



Cornell University
ILR School

Cornell University ILR School
DigitalCommons@ILR

CAHRS Working Paper Series

Center for Advanced Human Resource Studies
(CAHRS)

3-1-2006

Leading For The Bottom Line: A View Of Leadership In A Bottom-Line Context

Gary S. Fields
Cornell University

Cory Stern
Johnson and Johnson

Follow this and additional works at: <https://digitalcommons.ilr.cornell.edu/cahrswp>

 Part of the [Management Sciences and Quantitative Methods Commons](#)

Thank you for downloading an article from DigitalCommons@ILR.

Support this valuable resource today!

This Article is brought to you for free and open access by the Center for Advanced Human Resource Studies (CAHRS) at DigitalCommons@ILR. It has been accepted for inclusion in CAHRS Working Paper Series by an authorized administrator of DigitalCommons@ILR. For more information, please contact catherwood-dig@cornell.edu.

Leading For The Bottom Line: A View Of Leadership In A Bottom-Line Context

Abstract

This paper sets out to establish and describe a new approach to leadership called Bottom Line Leadership. The essence of Bottom Line Leadership is that a leader's most critical responsibility is to clearly identify, communicate and gain buy-in for the ultimate bottom-line objective of the organization he/she leads, subject to constraints imposed by the market and by the organization itself. In comparison to other leadership models that focus on the general attributes or behaviors characterizing effective leaders, Bottom Line Leadership emphasizes the link between an organization's purpose and a leader's behavior. The philosophy that serves as the foundation for this article stipulates that employees, in any type of organization, need to be crystal clear about the purpose and bottom-line objective of the organization they work for. Having this clarity of objective enables employees to not only understand the importance of an organization's strategy and mission; it also allows them to make sound decisions in support of the organization's goals. We believe that it is essential that leaders in organizations instill this clarity of purpose and help create the conditions that allow people to channel their energies into the appropriate activities. What results from our leadership and management research is a "virtuous circle" model coupled with a checklist that prescribes precisely what Bottom-Line Leaders do. To arrive at our model of Bottom-Line Leadership, we review the teachings of some of the most popular leadership and management thought leaders. We conclude that effective leadership actually encompasses both traditional leadership attributes (create / inspire / influence) and traditional management capabilities (deploy / control / execute). In short, what we find is that Bottom-Line Leaders instill clarity of purpose in their organization, gain commitment to the ultimate bottom-line objective, and engage employees in these efforts. They do this by deploying methods of communication, inspiration and motivation that constantly maintain a connection to, and are aligned with, the ultimate bottom-line objective the organization is striving to achieve. They also work tirelessly to ensure that employees are in a position to make decisions and take actions in manners supporting the bottom-line objective. In our view, leaders are those who do the right things right and get their people to do likewise.

Keywords

CAHRS, ILR, center, human resource, studies, advanced, Bottom Line Leadership, market, organization, purpose, behavior, employee, identify, communicate, strategy, mission, goal

Disciplines

Management Sciences and Quantitative Methods

Comments

Suggested Citation

Fields, G. S. & Stern, C. (2006). *Leading for the bottom line: A view of leadership in a bottom-line context* (CAHRS Working Paper #06-06). Ithaca, NY: Cornell University, School of Industrial and Labor Relations, Center for Advanced Human Resource Studies.
<http://digitalcommons.ilr.cornell.edu/cahrswp/421/>



Cornell University
School of Industrial and Labor Relations
Center for Advanced Human Resource Studies

CAHRS at Cornell University
187 Ives Hall
Ithaca, NY 14853-3901 USA
Tel. 607 255-9358
www.ilr.cornell.edu/CAHRS

WORKING PAPER SERIES

Leading For The Bottom Line: A View Of Leadership In A Bottom-Line Context

Gary S. Fields
Cory Stern

Working Paper 06 – 06



Leading For The Bottom Line: A View Of Leadership In A Bottom-Line Context

Gary S. Fields
Cornell University

Cory Stern
Johnson and Johnson

March, 2006

<http://www.ilr.cornell.edu/cahrs>

This paper has not undergone formal review or approval of the faculty of the ILR School. It is intended to make results of Center research available to others interested in preliminary form to encourage discussion and suggestions.

Most (if not all) of the CAHRS Working Papers are available for reading at the Catherwood Library. For information on what's available link to the Cornell Library Catalog: <http://catalog.library.cornell.edu> if you wish.

Abstract

This paper sets out to establish and describe a new approach to leadership called Bottom Line Leadership. The essence of Bottom Line Leadership is that a leader's most critical responsibility is to clearly identify, communicate and gain buy-in for the ultimate bottom-line objective of the organization he/she leads, subject to constraints imposed by the market and by the organization itself. In comparison to other leadership models that focus on the general attributes or behaviors characterizing effective leaders, Bottom Line Leadership emphasizes the link between an organization's purpose and a leader's behavior.

The philosophy that serves as the foundation for this article stipulates that employees, in any type of organization, need to be crystal clear about the purpose and bottom-line objective of the organization they work for. Having this clarity of objective enables employees to not only understand the importance of an organization's strategy and mission; it also allows them to make sound decisions in support of the organization's goals. We believe that it is essential that leaders in organizations instill this clarity of purpose and help create the conditions that allow people to channel their energies into the appropriate activities. What results from our leadership and management research is a "virtuous circle" model coupled with a checklist that prescribes precisely what Bottom-Line Leaders do.

To arrive at our model of Bottom-Line Leadership, we review the teachings of some of the most popular leadership and management thought leaders. We conclude that effective leadership actually encompasses both traditional leadership attributes (create / inspire / influence) and traditional management capabilities (deploy / control / execute).

In short, what we find is that Bottom-Line Leaders instill clarity of purpose in their organization, gain commitment to the ultimate bottom-line objective, and engage employees in these efforts. They do this by deploying methods of communication, inspiration and motivation that constantly maintain a connection to, and are aligned with, the ultimate bottom-line objective the organization is striving to achieve. They also work tirelessly to ensure that employees are in a position to make decisions and take actions in manners supporting the bottom-line objective. In our view, leaders are those who do the right things right and get their people to do likewise.

Leading For The Bottom Line: A View Of Leadership In A Bottom-Line Context

Introduction

This article sets out to establish and describe a new approach to leadership called Bottom-Line Leadership. The essence of Bottom-Line Leadership is that *a leader's most critical responsibility is to clearly identify, communicate and gain buy-in for the ultimate bottom-line objective of the organization he/she leads, subject to constraints imposed by the market and by the organization itself.* In contrast to other leadership models that focus on the general attributes or behaviors characterizing effective leaders, Bottom-Line Leadership emphasizes the link between an organization's purpose and a leader's behavior.

To find out how leaders *should* lead effectively toward the bottom line, we scoured the literature to identify the most important models of leadership being professed by today's top thought leaders in academia and business. We reviewed their best-known books and articles and compiled their teachings. Together with what was already present in Bottom-Line Management, we built our own vision of effective Bottom-Line Leadership. After discussing these components in the text of this article, we compile a checklist of the "Building Blocks of Bottom-Line Leadership" at the conclusion.

