# Bankable Leadership

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# Bankable Leadership

## Happy People, Bottom-Line Results, and the Power to Deliver Both

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# INTRODUCTION

"How could they think this about me?" muttered Todd Habliston, shaking his head dejectedly.

"It's not great news," I conceded, "but the problems are fixable."

In a corner office at company headquarters, Todd and I were poring over the results of my interviews with his team. He was a leader at a public oil and gas company, and we'd scheduled four hours together. We were going to need every second.

The head of human resources and Todd's boss had asked me to serve as his coach. The company was in the middle of a large-scale, top-to-bottom turnaround. To succeed, leaders at all levels would need to rise to the challenge, and Todd was poised to play a big role in the organization's future. Currently managing a $240 million budget in one of the most critical areas of the company, he had the perfect pedigree of technical skills and experience. In his thirty years in oil and gas, he'd done everything from field development to reservoir management. He had a track record of tremendous results; in a prior role, his operating assets reached production levels of more than twenty thousand barrels of oil per day. But Todd's ascension was in danger of being interrupted. Beneath the veneer of successful leadership lurked some serious issues. Most notably, two talented engineers had recently resigned from his team. Of course, it's not news that poor leadership is the number one reason people quit their jobs, but these two engineers had made it explicit: In their exit interviews, they indicated that Todd's leadership style was a significant factor in their decision to leave.

When I interviewed those who worked with Todd, most agreed that he was a hardworking professional who cared deeply about the company. But nearly everyone believed that he wasn't getting the most from his team, and many questioned his motives. One disquieting story I heard more than once occurred when Todd's boss, Glen, went on vacation and asked Todd to run the staff meeting. Todd entered the conference room and quipped, "Since I'm in charge, I'll take Glen's chair." What Todd had intended to be a joke was interpreted quite differently by his peers—they took it as overwhelming evidence of his nefarious intentions to climb over them in his quest for professional domination.

Put simply, Todd wasn't bankable. He was struggling to reliably produce the results expected of him. Why? The way he was coming across made it difficult for others to trust him. The general impression was that he didn't communicate and made unilateral decisions. His staff felt micromanaged, noting that Todd was often in the office until late in the evening looking over (or re-doing) the work they had done, and that he hardly ever took vacations. Instead of feeling supported, they felt like he didn't believe in their capabilities. Perhaps most tragically, they rarely received feedback on, or recognition for, their hard work.

This was the news I had to break to Todd when we met. In the ten-plus years I have worked with leaders, from the front line to the C-suite, I have had to break similar news many times. Usually the recipient is a highly technically competent professional who then realizes that the people skills needed to be a good leader are completely different from the skills he or she has relied on so far.

What's worse, most newly promoted leaders don't receive leadership training. They are left to their own devices from the beginning, and the myth that being a good leader is an inborn quality is perpetuated. "I don't understand it," one leader once confided in me. "Being a leader seems so easy for everyone else. Am I the only one who's missing something?"

Let's see if any of the following questions feel familiar to you:

- Whenever I walk into the room and all conversation halts, are they talking about me behind my back? Have I become Michael Scott from *The Office*?
- Why can't my employees just do what I tell them? Why do I have to have so many conversations with them just to get the work done?
- Why do I feel so uncomfortable when I have to make difficult decisions or hold people accountable? Why is it so hard for me to be the bad guy when I need to?
- Are my employees getting complacent? Are they perfectly happy with the status quo? And if I recognize them for their work, what will I do if they start to act entitled?
- Why is my team leaving the office at 4:00, leaving me to do the work on my own? Why are they so lazy when they could be more productive and keep me from being burnt out beyond belief?

These questions represent a fundamental tension—felt by every leader—between putting people first and delivering results:

PEOPLE ⇔ RESULTS

On one hand, you must build relationships by connecting with your team, earning trust and motivating them to perform. On the other, you must drive top- and bottom-line results through your team's performance and productivity (Todd was certainly leaning heavily toward the results end of the spectrum). These two outcomes often feel like they are mutually exclusive. *I can drive my people to perform*, you think, *OR I can be their friend*.

But the belief that leaders can't learn to do both is the biggest leadership myth in business.

As it turned out, Todd would serve as living proof of this truth. Much to his credit, Todd accepted the feedback I shared that day with grace, humility, and curiosity. Clearly, it was time to do things differently. Todd wanted to create an environment known for long-term employment—a place where employees could be happy and fulfilled and perform at their best—all while delivering the results and continuous improvement the company needed.

So we rolled up our sleeves and crafted a plan. First, Todd came clean to his direct reports. He took each person to the restaurant of their choice. In these one-on-one meetings, he courageously shared his interview results and thanked the employee for their feedback. Then he explained his true intentions: to do the best thing for them and the company. He asked for their support in holding him to these goals, just as he would do with them. If he was misbehaving, he noted, they had permission to call him out. Todd ended each meeting by committing to continue these one-on-one meetings every month so his direct reports could receive regular coaching and feedback. Over a period of weeks, Todd and his team created a series of agreements for how they'd work together to make everyone successful.

The second part of Todd's plan was to find frequent opportunities to recognize and thank his team members for their hard work. As luck would have it, while Todd was implementing his coaching plan, the company was going through its annual budgeting process. Todd's team played a key role and threw itself into this challenging assignment. After the budgets were submitted, Todd sent a handwritten card to each person, thanking them for their contribution. He reported that this simple action was satisfying and heartwarming. And much to his surprise, he even received a thank-you card for his thank-you card! It came from a fresh-out-of-school engineer with her whole career ahead of her. Todd was truly touched by her message:

> Thank you so much for the gift card. I greatly appreciate the thought and words of encouragement; it means a lot to me. I will continue to try hard and do the best I can in hopes to further grow as a reservoir engineer. Thank you for all of your help, time, and efforts!

The third part of Todd's plan was to change his communication patterns. Before our coaching process, Todd would make a daily beeline from his morning leadership meetings to his office and fire off e-mails with work assignments to his team. This almost always led to groans from his employees. *What does* *he want now*? they'd think. Or, *What on earth is he asking us to do?* Now, he manages by walking around. Todd literally makes laps around the office, sitting down with his direct reports to check in individually. His team is no longer left wondering why his requests are important, or why they're being asked to do certain things. One week, Todd made three full laps and didn't return to his office until lunchtime!

In just three short months, Todd had made a 180-degree turn as a leader. He managed to transform a team that was merely functioning into one that excelled. He set high—and crystal clear—expectations, and the team was working more productively and collaboratively than ever. His team now trusted him and felt committed to the company. His boss was thrilled. And Todd was finally able to take a vacation.

Like Todd, effective leaders manage the universal tension between focusing on people and delivering results. The ability to do both is the essence of Bankable Leadership, a series of learnable behaviors that will allow you to develop a successful team, increase your own confidence and well-being, and deliver results that you—and your company—can take straight to the bank.

I have maintained for a long time that the field of leadership is unnecessarily complex. If you search for a leadership book on Amazon, you'll be overwhelmed with more than 100,000 options. Most of those books cover only one aspect of leadership, making the goal of learning how to lead feel complex and impossible. But I believe that effective leadership is quite simple. It's not always easy—in fact, it's really hard for many of us—but we've known for decades nearly everything we need to know about what it takes to be a good leader. We don't need new theories. We just need a straightforward model that builds on what already exists.

## BANKABLE LEADERSHIP: MANAGING FOUR BASIC TENSIONS

You probably already know how to build a budget, negotiate a deal, read a financial statement, and build a capital expenditure case. But does that make you a good leader? You may be a top performer in sales, but do you know how to create a high-performing sales team? To get the most out of them? To feel fulfilled in your job beyond just meeting your quota? If you're like many leaders, these questions make you feel anxious, or maybe even slightly panicked. Why? Because most organizations spend a lot of time and money on technical training but invest precious little in teaching people to lead. The senior leaders in your organization may feel just as overwhelmed by the topic of leadership as you do, hoping that if they simply hire good leaders, everyone will magically follow their example.

