



Parker

# WHO EXECUTES?

Why CEOs should  
encourage those  
in the middle  
to lead the way.

By John Baldoni > Illustration by Curtis Parker

## I CALL IT THE “MYTH OF THE HIERARCHY”—

the long-held misperception in management circles that whatever the CEO wants, the CEO gets. Today's CEO is not an absolute monarch; more often, he is an executive who must learn to lead as a first among equals rather than one without equal. Today's CEO needs to ensure that his strategies are executed with a combination of influence, persuasion, and good old-fashioned discipline. No CEO can do it alone.

One way to foster followership—to create strong followers—is to empower leaders in the middle. Skeptics may wonder: Doesn't leadership from below undermine a CEO's authority? In my experience, it does precisely the opposite. Because middle managers have a vested interest in the outcomes they control, empowerment encourages greater levels of commitment. What's more, the senior leader has time to accomplish much more than he could by doing all the leading himself.

One man who understood this better than most was U.S. Army Chief of Staff George C. Marshall, the man most responsible for mobilizing manpower and material for the country's entry into World War II. As Gen. Omar Bradley recounted in a foreword for Marshall's biographer Forrest Pogue, one day Marshall called his staff officers into his office; the officers had been working hard and were feeling good about their efforts, but Marshall reprimanded them for following *too* well. He was disappointed, he said, that none of the officers had voiced any objections to his orders. As he later told Dwight Eisenhower, according to Ed Cray in *George C. Marshall: Soldier and Statesman*, Marshall made it clear that he didn't want yes men. He wanted can-do officers who could do more than follow orders; he wanted officers who could think and act for themselves.

More recently, another senior leader, Fritz Henderson of General Motors, has been seeking those who know how to lead from the middle. Under pressure by the federal government and investors to quickly turn around the company, GM contracted with Booz & Co. to help it find managers who were good at taking risks as well as adept at maneuvering around GM's boggy bureaucracy. As noted in *BusinessWeek* recently, those selected by their department chiefs were not “top managers” or “people on the fast track.” They were folks with a

track record of getting things done by “gaming the system”—thinking and acting outside of the box for the greater good of the organization.

Leadership from the middle involves more than management or being a good administrator. It refers to doing what the organization needs done: thinking and planning strategically . . . and executing. Senior leaders do not execute—they ask others to do so. Leaders in the middle think *and* act strategically.

### MANAGEMENT VS. LEADERSHIP

Leading from the middle—“leading up,” to use Wharton professor Michael Useem's phrase—requires an ability to see the big picture and how one's management role complements it. Those who lead successfully from the middle must be able to do several things very well:

**Think big.** Management is the discipline of getting things done, and many managers are accustomed to thinking small. After all, managers are responsible for what their department accomplishes, not what the entire company does. Attention to detail is essential. Yet when managing up, it is necessary to adopt a more upward-looking approach—to occasionally dream about what could be done rather than what is done. Leadership, like politics, dwells in the realm of turning possibilities into reality.

**Influence others.** Nothing happens in an organization without persuasion. Managers who lead from the middle must be those who can persuade, going beyond the essentials—structuring a good argument and building a strong business case. Genuine influence comes from being a valued resource and a trusted individual, attributes earned both by example and by achievement. You can talk a good game, but if you cannot close the deal—that is, make things happen—you can never lead effectively.

**Deal with rejection.** There are always more people who will say no than yes. Get over it. Good examples to study are actors, who typically are rejected for more roles more they win. The operative principle is “rejected for the part,” irrespective of ability; if the casting director has Denzel Washington in mind, Paul Giamatti is not getting the role. Managers must frame

# LEADERSHIP AS CORE COMPETENCY

BY MIKI SAXON

It is said, “Cut off the head, and the body will wither.” During World War II, the Germans made every effort to kill off enemy officers, assuming that without their leadership Allied troops would crumble. But a funny thing happened: Every time a leader was put out of commission, someone else stepped up and assumed the role—whether or not he held rank. The impromptu replacements didn’t think about it, discuss it, or worry about whether they could successfully do it; in the chaos of battle, they took the initiative, did what was necessary, and became “leaders in the instance.”

Leaders aren’t born, nor are they promoted, appointed, or anointed. Leaders develop by doing; they develop with assistance from their managers and company, without it, and, sometimes, in spite of it. Once in a management role, they have no choice, because today’s workplace requires an enlightened, demanding, and independent workforce that has no problem voting with its feet when unhappy.