What we find in this article is that Bottom-Line Leaders instill clarity of purpose in their organization, gain commitment to the ultimate bottom-line objective, and engage employees in these efforts. They do this by deploying methods of communication, inspiration and motivation that constantly maintain a connection to, and are aligned with, the ultimate bottom-line objective the organization is striving to achieve. They also work tirelessly to ensure that employees are in a position to make decisions and take actions in manners supporting the bottom-line objective.

Building a Bottom-Line Leadership Framework

The impetus for this project is a new workplace model called Bottom-Line Management (Fields, 2004). The foundation of this model is the notion that *every single employee, in any type of organization, needs to be focused on a clear, shared purpose and needs to be empowered to*

make sound decisions that contribute the utmost to that specific objective. The Bottom-Line Management framework helps individuals within organizations understand the importance of, and achieve, this critical clarity of purpose.

What are such clear bottom-line objectives? Make the company as profitable as it can be, now and in the future. Win the World Series. Contribute the utmost to a world free of poverty. Demonstrate excellence in teaching, research, and public service. Nobody in an organization with a clearly-stated bottom-line objective like one of these can fail to understand what the organization is trying to achieve.

What objectives are not bottom-line objectives? Gaining market share. Offering a great customer experience. Having happy employees. Helping millions of hard of hearing people lead better lives. Being guardians of our customers' financial dreams. These suffer from vagueness, a confusion of means and ends, or failure to distinguish the motivating mission from the bottom-line objective.

Our own experiences are very telling in this respect. Each year, Masters students at Cornell are asked how clear they are about the bottom-line objective of the last organization they worked for. The vast majority are typically unable to provide a clear response. In addition, the same students are consistently unable to pinpoint the relationship between the activities and tasks they performed and the organization's bottom-line.

Contrast this with the focused approach adopted by the legendary Chairman and former CEO of Honeywell International, Larry Bossidy, and the famed management consultant Ram Charan. Bossidy and Charan put the need for setting clear goals and priorities this way: "Leaders who execute focus on a very few clear priorities that everyone can grasp. . . A leader who says 'I've got ten priorities' doesn't know what he's talking about – he doesn't know himself what the most important things are. You've got to have these few, clearly realistic goals and priorities, which will influence the overall performance of the company." (Bossidy and Charan, 2002, p. 69).

Why *don't* employees focus? As we see it, employees don't focus on doing the right things, because they may not know what the right things are. We see this as a fundamental failure of leadership.

In our presentations on bottom line leadership, we have often been asked: how, if at all, do ethics, values, and cultural constraints enter in? We do *not* want you to think that by pursuing an organizational bottom line, you do so at the expense of *all* else. Rather than pursuing the bottom line without regard to anything else, organizations operate within self-imposed constraints – for example, Johnson & Johnson's employees have been guided by the same credo for the last sixty years. In this way, organizations may be seen to be maximizing the bottom line objective by choice of *some* instruments (such as product line, technology, and employment levels) *taking others as given* (such as operating legally and honorably). Bottom-line leaders establish clarity both on the objectives and on the constraints.

Leadership and Management in the Bottom-Line Context

Up to now, we have treated leadership and management as virtually the same thing in the bottom-line context. This is deliberate, though it runs counter to what some other writers do. For example, a top leadership guru, John Kotter (1996, p. 26), distinguished leadership and management thus:

Leadership means:

Establishing direction / creating a vision
Communicating direction to create vision
Motivating, inspiring and influencing

Management means:

Focusing on execution and implementation
Creating structures, processes and systems
Planning, organizing, directing, controlling

We recognize that these broad-based characterizations leave room for substantial discussion about what leadership really is. In a general sense, discussions among managers tend to focus on tactics and execution, while concepts of leadership address higher-order influencing and motivational competencies. In fact, it can be argued that efforts to distinguish between effective management and effective leadership actually ignore the synergistic

relationship that exists between the two. Even the king of management (or leadership) gurus, Warren Bennis (1997), authored a famous quote that serves to put a solid wall up between what managers and leaders do. Simply put, Bennis believes that “managers are people who do things right and leaders are people who do the right thing.”

We see it differently. Our interpretation of an ideal leadership typology rests on the notion that, in reality, leaders are called upon to embody different roles at different times (or even at the same time), often depending upon the situation their organization is in – exactly what is prescribed in situational leadership (Hersey and Blanchard, 1972). An organization in disarray and suffering from a lack of systems or process discipline may require **both** strong leadership capable of championing the need to build rigor into an operation **and** exemplary leadership that serves to model the implementation and execution process itself. On the other hand, a high-performing unit may be encumbered by a more hands-on leadership style and may look to a leader simply for direction and inspiration. In either case, today’s environment consisting of innovative marketplaces coupled with hyperactive change demands that leaders be capable of deploying a wide spectrum of skills and capabilities.

Therefore, we believe that the most successful leaders are characterized by their ability to effectively and appropriately utilize and deploy both traditional “leadership” and “managerial” capabilities when necessary. In other words, leaders at all levels in organizations must recognize that a duality of roles is inherent in their position which requires excellence in creating / inspiring / influencing as well as in tactics / execution. In our view, *leaders are those who do the right things right and get their people to do likewise.*

Sometimes, the leader is different from the manager. A familiar example is the President of the United States. The President is clearly the nation’s leader, yet he does little if any managing. The management team includes the President’s chief of staff, the cabinet secretaries, the chairmen of the Joint Chiefs of Staff and the individual services, and so on.

Often, though, an organization’s management and leadership capabilities are embodied in the same person. An excellent example of this duality came out in a lecture GE CEO Jeffrey

Immelt recently gave at Cornell. His talk focused on the role that innovation plays in driving GE's strategy. In describing how crucial a culture of innovation is to GE's success, Immelt described forty "Imagination Projects" that he personally tracks on a regular basis. While we find the idea of "Imagination Projects" both creative and inspiring, we were more struck by the words Immelt used to describe his involvement with these projects. "I track them myself, and I personally review them. They connect directly to a front-line person. I can sit and talk about their project, and how we're going to drive it. It has given me a sense of how hard it is to create growth through the levels of a big company. And it gives me ideas about what I can do to clear the way."

Immelt's words reflect a fine mix of leadership and management embodied in the dynamic role he has set for himself. The importance he places on the "Imagination Projects" symbolizes a recognition that his leadership role requires him to be more involved in critical projects and activities that contribute to the organization's bottom line. Immelt's daily engagement with, and management of, these projects ensures that people in the organization are enabled to succeed. It also signals to his people that these are the types of activities that GE employees should focus on. We believe that Immelt understands the duality of roles, synthesizing both traditional leadership and management capabilities, inherent in his position as the head of GE.