For such an important factor in the success of an organization, this is a pretty passive approach. You've probably heard that employee engagement is strongly linked to financial success. One famous study conducted at Sears found that for every five-point increase in employee engagement, customer satisfaction increased 1.3 percent, which then increased revenue by 0.5 percent. In a company with $50 million in revenue, that means a $250,000 increase, which translates directly to the bottom line!

And what creates employee engagement? Leadership! In one study, researchers divided leaders at a Fortune 500 commercial bank into three groups: excellent leaders (the top 10 percent), average leaders (the middle 80 percent), and poor leaders (the bottom 10 percent). When they looked at the operating profit of each office, they found that leadership effectiveness had a clear effect on the bottom line: The poor leaders' departments had a net loss of $1.2 million, while the departments of the excellent leaders had a total net income of $4.5 million.[1]

When we put it that way, who *wouldn't* want to be a great leader? Good leaders create prosperity for all involved: themselves, their team, and their organization. Prosperity is certainly about financial viability, but not entirely. We've all had jobs where the money is great, but we're miserable. My definition of prosperity is more like this: *thriving through a combination of achievement, happiness, health, and wealth*. How do leaders achieve it? And how do they become bankable? By displaying behaviors that balance four basic tensions between taking care of people and driving results:

- **Be Human *and* Drive Performance**. Bankable Leaders balance caring for and understanding team members as people with the need to drive their individual performance.
- **Be Helpful *and* Drive Responsibility**. They balance helping team

members succeed with ensuring that they feel responsibility for the results they produce, rather than abdicating or making excuses.

- **Be Thankful *and* Drive Improvement**. They balance showing appreciation for what team members contribute with driving a continuous improvement mindset that things can always be better.
- **Be Happy *and* Drive Productivity**. They balance enjoying (and not being overwhelmed by) work with ensuring that each team member is maximally contributing.

This balance between *people* and *results* lies at the heart of the Bankable Leadership model, which not only integrates current research on the best ways to lead but is based on a premise that was put forth almost seventy years ago. It's like the time you found your TV remote tucked under a couch cushion after hours of searching elsewhere in your house: The secrets to leadership have been here all along. We just didn't look in the most obvious place—the earliest research on the topic.

In 1945, a group of researchers at Ohio State University set out to disprove the notion that the ability to be a good leader was an inborn personality trait. With foremen at the International Harvester Company as their subjects, the researchers found that successful leadership was indeed *not* related to personality. Instead, it was related to the presence of two behaviors.

First, effective leaders *initiated structure*. They clearly defined the role that

Bankable Leadership™ Model

each employee played and drove their performance so they could accomplish their goals. Second, they *showed consideration*, displaying support, compassion, and friendliness to their team. Does this sound familiar? It should: These two components of effective leadership map directly onto the *people* and *results* elements of the Bankable Leadership model. This was the first study that brought its core concepts to light.

Perhaps the most interesting finding of the study was that the abilities to initiate structure (*Results*) and show consideration (*People*) were independent of one another. That is, a leader could be strong in one, both, or neither. And as we'll see, Bankable Leaders are able to do both.

Not long ago, I received the ultimate validation of Bankable Leadership. I was presenting the model to a group of leaders in a workshop, and toward the end, I asked what they thought of it. One gentleman raised his hand and said, "This describes the best boss I ever had." In that moment, I realized that the same was true for me. Though I've had a string of amazing managers, I immediately thought of Shelie Gustafson. Shelie was the perfect example of a Bankable Leader—she took care of people and drove results by successfully managing the four tensions:

- Despite her soft-spoken demeanor, she set aggressive performance targets (*Drive Performance*). At the same time, I could always talk to her about my challenges and receive support (*Be Human*).
- She helped me perform by giving me coaching and clear goals (*Be Helpful*), but never let me shirk responsibility for my successes or failures (*Drive Responsibility*).
- Shelie regularly showed gratitude for my efforts and accomplishments (*Be Thankful*), but always pushed me to improve (*Drive Improvement*).
- And though she expected us to get our work done efficiently (*Drive Productivity*), she frequently found time and space for her team to celebrate and have fun together—I remember that one of the loveliest moments the week I got engaged to my husband was sharing the news with Shelie and our team (*Be Happy*).

In short, Shelie Gustafson was, and is, a Bankable Leader.

Shelie showed me that even though the behaviors in the model might initially feel mutually exclusive, the best leaders are able to do both at the same time. Most leaders' natural tendency is to lean more toward people or more toward results. The comfort position we find on the spectrum is usually based on a variety of factors, including personality, organizational culture, upbringing, and early role models. For a few, that comfort position is naturally in the middle; these individuals leverage each pole to support the other.

Other leaders, however, seem to exist all the way at one pole or the other. On the left side—*People*—is the "cool parent" leader, who doesn't create boundaries, set expectations, or make tough decisions. I once worked with a leader who was one of the kindest souls I have ever met. She cared so deeply about her people that she was afraid of upsetting them and therefore wasn't clear about what she expected. She would even reverse decisions if they appeared to distress anyone. But instead of making the team happy, this behavior was frustrating, confusing, and demoralizing. Despite her best intentions, she was not effective.

On the right side—*Results*—is the "It's not personal—it's just business" leader, who drives results so aggressively that the human side of the team is neglected and people suffer physically (burnout, stress, sickness) and psychologically (fear, dread, paranoia). I have also worked with this type of leader. He pushed his people so hard that they frequently broke into tears in his office. He rarely showed appreciation for his team's hard work and frequently said things like, "You need to work harder next time." He often achieved his business plan, but his team was demoralized and burnt out. His was not a sustainable leadership method. Few could work for him for long, so he experienced constant turnover, and his team wasted energy on being afraid of him that they could have used to produce results.

Even if you recognize aspects of your leadership approach in these descriptions, you can learn to *Move to the Middle.* The Bankable Leadership model can help you build on your natural tendencies and strengths to achieve guaranteed relationships and results by doing both.

## ANYONE CAN LEARN TO BE AN EFFECTIVE LEADER

The drive to be better is an essential part of the equation of good leadership. You certainly wouldn't have picked up this book if you had no interest in being more effective. Luckily, there's good news: Researchers are becoming increasingly confident that leadership is largely learned. Richard Arvey, professor at the NUS Business School in Singapore, showed that a whopping 70 percent of the variability in leadership effectiveness is the result of experience.[2] This is very good news. It means that *virtually anyone can become an effective leader*, particularly if they are willing to learn from leadership research and the experience of others.

Throughout this book, you'll hear true stories of leaders—across industries and organizational levels—who have made powerful transformations. I'll also describe the core practices of effective leadership. What I *won't* do is provide a plethora of leadership generalities or platitudes. I believe that the science of leadership is strong, so you'll see decades of research findings put together in new ways to help you learn how the best leaders lead.

These stories and science are helpful, but you're probably also looking for specific advice to help you face your own daily leadership challenges. So for every idea we discuss, I'll present clear approaches and tools that you can use to improve in each area. Each chapter will end with a series of "Bankable Actions"—based on the content of the chapter—listing specific suggestions to improve that particular leadership behavior. And at the end of the book, you'll choose two specific behaviors to work on that will improve your leadership effectiveness in the next three months.

I also encourage you to visit BankableLeadership.com for more tools. There, you'll find more resources and a web-based, multi-rater leadership effectiveness assessment. Because it's a multi-rater assessment, you'll be able to compare your self-ratings with how others rated you. Because the perceptions of your behavior by those around you are what matter most, you can stack your self-ratings against the way others see you. And just as you have to step on the scale before you start a weight-loss program, you'll need to see how your behaviors stack up against the behaviors in the model. This way, you can direct your "improvement energy" to the behaviors with the greatest payoff.

