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***work smarter***

# **smart**

## **•→ leadership**

JOHNATHAN YUDELOWITZ  
RICHARD KOCH  
ROBIN FIELD





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First published 2002  
Second edition published 2004 by  
Capstone Publishing Limited (a Wiley company)  
8 Newtec Place  
Magdalen Road  
Oxford OX4 1RE  
United Kingdom  
<http://www.capstoneideas.com>

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CIP catalogue records for this book are available from the British Library and the US Library of Congress

ISBN 1-84112-587-3

10 9 8 7 6 5 4 3 2 1

Typeset in 10/14pt Meridien by  
Sparks, Oxford, UK  
<http://www.sparks.co.uk>  
Printed and bound by  
T.J. International Ltd, Padstow, Cornwall

This book is printed on acid-free paper

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For details telephone John Wiley & Sons on (+44) 1243 770441, fax (+44) 1243 770571 or e-mail [CorporateDevelopment@wiley.co.uk](mailto:CorporateDevelopment@wiley.co.uk)

For Archbishop Desmond Tutu  
whose leadership has turned hatred into forbearance and love  
and shown South Africa and the world  
that everyone has a story  
and the chance to exercise personal leadership and responsibility  
in their own unique and individual way.





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# Acknowledgments

**We enjoyed** writing this book, and finished up even better friends than we started. So we would like to thank each other.

**We may not have seen further** than earlier writers, but we have been able to put together the **first broadly based view of business leadership**.

Our **main influences** fall into three distinct categories:

- **psychologists** and other **professional writers on leadership**;
- writers with **unusual insight into how business success is created**, and who have written about leadership because they realize it is crucial to making money; and
- writers who are neither experts in emotional intelligence, nor in business, but who have pondered the human condition and **provided terrific clues** about the meaning of life and how we can influence ourselves and other people to create **progress** and how we can each reach our **individual and unique destiny**.

In the first category fall Dr I. Adizes, Eric Berne, Warren Bennis, Robert Eccles, Richard Erskine, Mary Parker Follett, Dr Peter Hawkins, Elisa-

beth Henderson, Robert Kramer, Marion Milner, Dr Arnold Mindell, Nitin Nohria, Jeffrey Pfeffer, Carl Rogers, Myrna Wajzman-Lewis, and Margaret J. Wheatley.

Our greatest business influences here are Edward de Bono, Andrew Carnegie, Charles Handy, Bruce Henderson, Bob Noyce, and Jack Welch.

In the third category of wise writers, we'd like to specially mention Hans Christian Andersen, Lyman Frank Baum, Martin Buber, Winston Churchill, Viktor E. Frankl, Benjamin Franklin, F. Scott Fitzgerald, James Gleik, Jacob and Wilhelm Grimm, George Orwell, Ayn Rand, William Shakespeare, George Bernard Shaw, Oscar Wilde, and Virginia Woolf.

You'll meet all these people in the book – we hope with as much pleasure as we experienced.

Finally, great thanks to Mark Allin and Richard Burton, our publishers, and to our families, colleagues, and close friends.

Ultimately, this is a book about **business** leadership and how to **make money** through exerting leadership. But along the way, a necessary first step is to consider **who we are** and how we can make the **most difference to the world**. Only if we crack these difficult but rewarding issues can we be **successful**, and, more importantly, **happy**.

So **enjoy**. There is much to savor and chew over here. It is our pleasure to bring you concentrated wisdom and knowledge about leadership – and some real emotional challenges too.

# 1

## Leadership Demystified

*"I'm all for progress; it's change I don't like"*

Mark Twain

### Why leadership?

The point of leadership is to initiate change and make it feel like progress.



*Leadership is  
making people  
like the unlikable*

*"Leadership is  
the ability to get  
men to do what  
they don't like to  
do, and like it."*

Harry Truman

It's not just Mark Twain who was against change. We all are. But where there is life, there is change. Change is inevitable. The issue is whether we are going to be hapless victims of change, or initiators and exploiters of change, for the benefit of ourselves and of other people. Are we going to suffer change, or drive progress?