The Essence of Bottom-Line Leadership

We have defined a leader as one who does the right things right and gets his/her people to do the same. When is a leader a bottom-line leader? The central principle of Bottom-Line Leadership is that *a leader's most critical responsibility is to clearly identify, communicate, motivate, inspire, and gain buy-in for the ultimate, bottom-line objective of the organization.*

For this to happen, employees in an organization must understand exactly what the bottom line of the organization is so that they can know what they, their peers, their superiors, and their subordinates are working towards. Clarity of purpose allows people to channel their energies into appropriate activities and provides a framework for employees to make wise

decisions that are aligned with organizational objectives and strategies. An effective Bottom-Line Leader engages employees in such a manner that they can participate in the most useful activities and have a framework for making sound, bottom-line-enhancing decisions.

Bottom Line Leadership – Baseball as a Metaphor

Joe Torre's success as manager of the New York Yankees baseball team illustrates how a Bottom-Line Leader can lead his organization to the very pinnacle of success. The Yankees' bottom-line objective is crystal-clear every year: to win the World Series (baseball's championship). There is no doubt that they have the resources and mandate from ownership to win the championship (a point not true of every team in Major League Baseball). As manager, Torre is responsible for planning a line-up, implementing a game plan, creating rules for his team, and making dozens of tactical decisions each game. However, these typical "managerial" functions are not the only skills and competencies Torre utilizes to get his team focused on achieving its bottom-line objective. He routinely inspires and motivates his players over the course of a grueling seven-month season. He must also make sure they stay committed to team objectives above and beyond individual statistics and accomplishments. These typical "leadership" functions are just as critical to Torre's effectiveness as are any of his game-situation / managerial responsibilities. The fact that the Yankees have won four World Series since Torre became manager in 1996 is substantial evidence that a he is a Bottom-Line Leader who understands the duality of roles inherent in his position.

The baseball metaphor helps us talk to businesspeople about leadership and management issues. Sometimes, our communications about Bottom-Line Leadership go smoothly; sometimes, they do not. In one particularly difficult engagement with two executives from a highly-respected high-tech firm in Silicon Valley, we repeatedly had trouble getting them to articulate clearly their company's bottom line. Finally, recognizing that this conversation was taking place at the height of a particularly exciting point in the race for baseball's championship, we then changed tack by asking, "You're from the Bay area. What are your hometown baseball teams (the San Francisco Giants and the Oakland A's) trying to achieve?" The executives

answered without hesitation, “Win the World Series.” We continued, “So what is your company trying to achieve?” After a short pause, one of them answered: “I see. We need [our company’s] version of ‘Winning the World Series.’” Honestly, we hope that they have now achieved that clarity of purpose – it would be a shame if a great company like theirs sputtered on account of lack of focus.

Within the context of identifying, communicating, motivating, inspiring, and gaining buy-in for an organization’s bottom-line objective, Bottom-Line Leaders recognize the complexities of formal and informal leadership positions. Bottom-line Leaders, who can operate at any level of an organization, demonstrate a variety of skills, attributes, and behaviors. Simply identifying and communicating a bottom-line objective (such as winning the World Series for a baseball team) does not ensure buy-in and commitment on the part of employees. Employees need reasons to be sincerely engaged by and committed to an organization and its goals. This is where a leader’s recognition of a duality of roles becomes vital to success. As demonstrated by Jeffery Immelt at GE, a leader may feel it is necessary to take a more hands-on approach in order to model the way and directly communicate what some of these critical, bottom-line enhancing activities are.

Implications for Leaders

So what does this all mean for people in informal or formal positions of leadership in different types of organizations? Simply put, *leaders are most effective when their words, behaviors, and actions are aligned with the bottom-line objectives of their organizations.* On the surface this may seem like an obvious statement. Yet leaders cannot, and should not, assume that other members of an organization understand exactly what it is they are working towards. Leaders must work passionately to instill clarity of purpose in the minds of employees so that employees are constantly able to determine whether their work benefits the organization’s bottom-line goal or goals. This vigilance for ensuring that people are doing the right things right is a hallmark of effective leadership.

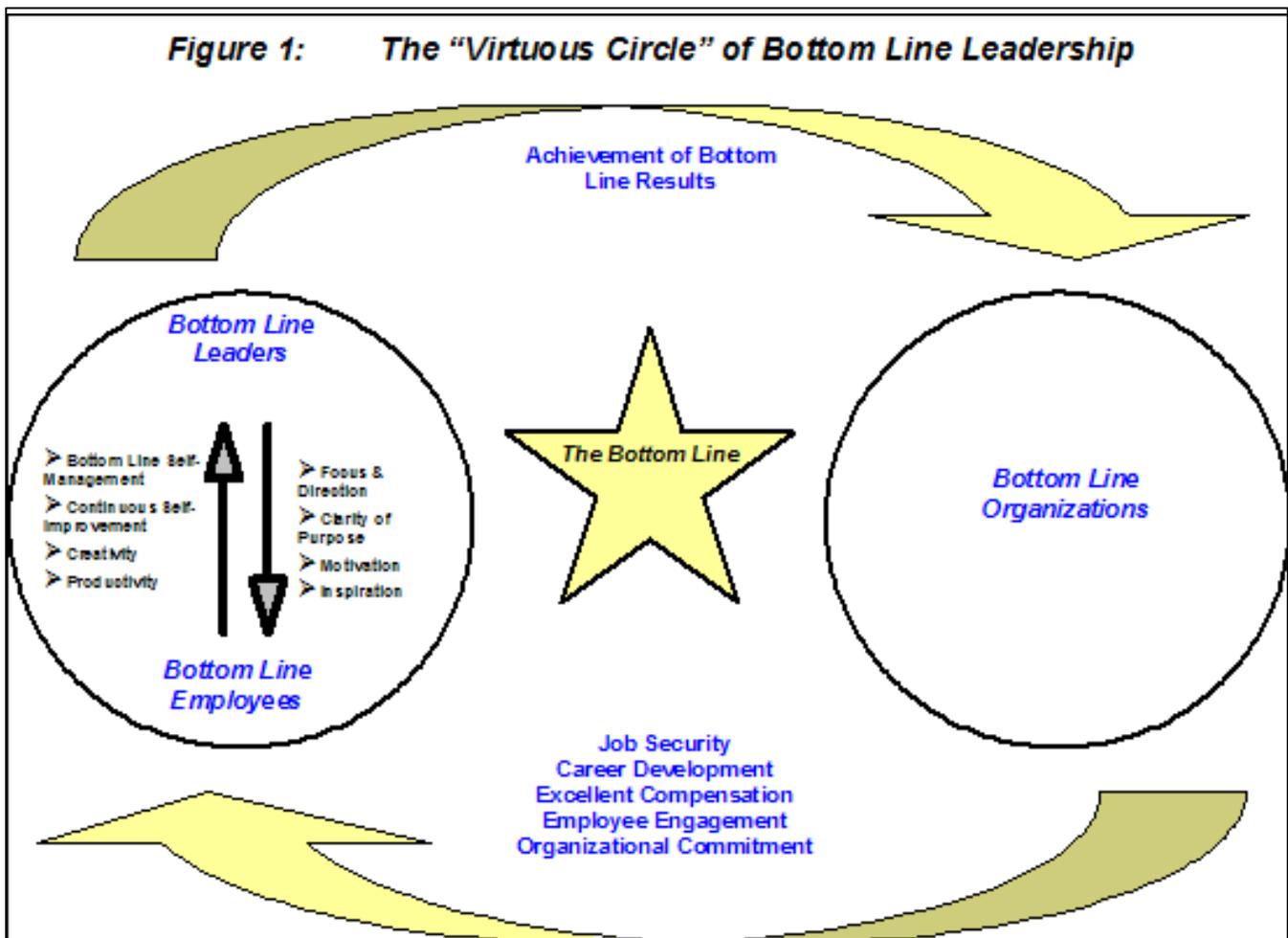
We do not suggest that there is a one-size-fits-all approach that leaders should take in order to craft a bottom-line discipline in their organizations. It is clear that leaders will adhere to varying styles of motivation, communication and inspiration to instill a vision and move an organization forward. However, what we firmly believe is that all of these efforts by leaders must be guided by a determination to achieve in ethical fashion the bottom-line objectives that are set out.

