigroup. We'll refer to a number of these companies and their leaders in the chapters that follow.

We should also note that our epiphany about the importance of head, heart, and guts leadership paralleled the growth of our own consulting business. Early in our careers as leadership development experts, we felt the need

to emphasize the linkage of leadership performance with the hard skills of strategy, finance, marketing, and production, which were typically taught in business skills. When we launched our own executive development company in the late 1990s, we recognized that what distinguished us from the business schools was our ability to integrate emotional intelligence with cognitive skills through assessment and coaching. Soon our business took off, and we grew beyond our wildest expectations to become the leading provider of customized in-house executive programs.

We recognized, however, that leadership development must be linked to organization change in order to sustain learning, and in 2004 we sold our business to Mercer Delta and formed the Mercer Delta Executive Learning Center. In this capacity, we have had the chance to work on significant change requirements for clients, linking leadership learning with the larger issue of organizational change and creating alignment and insight up and down the leadership pipeline. We believe the requirement to find new ways to connect leadership learning with sustained cultural and organizational change is the future of executive development and the way leadership education will stay relevant. To lead change requires guts, and this is where our understanding of the need for guts crystallized.

A New Way to Approach an Old Subject

We need a fresh perspective on leadership and a fresh approach to leadership development. Without it, organizations will continue to replicate the leadership that exists, churning out more leaders who rely heavily on their cognitive skills but who are ill-equipped to deal with issues that are becoming increasingly complex and confusing daily.

When we see a CEO or political leader who demonstrates vulnerability or compassion or who steps up to take full accountability for an error in judgment or execution, we are often so surprised that we hail the person as a great leader.

More so than ever before, CEOs and other executives are managing complex situations and constituencies that will require them to demonstrate a broader range of leadership attributes. They are encountering decision points for which there are no “right” solutions. They will be confronting paradoxes and learning to manage them rather than trying to resolve them. They will need to learn to act counterintuitively at times and to trust their instincts in other instances.

Dealing with these difficult and ever-changing situations isn’t possible without head, heart, and guts. Moreover, a “head” leader can’t become a whole leader by taking a course in ethics or receiving some coaching on integrity. A “heart” leader isn’t going to start taking the right risks by going through a rocks-and-ropes course. Development must be ongoing and multifaceted.

By that we mean leadership is a combination of experience, training, and coaching. In the following pages, we suggest the best ways for organizations to capitalize on experience, training, and coaching to produce whole leaders. Specifically, we discuss leadership traits we have identified through teaching and coaching thousands of leaders around the world. We believe that these are the important traits for future leaders to develop in order to integrate head, heart, and guts.

Contents of This Book

We have arranged the contents of the book as follows: “Part One: The Case for Whole Leadership” (Chapters One and Two) provides background and context for the methods we describe in the rest of the book. Following that are “Part Two: Head Leadership” (Chapters Three through Six), “Part Three: Heart Leadership” (Chapters Seven through Ten), “Part Four: Guts Leadership” (Chapters Eleven through Thirteen), and “Part Five: Mature Leadership” (Chapter Fourteen), which makes a strong case for the value of developing mature leaders “prematurely,” along with instruction in methods for doing so.

Our approach to leadership can be outlined as follows:

Head Leadership

- Rethinking the way things are done
- Reframing boundaries when necessary
- Understanding the complexities of a global world
- Thinking strategically without losing sight of short-term goals
- Looking for ideas inside and outside a company, wherever they can be found
- Developing a point of view

Heart Leadership

- Balancing people and business needs
- Creating trust
- Developing true compassion in a diverse workplace
- Creating environments in which people can be truly committed
- Knowing what’s important
- Understanding and overcoming potential derailers

Guts Leadership

- Taking risks with incomplete data
- Balancing risk and reward
- Acting with unyielding integrity in spite of the difficulty
- Tenaciously pursuing what's required for success
- Persevering in the face of adversity
- Not being afraid to make tough decisions

Clearly, many of these traits aren't the traditional focus of leadership development. Even the head qualities are different from the usual cognitive skills such as decision making, strategic planning, and the like. We're not suggesting that traditional skills are unimportant. In fact, we're assuming that any leader who follows a traditional path through business school and into entry-level positions with any company will acquire these cognitive competencies eventually. Our point is that they are no longer sufficient.

We recognize that not all traits are trainable or coachable. For instance, if you lack the innate capacity for integrity, no approach, no matter how effective, is going to help you develop it. We also realize that some traits can only emerge after people go through a series of experiences, fail at some of them, and learn from those failures.

We are assuming that, given sufficient time, most leaders will gain experience and learn from it. We are also sufficiently optimistic to assume that companies will become increasingly perceptive about hiring and selecting people with whole leadership potential. Although they make mistakes or are occasionally blinded by an impressive MBA or other graduate schooling, companies are recognizing the value of hiring future leaders who can empathize and who possess strong values, demonstrated in multiple and unique ways, as well as those who are graduate school stars.

