THE HIGH IMPACT LEADER
Moments Matter in Accelerating Authentic Leadership Development

Bruce J. Avolio
Fred Luthans
THE CEO OF A SENIOR management group in a large telecommunications company opened a recent meeting by saying he wanted to relay some personal issues he had been through over the past year, issues that had profoundly impacted his leadership. He then went on to describe in detail how he had come to a meeting just like the one they were now holding and realized that he was not feeling well. He left the meeting, and the next morning he was on the operating table going through quadruple bypass heart surgery. He told the group that this particular life event had totally reshaped his thinking about who he wanted to be and what he wanted to accomplish; what cognitive psychologists call his “possible self.”

This event, and what transpired afterward, can be viewed as a leadership development “jolt,” a turning point, or what we will simply call a “moment.” It changed how he viewed himself and his role as a leader.

Around the table, many of his managers were nodding in agreement and acknowledging that the moment he described had been significant in changing his views about himself and his leadership of others. They had clearly noticed the change. This was an emotional,
reflective, positive event for this leader’s team based on a threatening, negative moment in his life’s course.

Although somewhat eerie—but in retrospect fairly typical in today’s executive suites—the next manager who spoke up also talked about his heart attack. He related how he had come to a point of deep realization of what he wanted to accomplish as a leader, stating that for him the surgery was also a defining moment in his life and in his leadership. Each manager felt that it was turning these events into something positive that developed their greater potential as leaders. As we often do these days, you might ask how many leadership development programs count on clogged arteries to positively accelerate authentic development in leaders.

Bruce (we will refer to ourselves, the authors, as Bruce or Fred, when appropriate) was the third person to speak at the meeting, and he facetiously asked the group if they thought that leadership development required quadruple bypass surgery. The managers nervously chuckled and raised their eyebrows. Then Bruce went on to exclaim: “I sure would like to make leadership development easier than open heart surgery!”

THE ALD CONTINUUM
So is leadership development somewhere between heart surgery and the typical one- to three-day miracle program that takes one to “the peak”?

Put simply, yes. Authentic leadership development does not necessarily have to coincide with cataclysmic life events. Indeed, ALD may even be accelerated by something positive. Unfortunately, on the other end of the continuum ALD likely does not occur in just a one- or even five-day program. At best, the beginning of change may be rooted or stimulated in these widely used programs.

In this book, you will learn that ALD is essentially something that happens both across one’s life span and in unexpected negative or positive moments. These critical ALD moments may occur in any setting or circumstance. Moments that matter for ALD may happen while growing up, at social gatherings, at work, in the gym, on a bike trail, or in a church, temple, or mosque.

For example, entertainment and business leader Oprah Winfrey told Sidney Poitier the moment for her occurred when she was 10 years old watching TV from the linoleum floor of her mother’s walk-up flat. She saw Poitier receive an Academy Award, and said to herself at that moment, “If he can do that, I wonder what I could do?” Besides these life events, such positive moments may even occur in a leadership development classroom, training center, retreat, coaching session, or hopefully while reading this book.

Very simply, authentic leadership development occurs when the “theory of one’s leadership”—what leadership academics call the “implicit theory” in one’s head—is challenged. In this moment of challenge, or during a period of reflection—somewhere between heart surgery and an interesting suggestion or observation—you ask yourself how you can better move others to the goals you and they want to achieve.

We must positively challenge the theory, model, and script that guide your leadership style.

Recently named Nobel Prize–winning behavioral decision theorist Daniel Kahneman (and fellow senior scientist with us at Gallup) says that people have potentially thousands of such moments every day. For some, these moments have immediate impact, while for others it might take three months, a year, or even five years before they realize what it meant to their development as a leader.

The well-known leadership writer Warren Bennis, in retrospective reflection in a recent Harvard Business Review article, revealed
his own moment, one that shaped his personal theory of leadership to this day. He recalled being a very green 19-year-old lieutenant in World War II reporting to the front lines in Belgium. He arrived in the middle of the night at a bombed-out building and was offered a relatively comfortable bench in the kitchen to sleep on. Instead, he chose to throw his bag down with the rest of the sleeping men.

When the men began to wake in the morning, he overheard one sergeant ask the other, “Who’s that?”

“That’s our new platoon leader,” was the reply.

“Good,” the first sergeant said. “We can use him.”

We would say this was an important moment for Bennis’s personal theory of leadership. He explained as follows. As he puts it:

My entry had been low key. I hadn’t come in with my new commission blazing . . . I learned that they needed me—or, at least, they needed the person they would subsequently teach me to be.

BUILDING YOUR THEORY OF ALD

Leadership theory in one's head shaped by life's moments is not an academic theory at all, but rather, what academic theories such as ours attempt to explain. It is your personal theory, model, or story of how you want to influence others. We like the word “story” to describe this personal leadership theory. Why? If you read many biographies of well-known leaders, they almost always tell the life “story” of their leadership development, never the wonderful leadership development program they attended.

Think of your leadership development theory as being a story to guide you.

