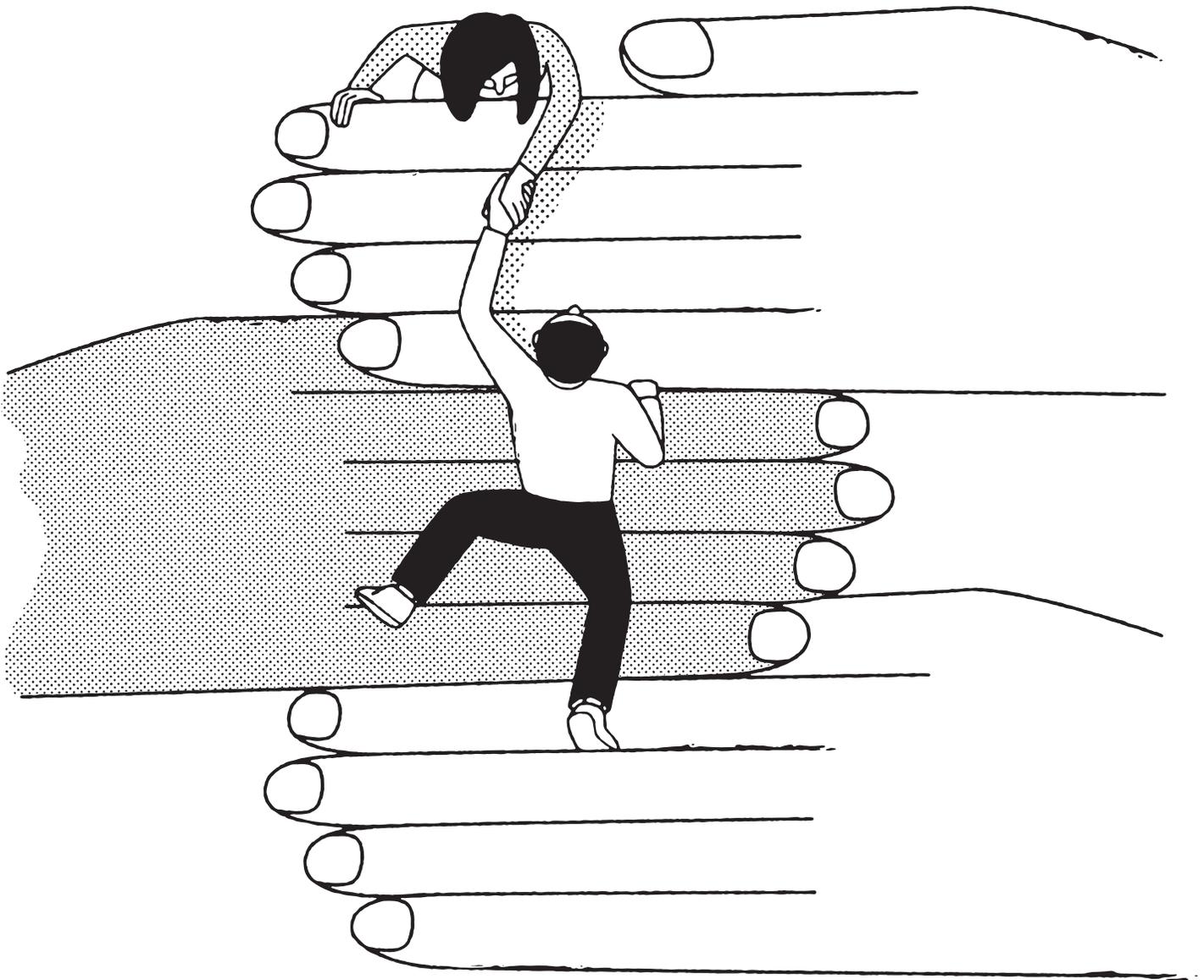


TIMELESS FUNDAMENTALS OF LEADERSHIP



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**Stanford
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THE
CHALLENGE
OF THE
LEADER

IS TO

LOOK AROUND

THE CORNER

AND

CHANGE BEFORE

YOU NEED TO

CHANGE

INDRA NOOYI, CEO, PEPSICO



Great Leaders Understand the Fundamentals

Managers are often chosen for reasons other than competence.