Decades ago, a major disservice was done to business when the idea that managers and leaders were separate and that leaders were “better” than managers was introduced. Sadly, that attitude is still in force today, but look carefully at these distinctions, from Warren Bennis’s *On Becoming a Leader*, and ask yourself how well any manager or leader can perform in the twenty-first-century workplace without both sets of skills.

- The manager maintains; the leader develops.
- The manager focuses on systems and structure; the leader focuses on people.
- The manager relies on control; the leader inspires trust.
- The manager accepts reality; the leader investigates it.
- The manager does things right; the leader does the right thing.

The difference between being labeled a good, mediocre, or bad manager is often the difference between how many of the so-called leadership traits the manager embraces. Leaders are said to have vision and the ability to communicate it to their people, but that is exactly what every manager, even the lowest-level team leader, must do, within the scope of her role, if she wants her people to be productive and innovative.

It is good to remember that people do not join companies because of the CEO or a few top executives—they join for the culture and the people, specifically their team and manager. These two areas are tightly interwoven; there is an overall company culture and a subculture perpetrated by the manager, no matter how junior, to whom they report. And each subculture is influenced more by the person directly above than by the person in the corner office. Therefore, disseminating leadership skills throughout the organization requires a concerted effort that starts with the CEO and extends across the executive ranks, because it is on the rocky shores of culture that this effort usually sinks.

To lead means to show initiative, which means taking risks and braving the possibility of failure. In a culture where failure is cause for anything from private sarcasm to public belittling and even dismissal, who in their right mind will show initiative? If the messenger is killed, who will speak up when the news is bad?

In short, senior managers have no choice but to push leadership down through the ranks—just as responsibility was pushed down forty years ago, as organizations flattened and companies stripped away management levels. Life and work are always about choices, and promoting leadership throughout your part of the organization is a matter of choice, whether or not those above you make the same choice.



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their rejection as actors do—it's not them; it's the role. Separating ego from role is critical to avoiding self-rejection.

**Persevere.** If you don't get knocked down once in a while, you're not trying hard enough. There is no stigma in falling down; there is shame in avoiding a worthwhile challenge that you might overcome. What matters is how you deal with rejection. That requires perseverance, the inner drive to succeed. For leaders, the drive for success begins with self, but it must encompass team. Organizations need resilient leaders who

want to make not only themselves better but everyone else better, too. If there is a silver lining to our current recession, it is that an entire generation of up-and-coming leaders is learning to cope with hardship. Skills they sharpen now will serve them well a few years down the road.

#### MAKING IT HAPPEN

Few executives have understood the power of the middle as well as Frances Hesselbein, longtime CEO of the Girl Scouts of

## YES, THEY'RE DIFFERENT

BY FREEK VERMEULEN

All these articles about the characteristics of a good leader or CEO always make me feel a bit skeptical. Sometimes even nauseous. It always strikes me, when I look into the history of a company and analyze its strategic development, that it seems to need top people with widely different characteristics at different points in time.

Take my favorite little English company, the model-train maker Hornby. When it was in trouble about ten years ago, its board appointed a tough guy: Peter Newey. He slashed costs, rigorously cut the company's portfolio, and fired a bunch of people. He wasn't the most popular guy on the block (he was wise enough not to live in the company's hometown of Margate; he might have ended up with a knife in his back), but—be it in hindsight—people respected him. It was what the company needed at the time, and it is doubtful they would have survived without him.

But then Hornby hired a people guy: Frank Martin. The first thing employees told me about him was, "He is extremely good at managing relationships," something Newey wasn't exactly renowned for, and that's a euphemism. And Martin was—he built superb relationships with suppliers, customers, retailers, and investors. And the company flourished.

Yet could he have done the tough turnaround job? Doubtful. He simply has other qualities. He too was the right man for the job at the time—just like Newey was.

You see the same thing at companies over and over again. Take Apple; in its early days, the energetic and charismatic Steve Jobs was exactly what the spawning company needed. However, when down-to-earth CEO John Sculley took over (much to the chagrin of Jobs), the company had one of its most profitable runs ever. Sculley didn't innovate, inspire bold new moves, or initiate great change—he focused on making money, and did that very well.

And that is what the company needed at that point in time. Later, when Apple needed to be pushed and driven in a new direction, Sculley could not give them one; it was Jobs' time again, to inspire, initiate, and make the company grow.

The same thing happened at the famous Swiss watchmaker Swatch: Ernst Thomke created the organization that led to the emergence of the innovative Swatch; subsequent CEO Nicolas Hayek took the invention and relentlessly managed the organization into a long streak of dominance and profitability. There is not one type of leader that fits all; different companies, at different times, need different people.