It is my hope that this book becomes your encyclopedia of leadership. When you're facing a problem, you'll be able to turn to the appropriate section or chapter to identify the highest-value change you can make. And to make the book even easier to use, in the index you'll find a list of common leadership challenges. In a nutshell, this book will help you deliver guaranteed team performance. In the process, you'll banish fear and uncertainty about your leadership effectiveness and replace it with confidence. And when you successfully balance people and results, your team—and you—will feel happier and more productive.

Michelangelo once said about his art, "I saw the angel in the marble and I carved until I set him free." Without a doubt, there is a Bankable Leader within you—so let's start carving.

# Part I

# BE HUMAN *and* DRIVE PERFORMANCE

During my first conversation with Patty Gage, I asked her to sum up her team's situation in one sentence. She did—with the perfect metaphor.

"We have too many different zoo animals in the same pen," she explained. "They're all great people, and they're not carnivorous—so they're just hiding at the edges of the pen, trying to keep to themselves as much as possible."

Patty was a whip-smart, well-respected commercial real estate banker. She had been hired by Colorado Business Bank to bring rigor and discipline to the bank's commercial real estate group. Walking into a challenging situation on the heels of the Great Recession, Patty was tasked with transforming the organization's commercial lending department to a standardized and scalable powerhouse. Given the organization's informal and flexible culture, this was a tall order. But she had a killer network and an incomparable drive for results. *How hard could it be*? she had wondered.

To get her team where it needed to be, Patty needed to bring in senior bankers with backgrounds in large banks, private equity, and private development. *This will be great*, Patty thought. But it wasn't great. Her new bankers had a markedly different way of doing things, which proved to be rather unsettling for the "old guard." Some decided that they weren't a fit for the new group and left the company. Others began to show signs of conflict, which detracted from the team's success and eventually created more turnover.

Patty felt like she was hitting a brick wall. The team was a great bunch of people who had no idea how to work together. She knew she'd have to do something—quickly—to get the team back on track. That's when she called me.

I interviewed her team members, one by one. Over and over, they complained that they didn't understand where the team was headed: How were they going to meet aggressive goals? Would they be involved in changes to how things were done? What would the changes mean for their daily work? They had lots of questions and few answers. The team also viewed Patty's disciplined approach and packed schedule as evidence that she didn't care about them as individuals, which couldn't have been further from the truth.

When I reviewed the themes from my interviews with her team, she stared at me, stunned into paralysis. Then with a small smile, Patty joked, "Wait, what? You mean that not everyone can read my mind and just automatically do things my way?" We both chuckled.

The solution was immediately clear to both of us. This was a team of relative strangers who didn't have a strong understanding of, or appreciation for, one another as people, and as their leader, Patty needed to make the first move. Most were introverts, including Patty. I would often joke that you could hear a pin drop when you walked through their work area, and it was true. There was no sign of the usual buzz of coworker chatter.

But at the retreat we conducted, the team experienced a breakthrough. "You all lived through the downturn," Patty began, "and you all know that our reputation in this bank hasn't been particularly positive. More than anything, I want us to be the best-managed portfolio in the bank—and be proud! Each of you is a critical piece of the puzzle, and I can't do it without you." Her team nodded enthusiastically, looking truly hopeful. Patty smiled.

That was just the beginning. Later in the day, Patty surprised the team again. To help her team learn more about one another, we arranged for them to take a personality assessment. Carrying the metaphor of our original conversation, Patty purchased a small stuffed animal to represent each personality type: a poodle, a bear, a giraffe. She dutifully delivered each team member their stuffed animal and explained why she chose the animals she did. For the first time, possibly ever, the team broke into a fit of genuine laughter. By being herself, Patty provided the glue that was needed for her team to connect with each other—and with Patty!

The team capped off the day with its first-ever happy hour. Almost immediately, everyone—including Patty—seemed more comfortable being themselves. As those connections continued to grow over the following weeks, the team helped each other and bravely worked through conflict when it arose.

Through a few simple but powerful behavioral changes, Patty had managed to turn her team around. In a matter of months, everything started to improve. On the people side, the "lone ranger" approach we'd seen before had been replaced by genuine collaboration. For instance, the bankers trusted their administrative staff and were more willing to let them run with things. This made the bankers more efficient and gave the administrative staff a clearer sense of purpose. The administrative staff, previously intimidated by the bankers, now felt comfortable approaching them when a problem came up. The team shared a new sense of camaraderie and met monthly to recognize its accomplishments.

On the results side, the team excelled. In the year prior, their loan-grading metric had received a "needs improvement" rating; the two ratings following its breakthroughs were "satisfactory," and the second rating received positive comments from the auditors, which is quite unusual. Patty's team now has one of the best reputations in the bank for excellent loan underwriting documentation and management. The vision Patty shared at the retreat had materialized.

As Patty learned, Bankable Leaders connect with their teams as human beings *and* drive them to top performance. It is a rare leader who can do both naturally, without careful thought and development. I often meet leaders who say things like, "I don't want to hear people's whining—I just want them to do their jobs." Less frequently, but still often, they say, "I just want them to be happy! I don't want my team to think I'm a tyrant." The spectrum might look like this:

| BE HUMAN<br>The Pushover | ⟷ | DRIVE PERFORMANCE<br>The Tyrant |
|---|---|---|

On the left is The Pushover. This leader is overly focused on the happiness of her staff, so rather than being direct and up front, she'll tell her team what she thinks they want to hear. Mediocrity is the trademark of The Pushover. Michael Scott from *The Office* is a great example. As is clear from his "World's Best Boss" coffee mug, he's so interested in being liked that he doesn't push his team to greatness.

On the right is The Tyrant, who is focused on performance at all costs. This type of leader can often create results; however, research tells us that they aren't sustainable and will come at a cost. For example, if you forced your team members to work twelve hours a day, they might get a lot done . . . at first. But after six months, they would leave the company, get sick, or at the very least start to resent you. The movie *Office Space* is a prime example of what happens when managers focus on the bottom line above all else. In that case, the protagonists start embezzling money from the company, and the downtrodden Milton burns the building down. Most of the time, the resentment is more subtle, but you get the idea.

Think about how it would feel to work for each type of leader. Both might be fine for a while, but for different reasons. The Pushover would be fun to talk to and would probably show you she cared about you as a person. But when the time came for a tough conversation, she'd start acting strangely. Instead of giving you feedback, she may beat around the bush and leave you confused about what to do differently. In times of change, you might notice that she's telling different people different things, and chaos would ensue by virtue of the sheer confusion.

The Tyrant might help you bring your "A game" for a few months, and the feeling of accomplishment might be rewarding. But over time, you'll wonder whether he values you as a person or even appreciates your work. You'll start to feel resentful that you're not being recognized, and you may be tempted to even the score by *not* going the extra mile. When another job opens up, you'll pursue it, longing for a boss who cares about you.

As I mentioned earlier, you probably lean more toward one pole than the other, but you need to do both to do either one well. For instance, to get great results, you have to connect with your team on a human level. A Development Dimensions International study found that more than two-thirds of employees report putting in more effort when their manager supports and listens to them.[1] And to connect with your team, you have to give them something to be a part of that's worth their best efforts.

Even though the behaviors of The Pushover and The Tyrant might feel opposite, they are simply different sides of the same coin. Just like Patty, you can broaden your repertoire to become a results-focused leader who also connects with her staff and helps them connect with each other. If you've ever worked for a boss like this, you probably excelled at your work and felt extremely satisfied in your job.

Bill Daniels is the epitome of such a Bankable Leader. Often called the "Father of Cable Television," Daniels created a community antenna television system in 1952, allowing television broadcasts to reach remote Wyoming communities whose reception had previously been blocked by mountain ranges. In 1958, he established Daniels & Associates, a cable television brokerage firm and investment bank. After spending nearly fifty years in the business, Daniels was inducted into Colorado's Business Hall of Fame, with Daniels & Associates having enjoyed a tremendous amount of success—in its first ten years the company brokered more than $100 million in deals.

