



## The Uncompromising Leader

Key ideas from the [Harvard Business Review](#) article By Russell A. Eisenstat, Michael Beer, Nathaniel Foote, Tobias Fredberg, Flemming Norrgren

### The Idea in Brief

---

Managing the tension between performance and people is at the heart of every leader's job. Focus single-mindedly on delivering profits, and you disenchant your workforce, destroying your capacity to drive needed strategic change. Concentrate solely on employees, and you slide into complacency, eroding your competitive vitality.

Exceptional leaders refuse to choose between profits and people, say Eisenstat and coauthors. They take five actions to promote both:

- Earning employees', investors', and other stakeholders' trust
- Engaging directly with employees
- Maintaining focus and consistency of purpose
- Building collective leadership power
- Fostering shared purpose

By applying these practices, the CEO of diesel engine maker Cummins turned the recession-stricken company around. He launched a global program to rearticulate Cummins's mission and reaffirm its values. Then the company taught employees skills needed for a new strategy. Sales doubled. Stock price increased by one-third. And employees' commitment to the new strategy soared.

### The Idea in Practice

---

Eisenstat and coauthors recommend these five practices for promoting profits *and* people in your company:

**Earn Trust.** Be open in sharing information with and receiving feedback from all stakeholders--from directors to front-line employees. You'll foster a sense of shared reality and trust that enables you to build alignment around a new direction.

Royal Mail Group's chairman Allan Leighton doesn't spare employees painful news ("We're laying off 30,000"). Owing to his consistent candor, people believe him when he communicates positive news ("The new strategy is working").

**Engage with Employees.** Display authentic concern for employees, and communicate directly with them.

Leighton personally visits most of Britain's 1,600 delivery offices and routinely talks with mail carriers on their rounds. His "Ask Allan" e-mail account gets 200 messages a day; each receives acknowledgment immediately and a full response within seven days.

**Maintain Focus and Consistency of Purpose.** Spearhead only a few major change initiatives at a time. Once you've selected these areas of focus, communicate relentlessly about them.

**Build Collective Leadership Power.** Balance playing a strong personal role in focusing your company's agenda with building collective leadership capacity. For example, assemble a core team of leaders whose strengths complement your weaker areas.

**Develop Shared Purpose.** Forge an emotionally resonant shared purpose for the company that includes these elements:

**Building a better world.** A strong social mission strengthens your firm's brand *and* unleashes your people's commitment and energy.

**Delivering performance to be proud of.** People feel most fulfilled working for organizations recognized as high performers. To deliver exceptional results, establish a full set of performance indicators--not just financial performance--required to build a great firm.

At IKEA, all leaders--from the CEO to the front lines--receive upward feedback about whether they're living up to the company's values and management principles.

**Providing personal and professional growth opportunities.** People get excited by opportunities to advance their skills, not by cost reductions or capital efficiency.

Every year at Standard Chartered Bank, each operating unit conducts a strategic people review, checking the health and diversity of its talent pipeline and updating succession plans for key positions. And the CEO personally monitors the company's senior executives, regularly contacting them to see how they're settling into a new position or whether they feel they need new challenges.

- [Purchase the full-length Harvard Business Review article here.](#)
- [Visit Harvard Business Online.](#)
- [See more on Leadership and Managing People at Harvard Business Online.](#)

Copyright 2008 Harvard Business School Publishing Corporation. All rights reserved.

## Further Reading

---

### Articles

[Cracking the Code of Change](#)

*Harvard Business Review*

April 2001

by Michael Beer and Nitin Nohria

The authors introduce the notion that it's crucial to balance two seemingly incompatible approaches to leading change. "Theory E" change emphasizes economic value, as measured only by shareholder value. "Theory O" change stresses developing organizational culture and human capability. Leaders can balance these two approaches along several dimensions, including goals, focus, and reward systems. For example, the CEO of U.K. grocery chain ASDA boosted economic value through painful structural changes, such as removing top layers of hierarchy and freezing wages. He also fostered transparency and egalitarianism throughout the organization, making ASDA "a great place for everyone to work." A culture of trust and openness developed, and shareholder value increased eightfold.

### **Transforming Giants**

*Harvard Business Review*

January 2008

by Rosabeth Moss Kanter

Kanter focuses on the principle of developing shared purpose--especially building a better world--as a key to balancing profits and people. When companies commit to shared values stressing social good, their employees respond quickly and creatively to opportunities and challenges. For example, IBM supports national cultural projects throughout the world. The company's commitment to this value led to an international collaboration to digitize an Egyptian museum's contents and ancient structures, including the pyramids. IBM leaders, engineers, and researchers exchanged ideas with leaders of a similar project in Russia. The completed project won wide acclaim and led to a commercial contract to digitize the contents of the Library of Alexandria.

### **Primal Leadership: The Hidden Driver of Great Performance**

*Harvard Business Review*

December 2001

by Daniel Goleman, Richard Boyatzis, and Annie McKee

This article focuses on the principle of engaging with employees to foster commitment to strategies and change efforts. To engage directly with people in your organization, you need to understand how your own emotions affect others. Ruthless bosses create toxic organizations filled with negative underachievers. Inspirational leaders cultivate positive employees who embrace and surmount even the toughest challenges. One executive charged with growing his company realized he had to become more encouraging and optimistic. To strengthen his ability to understand others, he coached soccer, volunteered at a crisis center, and got to know subordinates by meeting with them outside of work. These new situations stimulated him to break old habits (including being intimidating) and to try new responses.

## About the Authors

---

**Russell A. Eisenstat** is a former faculty member at Harvard Business School in Boston.

**Michael Beer** is a professor of business administration emeritus at Harvard Business School and chairman of the TruePoint Center for High Commitment and High Performance.

**Nathaniel Foote** is a former partner with McKinsey & Company.

**Tobias Fredberg** and

**Flemming Norrgren** are on the faculty of the Chalmers University of Technology in Gothenburg, Sweden. Eisenstat, Foote, Fredberg, and Norrgren are all fellows of the TruePoint Center as well as consultants at TruePoint Partners, whose mission is to help leaders build high-commitment, high-performance institutions.

Copyright © 2007 CNET Networks, Inc. All Rights Reserved.