For example, we frequently find male leaders talking about the profound influence their mothers had on their development. For-
BRINGING THE FUTURE TO THE PRESENT

In the business periodical *Fast Company*, a great story of bringing the future to the present takes place when the staff of a huge GM assembly plant is told by a corporate “suit” perched at a podium that the plant is to be shut down. He declares, “There is nothing you can do to affect this decision.”

It became a moment for the plant manager, who turned this negative ultimatum into a positive impact on his leadership. After the dust had settled and the corporate representative had left, he swallowed hard and addressed his shocked workers: “There may be nothing we can do to affect this decision, but there is something we can do: We can make them feel really stupid! Because they are going to be closing the best plant in General Motors!”

This impassioned speech got everyone behind him, and “Be the best!” became the rallying cry, with everyone working hard to accomplish a common goal. Within two years the factory was indeed the lowest-cost producer with the lowest warranty costs, and GM “ate crow” and kept the plant open. The plant manager had clearly made another interpretation of this moment brought on by the corporate ultimatum. He brought the future to the present, changed his personal theory of leadership, and attained incredibly positive performance results.

Bruce heard a firsthand example of this process when he recently asked the CEO of one of the largest and most successful retail organizations on earth to identify a moment in his life when he had learned something that profoundly shaped his views on leadership.

The man admitted that he'd been a lousy student in high school and was barely able to gain entry into a local community college following graduation. The first class he took in college was a history course. On the first day, the professor assigned three books for each student to read and told them to come back to discuss the books in several weeks. The three books were all on the same famous battle.

After reading them, the future business leader came back to class curious as to why they described the same battle in distinctly different ways. The professor indicated that history, like other aspects of life, is simply open to interpretation. The way we view history is based upon our own models and theories of how we view the world. There is that word, “theory,” again. So, not only do we have to guess what will happen and what just happened, we also have to interpret what already happened.

Life’s program, looking back, at present, and into the foreseeable future, presents some interesting challenges for all of us. One of the key lessons both the GM plant manager and the CEO in his history class took away with them is that leaders must be able to interpret the past and the present in order to bring the future to the present. They then must go a step further in getting others to interpret what the future in the present looks like. If they’re successful, they can create an alignment of purpose targeted toward achieving the future that is already understood in the present.

This somewhat confusing process was clearly demonstrated in the example of the GM plant manager. It also gives clarity to Bruce’s observation of the retail giant CEO’s interaction with at least four major consulting firms presenting their proposals to his firm. The CEO’s theory, at least partly derived from his history class while in college, led him to provide a forum for such an important decision.

Specifically, he required each consultant to offer him a different interpretation of the “same” problem. Then it was up to him to choose, from the different interpretations, which one made the most sense. Indeed, leaders are charged almost daily to make sense out of what has happened, what is happening, and what will happen in the future. Then they bring the event back to the present and get to work on filling in the white space between the present and future. The CEO simply wanted at least three interpretations of the same
challenge—a theory he had formulated from a moment that mattered nearly 30 years earlier.

Positive moments contribute to shaping the story of your leadership development potential.

CAPTURING AND FACILITATING MOMENTS

In our view, a key to understanding and developing authentic leadership is capturing these “moments that matter” and that help create positive moments that matter in the future. Some, actually most, of these moments will occur as one walks through life. But for ALD, others can occur because we plan for them to occur. Although both natural and planned moments constitute ALD, in most cases we have ignored life’s moments—like the CEO’s history class—in our leadership development training efforts. An exception is personal coaching, which may create moments or reflect on ones that have passed; but unfortunately, even then, they are too often not likely to have the intended impact on leadership development.

We have recently been asking a simple question of many leadership developers, senior leaders, and those who run some of the most prestigious leadership learning institutions in the United States, such as the Harvard Business and Kennedy schools, West Point, and the Air Force Academy. The question is: What is the most significant moment that you’ve created that accelerates the positive development of leadership?

Within these well-known institutions, there has been no consensus on what that moment has been or should be. Indeed, most were surprised not to have thought about “that moment,” or even “a set of moments,” in the design of their leadership curriculum and programs. Those we questioned usually added that they knew such moments exist, but they weren’t sure when.

Our challenge to you, and to anyone serious about authentic leadership development, is to consider the “moments that matter” in order to move the future to the present. These will include the ones that you deliberately and proactively set about creating, as well as the ones that life’s program will take care of on its own.

At this point, take some ownership of what you’ve been reading so far and, after reflection, identify what moment or moments truly mattered in your leadership development. These would be moments that, above all others, you would not want to have missed. Have you created that moment for others?

Now that we hopefully have you at least thinking about your own moments that matter, read on.

SUMMING UP AND POINT OF DEPARTURE

Let’s summarize a bit and offer the following basic premises that can be used as a platform and point of departure for your ALD:

- Moments that matter can come from the natural course of life’s events or can be proactively created or accelerated for one’s self-development and/or that of others.
- Some moments have an immediate impact, and others may take years to surface and have an impact in retrospect or at the point of discovery.
- There are positive moments that matter in the authentic development of leadership, just as there are negative ones.
- Accelerating leadership development requires knowing the terminal learning objective, or TLO, for the creation of moments that matter or for taking advantage of moments as they arise in life. The TLO provides a clear view and, with the resulting moments, a compass for the future.
ALD will be optimized to the extent that it supports rather than competes with life's program.