In his 1977 *Harvard Business Review* article "Managers and Leaders: Are They Different?", Professor Abraham Zaleznik's answer to this intriguing (and slightly provocative) question was an unambiguous "yes": Leaders inspire, are emotional if not neurotic, and they are born that way. Managers are very different—they are rational, balanced, unemotional, and easy to get along with (albeit perhaps slightly yawning). And it is not that one is superior over the other—different firms, at different stages of their development, need someone who inspires and does extraordinary things. But at other times, you need someone rational and objective, and perhaps slightly boring. Such a person may never be "a leader" but can be a damn good manager.

Sometimes we need to be inspired, take risks, and dream up wacky things. Sometimes not. Banks come to mind. Sometimes, there is nothing wrong with a boring banker. Or a boring politician.

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America. Hesselbein even coined a term for it: *circular management*. As she explains in *Hesselbein on Leadership*, by placing the CEO position at the nexus of a circular organizational chart, she ensured that she would be literally at the center of the action. But Hesselbein's centeredness was not about gaining power—it was about sharing it. She viewed her role more as a facilitator, encouraging decision-making from the ranks as a means of developing accountability and ownership.

As we navigate a challenging economy, the imperative to develop senior leaders is all the more critical. Companies can accomplish part of such development through a combination of internal and external programs, but grooming leaders in the middle requires following the time-honored military values *preparation* and *execution*. Leaders can encourage these in the following ways:

**Talk up the possibilities.** Senior leaders must make it known that they want people to extend themselves, not simply through “stretch goals” but through taking on challenging assignments. Talk about what could be done within the company, and then steer people toward it.

**Encourage job rotation.** Cross-functionalism is diversity in action: It challenges people to learn new skills as well as mix with individuals with different backgrounds and skill sets. It is a fast track to learning the business. Job rotations keep people in roles that emphasize learning more than results; accountability comes when new skills are applied. (In generations past, companies rushed through high-potential candidates with deliberate speed; such a practice encouraged lack of accountability because managers would be gone before the results they fostered were evaluated. This practice emphasized position over learning.)

**Challenge individuals to think and do on their own.** To some folks, learning to think and act strategically comes naturally; for others, it is a stretch. So some senior managers will need to take the time to explain what it means to be strategic. This mindset takes hold when the middle manager divorces himself from day-to-day tactical efforts and spends more time thinking about what she could do to improve efficiency, drive innovation, and add more value to the enterprise. That shift can be disorienting for some; for others it's liberating. But don't give up on the slower learners—they just need to be coached and



**ORGANIZATIONS NEED RESILIENT LEADERS WHO WANT TO MAKE NOT ONLY THEMSELVES BETTER BUT EVERYONE ELSE BETTER, TOO.**

# THE LEADERSHIP FRAUD

BY JIM STROUP

The most sensible thing Peter Drucker ever said about leadership is this: “Leadership is all hype. We’ve had three great leaders in this century—Hitler, Stalin, and Mao.” He was right. Those guys had it all: vision, oratorical ability, relationship-building skills, charisma, relentless focus, outside-the-box thinking, follower-attracting magnetism. Supply your own essential leadership characteristic, and it should not be difficult to make the argument that these fellows had it, or could have been argued by themselves or their followers to have it. Moreover, they had the unconstrained maneuvering room to give their leadership the untrammelled free rein that the modern movement’s gurus also insist is vital.

Is their fate, and the fate they delivered to countless others, the naturally logical outcome of following the modern leadership prescription of investing virtually unbounded faith in presumptively superlative individual leaders? Must we simply hitch our organizations to these wildly careening creatures whose spirits we, by definition, don’t understand and cannot control or even influence?

Have we not complied passively and repeatedly in something like this manner in various ways during the numerous frenzied enthusiasms that such leaders have driven through the business world over the past few decades, each followed by a dreadful collapse and devastation of the livelihoods and futures of those who trusted them, and more? Are we not going through something like that now? How’s that been working out?

The problem is that such examples of individual leadership are more than merely a distortion of what defenders will scramble to argue is the true ideal of leadership itself—they represent a distortion of the true nature of leadership. By celebrating its arrogation, like a royal prerogative, to certain divinely sanctioned potentates to be wielded over we benighted masses whose fates, in any event, are of little moment other than to the extent that they support and serve as a backdrop to the glory of our betters, we perpetuate a feudal fiction into the modern age of organizations.

It is more than possible—even reasonable, given the evidence—to argue, as Drucker broadly hinted, that the concept of individual leadership as described and promoted by the modern leadership movement for employment in contemporary business and other organizations is, essentially, a fraud. It is at the very least an unfortunately ill-conceived distinction that has a distorting, and usually destructive, influence on modern organizational dynamics.