Daniels valued his employees as people *and* relentlessly pushed them to greatness. Describing his performance/results side, a *Rocky Mountain News* article dubbed him "utterly demanding and absolutely precise."[2] One of his mottos was literally chiseled into the lobby wall of his Denver office building: "The best is good enough for me." Here's an example of how this value drove his leadership, as described in *Relentless*, a biography of Daniels:

> Bill was . . . known to conduct surprise inspections of his company facilities, which could cause quite a scramble if he showed up unexpectedly. Associates at one of Bill's cable systems in California remembered the day Bill was on his way for a visit, and they realized the goldfish pond

> was overgrown with algae. In the last 20 minutes before Bill arrived, they removed the fish, emptied the water, took the pond apart, and placed a plant from someone's office onto the remaining concrete podium. Despite their last-ditch efforts, the employees later received a scathing letter from Bill. "You will find this company one of the easiest ones to work for, and I am tolerant of many faults, as I have many, but I will not tolerate sloppiness, untidiness, and unkempt areas." With tongue in cheek, he concluded the letter, "The good news is I write a letter like this about every five years. The bad news is you never know when I'm coming to town."[3]

Based on this story, one might conclude that Daniels was a tyrant who achieved "the best" at the expense of the people. This couldn't have been further from the truth—he was even more famous for his compassion and humanity. As Daniels told the *Rocky Mountain News*, "If people feel they're part of a company, if they feel they're part of the action, you don't think they produce more? Business is people. And the people are the company."[4]

Daniels's associates were notoriously loyal, often working with him for decades. One such associate was John Saeman, who joined Daniels & Associates in 1965. Saeman worked for Daniels for nearly twenty years. In *Relentless*, Saeman is quoted as saying, "There are few human beings that I think are any better than Bill. He's just a very warm, giving individual."[5] Daniels appreciated and understood the essential humanity in his associates, noting that:

> people want more than a paycheck for their efforts. They want to know you care about them. They want you to listen to their ideas, be open to their suggestions, and provide them with a good . . . environment. There's a common misconception in the workplace. People always feel they have to please the boss. But if a company is to be successful, it has to be the other way around.[6]

Daniels stood by his associates during tough times, no questions asked. At one point, Jerry Maglio, Daniels's chief marketing and programming executive, was in the middle of a divorce. Bill would frequently check in with Jerry, who appreciated anyone asking about his personal situation, especially his boss. One day, Bill asked Jerry how he was faring financially in the divorce. Jerry, whom Bill called "Shoes," said, "I have about forty-eight bucks. But it will be alright."

When Jerry came back from lunch that day, there was a note on his desk. It said "Shoes—I wasn't sure if you were kidding about the $48. In case you weren't, this ought to help. Just let me know what you did for my records. Go get 'em. — Bill." Enclosed was a blank check from Daniels's personal account. Jerry was so touched by this gesture that tears welled in his eyes as he clutched Bill's note. Of course, his reaction wasn't about the money—he never even cashed the check. When Jerry told me this story, he concluded it by saying, "He was always there for us. Always. And when you get right down to it, I would have run through a brick wall for that man."

Above all, Bill Daniels loved people. As one of the most generous philanthropists of his era, he donated tens of millions of dollars to worthy causes during his lifetime (often anonymously), and his estate created a $1 billion foundation with grants paid out to the "people causes" Daniels passionately supported: aging, alcoholism and substance abuse, disabilities, education, ethics, the homeless, and youth development.

Both Bill Daniels and Patty Gage learned to bridge the tension between humanity and performance. In your own team, you'll know when you start to do both, because each outcome will feed the other and the effects will be exponential. The interactions between you and your team members will start to feel easier, and you'll feel a stronger connection with them. Instead of seeing "Alex the accountant," you'll get to know Alex, the mother of two college-aged kids who wants to be a manager someday and has always wanted to travel to India. Because of these connections, your team will work harder for you. This success will feel even sweeter because of the mutual connection and respect. And this respect will make it easier to ask your team for more when an extra push is needed. Instead of rolling their eyes, they'll kick into gear.

In this section, I'll introduce four tools to help you balance humanity and performance. In chapter 1, we'll review the importance and outcomes of trust, then provide a few simple and practical ways to earn it from your team. In chapter 2, we'll discuss the importance of transparency of information and intent, and deconstruct how you can practice it. Chapter 3 will outline the importance of clear expectations and provide a step-by-step process to create them. I'll end with a discussion of compassion—why it matters and how to demonstrate it—in chapter 4.

And as we'll see, even if you can't write your employees a blank check or start a billion-dollar foundation, you can absolutely emulate the humanity and high standards that Bill Daniels bestowed on his associates.

CHAPTER 1

# TRUST AND BE TRUSTED

My heart was pounding out of my chest. Had it really come to this?

In a windowless conference room, I sat across the table from Barry and Jim, two vice presidents in a small high-tech company. I waited in the uncomfortably long silence for someone to say something—anything. "So," Jim said, "is this our marriage counseling session?"

I sighed. This was going to be a tough meeting.

Six months ago, Barry's company had acquired a smaller organization where Jim worked and retained its finance department due to a proprietary technology. I was hired to conduct a strategy session with the combined teams to bring the members together, create a common vision, and drive business results.

Things had started off promisingly. Barry and Jim knew they had to work together—this had been drilled into their heads by their boss, the senior vice president of finance. It was large-scale change, and the only way it would work was if they—and their teams—cooperated. And the only way to partner effectively would be to trust one another.

Luckily, Jim and Barry seemed up to the challenge. They had known each other socially for many years and were thrilled at the prospect of working together. In the strategy session, they sat next to each other, and every time I glanced over at them, they'd be whispering like schoolchildren. I remember standing back and thinking, *This is going to be a slam dunk*.

But immediately after the session, the SVP of finance made the abrupt decision to reorganize the division and give Jim's team some of Barry's people. Jim assumed that the SVP had consulted Barry, though he hadn't. Barry felt blindsided. On top of that, the SVP's direction was lacking, without clear goals or details on exactly how the changes would be implemented.

Soon, I started hearing stories of an epic conflict between Barry and Jim. For at least a month, I figured that these were simply rumors: It couldn't have *possibly* gotten that bad.

But unfortunately, it had. Both teams had almost completely disintegrated. There was finger-pointing, gossip, and fear. Barry questioned the motive behind every little thing Jim did, and Jim did the same with Barry. Even worse, their teams were adopting the leaders' general distaste for each other.

What's more, both teams—and leaders—started to seriously question the competence of the other team. Unsurprisingly, when I spoke to the teams' internal customers, they complained of a decline in service and a general lack of effectiveness from both functions.

At that point, e-mail was the only way Barry and Jim would communicate with each other. Because of the medium's inherently ambiguous and inhuman nature, this just made things worse. Internal clients, confused about the roles of Barry's and Jim's teams, would often e-mail their questions to both men. Before considering who should respond, they'd each reply with their own thoughts on the issue, which usually differed. It perplexed clients and chipped steadily away at their remaining modicum of trust.

After a few more weeks, Barry and Jim would no longer communicate even by e-mail. *This will not be their fate*, I said to myself, undeterred. *Not on my watch*. It was my personal—if not slightly idealistic—mission to help them figure out a way to rebuild the trust they'd lost.

Each was happy to talk to me, but less so to talk to each other. "What about the strategy session?" I pleaded. "Things were good between you two, right?" Both said, almost word for word, "Things have taken a turn since then." Though both knew that the current situation was abysmal, each held back for a different reason. For Jim, it was fear that Barry wouldn't reciprocate. For Barry, it was cynicism that things would never change. It took more than one meeting to convince each of them that it was in their best interest to try to rebuild their trust.

After Jim's marriage counseling quip in that first meeting, Barry had been the first to break the ice. "My son told me he had a great time last night with your son."

