

## **Noel Tichy: Leadership Beyond Vision**

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By Blake Harris

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Between 1985 and 1987, Tichy was manager of Management Education for General Electric, where he directed its worldwide development efforts at GE's John F. Welch Leadership Center at Crotonville, located in Ossining, N.Y.

Prior to joining the University of Michigan faculty, he served nine years on the Columbia University Business School faculty.

Tichy consults widely in both the business and private sectors. His clients have included Ameritech, AT&T, Mercedes-Benz, BellSouth, Ciba-Geigy, Chase Manhattan Bank, Citibank, Exxon, General Electric, General Motors, Honeywell, Hitachi, Imperial Chemical Inc., IBM, NEC, Northern Telecom, Nomura Securities and 3M.

Professor Tichy is also the author of numerous books, the most recent of which is *The Cycle of Leadership*. This book examines the creation of companies with strong values, speed and the intelligence to sustain success decade after decade by developing leaders at all levels who, in turn, develop other leaders.

Q: Can you give a general overview of your approach to leadership?

A: Well first of all, vision without execution equals hallucination. The role of a leader is to be far more than a visionary. Vision has to link to execution. A world-class leader like Martin Luther King Jr. clearly had a dream, but he also was on the bus, organizing things in Selma, making stuff happen.

It is not by accident my former colleague at GE and former CEO of Honeywell, Larry Bossidy, has a book, *Execution*, that is a bestseller in the business world. There has been far too much [focus] on strategy and vision, and not enough on making it happen. My view on leadership -- whether it be military leadership, business leadership, political leadership, health-care or education leadership -- is simple. Leaders lead by being great teachers. One assumption I have about any institution is that you are successful to the extent that you have leaders at all levels.

Working with the New York City school system, starting with Chancellor Joel Klein, he has to be a leader teacher and articulate a clear vision. He's got 10 super-superintendents and 110 regional superintendents responsible for 1,200 schools and principals. The key is leadership at all levels. The leaders have to take responsibility for developing the next generation of leaders rather than rely on consultants or professors. The whole industry, where we tried to outsource leadership development, fails every time. Leadership development has got to be in the fabric of the institution. None of this is rocket science. The military runs the Navy SEAL school not with some consultant or professor, but with someone who has been there.

I do a lot of work in health and medicine. You don't train a clinician without the residents going through a program run by a practicing physician who heads the residency program. That's where the real teaching happens. What I've been doing for the last decade is helping organizations, both public-sector and not-for-profit, by having senior leaders take on the responsibility for leadership development.

Q: How do you go about this?

A: If you buy the argument that leaders are developed best by successful leaders who have been there, then leaders have to have what I call a teachable point of view. If I take the top team in an organization and want to run them through a workshop, I've got to do my homework on what it takes to be successful. To be a leader teacher, you have to have ideas, values, emotional energy and edge -- and a teachable point of view on all those.

Take a governor such as Jennifer Granholm. To be successful in Michigan, she needs a set of ideas around the quality of life and the business support the state is going to give. There has to be an intellectual framing of that -- one that can be articulated and taught.

Then what are the values -- starting with the value system with which she is going to lead her Cabinet. Then the agencies in the state -- are they articulated? Can they be taught? What is she going to do to emotionally energize various stakeholder groups she's got to work with, including state employees and agencies? What is the teachable point of view of how you emotionally energize them? That includes things like HR systems. How do you appraise them, reward them, celebrate them and get rid of the bad ones?

The other thing a leader has to have is edge -- making the yes/no decisions, not setting up another committee or task force, or hiring a consultant. The leaders get paid to make yes/no decisions. So the ticket of admission to develop other leaders is to articulate your own teachable point of view, first as an individual, then as a team.

Let me just lambaste U.S. business. Besides all the problems we've had with some leaders -- and I honestly don't believe it is anything but a small minority, but they destroyed trust in business -- is another longer-term, more serious issue that has not been adequately dealt with. We do a terrible job in business -- and I think even worse in the public sector -- of developing the next generation of leaders.

Just look at the landscape of U.S. blue-chip companies that didn't have a successor. IBM had to go outside when they fired John Akers to bring Lou Gerstner in. AT&T went out twice, and the company has fallen apart in the interim. Kodak went outside. HP went outside to get Carly Fiorina. 3M went outside to get Jim McNerney from GE. Home Depot went outside. These are supposedly great companies that failed in what I think is the CEO's No.1 responsibility -- to ensure the continuity of leadership in the institution.