In ensuing chapters, we intend to take you through a model that can help shape your theory of what constitutes authentic leadership development. Unless we help you develop and "own" your theory, which is the architectural plan, road map, and compass for your development, there is no way any change in development can be meaningful and sustainable.

In the next chapter, we look at how America views its leaders based on a Gallup Leadership Institute national poll we had conducted for our work on authentic leadership. Our goal is to expand this poll to other countries, so we can build a normative database, one that can serve over time as a basis of comparison for leaders around the globe.

As part of your engagement and ownership, we encourage you to also participate in the poll survey by using the PIN number provided on the cover flap of this book after our bios and going to the survey located at www.e-leading.com. After participating, you will receive an automated feedback report. We have also set up a coaching Web site at e-leading that contains facilities for helping you translate the survey data into some "moments that matter" for you in your development as an authentic leader.

Following the review of the poll data in Chapter 2, in Chapter 3 we summarize what we have learned from the last 100 years of research on virtually any attempt to develop or change leadership. This is the most extensive quantitative review of the leadership development literature ever conducted.

Our brief summary of results is based on a meta-analysis of all relevant studies. Commonly used in the social and health sciences, a meta-analysis is a study of studies, so to speak. This procedure allows us to quantitatively and qualitatively combine data from both published and unpublished studies in order to reach some overall conclusions about what we have actually learned over the last century of research on leadership development interventions.

After laying this unprecedented foundation for how employees across the country view their leaders and what we have learned from the research on leadership interventions, we move on in later chapters to broaden and build on what constitutes authentic leadership development. We will expand our boundaries of this discussion to the global scene, and not limit ourselves simply to a Western view of leadership development.

Our terminal learning objective (TLO) for authentic leadership development for this book is:

To enhance each reader's personal theory of authentic leadership development in order to have a positive and sustainable impact on self, group, organizational, and community leadership performance.

Once again, we want you to consider a variation of the question asked earlier:

What moment in your life thus far has had a profoundly positive impact on accelerating your authentic leadership development?

What follows are several examples, the first two drawn from the authors' experiences, of answering this "moments that matter" question.

Bruce's Story
When I was 12 years old, I had a paper route in New York. On my first day, the supervisor allocated routes to all of the newspaper
boys. My route was the last to be allocated, and the supervisor for some reason apparently took a dislike to me. I could tell that he had saved this particular route for me.

I got on my bike, headed out to the area where my route began, and realized that a good portion of the route was in the African-American neighborhood of our community, which otherwise was predominantly white. Looking back, there is no doubt in my mind that I was scared, but didn't actually know why. On that day, I delivered the papers and nothing happened. Indeed, nothing happened day after day for two years, except that I got to know some really nice people, who would give me lemonade on hot days, presents on holidays, and who simply went on with their lives, as I did while doing my job. This was 1965, which was a moment in U.S. history where we were on the verge of exploding onto the civil rights scene.

Upon reflection, the moment surrounding my first venture into this neighborhood made me realize that I had heard many false truths about African Americans. My theory of diversity was distorted and incomplete. I was so fortunate to see this large and important group in our nation as uniquely different and diverse in 1965, which has led me over the last 40 years of my life to believe that my theory of leadership is not weighed down by the melanin content of one's skin.

About five years ago a colleague of mine thanked me for sending a candidate for a job his way. He remarked that he was surprised that I had never mentioned that he was African American. My not mentioning it had nothing to do with EEO. It may sound strange to some, but I truly never considered or saw him as an African American. He was just a friend and colleague, and that was the category that worked best for me. It seems, based on reflection and a whole lot of psychological literature on stereotyping, a much more intelligent categorization. I am literally colorblind, and consider myself fortunate to be so, at least as far as my "theory" of people goes.

Fred's Story

An especially important moment for me was not only the thrill of my wife Kay giving birth to our first child, Kristin—at the West Point hospital while I was teaching (leadership, no less) while serving in the Army—but a simple comment made by my father when he was informed of the birth: "Fred, now that you are a father, remember, you only have one chance to do this right, so give your best shot."

This served as a defining moment that shaped my theory of the importance and the priority that family has for me: my wife of 42 years; four successful and, more important, happy grown children, and their spouses; our six grandchildren (so far); and my sister and other relatives. And it reflected, and reflects, my personal theory of authentic leadership. This theory for me has family, and all that entails, as a central theme—including all the people with whom I deal—with giving, in my father's words, “my best shot.”

An Old School Schedule

About six months ago the commissioner of education in a large midwestern state, addressing a think tank composed of superintendents, said that he had recently visited his father's old high school before they were scheduled to tear it down. On a door, he found a schedule of classes that was 50 years old, and remarked that it was very similar to one he had seen recently, except there was a bit more emphasis on Latin! In that moment, we all realized that we had to take a very deep look at educational reform, given how dramatically the world had changed over the last 50 years.

What Did You Accomplish?