Jim's face lit up. "Yes! He told me his last name—I had no idea that was your kid!" It turned out that their sons were in the same grade at the same school. All of a sudden, instead of being bitter adversaries, they were two parents talking about their kids. I noticed the shift and slowly steered us into a conversation about work.

We spent time comparing Jim's and Barry's versions of the events, identifying where they agreed, where they disagreed, and why each acted as he did. They gave each other feedback and asked questions. What had appeared to be nefarious motives and lapses in competence turned out to be true situational pressures—once we put this idea on the table, I could see each realizing, "Oh! That makes a lot of sense."

At the end of the meeting, both agreed to my challenge: to touch base by phone every workday and meet in person weekly. They vowed to be curious, to not assume negative motives, and to make decisions that would support each other's success. After that meeting, it wasn't smooth sailing every moment—they sheepishly admitted falling off the wagon for about three weeks, and it took an additional sit-down between the three of us to right the course after one particular event.

Though Barry's and Jim's trust level didn't immediately revert to where it had been before, the change was profound. They started making decisions *after* considering the other's perspective, not before. They approached each other after anxiety-provoking situations. And the two of them made it a point to walk around their teams' work areas together, laughing and talking, a development that had puzzled employees, at least at first. The tide had turned. All of a sudden, doing the work as one team seemed easier. It was Barry, Jim, and their teams against the world—not each other.

Barry recently told me that during all of this, he'd started to notice similar friction in two of his managers. He quickly set up and brokered a meeting between them. "How are you guys communicating with each other?" he asked.

"E-mail," they admitted.

"Well, let me say this based on personal experience," Barry replied, "it's nearly impossible to have critical conversations over e-mail." He proceeded to take them through the same process I had taken him through. It was confirmation that the learning had happened and the ripple effect had begun.

Think of someone in your life whom you trust completely. Take a moment to consider the reasons you trust them. What behaviors do you see that make you sure they're acting in your best interest? What do they *do* that makes you trust them? It's likely that they do things like keep confidences, tell the truth even when it's hard to hear, do what they say they'll do, and act in accordance with their principles.

Here's how I define trust: I can show you my true self and know that you won't take advantage of me. And although most of us know trust when we see it, it isn't commonplace in most organizations. Sometimes it's easiest to identify situations where trust isn't present because FEAR—the opposite of trust—prevails:

- **F**inger-pointing: Employees act territorial. The leader ends up playing referee for team squabbles.
- **E**nergy wasted: Employees burn through energy worrying or positioning themselves to look good relative to peers.
- **A**nxiety about speaking up: Employees don't share their honest opinions. People can't speak truth to power.
- **R**umors: Conspiracy theories are invented to explain the actions leaders take.

When FEAR is gone and trust is present, however, employees feel valued and are willing to go the extra mile. Team members don't waste energy worrying or being afraid, so they're happier and can devote more energy to the team's success.

Kurt Dirks, while assistant professor at Simon Fraser University, studied trust in the NCAA by looking at 355 players and coaches in thirty men's teams.[1] Dirks measured players' trust in the coach before the team's conference schedule, then measured performance as the number of games each team won. Even after he statistically eliminated factors like the coach's experience and career record and the team's talent, he found that the players' trust in their coach accounted for a 7 percent winning advantage. The two teams with highest trust levels excelled—one was ranked first in the nation before the NCAA tournament and the other played for the national championship. The team with the lowest trust in its coach only won 10 percent of its games, and the coach was fired at the end of the season! Coincidence? I think not.

## COMPETENCE AND MOTIVES

So how do the best coaches—and leaders—help their teams win? They build two types of trust: trust based on competence and trust based on motive. When you earn *competence-based trust*, others see you as competent and reliable—the first step toward being bankable. Earning competence-based trust means that your team believes in what you're doing.

When you earn *motive-based trust*, people believe you have positive intentions. With this type of trust, your team will support your vision because they believe you have their best interests at heart. They will follow you to the ends of the earth and give you the benefit of the doubt when you need it. Let's say you have to cut 10 percent of your budget. If you've earned motive-based trust, employees are more likely to accept the cuts rather than calling them out as evidence of your evil nature.

Both competence-based and motive-based trust can take years to build and one moment to destroy. Earning both types of trust isn't rocket science, but it requires a series of consistent and sometimes counterintuitive behaviors. Matt Twyman, a research fellow in the Psychology Department of University College London, and his team were the first to split trust into these two types.[2] Using a sample of university students, they created an experiment to learn whom people trusted when presented with advice about risky activities like hang gliding or working in a mine. They found that students placed trust in advisors who demonstrated accuracy in past advice and with whom they shared values—like environmental responsibility, political activism, and morality—and to a lesser degree, physical characteristics. The first element, accuracy of past advice, has to do with competence. The second, shared values, has to do with the advisor's motives. (The third is less relevant to our discussion, but it might affect your dating life!)

Think of competence-based and motive-based trust as two vital organs in your body—your heart and your lungs, for example. Each is necessary, but neither will keep you alive on its own. Likewise, you need to earn both from your team. Let's learn how to do that.

## BUILDING COMPETENCE-BASED TRUST

The most basic qualification for earning trust is competence. Your team members will trust you if they believe you know what you're doing. Leaders today might even supervise departments or functions in which they've never worked. For example, a chief financial officer might have a background in finance but oversee accounting, finance, real estate, and human resources. Whatever your role, your team must believe that you have the necessary skills for your position. This doesn't mean a CFO needs to complete a rotation in HR. It *does* mean that she needs to demonstrate an understanding of each function (and admit what she doesn't know—but we'll get to that in a moment).

Competence-based trust from (and among) your team encourages its members to operate at a higher level. In one study, Satyanarayana Parayitam of University of Massachusetts–Dartmouth and Robert Dooley of Oklahoma State University surveyed the top management teams of 109 US hospitals, including hospital administrators and physician executives (two groups that are not notorious for working well together). They found that when competence-based trust existed, teams *actually made better strategic decisions*.[3]

Let's review a real-world example. In 1997, Andrew Lobo was in his first month as human capital planning director at Coca-Cola when he was tasked with introducing human capital management to the company's business leaders around the world. As he opened his first few workshops, the attendees' expressions seemed to suggest they were expecting a "normal" HR presentation.

So Andrew took a rather unexpected approach at the time.[4] Instead of launching into HR, he spent forty-five minutes deconstructing the company's market capitalization. He reviewed the valuation of the company's tangible (plants, equipment, inventory, offices, etc.) and intangible assets (trademarks and goodwill) and then added them up, noting the difference between the company's market capitalization and its total assets. There was a $70 billion gap. "The remaining seventy billion dollars," he noted, "is the total of our customer contacts, our processes, and the knowledge, skills, and performance of our people. Let's say that twenty to thirty billion is the people piece. That's pretty important to our market capitalization, right? And probably worth spending some time to plan around?"

The business leaders agreed.

"Okay," Andrew said, "now let's talk about human capital planning."

Andrew had cracked the competence code. He quickly showed that he understood their goals and the things that were important to them. And that he could actually help them.

Let's look at two ways you can follow Andrew's lead and build competence-based trust among your team.

## Assess and Develop Your Knowledge, Skills, and Abilities

As Andrew did, Bankable Leaders must identify the areas in which they need to be conversant. Typically, that means understanding how to speak the language of the disciplines that report to you or work with you. The goal is to demonstrate that you know what you're talking about, and therefore what *they're* talking about. I've worked with one successful senior executive for the last five years who's done this particularly well. She leads a highly technical function and is so conversant in her business that I was shocked to learn her educational background: political science!

How do you best develop your competence, both actual and perceived? First, make it a point to attend conferences and keep up to date on the latest in your profession. If you don't have a mentor, get one. You might also consider creating a dashboard of key personal indicators. This need not be a complicated exercise, and the indicators need not be numeric. Just pick four or five key measures you want to keep track of and review them monthly.

