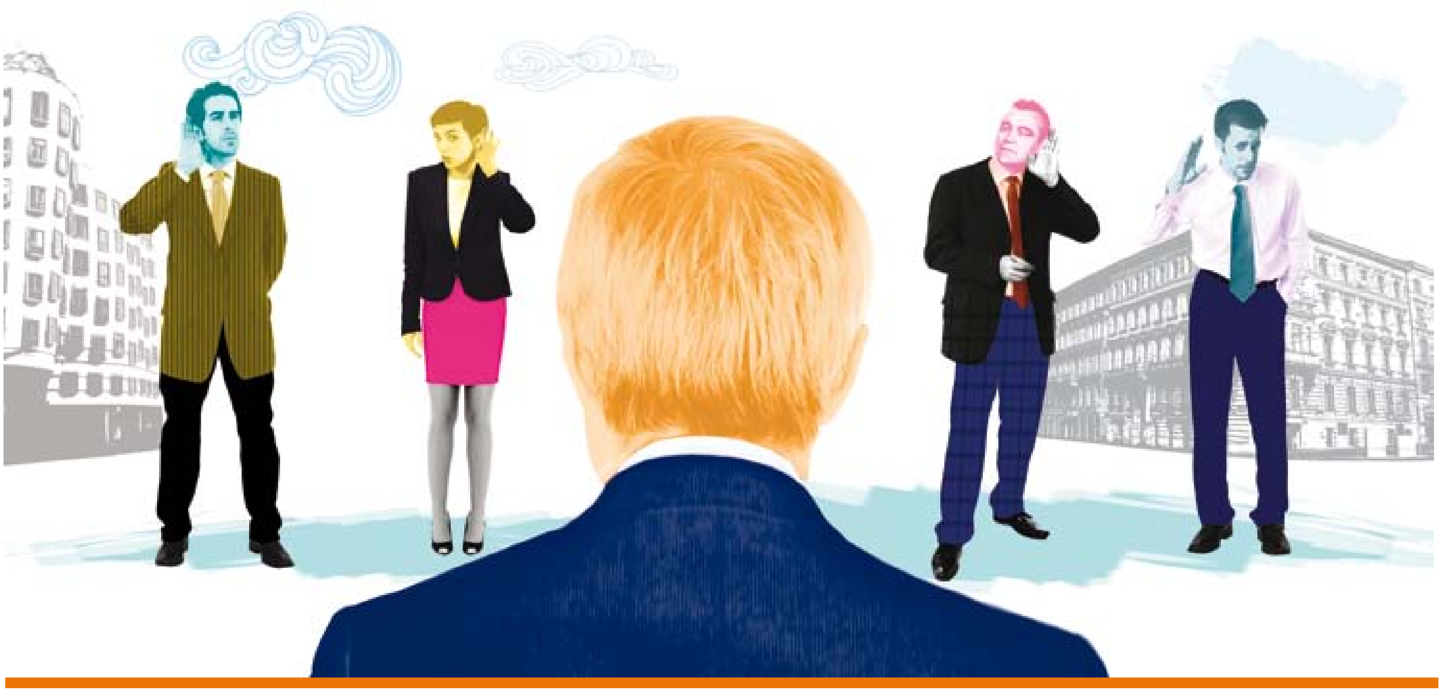
# FOLLOW THE LEADER

BEING CONSISTENT, CLEAR, AND RELIABLE IS THE PERFECT ANTIDOTE TO THESE TOPSY-TURVY TIMES, SAYS RICK WARTZMAN OF THE DRUCKER INSTITUTE



It is amazing that more corporate executives aren't being shown the door. A Maritz research poll conducted last April with more than 2,000 respondents found that a mere 11 per cent of employees strongly agree that their managers show consistency between their words and actions. In addition, only 7 per cent strongly agree that they trust senior leaders to look out for their best interest. Other recent surveys paint a similarly bleak picture.

All of this would surely distress Peter Drucker, the father of modern management, who believed that trust was essential to the effective functioning of any organization.