Our editor and publisher, of this book, related his own story about his defining leadership moment. Jeffrey Krames, who was born to immigrant parents who never had the chance to attend college, has
always been a self-starter. He graduated from college at 20 years of age, and spent more than 20 years working his way up the ladder in the publishing business. He also has written five books in the last five years, nearly all of them best-sellers.

He often wondered where all of that ambition came from. Upon reading this chapter, Jeffrey told us that when he was in his teens and early 20s, his mother would always ask the same question when he returned home from school or a social event: “Well, did you accomplish?”

It was that simple. Those words, and the idea that he needed to accomplish something every day, stayed with him. He awakens every day with that thought in his head, and never considers a day done unless he has achieved something that he deems meaningful.

**FOR YOU TO DO ON YOUR ALD JOURNEY**

1. Write down what you believe are three core aspects of ideal leadership.

2. Think about how you learned that these were the three core aspects. Where did that knowledge come from? Was it a class/program course? Or was it your life course based on observation and defining moments?

3. How well do these three core aspects apply to your current leader?

4. How satisfied are you with this current leader?

5. Is your level of satisfaction with this leader related to the gap between the three ideals and where your leader operates?

What you have just done is unearth what we said earlier and what leadership academics call your “implicit theory of leadership.” Even if you don’t think about this personal theory, it’s always operating in your head. It acts as a filter as to how you see others, as well as yourself, in terms of leadership. It’s very powerful, but subtle. Are you now ready to continue on the journey of your ALD process? As Fred’s father would say: Let’s give it your best shot!

**LEADERSHIP NOTES**

- **Even negative experiences can be turned into positive leadership moments.** As we learned at the outset of this chapter, even a negative experience like a heart attack can be used as fodder for a positive leadership experience. Much of the outcome will be determined by how the leader approaches the negative experience. The plant manager at that apparently ill-fated GM plant is a perfect example.

- **Capturing moments that matter is a key component of effective leadership.** One of the keys is to be aware of those moments that made the most impact on your leadership perspective. This may take some real introspection, but it is worth the effort.

Continue to monitor your ALD progress with your journal. Your journal, which we suggested you keep earlier, can be the key to deriving the most value out of the book. Stick with it as you progress through each and every chapter.
FOR A FEW YEARS now we have been receiving what is called Gallup's Tuesday Briefing. This is a synopsis of Gallup's polling data, as well as the extensive work it has done in areas such as human measurement, performance, and productivity.

On one Tuesday morning, the Gallup pollsters sent out a chart that captured the last 30 years of data on the U.S. public's confidence and trust in its leadership, covering a period from the end of the Vietnam War through the current Iraq War. Surprisingly, the poll data showed that the confidence in business leadership over the past three decades has remained virtually the same.

Specifically, on a scale of 0 to 100, the confidence in business leadership has hovered around 28, right through the bursting of the dot-com bubble at the turn of the present century, through 9/11, and even through the corporate ethics meltdown in recent years. However, one number that has not been steady is the jump in the number of ethics officers appointed in our organizations, which in 2003-2004 has increased 25 percent, according to the Ethics Officer Association.
In a Gallup Poll in 2002, 51 percent of U.S. employees said they agreed that "the people who run most companies are ethical and honest." If 49 percent are not viewed as ethical, our businesses and indeed our democracy may be in serious trouble.

Fortunately, we believe the situation is not so dire. For example, in a 2004 survey of U.S. companies conducted by the Center for Corporate Citizenship at Boston College, 82 percent of companies noted that good corporate citizenship was important to their bottom line. Also, 72 percent said that the public has the right to expect good corporate citizenship. In another survey, the Conference Board notes that 50 percent of global managers report their companies will include citizenship as part of their performance evaluation, or that there are plans to this effect.

During this same 30-year span, from the end of the Vietnam War through the war and occupation in Iraq, the confidence and trust in U.S. military leadership has remained at about 80 out of 100. What is remarkable about both sets of data, besides the stark contrast between the reactions to business versus military leaders, is how little the confidence in leadership has changed over time, despite various events and, from the perspective of our book, moments that mattered. Although we all know about the media blitz and hallway discussions about what has gone wrong with our business leaders, these data representing their brand has not changed over the last 30 years. (Given the low ratings, this consistency is not necessarily a good thing.)

Regarding the military, we wonder how certain widely publicized events in recent years will affect our trust in those leaders as well. For example, a New York Times article on November 11, 1998 revealed that the accident that occurred on the Cermis ski lift in the Italian Alps, where a U.S. Marine pilot struck a cable and as a result killed 20 people, was due in part to a lack of transparency. Apparently, critical information for Air Force pilots was "simply dropped in the mailboxes of the Marines," potentially contributing to this tragic accident.

In the May 17, 2004, issue of ArmyTimes.com, under the title "A Failure of Leadership at the Highest Levels," there was a discussion of ethical mistakes made by soldiers who abused prisoners in Afghanistan and in Iraq, at Abu Ghraib. But it lays blame on the conditions on the leadership in the military, all the way to the top, for creating the conditions in which the abuses took place. Seymour Hersh was the first to write about this in mainstream publications, in a three-part article in The New Yorker magazine in the same year. What impact will these and other events have on the trust Americans place in our military leaders?