Using examples from our work, case histories, occasional references to research in the field, and suggestions for putting this development process into practice, we make a case for whole leadership. Earlier we referred to a book we wrote called *Why CEOs Fail*. In a very real way, this book is our “antidote” to that one. This book could be called *Why CEOs (and Other Leaders) Succeed*. We trust that it will open your mind to a new leadership model, move you to grasp some of the crucial people issues that are emerging, and inspire you with stories of those who have taken risks based on beliefs and values.

Ultimately, we hope that the book will not only improve organizational leadership effectiveness but expand every individual reader’s own leadership capabilities. We also hope this book will help you share our excitement about the possibilities of head, heart, and guts leadership.

The Scarecrow, the Tin Man, and the Cowardly Lion

We know that the importance of these three human qualities—head, heart, and guts—has been recognized by people before our own time. The idea is not new. The most obvious illustration of it comes from the movies. Almost everyone has seen *The Wizard of Oz*, one of the most popular films ever made. You will recall that the three main characters (besides Dorothy and her dog Toto) were the Scarecrow, the Tin Man, and the Cowardly Lion. The Scarecrow was searching for brains, the Tin Man for a heart, and the Lion for courage—or head, heart, and guts. Each recognized that he was incomplete. Each was searching for the missing piece that would make him whole. Each had an underdeveloped capacity but either didn’t know it or didn’t know how to use what he had.

We find that many business leaders today are in the same situation as the Scarecrow, the Tin Man, and the Lion—searching for the key personal quality that will somehow make them successful or whole (and often investing significantly in “wizards” who promise to do so). Quite often, what they need already exists within them but is unrecognized or undeveloped. We hope this book will help move you down the yellow brick road of leadership understanding.



We don't believe that this book is the last word on head, heart, and guts leadership. In fact, it's the first, and our goal is help you think about this subject in a new and provocative way. We begin, in Chapter One, by building our case for the value of whole leadership in today's fast-moving business world.

Part One

THE CASE FOR WHOLE LEADERSHIP

1

WHOLE LEADERSHIP VERSUS PARTIAL LEADERSHIP

To be a leader in today's business environment, you need to use your head, demonstrate heart, and act with guts. This is not an unrealistic objective, in that most people are fully capable of exhibiting all three qualities in given situations. Unfortunately, the majority of executives have either come to rely on one capacity or they live in organizational systems that do not reward or reinforce them to develop others. They remain partial leaders, even when their organizations require whole ones.

Why this is so is a combination of history and training. Historically, business leaders have led with their heads—the notion being that if you analyze a situation, absorb the data, and decide among rational alternatives, you can be a strong leader. Generations of MBAs have been trained using these traditional tools. It is not surprising, therefore, that CEOs often have been selected because they are the smartest people in the room. Organizations choose great thinkers as leaders in the same way that patients choose great diagnosticians as doctors; in both cases, little emphasis is given to bedside manner. Business school executive programs have reinforced the emphasis on cognitive leaders

by focusing on case histories and the mastery of strategic and analytical competencies.

As important as the head is to leadership, it is insufficient for the demands leaders face today. The inability to exhibit compassion and display character, for instance, alienates many employees and causes them to disengage, sometimes executing a great strategy but in an uninspired way that lacks creativity and fails to generate commitment. The lack of guts may mean that a leader cannot make tough but necessary decisions regarding everything from people to product lines, which inadvertently creates a culture that is rife with indecision and lacks energy and passion.

Despite the fact that most organizations continue to emphasize the head over heart and guts, we have known for a long time that effective leaders need more than a quick mind and strong analytics. Research over the past several decades has shown this time and time again. In the nineties psychologist Bob Hogan reviewed all of the leadership research to date and concluded that personal characteristics have a strong connection to leadership effectiveness (Hogan, Curphy, & Hogan, 1994). Among the qualities that distinguish the best leaders from others are emotional maturity, the capacity to create trust, and the flexibility to work with a range of different types of people. In other words, the best leaders have heart, in addition to their other strengths. Effective leaders show tenacity, persistence, and the ability to overcome obstacles that get in their way—what we would refer to as guts.

Here are some of the other things we know from the study of leadership:

- Ask people what they want in their leaders, and they come up with words like *intelligence*, *honesty*, *determination*, and *aggressiveness*, as well as the

ability to get along with people—qualities that fall neatly into our view of head, heart, and guts.

- The way people are perceived as leaders relates not only to how smart they are but to other qualities as well. People are more likely to be perceived as leaders if they have the right combination of what we're calling head, heart, and guts.
- Leaders are more likely to derail if they are untrustworthy, overcontrolling, and unwilling to make tough people and business decisions, and if they tend to micromanage their people. In other words, people *without* head, heart, and guts have a greater likelihood of derailing than those who do have these qualities.