The exceptions are kind of fun and instructive to talk about. I spent a number of years running [GE's John F. Welch Leadership Center at] Crotonville for Jack Welch in the mid-'80s. In 1985, one of the No. 1 issues we were talking about -- Larry Bossidy, at the time, was vice chairman, and he was part of that -- was who's going to take over GE in 2000 when Jack retires. That was 15 years before he was set to retire. In the '80s, there were 20 candidates. They got into the '90s and kept paring it down. As many people know, they got it down to three -- Bob Nardelli who now runs Home Depot, Jim McNerney who now runs 3M, and Jeff Immelt who runs GE. That did not happen by accident. That's the only business I know in the world that had that kind of bench strength in terms of candidates for CEO.

Q: It is interesting what happened to the other two who weren't picked for the top GE job. They ended up CEOs in other major companies.

A: Well, that was planned. Welch orchestrated that whole process -- not only their development, but also putting a No. 2 person behind each of the three. He made it clear that the day one was chosen as CEO of GE, the others were expected to leave. One of the other leadership principles is that it is almost impossible, when you have spent your whole life trying to win the No. 1 spot, to then lose and be a good No. 2 or 3. Sure enough, because of GE's notoriety, the other two had offers within 24 hours.

There are a couple of other examples.

Roger Enrico at PepsiCo, for the last five years of his career ran a leadership development program personally as CEO. He would take 10 vice presidents at a time offline for five days -- no consultants and no professor, Roger as teacher. These were all vice president-level. They all had to have a change project, went back for 60 days to implement the project, and then had a three-day follow up. He ended up taking the top several hundred executives through that program. The projects alone resulted in what he estimated to be \$2 billion of new revenue growth.

He said, "Think about it. If one of these vice presidents gets a project, you think I don't help frame it better than they would alone? Don't you think I help on the blocking and tackling to implement it? It's a no-brainer. I got tremendous return for the projects. But more importantly, I got to coach, know, learn about, see who would work together."

So it was not by accident Roger Enrico had Steve Reinemund ready to jump in the saddle. When they spun off the restaurant businesses -- Taco Bell, Pizza Hut and KFC -- he knew David Novak was the perfect guy to run that operation.

The point is if I look for any leader who developed other leaders, their calendar shows it.

I love talking to business CEOs who tell me they are too busy to do this. I point out that Welsh, and now Jeff Immelt, have a \$300 billion market cap company with 300,000 people and 20 major businesses. How did they find the time to go to [one-week sessions at the Leadership Center at] Crotonville? It's not about time. It's about priorities.

This is not any different in the public sector. The leaders who really care about developing the next generation -- the only variable I look at is their calendar -- are they putting it as a priority? Don't tell me you've hired consultants or run a program. Show me where your time is.

Q: If they are not making it a priority -- the continuance of the organization probably should be their No. 1 objective -- it probably means they don't have a long-term view?

A: One of the challenges you have in the local and state government is that elected folks come and go.

Starting back in the '70s, I worked with agencies in New York City, New York state and other states. Clearly that's a complicating factor. People can duck their heads. Life goes on. After a few years, there is one more appointed head at the top. What that argues for me is they have got to do it better, faster and more effectively. But they've got to do the same stuff if they want to lead.

They have to develop a teachable point of view. They have to get a hold of the hearts and minds of folks by being leader teachers. If they don't, people will put their heads down and survive one more elected official.

Q: Can you define more clearly what you mean by a teachable point of view?

A: When I'm running workshops with executives, I tell them to think about it this way: If you were a tennis coach and you were running a five-day tennis camp and you've got 50 people standing there on the tennis court, you better have a teachable point of view on how you teach tennis. They just paid you a lot of money to learn tennis.

The teachable point of view is a set of ideas about the game.

You've got to teach the backhand, the forehand, the serve and the rules of tennis. Those are the ideas. A good coach will have a set of values: show up on time, dress a certain way, maintain a certain kind of etiquette on the tennis court. Those values support the ideas.

But if that's all you have -- a set of ideas and values -- how are you going to get these 50 people to hit 500 backhands, 500 serves, and sweat and work hard 8 hours a day? You could hand them a brochure and say, "Read this."

How do you energize these 50 people to get pumped up, work hard and sweat? You also need a teachable point of view about emotional energy. Using the tennis coach metaphor, you've got to

also have edge. If this team is going to play in tournament, you have to be able to tell someone, "You are on the team or you are off the team. The ball was in bounds or out of bounds."

You don't hire a committee or a bunch of consultants. You can tell them yes or no -- end of story.

Q: So the teachable point of view has to be developed. It doesn't happen by accident.

A: Exactly. I've looked at people in a great many fields. If you look at world-class athletes, you have no clue whether they could ever be a good coach. Going from practitioner to coach requires you to stand back and articulate a teachable point of view.