Leadership is what takes us and other people into a better world. Leadership insists that things must be done differently. Leadership rides the forces that are pulling individuals, groups, organizations, markets, economies, and societies in different directions, and lends a coherence that will enable us to benefit from the change around us. Leadership says, "We cannot just carry on doing what we have done before. See all these forces of change around us; they are not just threats, they are also opportunities. But we must do this rather than that."



### Smart answers to tough questions

Q: Isn't the idea of progress dead?

A: Yes and no. Philosophers and historians no longer believe that life is an ever-upward path – there is plenty of evidence to the contrary. Yet business and science have combined to create a near-utopia that would have been inconceivable three centuries ago. Economic growth at 3% a year means that wealth doubles within 23 years. Over a century there is an increase of 20 times. Business leadership drives this growth – which makes poor people rich.

If it is effective, leadership persuades people who would otherwise carry on doing what they are doing, to do something different, in accordance with a shared view of what that “something different” comprises. Leadership uses change to make progress.

Leadership is a quality, a culture, a role, a mind-set, and a set of actions. Leadership encompasses everything that is necessary to induce constructive change.

## What is a leader?

The real definition of a leader is someone who provides such leadership. This person, these people, who are true leaders may or may not be the formal leaders. There may be no formal leaders. The group itself, which is experiencing and benefiting from leadership, may not even be defined to start with.

## What this book can do for you – leadership to create wealth

This is a book for both formal leaders – those whose job it is to lead – and for informal leaders – those who lead regardless. For both current and aspiring leaders.



Why do you want to be a leader?

(For a surprising answer, see Chapter 2)

Yet our focus is on *business leaders* and *business leadership*. There are many common factors to leadership in business, in society, in politics, and in other theaters. But one of the requirements of leadership is a good instinct about what to do. It is no use persuading people to change if you get them to do the wrong thing. Change would then not be progress; it would be “anti-progress.” The instincts about what to do require specialization.

In business, leadership is not just about making things different and better. It is about making money in the process: lots of it. This is the only objective test as to whether resources are being used sensibly, whether change really is economic progress. We want to tell you how to use leadership to make lots more money.



### Smart answers to tough questions

- Q: If business leadership is different from leadership in general, why do nearly all leadership books and courses draw on examples of political and military leadership?
- A: Examples are always useful and business examples are always tricky. The business leader may go through a bad patch after the book has gone to press. Another reason is that most of the people writing about leadership are psychologists and organization development specialists whose understanding of “leadership” is greater than their understanding of business and how to make money. This book will draw on general insights about leadership and what drives individuals to self-knowledge, but also on how this can be used specifically to create wealth.

## Moving from the present to the desired future

This entails understanding the environment, and one’s own and others’ motivations, (in all their complexity), deciding on future direction, and mobilizing people in that direction.



### Smart quotes

*Leadership is proving the unprovable*

"Most leaders in some deep sense are striving to prove something which is unprovable."

Gerry Robinson



Do you want to  
be a *leader* or a  
*business leader*?  
Why?

Business leadership is about effective and profitable adaptation to the conditions around the organization: it's about choices and actions that are mindful, sensible, and yet courageous too. Taking and executing decisions in a way that is responsive and flexible, as well as deliberate and influential, that makes sense to colleagues, and gains commitment from them.

Business leadership must distinguish hype from healthy optimism; denial and over-skepticism from prudence. The leader must be able to judge when it is time to act; how to frame strategies in order to appeal to others and get things going.

In so doing the leader manages the boundary between what *is* happening – the present – and what *needs to* happen – the desired future – taking into account the group's legacy and position: its potential, dreams, obstacles and prejudices.

## Leading is living and influencing

We all take such leadership decisions throughout our adult lives – in our choices of career or life-partner, whether or not to have children, to move home, start a business, or change jobs. In none of these situations can a management system or glossily packaged pop-psychology provide a definitive, sustainable answer. Instead, we have to face reality, choose and act, in time, with no guarantee that we have done the right thing.



**Smart quotes**

*Leadership is moving people to the unknown*

"The task of the leader is to get his people from where they are to where they have not been."

Henry Kissinger

Leadership in business is like that, with the additional complication that deliberate change has to result from the impact that people have on each other.

Think about the person who has influenced you most in your life, who despite your anxiety and regardless of receiving no reward and risking punishment for non-compliance, got you to risk and act on an idea, in a way that you would never otherwise have done.