As we have seen, leadership is a natural instinct that arises not in individuals (other than, in an important but limited sense, in entrepreneurs) independent of something to be led. And it is important to recall that it is promoted in precisely this way: as an individual—and as an essentially portable—characteristic that is independent of organizational context and that can be carried with the individual leader from setting to setting and then unpacked for implementation strictly on its own merits.

It is much more effective—as well as, I think, more balanced and healthy both for organizations and individuals—to view it as an organizational characteristic. These organizations are administered by managers who cultivate, deploy, and manage all the assets available to further the goals of the organization and its owners. These assets include the unique characteristics of the organization itself. Those characteristics stem from the corporate culture, and they inescapably include organizational leadership.

This exists whether or not managers—or “leaders”—are aware of its presence, and that explains many of the supposed concerns arising from various ways organizations may fail to passively yield to individual leadership from above; so-called “resistance to change” is commonly an example of this.

Management’s role, then, is not to subordinate itself to leadership, nor to operate separately or in some parallel fashion alongside or downstream of it. Management’s role with respect to leadership is to manage it.



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had a Russian *matryoshka* nesting doll placed on the table in front of each director's chair prior to a board meeting, placing a note inside the smallest dolls: "If you hire people who are smaller than you are, we shall become a company of dwarfs. If you hire people who are bigger than you are, we shall become a company of giants." That philosophy helped Ogilvy grow his agency into a Madison Avenue creative powerhouse—and helped him recruit next-generation leaders who could take the firm

## YOU WANT TO ENCOURAGE PEOPLE WHO CAN THINK FOR THEMSELVES AS WELL AS ACT WITH INITIATIVE AND MAKE GOOD THINGS HAPPEN.

coaxed a bit more. So spell out what it means to act at a higher level. Bottom line: It means less day-to-day interaction with subordinates and more with colleagues and senior executives.

**Establish an upward-bound culture.** Senior leaders need to stand behind their people, and part of that means making it safe for people to fail. As they say in NASCAR, "If you ain't rubbin,' you ain't racin'!" You need to allow people to push the edge but at the same time stand by them when they fail. If people know their first mistake won't end their careers, they will be more willing to try new things.

### LEGACY MATTERS

There is another reason that CEOs in particular need to be focusing on leaders who can lead from the middle: their legacy. A curious thing happens to anyone who lands in the top spot. All of a sudden, the skills that it took to climb the ladder matter less, if at all. What matters is fulfillment and sustainment. A leader must fulfill the expectations that others have in him. What he does matters only insofar as he can influence others to follow his lead. That is, CEOs do not do the work of others—they set the direction and provide guidance.

Senior leaders also do something more: provide inspiration. Their focus must be to light a fire of possibility as well as urgency within the organization, so that others not only see but feel how important it is to fulfill the mission. But a CEO's influence extends only so far. Remember the myth of the hierarchy—you need others to sense the same degree of urgency and think, plan, and act strategically. Only leaders in the middle can do this.

Legendary ad man David Ogilvy found effective ways of encouraging leadership within the ranks. As biographer Ken Roman explains in *The King of Madison Avenue*, Ogilvy once

to even greater heights. One of his prize colleagues was Shelly Lazarus, who served as Ogilvy's CEO for many years and, in turn, also encouraged leadership from the middle.

Leaders are measured by results—by what they accomplish—and a good way of evaluating leaders is by the shape in which they leave their organization when they depart. This economic recession has seen far too many senior executives leaving their companies in dire straits; in retrospect, they failed totally as leaders. It's a stretch to attribute those disasters to a failure to encourage stronger leaders in the ranks. But one could argue that had stronger leaders existed—and had they been allowed to voice their opinions—some of the more egregious risk-taking, particularly in the financial sector, might have been mitigated.

Legacy matters, and for that reason a CEO, along with his senior team, needs to groom others to take his place. You want to encourage people who can think for themselves as well as act with initiative and make good things happen. The same skills that make a good CEO are inherent within an emerging leader. It is a matter of identifying and developing those individuals with the talents and desires to lead the entire organization.

Developing leaders who can lead from the middle is sound management practice. Not only does it create a stronger organization in the short run—it prepares emerging leaders to be more prepared for senior leadership positions. This practice gives people more room to employ their talents as well as hone their skills. Not everyone is cut out for senior leadership, but those who are should be groomed as soon as possible. And even if middle managers stay where they are, when they are taught, encouraged, and challenged to demonstrate leadership they will do so with confidence. That's a factor that can only improve the organization's ability to survive and thrive. ■