Military leaders remain the most trusted in U.S. society, while business leaders lag way behind in terms of trust and confidence.

THE ROLE OF SELF-SACRIFICE
What makes people more confident in our military leaders versus our business leaders? Why are military leaders likely to be seen as more authentic?

Perhaps the answer to these questions lies in part within the discussions we hear every four years surrounding the qualifications to become President. Two candidates who, approximately, are equally qualified to hold the office try to differentiate (or in some cases hide from) their military records because the voters know they will become Commander in Chief of our armed forces.

This emphasis to gain competitive advantage from one's "war record" gets to one of the most fundamental truths about leadership. It is back to our "moments that matter." There is no better way of demonstrating your authenticity than the willingness to sacrifice your life for a cause, a mission, or, in this case, your fellow soldiers. Clearly, these are challenging moments.
Doing one's regular job may demonstrate steadfast commitment. It may be less notable, to most people, than being a war hero, but it's no less important to one's authenticity, and to how others view it.

To others, self-sacrifice signals your commitment. It may be as simple as waiting in line last to be fed, delaying your vacation to help someone get their project done, evenly splitting the rewards from a successful project, giving up something you value for the good of your group, and/or saying what you think when it most matters, even if it will detract from your career prospects or compensation bonus.

It's Herb Kelleher down in the hold of one of his Southwest planes, helping unload baggage on Christmas day. It is the Westinghouse executive who offered to buy, and then cook and serve, a steak dinner to his direct reports if they met their sales goal, even when the company offered to pay the bill at a fine restaurant. It is the executive who comes to a troubled airline and cuts his salary the first day by 25 percent. Or, it may be the reason why nurses in our country are the highest rated profession in terms of being viewed as ethical and honest, while car salesmen are ranked the lowest, according to a 2004 Gallup Poll.

The lesson to be learned here is: The moment that matters to followers is when the leader shows that her people are more important than she is. In its best form, it is actually enlightened self-interest. Why? Because followers will do much more for leaders who they believe have the followers' interests in mind.

Choosing such self-sacrificing actions is based on moments that matter in the leader's own life, moments that taught him or her that it was the only right thing to do. However, self-sacrifice is only one way to show sincerity and commitment. It is not by any means the only one we will advocate for ALD.

Also, self-sacrifice may have significant drawbacks to one's leadership career, like death in the military or stressful overwork for the rest of us. Nevertheless, in the case of the armed forces, the operating premise for men and women on active duty is that by choosing to serve, they have already demonstrated to us some level of self-sacrifice. They have voluntarily joined an institution that has been draped in self-sacrifice for 250 years. The bottom line is that we trust and attribute authenticity to leaders who sacrifice for the good of others, which is an important lesson to learn in creating moments for yourself and others in your ALD process.

Leaders often gain authenticity through selfless acts that contribute to the good of their respective groups.

**CONTRASTING MILITARY AND BUSINESS LEADERS**

Let's take this a step further by contrasting the normative view of military leaders with that of business leaders. In every business school, contrary to what we know from psychological theory, business students are taught to think in "quid pro quo" terms: Always strive to get a maximum return on the money you invest.

A popular model taught to business school students, especially on the financial side of the house, is called "agency theory." In a nutshell, this theory essentially says that, as employees, we are all agents working in this larger entity called a business corporation, putting in effort in exchange for what we expect to receive (i.e., wages). Then we witness, highlighted by the media, the huge gaps between what CEOs make and what the lowest paid agents earn in their respective organizations. The ratio between them in this country is often as great as 400 to 1.

Even in down years we see, leaders still getting large bonuses, based on legitimate contractual agreements, while companies might well be suffering their worst losses in history. Recent highly visible examples include Disney's Michael Eisner, who, over a recent five-year period, returned a dismal –41 percent to stockholders, but was paid
a whopping $706.1 million over the same period. Or Motorola’s Christopher Galvin (grandson of the founder), who also had a –41.6 percent five-year return to stockholders, but was still paid $28.1 million over that same period.

With the public and legal system demanding more accountability of business leaders in the aftermath of the Enron, Tyco, WorldCom, and other business scandals, things seem to be getting better. For example, CEO Donald Carty was recently forced out at American Airlines, largely as a result of failing to mention the special bonus pool that existed for top executives—while at the same time asking flight attendants and pilots to take massive pay cuts.

A recent survey found that over three-fourths of the CEOs at the worst-performing firms in the S&P 500 have been replaced. The concern of the public, reflected in the passage of the Sarbanes-Oxley Act, is holding business leaders’ feet to the fire of increased accountability. Unfortunately, however, it is still easier to come up with stories of greed than altruism.

Dennis Kozlowski, Marsha Stewart, and others still seem to dominate the news, rather than a Jim Goodnight or Aaron Feuerstein. Jim runs perhaps the best place to work, at SAS, and Aaron paid millions to his nonworking employees—essentially out of his own pocket—when his company, Malden Mills, burned down several years ago. As strategy guru Henry Mintzberg, author of the highly critical book on business leader education, Managers Not MBAs, notes: “Enron and the rest of them are the tip of the iceberg, and you can deal with the tip in courts of law. What worries me is the legal corruption below the surface.” He specifically mentions the extremes of executive compensation, casual downsizing, and what he calls “hired guns applying neutral techniques to whatever needs managing.”