So the idea that leaders must be able to reach beyond their cognitive ability to demonstrate other capabilities is well documented, even if it isn't practiced as frequently as it should be. Of course, a leader who relies primarily on heart or guts is equally ineffective. Most people who achieve senior-level leadership positions in business today, however, are head-oriented individuals; the heart- or guts-oriented managers tend to be stigmatized or eliminated before they make it to a top position, or they are relegated to a function best-suited to their orientation (that is, heart leaders historically have been shuttled off to staff or HR positions in "support" roles).

Integrating head, heart, and guts into leadership is both art and science. Later, we will look at what this integration entails, but first we would like to make the case for why whole leadership is so critical today.

Factors Driving This Leadership Trend

We have seen a surprisingly large number of very smart and extremely savvy CEOs fail spectacularly in recent years. Dirk Jagger at Procter & Gamble, Mike Miles at Philip Morris, and Phil Purcell at Morgan Stanley were all extremely intelligent, smart individuals. (And they were honest ones.) Though some of their failures resulted from events beyond their control, many can be traced back to the CEOs' singled-minded approach to leadership. As driven and determined as they were, their lack of empathy, courage, instinct, and willingness to acknowledge their own vulnerability derailed them and, in some cases, their organizations.

In the past, they most likely would not have derailed. Until relatively recently, partial leaders could not only survive; they could thrive. Before world markets became more transparent, virtual, and volatile, one-dimensional leadership often sufficed. It was not unusual to find senior executives who ran companies through command and control. Conservative CEOs who eschewed risk were more the rule than the exception, and leaders who empathized and emoted were deemed "soft."

Things have changed. Specifically, some of the drivers of the change to whole leadership that we have observed are:

Global Interdependence

In an article titled, "The Upwardly Global MBA," Nigel Andrews and Laura D'Andrea Tyson report the results of a survey of one hundred global leaders about what young executives need to succeed today. Andrews is a governor and Tyson is the dean of the London Business School, and their survey was prompted by their concern that they were not teaching MBAs what they needed to learn in order to be effective in a global marketplace. According to survey results, their concern was justified. Global executives

believed that their focus on content—on teaching students what they needed to know—was insufficient. Andrews and Tyson reported that future global leaders will also need what they term “skills and attributes” as well as knowledge. These skills and attributes include the skills of giving feedback, listening, and observing. Global companies need leaders and managers who thrive on change and whose actions reflect the highest level of integrity (attributes). Many of the qualities they describe translate into heart and guts, as well as a “broader-minded” head.

Their insights apply, especially when you consider the implications of running or working in a global enterprise. First, an interpersonal orientation toward business is prevalent in most countries outside the United States. The character and personality of leaders count for as much as the products and services they sell. If you do business with other countries, you must display certain qualities (respect, humility, trust) that leaders of foreign companies unconsciously expect and value. Heart, therefore, is a critical attribute.

Second, if you are operating globally, the risks are naturally greater than if you are a domestic organization. The complexity and ambiguity involved in international transactions or working in a different culture are significant, and they require making decisions without the usual degree of certainty that they are the right ones experienced in a familiar home environment. The best global leaders are comfortable operating in an ambiguous environment, able to make risks pay off, based as much on their instinct and relationships as their analytical skills. The volatility of social, economic, and political conditions in a global marketplace demands leaders who can live with and even capitalize on this volatility. Leaders who become risk-averse in the face of uncertainty and changing conditions do not make effective global leaders.

Third, the global senior leader cannot be focused just on technical issues operations and strategy. People in leadership positions with global companies fail when they are limited to their areas of specialization. When American business executives dine with European leaders, for instance, their point of view and understanding must not only be informed on business issues, but encompass social, political, and economic trends as well. These leaders must also be open-minded and able to appreciate diverse cultural values and patterns of behavior.

Increased Complexity of Execution

A widely held myth is that people who “get things done” in organizations operate primarily out of their heads, that they are no-nonsense, hard-driving automatons who drive and measure everything in order to achieve stellar results. Although execution does require drive and focus, Larry Bossidy and Ram Charan have provided ample evidence that execution also involves strong people skills and a willingness to roll the dice. In their books, *Execution* and *Confronting Reality*, they make it clear that emotional intelligence plays a significant role in getting things done, that the ability to encourage others to accomplish tasks is essential. They also examine courage as a quality of people who accomplish ambitious objectives, noting that pulling the trigger on tough issues requires more than a little courage.

The gestalt of execution is more complicated today than it was years ago. In the past when power was more centralized, CEOs and other organizational leaders could issue directives and expect them to be implemented with speed and diligence. Similarly, the environment in the past was less dominated with global companies, constant technological change, and other potential obstacles to