Conventional wisdom has it that a leader's most important qualities are personality traits like charisma, likeability, or an air of command. But new research from Stanford Graduate School of Business suggests something more fundamental helps teams perform well: a leader's plain old competence at the task at hand.

Choosing leaders because of charisma or management skill has its benefits, but leaders still need to understand and be able to excel at the actual tasks their team members do, from accounting to engineering to marketing.

"We romanticize the charismatic CEO," says Lindred Greer, a

professor of organizational behavior at Stanford GSB. But a good leader has earned his or her stripes, she says.

The new research points to the importance of hiring and promoting leaders based on objective assessments and data — like assessment tests — rather than just political skill or the ability of a candidate to make a good impression, the researchers concluded. The research team included Greer and Murat Tarakci and Patrick Groenen of Erasmus University Rotterdam. The research was published in *Journal of Applied Psychology*. Their series of studies included a computer simulation, a lab study, and a field study of the work of 49 teams comprising

We romanticize the charismatic CEO.

– Lindred Greer

1,126 employees of a publicly held Dutch company. They found that teams where the leaders had a high level of skill at the task at hand converged more rapidly on solutions. For instance, in the case of the Dutch company, which was working on auditing finances in search of tax evasion and fraud, the best leaders were those most skilled at the audit work.

Most surprising, the researchers found, was that 45% of the time team members picked leaders for reasons other than competence, such as the person's age, dominance, or perceived power level.

The researchers also examined whether it's better to have a flat organizational structure or a hierarchical one and in what circumstances. Previous researchers on power in teams have drawn different conclusions. On one hand, hierarchies help by supporting divisions of labor and clarifying roles. On the other hand, hierarchies can hurt performance because they encourage political and competitive behavior.

Greer's team found a nuanced result: Hierarchy helps when leaders are competent at the task at hand and when the hierarchy itself is dynamic — in other words, when the team can replace the leader if necessary. When either one of those factors was in place, having a hierarchy improved team performance; when both factors were in place, hierarchies helped most of all.

The researchers suggested three takeaways for managers building teams or boards choosing CEOs to lead executive teams.

WHO IS THE MOST COMPETENT?

A strong hierarchical structure can help a team, but make sure it's easy to identify the competence of the team members, so that choice of leader is based at least in part on task competence.

EXPECT POWER SHIFTS

It helps to make the leadership fluid, so that when the tasks change, the most competent person can assume the leadership position. As a corollary, team members need to be willing to allow power to shift. So, a hierarchical team structure with a group of ambitious alphas may not work.

“Having employees who always wish to be the smartest person in the room will make for ineffective hierarchies, and humility can pay dividends,” the researchers wrote.

HELP TEAM MEMBERS APPRECIATE EACH OTHER

Managers should also help team members understand the unique skills all members bring to the team with, for example, job-crafting — having members engage in a collaborative discussion to clarify skills and roles within the team. By helping members identify and understand the different competences members bring to the team, it will be easier for them to shift power within the team when task requirements change.

Without that fluidity, conflicts emerge, as ill-suited leaders breed resentment among followers and cause hierarchies to be sources of contention. In those cases, the researchers concluded, egalitarian structures are likely to be better.

NEVER LET
ANYBODY
DEFINE
WHO YOU ARE & WHO YOU CAN
BECOME

MAGIC JOHNSON, CEO, MAGIC JOHNSON ENTERPRISES



How to “Lean In” to Power

Power skills and behaviors matter for career success

It's not just women or Asian Americans who sometimes have trouble doing things such as advocating for themselves and their accomplishments, negotiating for salary and job responsibilities rather than just accepting what employers offer, networking, and not obsessively worrying about being liked — all things that bring increased power. Many people are uncomfortable with power and the behaviors required to obtain it. That's a big problem, because research shows that power skills and behaviors matter for career success.

Florida State professor Gerald Ferris and colleagues have carefully developed and validated a political skills inventory

(available at www.jeffreypfeffer.com with Ferris' permission) that people can use to assess themselves (or better yet, have others assess them) on a set of political skills that include networking ability, social astuteness, apparent sincerity, and interpersonal influence. More importantly, Ferris and others have conducted numerous studies over the years that demonstrate the relationship between political skill and career success and also political skill and group performance.