Think of another case where, because of someone else's influence, you decided to move beyond your usual range of behavior, so that you were able to achieve something you would never have dreamed possible without their encouragement. The effect these people had, what they represented for you, the things they said, and how they conducted themselves – sharing your triumphs and joy, supporting you through uncertainty and failure – are what leadership is all about.

## **Leadership is about you**

Very few of these leadership qualities can be developed through accessing others' writings or courses. Erudite authors have published thousands of books, and the holy texts of most world religions deal extensively with the topic of leadership. Yet intellectuals, theoreticians and religious people don't necessarily make the best leaders.



### Smart quotes

*Strategy 1, character 4*

"Leadership is a potent combination of strategy and character. But if you must be without one, be without the strategy."

General H. Norman Schwarzkopf

Why? Because competence in leadership is fundamentally rooted in *who one is*, rather than in *what one knows*.



"Man's character is his fate."

Heraclitus

Think of leadership as having two components: a general component; and a specific component, which is dependent on the context in which you happen to be operating at any particular time. The general component relates to *who you are*; the specific component to *what you know* about business and the specific opportunities and threats facing any enterprise. Many people can know a great deal about the latter without being effective leaders. If you doubt this, just go to any strategy consulting firm and talk to its 20-something consultants.



### Smart answers to tough questions

Q: Why is "who you are" so vital to leadership?

A:

- Because in every single company, people are boss-watchers.
- The top person gets watched most closely.
- Anything unattractive or phoney has a massive negative effect.
- Any attractive and powerful examples of the leader's behavior have terrific positive effects, magnified way beyond the initial context.
- In an important sense, your company is an extension of your personality – what a responsibility!

Although knowledge and skill are vital, it's one's integrity, self-esteem, resilience and other personal qualities that count for most when it comes to leadership.

Chains of command and management systems may create compliance and conformity – but lasting purposeful change, which feels like progress, is a function of leadership; based on the fundamental, age-old principles of judicious wisdom, strong relationships, integrity, mutual trust and respect, and an ability to manage oneself in the moment.

## The paradox of corporate uncertainty



Do you have the character to be a leader? What, specifically, do you mean?

Almost by definition, organizations can only join people together through concerted, focused effort by all their people. This requires the alignment of decisions and the mobilization of common actions amidst a diversity of human interests, uncertainty, and ever-changing environments. The larger the organization and the more varied the markets, the more this complexity, diversity and uncertainty are compounded – and the more difficult it is to join people together in the first place.

The laws of physics tell us that every action has its reaction, each having equal significance and value. For instance, ask any leader or group of leaders in a big company to list their strategic imperatives and one will notice that before one page is filled, the items begin to contradict one another.

What complicates things further, is that often one imperative makes equal sense to its opposite, and seems just as beneficial to the organization. Take *customer service*. Several books in the “management fad” section of a typical airport bookstore will argue that customer loyalty is paramount, and one's sales force will chant that the “customer is king,” and go on to insist that his demands should be sacrosanct because “he pays one's salary.”



### Smart quotes

*Leaders embrace uncertainty*

“Leaders must place themselves squarely in the zone of discomfort and learn to tolerate ambiguity.”

Richard Pascale

That seems simple enough; yet as Oscar Wilde said, “the truth is rarely pure and never simple.” If we ask the opinion of a manager concerned with organizational efficiency, he will tell you that giving in to customer demands costs money, and can therefore negatively affect the bottom line, compromising both shareholder interests and well thought-out policies and procedures which have been designed to eliminate favoritism and to ensure efficiency and fairness through uniform treatment for all.

Should such a tension lead to a quarrel between customers and staff, and for argument’s sake, one takes the customer’s side over an employee’s – particularly when that employee was applying a policy or procedure in what he understood to be the company’s best interests – one is risking being seen as inconsistent and damaging staff morale and of violating the principle that “our people are our greatest asset,” which is, according to umpteen other books, absolutely true.

Every senior executive has faced dilemmas such as this, where he has had to mediate a dispute between various competing interests, all of whom have had “a piece of the puzzle,” but are each presenting information and arguing credibly to outmaneuver one another and “win the day.” How do we resolve such an issue?

Kaplan and Norton introduced the notion of “*The Balanced Scorecard*” – an organizational management system that aims to give equal weight