The Bottom-Line Leadership philosophy cuts across different types of organizations, fulfilling various roles in society. Be it a for-profit corporation, an academic institution, or a charitable organization, the message for leaders is consistent. In essence, it is that *the most critical responsibility of Bottom Line Leaders is to clearly identify, communicate and gain buy-in for the ultimate bottom-line objective of the organization he/she leads.*

Bottom Line Leaders are only as successful as the employees they lead. Thus, Bottom Line Leaders constantly work to build a workforce made up of Bottom Line Employees who have the same focused mindset. Bottom Line Leaders recognize that results are only achieved through the efforts of all employees, and they understand the power of demonstrating to employees a link between behaviors and results.

Figure 1 displays the “Virtuous Circle” of Bottom Line Leadership, demonstrating the implications that a Bottom Line approach has on leaders, employees and the organizations they work for. Bottom Line leaders who *clearly identify, communicate, motivate, inspire, and gain buy-in for their organization’s ultimate, bottom-line objective* create the conditions that allow employees to achieve that objective. In so doing, employees witness exactly how their actions and behaviors contribute to attaining the desired results. They are also well-equipped to be more productive and creative in making decisions and finding ways to achieve these results they are clearly working toward. As a consequence of fulfilling an organization’s objectives, employees build confidence, experience personal and professional development and become more engaged by and committed to the organization they work for. Together, the employees and the leaders bring about Bottom Line results. In turn, the organization’s success contributes

to their well-being through increased job security, improved career opportunities, excellent compensation, a strong feeling of engagement, and a high degree of commitment to organizational success. This “Virtuous Circle” is only made possible by a Bottom Line leader’s success in communicating a clear and focused bottom-line objective and in crafting a framework which lets employees make decisions befitting this very same objective.



A Bottom-Line Leadership Checklist

We will conclude by highlighting the key points of Bottom-Line Leadership. As we now see it, it is critical for Bottom-Line Leaders to:

- Instill clarity of purpose in their organization, gain commitment for the ultimate bottom-line objective, and engage employees in these efforts {Fields and Stern}.
- Have a single-minded focus on what they want to do to win and define what winning is. {Gubman}
- Drive clarity and craft context so that people can make the right decisions and separate the important activities from the unimportant ones. {CCL}
- Translate objectives and strategy into something concrete and real (effective at storytelling). {Tichy}
- Help people understand what the financial results of their actions are and how their work contributes to these results. {Fields}
- Have ability to make difficult decisions that benefit the bottom-line objective. {Fields}
- Create a “teachable point of view” to facilitate focused and consistent communications. {Tichy}
- Tie development activities to specific desired results. Ask the “So that...” question. {Ulrich}

Bottom Line Leaders also:

- Adopt different leadership styles for different tasks and different individuals involved with the tasks. {Hersey and Blanchard}
- Understand the needs, styles and motivations of others, and use this information to communicate and influence. {CCL}
- Demonstrate care and appreciation for employees; value differences among individuals. {Servant Leadership}
- Believe in altruism and are not interested in pushing personal agendas or in gaining personal power. {Servant Leadership}
- Focus on both professional and personal development to encourage growth, learning and fulfillment. {Servant Leadership}

References

- Beatty, Kate and Richard Hughes (2003a). Developing the Strategic Leader. (Colorado Springs: Center for Creative Leadership).
- Beatty, Kate and Richard Hughes (2003b). Developing the Strategic Leader Program. Powerpoint Presentation, Center for Creative Leadership.
- Beatty, Kate and Richard Hughes (2003c). Strategic Leadership Model. (Boulder: Center for Creative Leadership).
- Beatty, Kate and Laura Quinn (2002). "Strategic Command: Taking the Long View for Organizational Success," Leadership in Action, May/June.
- Bennis, Warren (1997). Learning to Lead: A Workbook on Becoming a Leader. (Boston: Perseus Books/Addison Wesley).
- Bossidy, Larry and Ram Charan (2002). Execution: The Discipline of Getting Things Done. (New York: Crown Business).
- Fields, Gary S. (2004). Bottom-Line Management. (Ithaca, NY: Cornell University).
- Gubman, Ed (2003). The Engaging Leader. (Chicago: Dearborn).
- Hersey, Paul and Kenneth H. Blanchard (1972). Management of Organizational Behavior: Utilizing Human Resources. (Englewood Cliffs, NJ: Prentice-Hall).
- Kotter, John P. (1996). Leading Change. (Boston: Harvard Business School Press).
- Linkow, Peter, "What Gifted Strategic Thinkers Do," Training and Development 53: 34-37.
- Tichy, Noel (1997). The Leadership Engine. (New York: Harper Collins).
- Ulrich, Dave, Jack Zenger, and Norman Smallwood (1999). Results-Based Leadership. (Boston: Harvard Business School Press).

Appendix

A1. Execution – Larry Bossidy & Ram Charan

Synopsis

Larry Bossidy was the CEO at AlliedSignal, then at Honeywell following the merger with AlliedSignal. The merged company achieved extraordinary business results: tripled operating margins, tripled return on equity, and increased shareholder return nine-fold (p. 3). This book explains how these extraordinary business results were achieved through the discipline of "Execution."

According to Bossidy & co-author Ram Charan, "Execution is the job of the business leader...Only the leader can make execution happen, through his or her deep personal involvement in the substance and even the details of execution." (p. 24). For the authors, the leader is the manager, and a very hands-on one at that – a point to which they return repeatedly.

The authors define three key points of execution (p. 21):

- Execution is a discipline, and integral to strategy.
- Execution is the major job of the business leader.
- Execution must be a core element of an organization's culture.