"You cannot prevent a major catastrophe," Drucker declared, "but you can build an organization that is battle-ready, that has high morale, that knows how to behave, that trusts itself, and where people trust one another." In other words, trust must be established in all directions: from the top down, from the bottom up, and from peer to peer across the enterprise.

Let's begin at the top. "In military training," Drucker noted, "the first rule is to instill soldiers with trust in their officers, because without trust, they won't fight."

So, how does a senior executive forge these bonds? It starts by being straight with people. "To trust a leader, it is not necessary to like him," Drucker wrote. "Nor is it necessary to agree with him. Trust is the conviction that the leader means what he says. It is a belief in something very old-fashioned, called 'integrity'... effective leadership – and again this is very old wisdom – is not based on being clever; it is based primarily on being consistent."

As simple as this principle sounds, it is not easy to put into practice. Louis Gerstner has remarked on how many times executives appealed to him to overlook company policy when he ran IBM in the 1990s: "In hundreds of such conversations, there were always two sides to the story; there was always a seemingly good reason to bend the rules."

The total cost for doing this, though, can be incredibly high. "Cumulatively," Gerstner warned, "if an executive demonstrates that exceptions are part of the game, then his or her leadership will erode as the trust of colleagues evaporates."

At the same time, executives must not only earn the trust of those who report to them; they must also actively demonstrate that they have trust in their subordinates. This can be accomplished in a couple of ways.

First, one must invite conflicting opinions. That's how Alfred Sloan, who built General Motors into an industrial giant, operated. "Sloan was clear that managers were paid to offer *differing* views on important issues," said Drucker, whose 1946 landmark book, *Concept of the Corporation*, explored Sloan's GM. In fact, if there wasn't sufficient disagreement during a meeting, Sloan would dismiss everyone and make them go back and do more homework.

*"Trust is the conviction that the leader means what he says"*

*Peter Drucker*

Second, one must spread responsibility throughout as much of the organization as possible. This is exactly the philosophy that helped Coca-Cola grow into the world's top brand. For decades, the man who headed the company, Robert Woodruff, sent individuals to some foreign outpost and "didn't see them again until they determined when and how a Coca-Cola business could be built," the company's former president, Donald Keough, has recalled. And that was in an era when communications around the globe were terribly slow, and so Woodruff might receive no indication of how things were going for quite some time.

Today, of course, communications are instantaneous. But the same concept can apply: establish unambiguous goals and then show your people, by word and deed, that you have real faith in them to figure out how to meet the objectives.

Such trust, however, cannot be given without getting something in return – namely, accountability. Drucker advised that everyone in the organization should commit to writing the results for which he or she should be held responsible. This information should then be widely shared: up, down, and sideways. Drucker saw this as the way to build mutual trust, because, as he put it: "Trust means that you know what to expect of people."

This kind of trust – between and among colleagues – also seems to be in short supply these days. The Maritz poll found that only 7 per cent of employees trust their co-workers to look out for their best interest, the same dismal fraction as with their bosses.

Some companies work hard to get past such feelings. Procter & Gamble, for example, has shown that the best way to spur innovation is to get people from different disciplines – finance, manufacturing, human resources, marketing – on the same team. But before these teammates try to tackle a particular business problem, they spend a considerable amount of time working on what former P&G Chairman Alan "A.G." Lafley (himself a Drucker disciple) has identified as the biggest reason that innovation gets tripped up: poor social interaction.

"For the first two weeks, led by a facilitator, the team does no nitty-gritty business," Lafley has said. "In this early phase, exercises and experiences are designed with one thing in mind – to develop trust." Among them: eating lunch together every day and drawing their thoughts and fears on giant sheets of paper.

Uncertainty and upheaval are all around us. Building trust – that is, being consistent, clear, and reliable – is the perfect antidote to these topsy-turvy times.

**Rick Wartzman** is the Executive Director of the Drucker Institute at Claremont Graduate University, an author and a columnist for *Bloomberg Businessweek* online. The mission of the Drucker Institute is to better society by stimulating effective management and responsible leadership. It does this, in large part, by advancing the teachings of the late Peter F. Drucker, the author of 39 books on organizational behavior, economy, society, innovation, marketing, strategy, and more.