Phil Jackson is an example of a world-class coach who played in the NBA, but he had to go through a learning process where he articulated his teachable point of view on being a coach. He wrote two books on it. A lot of players tried to coach and haven't done it very well. Being a good musician doesn't mean you are a good music teacher. You've got to take the time to articulate a teachable point of view and a methodology for teaching, or you are just a practitioner unable to develop others.

Q: How does what we think of as visionary relate to these aspects of leadership?

A: If you are running an institution, your vision has to incorporate all elements of the teachable point of view. Of course, having a vision is extremely important because that is your aspiration and your dream. Embedded in that vision are ideas that, if you are in a business setting, are going to make money. So you need to know product, services, distribution channels, customer segments and how you are going to succeed in the marketplace. You need a set of values that support that.

If you've got tens of thousands of people, how are you going to emotionally energize them? How are you going to make the tough calls?

I do a lot of work with health systems. Those are a good example. The CEO of a major chain of hospitals has to have a clearly articulated teachable point of view on ideas that will drive that institution -- ideas about patient care, how they are going to respond to them, how they are going to deal with the kind of regulatory and reimbursement environment they operate in.

That CEO better be able to intellectually teach his people: "This is the way we run this institution, and here are the values we have that are going to influence a lot of what we do, including people who are uninsured. We have a certain set of values around quality of treatment." He also has to know how to energize doctors, patients, staff and other stakeholders. In a medical system, there are a lot of tough-edge decisions to make.

Take a triage nurse in an inner-city emergency room. One of my consulting assignments years ago when I was at Columbia University was to work with the Harlem hospital. They wanted to do some team building in the emergency room. If you want to understand an emergency room, go there on Friday or Saturday night, and you will see a system that has far more demand for services than capacity to serve. The triage nurse is the leader. Period. End of story. Watch a good

triage nurse at the door, as people are coming in. A snotty-nosed kid with his parents, with a 103-degree fever, will sit there screaming for 2 hours while they take care of this gunshot wound, this drug overdose or whatever. A triage nurse doesn't say, "Let's pull a committee together; let's hire some consultants." As patients come through the door -- bing, bing, bing -- decisions are made.

The reason you can make those edge decisions is you have a set of ideas. Over time you've learned there is a probabilistic model in your mind that says, given those symptoms, here's the probable diagnosis. This person needs treatment in the next 5 minutes; and this kid, as uncomfortable as he is, can sit there for 3 hours and isn't going to die.

I watched one example in the Harlem hospital where a guy who was probably in his 80s came in with a coronary. They started treating him. A few minutes later, what looked like about a 15-year-old pregnant girl with a gunshot wound came in. They stopped treating the guy with the coronary, and he died. They treated the 15-year-old pregnant girl and tried to save her and the baby's life. I'll bet that nurse went home and slept that night. That wasn't the ideas part. That was the values. You might argue with her value system, but she was clear on it before she got in that situation, and she acted.

Q: In essence, based on experience, policies have been made that almost make the decisions. The policies just have to be implemented?

A: Well, the only person you want in an emergency room in the Harlem hospital is an experienced triage nurse who has a clear set of medical ideas and a clearly articulated set of values, who also knows how to emotionally energize a bunch of physicians and other nurses, deal with the stakeholders, and has the edge to make tough calls.

So who do you put in that position -- the 24-year-old valedictorian out of the Columbia master's in nursing program? I hope not. You want someone who has run a community hospital, [a] regional hospital; then you are ready to put them into the big league.

We put people at the head of institutions who have grown up in functional silos, someone who has been in marketing all their lives, or they have been in information technology. Now you want them to run the whole thing? They never made any trade-offs. They never developed the teachable point of view for running the institution. So you begin to think about how you develop a leadership pipeline that gives people experiences over their lives that make them capable of making the trade-offs at the top.

Q: Another point you have made repeatedly -- starting with your book *The Leadership Engine* -- is that the job of every leader is to get everyone to contribute to the collective knowledge of the organization.

A: When I look at institutions, and clearly in my mind this is any institution, in a knowledge economy or the world we are now in, you want to make all your people smarter every day, and make sure they are aligned.

The only way I know to make people smarter every day is through teaching and learning -- not teaching with a megaphone. If I want to build a high-performing hospital that keeps learning, I want the CEO creating what I call virtuous teaching cycles -- where he or she teaches and where he or she learns from the people he or she teaches.

If you are a leader, you don't just go in there with a blank slate. You go in as a leader with a teachable point of view. But you have to remain open to learning from the people you are teaching. If you can do that to scale, you will generate knowledge every day. Blake Harris Editor

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