Additionally, Bossidy & Charan highlight three building blocks of execution (seven essential behaviors of leaders, creating the framework for cultural change, and having the right people in the right place) and three critical processes that are at the core of execution (the people process, the strategy process, and the operations process). The book elaborates on these at length.

Execution - A Closer Look

The centrality of the Bossidy's role in the success of his organizations comes out in a statement by the former senior VP of HR at Honeywell, Don Redlinger,: "Bossidy is the CFO and the chief human resources officer and the chief strategist, but he has such a systemic view of how you make an organization perform that human resources people prosper in that environment. He demands that the organization use all of its capabilities to make money." (p. 167)

Failures in organization, the authors say, come about by not asking sufficiently probing questions. An example of probing questions is increasing productivity. "We have five programs in the budget, and you say we're going to save at least a couple million dollars on each one. What are the programs? Where is the money going to be saved? What's the timeline? How much is it going to cost us to achieve it? And who is responsible for it all?" (p. 33). Similar examples recur throughout the book. "Joe" chewed his executive out when they didn't make their numbers but never asked **why** they didn't make them. What should Joe have done? (pp. 37-39) Four things, say the authors:

1. He should have involved all the people responsible for the strategic plan's outcome – including the key production people – in shaping the plan.
2. He should also have asked his people about the **how** of execution: how, specifically, they were going to achieve their targets. Anybody who didn't have the answers would have to get them before the plan was launched.
3. He should have set milestones for the progress of the plan, with strict accountability for the people in charge.
4. He should have set contingency plans to deal with the unexpected.

The book proceeds to discuss the three building blocks in detail. The first building block is the leader's seven essential behaviors (p. 57):

1. Know your people and your business.
2. Insist on realism.
3. Set clear goals and priorities.
4. Follow through.
5. Reward the doers.
6. Expand people's capabilities.
7. Know yourself.

In the context of Bottom-Line Leadership, we especially liked this about setting clear goals and priorities (p. 69): "A leader who says 'I've got ten priorities' doesn't know what he's talking about – he doesn't know himself what the most important things are. You've got to have these few, clearly realistic goals and priorities, which will influence the overall performance of the company." Also, this about follow through (p. 71): "How many meetings have you attended where people left without firm conclusions about who would do what and when?"

The second building block is creating the framework for cultural change. We found the following to be a useful add-on to Bottom-Line Leadership (p. 85): "To change a business's culture, you need a set of processes – social operating mechanisms – that will change the beliefs and behavior of people in ways that are directly linked to **bottom-line results.**" [Emphasis added]. This too was helpful (p. 87): "One member of the team asked in response, 'How should the culture be changed?' A second member said, 'Make it better.' Then someone asked: 'From what to what?' and the light bulb went on." At the same time, there are core values that cannot be compromised (p. 89): "When people, especially those at the highest levels of the company, violate one of the company's basic values, the leader must step forth to publicly condemn those violations. Anything less is interpreted as a lack of emotional fortitude." And this: "Leaders get the behavior they exhibit and tolerate." (p. 105)

The third building block is the job no leader should delegate: having the right people in the right place. Bossidy spent 20-40% of his time on this (p. 111). Having the right people in the right place requires asking the right questions. Charan asked a CEO and vice-chairman what were the three non-negotiable criteria for a job. After getting his answer, he asked whether the candidate met them. The reply: "You know, now I realize that I don't really know her." (p. 114) So the most important question about people is, how good is this person at getting things done? (p. 119) They ask rhetorically, what kind of people are you looking for? Their answers (pp. 119-128): People who are absolutely determined to succeed, who energize people, who are decisive on tough issues, who get things done through others, and who follow through.

The next part of the book is on the three core processes: people, strategy, and operations. About the people process, the authors write (p. 141), "If you don't get the people process right, you will never fulfill the potential of your business." The building blocks of the people process are:

- Linkage to the strategic plan, including specific financial targets.
- Developing the leadership pipeline.
- Deciding what to do about non-performers.
- Transforming the mission and operations of HR.

The next process is strategy. Here are the questions to be asked in a strong strategic plan (pp. 188-189):

1. What is the assessment of the external environment?
2. How well do you understand the existing customers and markets?

3. What is the best way to grow the business profitably [Note!], and what are the obstacles to growth?
4. Who is the competition?
5. Can the business execute the strategy?
6. Are the short term and long term balanced?
7. What are the important milestones for executing the plan?
8. What are the critical issues facing the business?
9. How will the business make money on a sustainable basis?

The third process is operations. The authors stress the importance of identifying targets “that clearly and specifically reflect not only what the business wants to achieve but what it is *likely* to achieve.” (p. 251 – emphasis in the original). Then, once an agreement is reached, they recommend that the leader write a detailed memo outlining the details of agreements reached. An example appears on pages 255-257. What struck us about this example is that it shows that the leader knows more about the employees’ work than any manager either of us has ever had.

A2. Strategic Leadership – Kate Beatty & Rich Hughes, Center for Creative Leadership Synopsis

Kate Beatty and Richard Hughes, faculty members at the Center for Creative Leadership in Colorado Springs, Colorado currently deliver a week-long training program “Developing the Strategic Leader” centered on a leadership model they created entitled “Strategic Leadership.” The Strategic Leadership model was developed based on an accumulation of years of hard data, feedback and anecdotes gathered from CCL program alumni. Executive and managerial participants in various CCL programs consistently reported back that some of the biggest challenges faced on the job revolve around the non-existence of an unambiguous and clearly defined strategy. For Beatty and Hughes (2003b), strategy is defined as “the pattern of choices an organization makes to position itself for sustained competitive advantage”.

Further, people reported the lack of a clear linkage between strategy and operations as an equally critical gap. In analyzing the data, Beatty and Hughes began to apply their expertise in the fields of leadership and organizational behavior to better understand the relationship between leadership and business strategy. What resulted was a model of Strategic Leadership, which postulates that “individuals and leaders (the who) exert strategic leadership when they think, act and influence (the how) in ways that enhance the organization’s sustainable competitive advantage (the what)”. (Beatty and Quinn, 2002). In other words, strategic leadership results in actions that have strategic implications for an organization and in actions that help foster a sustainable competitive advantage. (Beatty and Hughes, 2003a).

The integrative framework underlying strategic leadership includes three micro and macro level components:

- The Individual Leader
- The Organization
- The Competitive Environment

This systems thinking approach professes to help organizations leverage their ability to make and execute strategy as a source of competitive advantage. Strategic leaders do this by helping people in an organization make choices that fit into the long-term vision and goals of the company. Similarly, the model provides a framework to help people understand what not to do within the context of a clearly defined and well-crafted strategy (given the three components noted above).