Contrary to what you may think, good job performance is not going to be enough to rocket your career ahead. After all, the

Building power and influence skills is not about changing who you are or becoming someone else.

– Jeffrey Pfeffer

numerous studies that show salary and promotions are affected by things such as race and gender, educational credentials, and years of experience — none of which are dimensions of job performance — make the point that the world is not always a just and fair place and it takes more than doing a good job to be successful.

In my *Paths to Power* class and my book *Power: Why Some People Have It — and Others Don't*, I encourage people to take actions that are likely to increase their power and, as a consequence, their careers:

NETWORK

Spend more time building social relationships. Figure out who in your company, industry, and in even more distant and diverse environments might be helpful in your career. Make a list of those people and prioritize it. Then figure out a way to meet those people, ranging from “cold” emails to facilitated introductions to finding common organizations (including nonprofits) where you might connect. Take on small but important tasks that can put you at the center of communication networks. Ascertain which people or groups might benefit from being connected — and connect them (the technical term for this is filling structural holes, and Ronald Burt at the University of Chicago makes available network diagnostic tools). And most importantly, recognize that weak ties are more valuable for job performance and careers than stronger relationships. That’s because weak ties provide you nonredundant information, while the people to whom you are most strongly tied, close friends and colleagues, probably know approximately the same things and the same people as you do. Therefore, they do not add as much additional value.

BUILD PERSONAL QUALITIES

Energy, the ability to tolerate conflict, the capacity to see others’ points of view and interests, resilience, and ambition, among others, are qualities that produce power. To accomplish this journey of personal development and growth, find a coach, a peer, or create a small “personal board of directors” of 3 to 5 individuals who are not likely to be competitive

with you to provide you advice and counsel — and hold you accountable — on your self-assessment of strengths and weaknesses and your plans to build the qualities that you need more of.

LEARN HOW TO ACT AND SPEAK WITH POWER

Body language is important, because we form impressions of others quickly and then subsequently assimilate information based on these first impressions. Use emotion-producing, vivid language and stories to convey your message. Use forceful, powerful gestures. Speak loudly and don’t raise your voice at the end of statements, implying a question rather than an assertion. To build your skills, get an acting, voice, or language coach if you need help, and find situations where you can practice.

CHALLENGE CONVENTION

Understand and then act on the insight that (particularly if you are an underdog), breaking the rules — which are, after all mostly set by those in power — is essential to winning. This idea was explored in Malcolm Gladwell’s wonderful *New Yorker* article, “How David Beats Goliath.” Moreover, since the powerful have the discretion to not conform to social conventions, breaking the rules can signal — and thereby create — power.

People often seem to believe that political skill is something one has as part of his or her personality — like the master politician, the late President Lyndon B. Johnson, as so beautifully described in the set of biographical books by Robert Caro — or not. But that is not true. Without for a moment denying the existence of individual differences, political skill, like virtually all skills, can be improved through practice and coaching. So don’t accept your current set of strengths and weaknesses or for that matter your current tastes and preferences as fixed and enduring.

Building power and influence skills is not about changing who you are or becoming someone else. It is about adding a set of activities and skills to your repertoire to become more effective and successful. So stop making excuses and get on with it.

GOOD IDEAS
COME FROM ANYWHERE.

EMPOWER

PEOPLE

AT ALL LEVELS OF THE ORGANIZATION
TO PUT FORWARD IDEAS.

PHILIPPE DAUMAN, PRESIDENT, CEO, AND CHAIRMAN, VIACOM



Three Things All Good Bosses Do

Pay attention to these issues and watch productivity go up.

A GOOD BOSS CAN MAKE A BIG DIFFERENCE. BUT WHAT MAKES A SUPERVISOR EFFECTIVE? STANFORD GRADUATE SCHOOL OF BUSINESS PROFESSOR OF ECONOMICS KATHRYN SHAW FOUND THAT STRONG MANAGERS USE SIMILAR STRATEGIES AND HAVE A LASTING POSITIVE IMPACT ON THE CAREERS OF THEIR EMPLOYEES. HERE'S HOW THEY DO IT.