## Always, Always, Always Follow Through

Competence-based trust is also an accumulation of satisfied promises. If you are not seen as someone who makes good on your word, you won't be seen as competent. Most leaders who don't follow through have good intentions; sometimes we don't even realize we've made a commitment. Once, as I was packing for a business trip, I complained to my husband that we had quite a lot of leaves in the yard. He nodded and said something like, "Oh, yes. I do need to rake them." I returned from my trip after a week and, much to my surprise, was greeted by the same pile of leaves. When I asked him about it, he looked at me quizzically and said, "I never said I'd do that! I just said I *needed* to!"

No one is right or wrong here. I had interpreted my husband's comment as a commitment and was disappointed when he didn't deliver. (Don't worry—our marriage survived the rest of this conversation quite nicely, thank you.) But just one missed commitment can be all it takes to erode trust.

Another reason leaders don't follow through is overcommitment. Take Greg Herr, a hospital radiology director who was appointed as the administrator of a newly acquired radiology practice in New Hampshire.

Shortly after the acquisition, Greg visited the practice, took a tour, and spoke to his new team. One of the sonographers showed him a broken doorstop in her ultrasound room. This was not a minor problem for her; she had to prop the door or hold it open with her backside every time she went through. Greg figured that a defective doorstop would be easy to address and said confidently, "Well, let's get that fixed!"

But other priorities took precedence. A month went by and nothing happened.

That next month, the hospital's executive team hired me to ensure that the acquisition went smoothly. Not surprisingly, I got an earful from employees about the doorstop in my interviews with them. When I delivered my report, I pulled Greg aside and said, "If you do *nothing else* in the next twenty-four hours, replace that doorstop." What Greg had viewed as a minor oversight had become a huge trust issue with his team. He'd made a promise that he hadn't kept.

Greg immediately went to the hospital and asked the maintenance staff for a doorstop. He drove to the radiology practice, took off the old doorstop, and screwed the new one in. It took him twenty minutes, and his team was positively elated. Greg continues to make bankable improvements—many of them astonishing—which we'll revisit later in the book, and his team still (lovingly) teases him about the doorstop.

I've found two approaches that work best when it comes to keeping your commitments. First, keep close track of the promises you make. In whatever manner best fits you (Outlook tasks, Post-its, good old-fashioned paper), keep a record of every commitment you make to others, as well as the time frame you promised. Don't cross any item off the list until it's complete. If you can't keep a commitment, let the person know as soon as possible, apologize, and renegotiate the deadline.

Second, commit to fewer things. Think about it: How many commitments do you make just to keep others happy? So instead, don't say you'll do something unless you believe you can *and should* accomplish the task. It's usually better to politely decline than to accept a commitment, fail to follow through, and disappoint someone. Say, "I appreciate you thinking of me for this. What I don't want to do is let you down by making a commitment I can't keep." Renegotiate the time frame, brainstorm a different way to accomplish the goal, or learn to delegate (we'll get to that in chapter 12).

One final word on competence-based trust. You should be not only demonstrating it yourself but also fostering it in your team. If your team members trust each other to be reliable and competent, the whole team's performance will improve.

## BUILDING MOTIVE-BASED TRUST

Even if you trust someone's competence completely, you still might not believe that they'll act with your best interest in mind. If that's the case, that person probably hasn't earned your motive-based trust. Don't let this be you! Let's review three ways to improve your team's motive-based trust in you: self-disclosure, demonstrating fairness, and acting with integrity.

## Self-Disclosure: The Most Potent Ingredient in Motive-Based Trust

In May 2011, at age fifty-nine, Pat Summit was diagnosed with early-onset dementia. She was at the top of her career—as the University of Tennessee's women's basketball coach, she had coached her team to more wins than any other collegiate basketball coach, ever. What would you have done upon receiving this career-ending diagnosis? Many would keep this information to themselves. Why? Fear of the consequences.

That's not what Summit did. She made the brave decision to go public with this information, admitting that she had a condition that could affect her performance as a coach. Yet rather than asking her to step down, the university encouraged her to coach for as long as the condition would allow. In April of 2012, Summit stepped down, but nevertheless remained a part of the team as head coach emeritus.

Imagine what would've happened if Summit hadn't told anyone. After a while, her players—and the university—would have noticed something wasn't right. And when the truth came out, they probably would have felt lied to or cheated. Her brave self-disclosure was in large part what allowed her to continue to coach as long as she did: The university was her active partner in mitigating her condition's effects.

Have you ever felt misunderstood as a leader? Perhaps you've made a decision for one reason, but you hear people inventing another reason. Perhaps your boss asked you to restructure the department, but your employees believe you're doing it because you want to cut headcount. When they don't know the context, they will invent malicious intentions for you if they don't trust your motives.

Self-disclosure is the antidote to this phenomenon. I know something about self-disclosure. My "most likely" in high school was "Most likely to tell everyone her deepest darkest secrets and then swear us all to secrecy." Seriously. When I entered the workforce, I tried to change the tendency my classmates had pointed out. I followed common wisdom: "Never let them see you sweat." "Keep a stiff upper lip." "It's best to keep your mouth shut and be thought a fool than to open your mouth and prove it." In other words, I regarded self-disclosure as a weakness.

Flash forward fifteen years. My attitude became clear to me when I recently spent a few days facilitating a leadership retreat. Halfway through the workshop, one leader approached me and said, "We know how awesome you are—all the organizations you've helped and the leaders you've transformed." I proudly beamed. "That's great. But I'm not hearing anything about your weaknesses or failures. I know you have them. We all do. You have to be authentic to get through to us."

It was like someone had punched me in the gut. I was speechless. He was right. The teacher had become the student.

The more your team understands your motives, thought processes, and personal history, the more they will give you the benefit of the doubt. Here's the leadership lesson: It is not only *okay* to show your employees who you really are, warts and all—it is *desirable*. If you do this well, your team will trust you, connect with your motives, and go out of its way to create results for you.

Here are a few specific suggestions to foster self-disclosure both with yourself and among your team:

- **Find innocuous things to disclose**. Share information about your pets, hobbies, a dream vacation spot, or a few details about your family. Start with easy topics and work up to more personal ones, while understanding what is appropriate to share (that you are going through a divorce) and what isn't (what you hate about your soon-to-be ex-spouse).
- **Attend company social functions**. Eat meals with your colleagues. Stop and chat in common areas. Make rounds at least a few times a week to check in with your team and chat informally.
- **Encourage self-disclosure among your team members**. Challenge them to have one-on-one lunches or virtual coffee with every other team member.
- **Appoint one or two team members to lead a quick team-building activity every few months**. One idea is the "Three Shining Moments" activity. Each person has five minutes to describe the three moments in their life that have made them who they are today and why. I once did this activity with an IT team. "This is a waste of time," they whined. "We've

been working together for ten years!" I asked them to humor me. When we were finished, I asked them to raise a hand if they'd learned at least one thing that helped them better understand someone else in the room. Every single hand went up. This stuff works.

- **Quarterly or semiannually, hold a team offsite**. Give your team breathing room and space to spend time together, whether it's over dinner or through an activity like bowling. Don't worry—you can do work too. Just make sure not to over-schedule yourselves.

A final element of self-disclosure that leaders must master is the *art of freely admitting when you don't know stuff*. Why would admitting what you don't know build trust? This might be easier to understand when we consider the opposite. When was the last time you saw someone pretending to know something they didn't? It probably bugged you. We humans are pretty good at picking up on this. When you set off other people's BS detectors, they will assume you're hiding something. Worse still, they could feel that you're insulting their intelligence.

Though it may seem counterintuitive, self-disclosure promotes competence. If you're honest about what you don't know, your team will trust your motives: They'll see that it's more important for you to get it right than to look good.