Strategic Leadership - A Closer Look

The crux of the Strategic Leadership model involves the interrelated processes of strategic thinking, acting and influencing. Beatty and Hughes suggest that within this part of the model, denoted as “the how” piece, leaders’ and teams’ actions are aligned in an effort to make a pattern of choices promoting a sustainable competitive advantage. Within this context, leaders’ thinking, acting and influencing capabilities are shaped by considerations of themselves, their organizations, and the competitive environment. The realities reported by CCL program participants pointed to the fact that goal-setting and decision-making frequently take place in a vacuum and often times ignore the contextual factors that make up an operating environment. The strategic leadership model is intended to provide a framework for action within complex interdependent and interconnected systems. Broadly stated, strategic thinking, acting and influencing entail the following (Beatty and Hughes, 2003c):

- *Strategic Thinking:* Gathering, analyzing and interpreting data, patterns and trends from both an internal and external perspective. Making sure all critical and relevant information, from all possible sources, is made available and considered. Identifying and making sense of relationships / interdependencies between seemingly disparate data.
- *Strategic Acting:* Implementing tactics consistent with strategy. Managing tension between short-term and long-term pressures. Demonstrating deliberate inaction when necessary. Learning from actions by reflecting on consequences and continually crafting strategic thinking as a result. Facilitating others’ actions by providing a helpful balance between giving direction and granting autonomy.
- *Strategic Influencing:* Understanding their (leaders’) impact on others and how that influence affects collective work. Understanding others’ needs, styles and motivations and using that understanding to communicate and influence. Allowing themselves to be influenced by others. Dealing effectively with resistance. Creating alliances / synergies beyond own boundaries.

An important influence on Beatty and Hughes was strategy consultant Peter Linkow. In his article entitled “What Gifted Strategic Thinkers Do,” Linkow (1999) noted seven key competencies demonstrated by outstanding strategic leaders. Some of these competencies were incorporated into the strategic leadership model. They include:

- Reframing
- Scanning
- Abstracting
- Multivariate thinking (systems thinking)
- Envisioning
- Inducting
- Valuating

Beatty and Hughes acknowledge that the concept of strategic leadership is broad in scope. To help clarify the difference between strategic leadership and leadership that is not strategic, they note an example from their own company. Every week teams of about three CCL employees deliver training programs to managers and executives. These programs make up the core of the company’s service offering. The lead faculty member is responsible for leading the team to ensure that they are able to deliver the best and highest quality program week after week. Although CCL regards these tasks as critical to the business, they are not considered strategic and the team is not a strategic leadership team.

However, the team of CCL people who “work together to review our portfolio, understand trends in the training industry, create and implement internal processes and systems to ensure quality of delivery” is considered to be a strategic team (Beatty and Hughes, 2003a). The leader or leaders of this type of team are considered to be strategic. As such, it is critical for members of this type of team to think, act and influence in such a manner that yields a pattern of choices befitting CCL’s desire to attain sustainable competitive advantage in the leadership training industry.

A3. Servant Leadership - (Research gathered as part of Cory’s independent study with Professor Tove Hammer, Cornell University. Spring 2003)

Synopsis

The idea of servant leadership, while still unknown to many scholars and business leaders, is a philosophy that has been adopted enthusiastically by several organizations including Southwest Airlines, TDIndustries, Synovus, and Service Master. The concept of servant leadership is rooted in the idea that a leader’s driving motivation, in any type of organization, is to serve those who follow. More specifically, a servant leader’s main initiative and purpose is derived from the need to fulfill those who follow or to encourage their growth, learning and development. Robert Greenleaf, the father of servant leadership, summarized the philosophy when he said: “The servant-leader is servant first. It begins with the natural feeling that one wants to serve. Then conscious choice brings one to aspire to lead. The best test is: do those served grow as persons; do they, while being served, become healthier, wiser, freer, more autonomous, more likely to become servants?” (Greenleaf, “What is Servant Leadership?” <http://www.greenleaf.org/leadership/servant-leadership/What-is-Servant-Leadership.html>).

No clear-cut definition exists as to what servant leadership truly is. In fact, it is extremely difficult to draw out a blueprint of how it works or what it means. When asked to describe how the process of servant leadership takes shape within her organization, Jessie McCain, VP of People Development for TDI, responded, “Well, I don’t know if I can really answer that question. It kind of just happens.”

However, servant leadership may best be understood by comparing it to transactional leadership, a more traditional style of leadership. Transactional leaders, who are acutely focused on task completion, control behavior by offering rewards or threatening punishment in order to motivate employees to complete tasks. There is little regard for the higher-level needs of employees, such as personal and professional development and intrinsic fulfillment. Servant leaders, on the other hand, seem to believe that the best way to achieve group and organizational goals is to create an atmosphere that emphasizes people’s needs as much as it emphasizes business needs.

Servant Leadership – A Closer Look

While a bit of mystique surrounds the servant leadership philosophy, the intentions and objectives of adopting the approach seem clearer. In the simplest of terms, advocates of the approach base their belief on the premise that employees who feel “healthier, wiser, freer, and more autonomous” are more likely to be motivated, committed, and satisfied participants in an organization (Greenleaf, Greenleaf.org). They may also be more likely to share the vision of the organization, as research shows that perceived support of employees by management is positively related to affective attachment, or the extent to which employees identify with an organization (Eisenberg, Fasolo, Davis-LaMastro, 1990). From a behavioral standpoint, proponents also feel that the value, respect and concern shown to employees by servant leaders are more likely to elicit supportive behaviors in return. In contrast, organizations focused solely on task and objective completion at the expense of employee fulfillment are prone to potentially derailing, subversive and non-compliant behaviors executed by alienated employees.

While no definitive model of servant leadership exists that is able to empirically justify the correlations among behaviors, situations and outcomes, several widely accepted leadership

traits and characteristics have been identified and form the foundation for servant leader behavior. Larry Spears, CEO of the Greenleaf Center for Servant Leadership, created a list of ten servant leader characteristics. He believed that the desired organizational outcomes of higher employee motivation, commitment, and satisfaction can be achieved when servant leaders embody the following characteristics.

- Listening
- Empathy
- Healing
- Awareness
- Persuasion
- Conceptualization
- Foresight
- Stewardship
- Growth
- Building Community

As mentioned earlier, the underlying desires of servant leaders and servant organizations are to serve other people (followers) and to impact their development and their lives. By raising the level of conduct and commitment among employees, organizations seek to have a transforming effect on both leaders and followers. This philosophy represents a paradigm shift away from more traditional perceptions of leadership. Whereas power, control and authority are embodied by traditional leadership approaches as the means to achieving goals, servant leaders seek to share, develop, and nurture as the means to achieving the same goals.

Servant Leadership in Organizations

The servant leadership literature claims that organizations that adopt a servant leadership philosophy are characterized by a highly dedicated, highly motivated and highly satisfied workforce. It is useful to highlight several principles and practices of organizations that promote the servant leadership philosophy in order to better understand what servant leadership actually consists of. The companies mentioned below have adopted a servant leader approach and also have demonstrated consistent revenue and profit growth over the years.