Henry’s and our point is that too many of these “top guns” are being developed through flawed business educations. We would argue that they too often follow theories such as agency, rather than theories such as self-sacrifice or even rational egoism. Henry says MBAs are not managers. We would add that traditionally educated MBAs do not necessarily make authentic leaders.

Over the last few decades, the agency theory type of thinking taught in business schools has dominated the personal theories of business leaders. We would argue that our own University of Nebraska-Gallup MBA in authentic leadership is an exception, since it challenges the basic assumptions guiding most traditional MBA programs. (Our Web site, www.gli.unl.edu, presents the details of this program.)

What this all means is that perceptions of authentic leadership is lower in business than in other leadership domains, such as the military. For example, regardless of your feelings about the Iraq War, in terms of accountability, trust, and effectiveness of dollars spent by the leader, who would you choose in comparing General Tommy Franks spending $63 billion in leading his troops to Baghdad versus CEO Rick Wagoner’s $175 billion annual spending in leading General Motors?

*Is the base rate for authentic leadership inherently lower in business?*

**WHAT CAN BUSINESS LEADERS DO?**

To the extent that leadership is in large part how one is perceived, then the most authentic business leaders will need to demonstrate, through consistent action and visible self-sacrifice, that they value the people with whom they work. They must show that they place their people over their own self-interests in moments where leadership really matters.

One business leader facing closure of his company described reaching back to such a moment when he stated: “Through the whole crisis, I continued to tell myself that I wasn’t a quitter. I spent four years through the plebe system at the Citadel and graduated,
and I wasn’t going to let this beat me. I guess it is just the inner man that makes you survive.” And many authentic leaders have indeed drawn from their inner strengths, showing the belief in themselves—and in their people—that make business enterprises not only survive, but flourish.

We would suggest that in today’s hypercompetitive environment, most top business leaders already sacrifice a great deal for the good of their companies. In truth, few, if any, have a life outside of leading their organizations. There is little time left for family or friends, let alone leisure activities.

As one business leader put it: “Work weeks of 120 hours take their toll on a family . . . . We survived, but we’re scarred.” However, such hard work, dedication, and commitment to others on the part of many still appears to be overshadowed by the overall perception that business leaders are not trustworthy to lead our corporations.

There is also evidence, from the international study on Global Leadership and Organizational Effectiveness, simply known as the GLOBE project that cultural differences do affect leaders’ values and what others expect of them. This massive study includes data from about 17,000 mostly middle level business leaders from 825 organizations in 61 countries.

The GLOBE study found business leaders from southern Asian, Latin American, and Arab countries tend to place a high value on collective goals; that they encourage and reward group distribution of resources and rewards, and express pride, loyalty, and cohesiveness in their organizations and families. In contrast, business leaders from Nordic European countries tend to place a high value on individual goals (more “me” focused). These Nordic values are more in line with U.S. business leaders’ values and how others view them.

Leadership is in large part driven by how others perceive you. Do they trust your intentions? Are they confident in your capacity to lead? Do they believe you even know who they are?

In 2004 we decided to start a poll on authentic business leadership. Our intent was, and is, to conduct this poll every other year, to better determine what it is that Americans trust in their business leaders. We didn’t set out to discover if our business leaders are more or less ethical or moral. Rather, we set out to collect data on American’s perceptions of their business leaders’ authenticity, and to present the data for you to be the judge.

Most would agree that the majority of business leaders are honest and ethical, but also perhaps too self-interested at the expense of others. Moreover, one of the real problems we see is that most CEOs want to hear the good news, not the bad. In so doing, they create the conditions that result in their not knowing what might be going on in their own organizations.

Part of the problem is that most people who report to the leader may also overestimate the extent to which their leaders see their inner feelings as transparent, when in fact they are not. So the leader creates the conditions to learn less, and the followers believe that the leader is in fact telling them more than he or she is, which in combination is a recipe for potential disaster.

HOW OUR POLL WAS CONDUCTED

The nationwide telephone poll of 1,008 employees over age 18 was conducted in May to early, June 2004, by the Gallup Organization for the College of Business Administration at the University of Nebraska. Responses to the items comprising the poll were judged on a five-point scale to determine how frequently the leaders of the respondents’ respective organizations displayed specific actions and behaviors associated with authentic leadership.

For the poll, we defined authentic leaders as being “transparent” about their intentions and desires. Authentic leaders were also defined as saying exactly what they mean, as going beyond self-interest for
The good of the organization, and as acting in the organization’s best interest. Further, they consider the moral and ethical consequences of their decisions, and readily admit when mistakes are made.

Many leaders from the past have tended to operate with a guarded, top-down decision-making style. This approach is simply not acceptable in today’s organizations. The standard now should be that anything one does in a leadership role should be justifiable and open to public scrutiny. As Warren Buffett is well known for saying, every action you take should be an acceptable headline the next morning in the *New York Times*, a headline you would not be embarrassed to have your family and friends read.