Q&A Video Transcript (edited by Karen Lee):

DO GOOD BOSSES REALLY INCREASE PRODUCTIVITY?

There are bad bosses out there, but what's not talked about as much is there are also good bosses. What we sought out to do was to find out whether you could measure the productivity

of individual employees and see if productivity really rose for individual employees if they happen to be working with a good boss.

We gathered data on workers' productivity and found there was a big effect from a good boss relative to a bad boss. What we got access to was data on what we call technology-based service workers who have their performance timed and that enabled us to measure their productivity.

So, the foundation of the study is productivity. How many customers they treat an hour would be an example of productivity. You can then see if people with good bosses

A good boss teaches something that lingers.

– Kathryn Shaw

treat more customers per hour than people with bad bosses.

And what we find is that there's an enormous range of productivity based on who your boss is. That is, if you're working on your job and you change to someone who has a history of being a good boss, your productivity definitely goes up.

A data set like this doesn't really have the traits of the boss, so in order to look at the traits of what makes a good boss, we needed to do a case study. We did a case study on the Royal Bank of Canada, the biggest bank in Canada with an enormous workforce and lot of data.

We looked to that to see what the traits of a good boss appear to be. And there's a sequence in order to identify the traits of a good boss. To identify the traits of a good boss, first you have to tell again whether bosses matter. What we show is that workers are more engaged in their workplace and are more productive when they have a good boss, in this case. You really see that in what's called engagement data, which is data that asks do you feel motivated on your job? Do you identify with your company? Sure enough, those people who are motivated and identify with their company are higher performers. Given that they're high performers, we look to see what are their bosses doing differently?

WHAT THREE THINGS DO ALL GOOD BOSSES DO?

The first thing they do is they set the vision — what's the vision for this company and how do you personally fit into that vision? That's what they do for their subordinates. The next thing they do is drive results. They make sure the teams and the individuals are productive and feeling that they're contributing. They would do this by a lot of teaching and training of their subordinates, motivating them, those sorts of things.

The next thing they do is they really manage day-to-day work flows to make sure that the work flow that you're getting is commensurate with what it is you're doing.

The last thing is they manage career goals. It turns out that what is incredibly motivating to an individual is for them to have a vision for where their career is going to go. A good boss will share that vision with them, give them guidance on where they're going, and provide them good feedback to help them

along the path. Most workers are not stagnant, but they have other aspirations — they want to move on or they just want to do their day-to-day job well and have that fit into their career. A good boss will help them do that.

WHAT CAN WE LEARN FROM GOOGLE?

A couple years ago, Google started Project Oxygen and found that people didn't like their bosses. They didn't think they were useful. There was even a sense that they should have no bosses within Google. But they found out when they cut back on the number of bosses, people just went to leaders for routine tasks, and it was a burden on leaders. They found they really needed low-level managers, but they needed to find out what makes a good manager.

Google is interesting because it has so much data on workers' performance. It has data on the traits of bosses because Google does these evaluations constantly. It's a data intense company. It looked to identify people who manage them and what their traits are. The traits are really aligned with the good boss traits we found at the Royal Bank of Canada — you pay attention to your employees, you give them a vision, you motivate them, and you set out career goals for them.

Even though we think of Google as being engineers who are kind of self directed, want to work alone, and not be subject to the supervision of a boss — when a boss can help them with their career goals, they're quite happy to work with a good boss.

DOES THE IMPACT OF A GOOD BOSS LINGER?

After you leave a good boss, does the effect of that good boss linger on your performance? You can imagine that if you have a good boss and who trains you how to do your job well, you're going to be productive even when you get switched to a lower-level boss.

We did find that impact actually happens — people's productivity lingers. Therefore, our conclusion is that in that study, we could see that one trait of a boss seems to be teaching because you've learned something that you carry with you for the rest of your career. That teaching could be how to do your job or it could be something like how to be motivated surrounding your career goals.

But in some way or another, a good boss teaches something that lingers. That's what we were able to show in our study.

As A VISIONARY
LEADER.



YOU SHOULD BE THINKING
ABOUT MORE THAN JUST

THE NEXT QUARTER.
You SHOULD BE THINKING ABOUT
THE NEXT DECADE.

Mary Barra
Chairman and CEO, General Motors