As part of my practice, I help leaders who are new to their position get their feet on the ground, integrate with their team, and build trust (I call this "New Leader Assimilation"). I was once working with a high-potential but inexperienced leader who'd just been promoted to lead her region. We decided it would be smart to hold a meeting to set goals for her team and give everyone a chance to get to know each other.

As we were planning the meeting, she said, "I'm so nervous. What if someone asks me something I don't know?"

How many times have you felt this way? It's often called "imposter syndrome." Especially when you're new to your role, it's normal to think, *It's just a matter of time before they figure out I'm a fraud and demote me*. I listened to her concerns and said something she found rather shocking: "Tell them you don't know."

## TRUST IN **VIRTUAL TEAMS**

Perhaps the greatest challenge for virtual leaders is building trust within their team. It might be hard for you to trust your team members because you can't supervise their work in the same way you could if you were co-located with them. They might also have trouble trusting you, and each other. Misunderstandings can take on a life of their own. Add this all up, and you're in the danger zone!

1. **SEE EACH OTHER AS OFTEN AS POSSIBLE:** Research tells us that meeting face-to-face even one time significantly increases trust among the members of virtual teams. So by all means, get together in person if you can. If that's not possible, try videoconferencing—the more team members see each other (virtually or live), the easier it will be to build trust.

2. **MINIMIZE UNCERTAINTY:** Virtual teams are breeding grounds for uncertainty, which is like Teflon for trust. Make sure you have a set of clear goals that everyone understands, guiding principles for how you'll work together, and agreements for how you'll communicate with each other.

3. **COMMUNICATE OFTEN AND PREDICTABLY:** Communication is a touchstone of trust in virtual teams. Rapidly provide information to team members and avoid silence at all costs. Don't let them wonder, *Is my boss not responding because she's mad at me, or is she just busy?*

4. **BUILD A VIRTUAL WATERCOOLER:** Part of the way co-located teams collaborate is through informal interactions (in the lunchroom, the hall, etc.). With a little creativity, virtual teams can create similar forums. Make time for small talk at the beginning of meetings. Or try "virtual coffee," where team members spend fifteen minutes on the phone just chatting and catching up.

Sure enough, during the meeting there were a few questions she couldn't answer. Instead of making stuff up, she would say, "Wow. You guys probably know more about this than I do. What does the group think?" When I spoke to team members individually after the meeting, more than a few pointed out how powerful her actions had been in earning their trust.

## Use the Terri Wanger Rule to Promote Self-Disclosure

Let's review one final trick to help you with self-disclosure. I call it the "Terri Wanger Rule" after the person who had made this phrase her personal calling card: my mother. Terri Wanger, a successful entrepreneur born in Bay City, Michigan, was raised by two humble parents who taught her the value of individual responsibility. Her mother, my grandmother, Amelia, served in the Women's Army Corps as a dental hygienist during World War II, and her father, Wendelin, my grandfather, served in the medical services. From a very young age, they taught their three kids that *when you mess up, 'fess up, stand up, and clean it up.*

Terri Wanger raised me with this adage too. Much as I mocked it in my broody teenage years, I have grown to understand that it's one of the most effective self-disclosure tools a leader can wield. Why? Mistakes are a powerful opportunity for a leader to show his team who he really is. The simple act of admitting that you messed up helps employees understand that the current situation wasn't your intention. Everyone knows you messed up anyway. You'll just appear out of touch with reality if you don't admit it.

Teams perform best when self-disclosure goes both ways—that is, not only are you willing and able to admit your mistakes, but your team also feels comfortable doing so. In my experience, the most powerful action a leader can take to make this possible is to admit his or her mistakes. The Terri Wanger Rule will be contagious—in a good way!

Use this table to help you translate the Terri Wanger Rule into real-world statements you can put to use:

| PHASE | PHRASE |
|---|---|
| 'Fess Up | "I was wrong."<br>"I made a mistake."<br>"I'm sorry. This wasn't my intention." |
| Stand Up | "I take responsibility for this mistake."<br>"This one was all me." |
| Clean It Up | "I will take care of the situation."<br>"I am going to make it right." |

## Fairness Is Next to Godliness

Fairness is the second component of motive-based trust. Patrick Müller of Utrecht University found that there is a causal relationship between them: In a laboratory experiment, students performed an economics game where they entrusted money to each other. Results showed that they entrusted more money to others when they saw the game as fair.[5] This plays out in the "real world" too: I recently had a conversation with an employee who told me that "fairness is literally the most important thing I look for in a manager."

So what happens when employees think the way you lead is unfair? According to author David Rock, unfairness threatens us and activates the anterior insular cortex, the part of our brain that's involved in emotions like disgust.[6] Because this part of our brain also blocks empathy, employees will actually feel satisfied if something bad happens to you (the Germans call this "*Schadenfreude*").

They'll also go out of their way to even the score. Maureen Ambrose, professor of Business Ethics at the University of Central Florida, and her colleagues conducted a study to learn why employees intentionally harm, disrupt, or embarrass their supervisor or organization.[7] They classified first-person accounts of 122 incidents of workplace sabotage and discovered that 80 percent happened because of employees' feelings of unfairness. The more injustice employees perceived, the more severe the sabotage.

To be seen as fair, you must practice three types of fairness, as outlined by organizational justice researchers Jerald Greenberg and Jason Colquitt.[8] I call this the "Fairness Trifecta":

1. **Outcome fairness:** Do employees perceive that rewards (promotions, bonuses, perks) are given proportionately to what recipients put in? Do you apply these rules consistently? In Bankable Leadership terms, this is a *results* aspect of fairness.
2. **Process fairness:** Was the procedure you used to arrive at your decision appropriate? Did employees have a say? Is there a way to appeal decisions? This is both a *results* and *people* element of fairness.
3. **Interpersonal fairness:** Did you treat employees with dignity and respect before, during, and after the decision? This is a *people* aspect of fairness.

In the introduction, we discussed the challenge leaders feel in balancing humanity with performance. As a Bankable Leader, sometimes you have to make decisions that make people unhappy. But if your team trusts you to be fair, they'll be more likely to accept the decision and give you the benefit of the doubt.

Let's review an example. Scott Page, Colorado market president at Colorado Business Bank, once had to close an unprofitable part of his business. It was unquestionably the right decision, but he knew it would be difficult to break the news to the leader of that division. Despite the grim situation—or perhaps because of it—Scott and his colleagues knew they needed to do it fairly.

First, they prepared a generous severance package as a reward for this leader's effort in helping the business succeed—this ensured *outcome fairness*. Second, to show *process fairness*, they were open and honest about how the decision was made. Finally, they put a premium on *interpersonal fairness*. Scott notes that he could have asked someone else to speak with the leader, but he wanted to honor him by talking to him personally. Scott said simply, "Listen, this is hard. We are closing the department and we have to let you go." He didn't hem and haw and say things like, "This is harder for me than it is for you." Scott respected his dignity by being direct but kind.

The leader took it like a gentleman. He appreciated the severance (*outcome fairness*), their honesty (*process fairness*), and the fact that Scott did everything possible to help him transition (*interpersonal fairness*). He and Scott are still in touch. Fairness builds trust, and when you trust someone, relationships can weather surprisingly strong storms.

Here are some tips to increase your fairness quotient:

- **Outcome fairness**: Look at what your employees are putting in—their level of responsibility, their effort, their work quality, and the stress they've endured. Are you rewarding them in proportion to that? List your top performers and bottom performers. Are you differentiating rewards? Don't give your top performers a 20 percent bonus and your poor performers an 18 percent bonus. That's an insult to your top performers and will not be viewed as fair. (We'll come back to the topic of entitlement-free appreciation in chapter 8.)
- **Process fairness**: Are you applying procedures consistently? Making the process crystal clear? Giving your employees a chance to ask questions and keeping them informed during the process?
- **Interpersonal fairness**: Are you treating your employees with kindness, respect, and consideration? Are you asking for their feedback and input?