Put bluntly, in today’s environment, if leaders aren’t transparent and trustworthy, they’re eventually going to be caught. We believe that few will be able to get away with the kind of unethical behavior we have seen in the recent past.

The odds are now in favor of leaders being more transparent. Why? There’s more noise. There is much more scrutiny from all levels. The media is smarter and more aggressive, at least in the realm of financial reporting. Everyone is currently open to review by everyone else, including—and perhaps more important than the legal system and the media—the leaders’ associates. Followers, peers, and even outsiders, such as customers and vendors, are much smarter and more vigilant than in the past.

One follower can now “Google” you into submission with just a touch of the keyboard. A message from one employee can be sent to thousands inside or outside the organization, igniting a movement, ruin a career, or simply getting a bunch a people to show up (in person or online) to voice their opinions.

Today’s stark reality is that leaders need to either ramp up their deviousness, or give up and be transparent. A transparency strategy is the only alternative in today’s litigious, networked world. To put it cynically, you might as well be transparent and ethical, since people are too smart not to find out when you’re being unethical. Thus, it’s the practical alternative. From an authentic perspective, a society and economy is based on openness and trust, which is what we advocate for business leaders.

In today’s environment, leaders have to operate with employees on the basis of trust. They have to create the conditions for trust in order for their people to flourish and build a sustainable high-performing organization.

Without building the conditions for deep trust, the leader, associates, and the organization can never achieve full potential. Hence, over time, leaders who continually pass the trust test with their authenticity will not only accrue enormous goodwill inside and outside the organization, but also higher performing associates and the resulting competitive advantage.

**WHAT OUR LEADERSHIP POLL FOUND**

At this point, let us briefly summarize the results of our Gallup Poll on authentic leadership:

- Approximately one-third of U.S. working adults indicated that the leadership in their organizations exhibited authentic behaviors “frequently, if not always.”
- Thirty-nine percent of the employees surveyed reported that their leaders frequently, if not always “act in the best interest of the organization” and “are genuine people.”
- The lowest-rated items from the poll were leaders who “make personal sacrifices for the benefit of the organization”—only 22 percent said “frequently, if not always”—and “admits when mistakes are made,” with only 23 percent reporting that their leaders exhibit this behavior frequently, if not always.
The survey also separated responses by gender, and white versus nonwhite. Women respondents typically had more positive views of their organization’s leadership, and nonwhites had a somewhat less positive view than whites.

The poll also revealed that employees in smaller organizations (of less than 100 employees) were more likely to rate their leaders as displaying authentic leadership. Perhaps in larger organizations it is more difficult to sustain authentic leadership because people are less likely to know the leader or CEO personally. They may only know what they’ve heard secondhand from others or read in the external press or internal publications. Or they may have had only a brief moment of informal—or worse, very formal—interaction with the leader, from which they had to shape their opinion.

Besides these major findings from the poll, here are some other interesting findings to ponder:

- One-fourth of women versus 16 percent of men felt their organizations picked the best people for leadership roles “frequently, if not always.”
- Thirty-nine percent of women, versus 27 percent of men, indicated their leaders highlighted the advantages of working with people from different backgrounds “frequently, if not always.”
- About one-fourth (26 percent) of white employees, versus one out of five nonwhite employees, indicated “frequently, if not always” that their organization’s leadership makes them feel like an owner in their organization.
- Almost half (48 percent) of the white employees indicated that their leadership gave them significant freedom to do their job “frequently, if not always,” versus 35 percent for nonwhites.
- About one-third (34 percent) of those employed in small organizations (less than 100) indicated that their leaders made them feel like an owner in their organization “frequently, if not always,” versus approximately 18 percent in medium to larger organizations.
- Not quite a third (31 percent) of those employed in smaller organizations indicated that their leaders pick the best people for leadership roles “frequently, if not always,” versus approximately 14 percent in medium to larger organizations.
- Well over half (56 percent) of the respondents from small organizations indicated that their leaders give them significant freedom to do their jobs “frequently, if not always,” versus 38 percent in medium to larger organizations.
- Not quite two-thirds (63 percent) from small organizations indicated their leaders make them feel their work makes an important contribution to the mission of their organization “frequently, if not always,” versus 45 percent in medium to larger organizations.

**IMPLICATIONS FOR ALD FROM THE POLL RESULTS**

The pattern of results associated with small versus large organizations has important implications for ALD. Specifically, leadership in a smaller organization or unit versus a larger organization may require a different approach. Much of how you are perceived as a leader in a large organization will depend on the “moments that mattered” to your employees in shaping their views of your leadership. Especially in larger organizations, where there are less direct day-to-day personal interactions, impression management takes on added importance.

It is at the intersection of impression management and actual observed behavior that the followers formulate or confirm their
perceptions of leadership. The following mostly widely publicized examples underscore this point:

- When former President Clinton, intensely stared into the camera and told the American public that he did not have a sexual relationship with “that woman,” Monica Lewinsky, it was a defining moment for many Americans, but not all, on his character. Many already questioned his character, and this statement and its aftermath just reaffirmed their view of his lack of authenticity. Others did not view personal affairs as having any relevance to public affairs, so they simply dismissed it.