Southwest Airlines: Southwest is known as a leader in the extremely competitive and volatile airline industry. It is also constantly ranked among the most admired companies to work for. "Servant leadership principles provide the foundation for altruism, defined as the constructive, gratifying service to others, and one of the core values of Southwest's culture...Employees of Southwest are notable for their caring approach and appreciation of each other, as well as in the service of others" (Quick, 1992). It is well recognized that Southwest's innovative approach to competing in the airline industry (low fares, one class cabins, no meals, quick turn-around time) has contributed to the company's enormous success. However, the company is equally known for its treatment and development of employees.

TDIndustries: TDI has specifically modeled itself around Greenleaf's servant leadership vision and is now one of the most successful construction and facility management and services companies in the U.S. It is also constantly ranked among the top 10 companies to work for by publications such as Fortune. TDI's vision states: "We are committed to providing outstanding career opportunities by exceeding our customers' expectations through continuous aggressive improvement." TDI's values include concern for and belief in human beings, valuing individual differences, honesty, building trusting relationships, fairness, responsible behavior, and high standard of business ethics.

To embed these values and vision throughout the organization, TDI commits itself to continuous, intense people-development efforts. Substantial training budgets and regimented

servant leadership training programs are requirements for managers throughout the company. Servant leader performance management systems are also used to assess performance and adherence to company values.

Overall, TDI's leadership strategy is rooted in the company's responsibility to develop the capabilities of everyone. VP McCain says, "We focus on our core values, such as the importance of building trusting relationships, valuing our differences, and having high expectations of each other."

Synovus: A multi-billion dollar financial services firm, Synovus is also consistently ranked among the top places to work. They employ the servant leadership philosophy through a strong commitment to family-oriented policies. There is a premium placed by managers and leaders on the worth of all people. People development is based not only on professional development, but also on personal and spiritual fulfillment.

CEO Jimmy Blanchard states, "The heart of the servant leader brings order, brings meaning to employees. When employees feel order and meaning and that they are part of a team that stands for something good, that there is a higher calling than just working to get a paycheck, that they are mankind, there is an energy level that explodes and great things happen" (Chappel, 2000).

A4. The Leadership Engine – Noel Tichy **Synopsis**

In his book *The Leadership Engine*, Noel Tichy provides snapshot-type analyses of winning organizations by looking at several exemplary companies. In broad terms, Tichy believes the one thing that sets winning organizations apart from losing organizations is winning organizations' ability to nurture and develop good leaders at all levels within the company. His mantra, which is repeated throughout the book, is "leaders developing leaders." Most of Tichy's book focuses on what leadership within winning companies looks like and how leaders act. However, before he launches into a review of impactful leadership traits, characteristics, and behaviors, Tichy makes sure to define what winning is. According to *The Leadership Engine*, winning organizations meet two criteria:

- 1) Success in adding value (increased stock price / shareholder wealth for for-profit firms; increasingly efficient use of assets for not-for-profit firms).
- 2) Sustained excellence over time.

Tichy uses the term "leadership engine" to refer to the ability of certain companies to continually and successfully commit energy and resources to the development of effective leaders throughout the organization. In essence, Tichy believes that leadership development becomes part of a company's DNA or modus operandi, and his proverbial engine is the mechanism by which a company constantly cranks out successful leader after successful leader.

To support his assertions about winning organizations and leadership capabilities, Tichy draws on the experiences of a handful of winning companies and specific leaders. Jack Welch of GE, Bill Weiss and Dick Notebaert of Ameritech, Andy Grove of Intel, and General Wayne Downing of the U.S. military's Special Operations Forces are several of the high profile leaders analyzed in the book. Tichy also offers anecdotes and learning experiences from lesser known and lower level managers as evidence of how winning organizations promote leadership throughout the ranks.

The Leadership Engine – A Closer Look

Tichy developed his leadership engine model from both a theoretical and practical perspective as both a professor at the University of Michigan Business School and as an organizational consultant. However, the majority of his assertions in the book are derived from

the two years he spent heading up GE's worldwide management development operation. His close relationship with Jack Welch admittedly had a serious influence on *The Leadership Engine* model.

"It became increasingly clear to me not only that leadership is the key trait that distinguishes winners, but that the ability to *teach* leadership is their core competence." (Tichy, 1997, page 19). This quote succinctly captures the essence of Tichy's philosophy. In other words, winning organizations can only become winning organizations because leaders engage themselves in the process of teaching leadership to employees throughout an organization. Tichy offers the following two reasons why winning organizations are successful at teaching leadership:

1) Proven leaders actually teach. "They have a teachable point of view about running and changing the business, as well as about leadership. They personally act as coaches and role models, and they share their mistakes as well as their victories" (Tichy, 1997, p. 20).

2) Leaders are avid learners. Past experiences (both successes and failures) are used to facilitate learning for leaders themselves and for other employees.

The term "teachable point of view" is one that Tichy often uses in his book. He constantly stresses the importance of having a teachable point of view, because without it, Tichy believes leaders are hard pressed to leverage their knowledge, skills and experiences in a manner that can be effectively communicated and shared. Therefore, this teachable point of view thread acts as an umbrella assumption underlying the leadership engine model that Tichy describes.

The model itself focuses specifically on particular leadership capabilities and characteristics, or as Tichy says, what leaders have. In a related context, Tichy also defines what leaders do. He believes that leaders "stage revolutions ... [by] constantly challenging the status quo and looking around to see if they are doing the right things, or if those things can be done better or smarter" (Tichy, 1997, p. 28). By seeing the reality of an organization's situation as it is, and by mobilizing the appropriate responses, leaders carry out the acts of leadership.

The leadership engine model is a trait and characteristic model for the most part. Prescribed behaviors are embedded in components of the model, but Tichy aims to address the "what leaders have?" question with his model. It includes the following interdependent parts:

Ideas: Tichy views ideas as the "Heart of Leadership," as evidenced by this title of the chapter dedicated to ideas. Just as important as having the right ideas to win, or simply just good ideas, is the need for leaders to have clear and focused ideas that energize and engage people. Without the added layers of clarity and possibility that supply energy to an idea, Tichy argues that leaders cannot expect employees to respond to a call to action. Good leaders are constantly seeking and absorbing information and collaborating with others to generate new ideas. Nike is held out as an example of a company with a clear, focused, energizing and teachable idea created by Phil Knight. He stated that Nike would dedicate itself to "helping athletes win...and because everyone at Nike clearly knows what they are aiming for, they continue to create innovative responses needed to get there" (Tichy, 1997, p. 80).

Values: While stated values are omnipresent in the world of organizational publicity (internal and external), Tichy emphasizes how winning organizations and leaders explicitly emphasize and define values with the right behaviors in support of company goals. More importantly, Tichy demonstrates how winning leaders religiously live the values they have set out, and use them as competitive tools in building a strong corporate culture. Service Master, a company that adheres to Servant Leadership values, is a company that Tichy feels has sustained success because of the company's overwhelming dedication to living within their values, from CEO down to entry-level clerks. As the book describes, Service Master's values are clearly defined and continually reflected upon in order to keep up-to-date. Winning leaders also ensure that people who do not live the company's values are either developed or removed from the organization. Jack Welch's performance management system is another example

Tichy draws upon to display how living the values was etched into the culture as an equally important critical success factor, alongside reaching the numbers.