## Consistent Word and Deed: The Actions of Integrity

Let's now turn to our final component of motive-based trust—integrity—and learn why it matters. Bob Chapman, while director of recruiting and organizational development at Vail Resorts, once had an employee who was getting under his skin, though Bob struggled to put his finger on precisely why.

At the end of one quarter, Bob made a decision about merit raises in one of the units he oversaw; this employee—though not directly affected by this decision—came to Bob's office to question his call. He implied that Bob was simply toeing the company line. *I don't need to explain anything to him*, Bob thought. *It's the* *best thing for the company!* When Bob didn't have a reason, the employee declared, "Then that's not the right decision, because it isn't based on any principle."

A few months later, Bob called this employee into his office to give some feedback: Apparently he had a reputation for not doing things quickly enough. Upon hearing this news, the employee looked at Bob and said, "I don't care about my reputation. I care about my principles." Bob rolled his eyes and rushed to his next meeting.

It took a while for the lesson to sink in, but it did happen eventually. Up to that point, Bob had defined success as filling jobs quickly, managing the organization's talent, and developing its leaders. But he began to see that his decisions weren't centered around any personal principles. Bob realized that being a leader is really about making decisions based on your own beliefs about what's right, not the company line—and the only thing that creates a meaningful connection between your decisions are principles. Now the senior director of talent management at Xcel Energy, Bob views this as a pivotal moment in his development as a leader. It rocked his world and gave him new energy.

I define integrity as *having firm and well-articulated principles and acting in a manner that is consistent with them*. Integrity is a key ingredient of trust: If your team can't predict how you'll behave with relative accuracy, they will feel uneasy. Have you ever trusted someone who didn't have integrity? Never! Convince me that you have, and I'll promptly send you $50.

So how can you build your integrity? The first step is to write your leadership story. You can't help your team understand your principles until you understand them yourself. And you can't understand your principles until you recognize how they developed.

Morre Dean, CEO of Parker Adventist Hospital, believes that if you can articulate your story, people will be less likely to question your motives. Morre's own story is a powerful one. The son of a bricklayer and a mother who died of cancer when he was five, he spent his childhood summers working on a farm. No one had any expectation that he'd become the CEO of a hospital, but after he lost his mother, he'd wanted to go into healthcare. At sixteen, he got his first hospital job and soon met the hospital's CEO, Ron Sackett. "I have the best job in the world," Sackett told him. "Every day, I get to help the people who make a difference in other people's lives." From that moment on, it was Morre's goal to become a hospital CEO—he just didn't think he'd end up achieving it by age thirty.

Morre was even more surprised when he didn't feel the sense of satisfaction he'd always envisioned. It didn't take him long to realize that he wasn't the type of person who found a sense of fulfillment because his business card read "CEO." More important to him were his marriage, his kids, his team, and the impact he had on people's lives. So when Morre's family decided to move to Colorado, it made perfect sense to Morre that he would leave a prominent CEO position at a 500-bed hospital in Glendale, California, to lead a smaller hospital in the Denver area.

It didn't, however, make sense to the people who were interviewing him. Morre immediately shared his story. "What drives me," he told them, "is wanting my family to be happy. And I want to make a difference in an organization, whether it's nine hundred employees or twenty-four hundred employees. I don't find self-worth in how high the numbers are."

He got the job.

This story illustrates the power of telling your leadership story. I also recommend reading Bill George's *True North*, an exceptional resource for understanding your own values and principles.[9] Here are some questions to get you thinking:

1. What were the most important or consequential things that happened in your childhood? How did those events shape your view of the world?
2. As a child, what did you want to be when you grew up? How has that changed or evolved as you've matured, and why?
3. What was your first working experience? What did it teach you about work and leadership?
4. Who was the best leader you've ever worked for? The worst? What did each teach you about what successful leaders value?
5. Think back on your best and worst moments as a leader. What did they teach you, and how have they changed how you view your leadership?

Once you've answered these questions, you should have a good start on crystallizing your leadership principles. You're now ready for the second step, building your leadership credo. Ultimately, you should aim for a list of three to five principles that drive you and are essential to who you are as a leader. For example, mine are *responsibility*, *compassion*, *service*, *involvement*, and *drive*. I believe that I, and others, must take responsibility for our behavior and work products, treat others with kindness and compassion, approach what we do with a service mindset, engage in open and participative leadership where those who are affected by decisions help make them, and exhibit a deep commitment to achievement and success. I'd tell you the personal stories that led me here, but we'd be here all day. And yours are more important, anyway!

Once you have your leadership credo, share it with your team. This can be particularly helpful if you're in a new role, but it will provide value for any team. Explain why you're sharing it and why it's important. Ask your employees to keep you honest by examining your behavior and ensuring that your actions and credo are consistent. For example, if participation is one of your principles and your team sees you making a closed-door decision without their input, you are in the danger zone. In your daily decisions, particularly when you're struggling to make one, match up the options with your principles. The answer might become clear faster than you think.

A final step you can take to develop your integrity is to respect the confidences of your team. Secrets always have a way of spreading. I have a mentor who told me: "Everyone in this company has two people they can trust. And those two people have two people. You get the idea."

Here's an example of the power of keeping confidences. To determine the best approach to boosting the performance of my clients' teams, I often conduct interviews with team members. My standard preface is to tell them that as a psychologist, I follow the American Psychological Association's code of ethics.[10] An important part of that code is confidentiality, I say, and their responses will be completely anonymous. I was once working with a leadership team in the financial services industry, and a few months after we finished our work, I ran into one of the team members at a party. As we were chatting, she told me that this statement earned her trust immediately.

Even if you're not a psychologist, you can use this principle. If you respect the humanity of your people, they will inevitably share sensitive or confidential information with you. Unless the information violates ethical or legal requirements or presents concerns for the safety of others, it is imperative that you keep it to yourself. It's also important to make sure you hold sensitive conversations in a private area; I worked in a hospital for a few years, and the types of conversations I would see people having at nurses' stations within earshot of everyone amazed me.

If you're not sure whether something is confidential, ask, "Am I correct in assuming that this is information you'd like to keep just between us?" If the answer is yes, then zip your lip. Don't discuss it with anyone, and that includes close confidants—even your spouse or partner. Just imagine how you would feel if your manager told a personal secret of yours to two people whom she trusted, and they told two people, and so on. Talk about a trust-defeating behavior.

Finally, as a parting piece of advice, consider the words of Anton Chekhov: "You must trust and believe in people or life becomes impossible." When you trust your employees, you're appreciating their deepest sense of humanity and their ability to perform their role. They'll usually grant you the same in return. And when they trust you and you trust them, everybody wins.

## **BANKABLE** ACTIONS

### Earn Competence-Based Trust

- ✔ Understand the skills and knowledge needed for your role through honest reflection and feedback.
- ✔ Continuously develop your competence by prioritizing continued learning and tracking your success.
- ✔ Create a system to ensure that you're keeping track of your commitments, and only make those you can keep.

### Earn Motive-Based Trust

- ✔ Help your employees understand who you are—both at work and outside work—and encourage them to do the same with each other.
- ✔ Spend informal time as a team and experiment with team-development activities.
- ✔ When you don't know something, admit it! It is better to admit where your knowledge ends and ask for help than to pretend you know and annoy your team.
- ✔ Be like Terri Wanger: When you mess up, 'fess up, stand up, and clean it up.
- ✔ Ensure that your employees are getting back what they are putting in and that you're applying consistent rules for decisions and rewards. Create transparent and participative decision processes. Treat your employees with dignity and respect before, during, and after important decisions.
- ✔ Understand your story as a leader. What events in your life shaped your views on success and leadership? Share your leadership credo with your team—and ask for their thoughts on theirs!
- ✔ Ensure that your employees feel safe telling you their fears, weaknesses, and problems. Shun gossip like the plague. Really, it's tempting, but it's tacky!

# Bankable Leadership

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