- Shane Osborne courageously landing his plane on an island off the coast of China after being hit by a Chinese fighter jet was a defining moment for this young officer in the eyes of the American public. This new hero brought his crew down safely, but the general public did not know that previously he had 22 other similar so-called bad incidents where he had to undertake risky landings. It was this defining moment in China that mattered to the American public regarding his authentic leadership. Interestingly, this event also became a moment for George W. Bush’s leadership because he was addressing his first major international incident as President.

- When Martha Stewart publicly derided the court system as unfair following her conviction for insider trading, it reinforced the moment that rich CEOs and celebrities want to be treated with different standards from the rest of us, whether she was in fact guilty or not.

- President Nelson Mandela positioning the four guards who kept him captive over the years in the front row at his inaugural acceptance speech and shaking their hands first as he ascended the stage was a major moment for the healing process in his beleaguered country.

- Eleanor Roosevelt first heard of her husband’s death in Warm Springs, Georgia, and then discovered that he was with the woman whom he continued to have an affair with for over 20 years. She nevertheless attended to the funeral arrangements with dignity and grace, reinforcing the public’s confidence that the country would be okay in the midst of ending World War II. Several months later, she found a sketch of a portrait FDR was having done for this mistress at the time of his death. Eleanor chose to send it to the mistress because she knew how much it would mean to her. Eleanor did not allow her anger to consume her enormous capacity to show goodwill toward “all people” on earth. She realized that this woman loved FDR too, and that’s what drove her decision.

- After giving a keynote speech to a large group of real estate agents and brokers, Colin Powell was asked the off-the-wall question: “General Powell, I understand that your wife once suffered from depression, had to take medicine, and was even in a mental hospital. Do you want to comment on that?” Everyone was aghast, and you could hear a pin drop as they awaited his answer. In this defining moment for himself, and for how others perceived him, Powell replied: “Excuse me sir, the person you love more than anyone is living in hell, and you don’t do whatever you can to get her out? Do you have a problem with that, sir?” The journalist who observed this exchange declared, “You felt Powell’s values and principles fuse into deeply felt conviction. Talk about leadership! I said to myself, ‘I would buy a used country from that guy.’”

- The owner of a large construction company decided to retire and sell his business. He did so for a huge profit, and provided his workforce with excellent benefits for their transition. Then he cut each employee a check, making them all instant millionaires—not because he had to, but because he felt that
without them, the company that had made him so prosperous was not truly a company in the real sense of the word. Everyone marveled at the quality of his workforce, and he paid them in the end for all they did to build the trust others had in “their business.”

A university chancellor had to make significant cuts in the budget three years running. At the start of his tenure as chancellor he set in motion the idea that the university would build on its spires of excellence even in down years. So, under pressure, but with faculty input, he cut a few tenured faculty positions in low priority areas while supporting the hiring of new faculty in areas of excellence. As a reaction to cutting tenured faculty, the head of the faculty senate called for a vote of no confidence in the chancellor, but this occurred toward the end of the year, when it was too late to actually implement, and so it was delayed until the fall. Within a week, the chancellor sent out an announcement that he’d contracted with the head of the State Election Commission to conduct the vote on whether he should stay or go. He put it all on the line in this unofficial vote, and the subsequent vote among both faculty and staff was over 90 percent in favor of him doing what he had stated he would. The chancellor retained his position.

Such authentic acts of leadership create powerful moments for shaping how we perceive our leaders, and perhaps how they in turn view us. One CEO we know described her father’s advice to her as follows: “Lynn, you know when you are on the thin white bright line and when you are off, and that is what should guide your decision.”

Apparently, there are a considerable number of leaders in large and small, public and private, organizations in the United States who actually do know when they are on the “thin white bright line” and act accordingly. Even through it can appear nebulous, we would argue that most kids, let alone business leaders, indeed know what is the “right thing” to do in various “gray” ethical situations.

Recently, Warren Buffett came to the University of Nebraska, his alma mater, to teach a class on leadership. He had much to say about ethics and business, most of which he himself admitted came merely from his common good “midwestern” sense of values and upbringing.

He talked about a letter he wrote to the CEOs of Berkshire Hathaway companies that he usually sent out once every two years. It didn’t change much from year to year because it simply reaffirmed the importance of ethics and business. The letter started something like: “It has taken 37 years for our company to be ranked as one of the most admired in the world by Fortune magazine, and it could take a mere 37 seconds to destroy it all.”

Buffett then relayed a discussion he’d just had on the way down to the university with John Gutfreund, former chairman of Solomon Brothers, and a recently acquired Wall Street firm. He told the students that Gutfreund had appeared on the cover of Business Week with an article entitled, “King of Wall Street.” Several months after being anointed king, Gutfreund stepped down amidst one of the worst scandals in recent times. The incident involved a rather simple but inappropriate action taken by a Solomon trader who Gutfreund decided not to go public on, until the same trader did it again.

Buffett said something else that set the bar in terms of trust and authenticity. In response to a student’s question about how he defined success, he said it was based on how many people would “hide you” if their life and yours depended on it.

It happens that this unusual but profound answer was inspired by an elderly and successful businesswoman in Omaha who had