Emotional Energy: Tichy believe winning leaders demonstrate both physical and emotional energy. The positive energy they create within organizations stems from a driving determination and self-confidence that they seek to build in themselves as well as in other potential leaders. Tichy says energetic leaders:

- * are driven
- * have fun
- * are fully engaged in all aspects of their work
- * are physically expressive
- * demand the best of themselves and others
- * are effective team builders

The idea of mastering transitions, or organizational change, is introduced within the context of energy as a way of demonstrating how winning leaders “personally draw energy from transitions, and use transitions to create productive energy in others” (Tichy, 1997, p. 150).

Edge: Tichy defines edge as “the ability to make tough decisions and the willingness to sacrifice the security of today for the sake of a better future” (Tichy, 1997, p. 152). Breaking edge down into two categories, portfolio decisions and people decisions, Tichy emphasizes the need for leaders to see reality as it is and have the courage to act on it. Leaders are constantly faced with situations where the outcome of certain decisions will not be widely accepted or immediately understood. Winning leaders, however, have the courage of their convictions to make the right choices that will serve the best interests of their organization, regardless of the fact that some people may be negatively affected or left behind.

A5. Results-Based Leadership – Dave Ulrich

Synopsis

Dave Ulrich’s *Results-Based Leadership* (co-authored with Jack Zenger and Norman Smallwood) was written in response to the current glut of leadership related literature that primarily focuses on attributes, characteristics and behaviors of leaders. According to Ulrich and his colleagues, an important gap in the study of effective leadership arises because of the widespread attention and acceptance given to attribution models of leadership development. Attribution models tend to focus on the personal characteristics, traits, values, and skills of individual leaders. “The more we pondered leadership as merely a bundle of attributes, the more we concluded that the solitary focus on attributes of the leader left something important and obvious out of the leadership equation” (Ulrich, et al., 1999).

Results-Based Leadership is the authors’ answer to providing an alternative to these attribution models. The book purports to offer a new approach to leadership thinking by shifting the focus toward the results of leadership (the ends), and away from the attributes (the means). Ulrich simplifies the meaning of his philosophy with the formula:

$$\text{Effective Leadership} = \text{Attributes} \times \text{Results}$$

Ulrich spells out four specific results categories that leaders need to focus on in order to be effective. The four categories are: employee results, organizational results, customer results, and shareholder results. The premise of results-based leadership holds that particular leadership attributes (e.g., thinks analytically, shares power, manages change, demonstrates integrity) must be directly linked to one or more of the four previously mentioned results categories in order to for leaders to be truly effective. Ulrich argues that leadership development, myopically focused on building character or competencies independent of tangible results, is misdirected.

With results-based leadership, the tables are turned in that a leader's first and most critical priority is to define and clarify the specific results he or she needs to achieve (in the framework of the four categories). Only after this point is a leader able to uncover and understand what attributes, competencies or skills are required to help achieve the desired the results. This linking of results to attributes forms the foundation of *Results-Based Leadership*.

Results-Based Leadership – A Closer Look

While some of the book appears to be a straightforward strategy toolkit by which leaders can assess and create tailored business strategies, most attention is paid to the actual results leaders need to achieve if they wish to bring success to an organization. A demonstration of results-based thinking is exemplified when Ulrich highlights Lucent Technologies' leadership development methods. In any development training program, managers are first asked to define the results they need to achieve before they do anything else. The follow-up questions asked of these managers are, "How able are you to produce these results today?" and "What must you learn and do to make these results happen?" (Ulrich, et al., 1999). The responses to these questions would help identify the gaps in attributes, competencies and skills that managers need to address in order to be prepared to achieve their desired results.

The following four results categories make up the core of Ulrich's result-based leadership concepts:

Employee Results: Ulrich proposes a formula for measuring the value of human capital, defined as *employee capability x employee commitment*. While this is not a true numerically driven formula, the implications for magnifying outcomes are clear. As the equation suggests, the desired output or productivity of human capital will increase given higher levels of both capability and commitment. Further, Ulrich argues that leaders must focus equally on building employee capability and commitment, because an emphasis on only one of these will undermine the attainment of the desired results (more capable and committed human capital).

To supplement his proposition, Ulrich offers methods for measuring and building capability (individual and team level) and commitment. Building capability can take place through buying, building, benchmarking, borrowing, bouncing, or binding employees. Employee commitment is measured by paying attention to workforce productivity, organizational climate, and employee retention. Leaders can build commitment by addressing work arrangements, work impact, growth opportunities, rewards, and community.

Organization Results: Ulrich argues that leaders cannot look at organizations simply as structures or systems that are to be altered by adjusting hierarchies or reengineering processes. Rather, they must look at organizations as a set of capabilities that are leveraged to foster competitiveness and advantage; in other words, the sum is greater than the individual parts of an organization. The four key capabilities that Ulrich claims leaders need to build in their organization are learning, speed, boundarylessness, and accountability. As he does in other chapters, Ulrich provides an assessment tool to help leaders and their organizations set their sights on building these four capabilities.

Customer Results: In shifting a leader's attention to external results, Ulrich equates the idea of customer results with firm equity, which is defined as the loyalty customers feel that prompts them to do business with certain companies. Ulrich establishes this notion by combining concepts from brand building and corporate culture and values. Nordstrom and Southwest are held out as examples of companies having loyal bases of repeat customers who feel a strong commitment to the companies' products and reputations.

As Ulrich states, "when leaders achieve firm equity, customers are not only satisfied, but committed; customer intimacy increases, and unity occurs between the employees and customers". (Ulrich, et al., 1999). In other words, effective leaders are very good at consistently delivering desired products and services in order to build loyalty among existing customers and attract new ones.

Much of the relevant content in this chapter relates to the notion of value discipline or value proposition. In other words, focusing on a particular value discipline (speed, price, quality, product, and intimacy) can help a company differentiate itself in the marketplace. Ulrich urges leaders to stake out a clear value discipline so that employee and organization results can be aligned with this approach. In addition, the critical nature of meaningful and continual customer interaction is emphasized as a key component to building firm equity. To do this, Ulrich highlights recruiting, reward and development systems, and governance as levers leaders have at their disposal to help achieve customer results.

Investor Results: Simply stated, leaders (of public firms) need to increase shareholder value. In arguing that investor results accrue from employee, organizational, and customer results, Ulrich suggests that leaders can address three issues relevant to investor results: costs, growth, and management equity. By demonstrating a keen understanding of opportunities to cut costs and assess growth opportunities, leaders can better position investors to share in the success of the company. Ulrich is careful to note that financial measurements are not the only indicators investors can analyze to assess a company's value. Management equity, or quality of management, is an important indicator as evidenced by the increase in stock price of companies that hire widely recognized high-quality executives. Ulrich points to the ascendance of many ex-GE executives to CEO positions, after which these companies' stock prices enjoyed sustained growth after the moves.