



Leaders

BOOK SUMMARIES

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From Values To Action

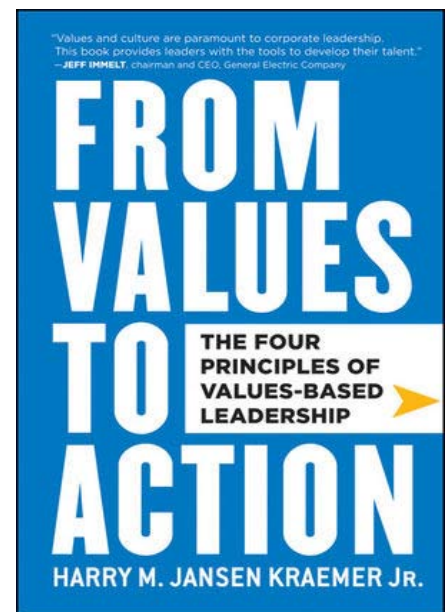
The Four Principles of Values-Based Leadership

THE SUMMARY

Leadership, simply put, is influence. Values-based leadership takes it to the next level. By word, action, and example, values-based leaders seek to inspire and motivate people to pursue what matters most. Deciding what matters most begins with the leaders themselves. Values-based leaders take the time to discover and reflect on what is most important to them. Their objective is to make the world a better place within their scope of influence, no matter how great or small.

The objective of values-based leadership is to do the right thing by making choices and decisions that are aligned with your values. Focusing on the right thing to do makes choices clearer to see and easier to make, even in a crisis. To do this you must know who you are and the values for which you stand.

After more than 30 years in business and having had the opportunity to serve in many leadership roles, I believe that the path to becoming a values-based leader begins and ends with what I call the four principles of values-based leadership: self-reflection, balance, true self-confidence, and genuine humility. They are interconnected, each building on and contributing to the others. Together, they form a solid foundation.



About the Author

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At first glance, the four principles may seem simplistic. However, they are not simple to implement. They represent a lifelong discipline that will challenge you, but will always bring you back to what matters most.

Part 1: The Four Principles

Self-Reflection

Self-reflection is the key to identifying what you stand for, what your values are, and what matters most. Through self-reflection, you are able to step back, filtering out the noise and distractions. As your view becomes clearer, you can prioritize your investments of time, energy, and money. Self-reflection allows you to gain clarity on both personal and professional issues, because you have taken the time to think deeply about them. The result is that what can seem to be a complicated existence becomes much more straightforward and easier to navigate.

All too often, when people aspire to leadership, they want to emulate someone else's style. Although we can all learn a lot from the example of others, your leadership must come from your core. You cannot determine the kind of leader you are without first figuring out who you are. Your leadership needs to be rooted in the real world and reflective of your views and life experiences.

Self-reflection enhances leadership by helping you become more aware of the decisions you make, the likely outcomes, and the things that influenced you in making them. I call this making your decisions *explicitly* rather than *implicitly*. With the former, you understand that you are not making one decision by itself in a vacuum. Explicit decisions take into account all the factors that are affected by a decision and all those that have an influence on the decision. Making an explicit decision requires you to be self-reflective, ensuring that you stay consistent with who you are, your goals, your values, and your priorities.

One of the biggest benefits of self-reflection is in

identifying what comes first and what comes last. When people, or teams, engage in setting priorities, they often identify multiple things—maybe even 10 or 20—that are the “top” priority. Sorry, but it really doesn't work that way. There can only be one #1.

As a leader, when you engage in true prioritization, you confront a harsh reality, one that nobody, particularly the overachievers and perfectionists among us, like to admit: we can't do everything. And since we can't, identifying what is really the top priority becomes highly important. Setting priorities means asking questions like: *What is really most important? What should we be doing?* The analysis becomes clearer when you take the time to reflect. Otherwise you are at risk of engaging in a lot of activity without much to show for it.

There is no right or wrong way to engage in self-reflection. The key is to find time when you can be silent and really focus on what matters most. Some can do this while walking or jogging; others in the car or train; still others when they pray or meditate. Personally, I take time at the end of each day, when my work is done, my kids are in bed, I've exercised, etc. I ask myself the following questions: *What did I say I was going to do today, and what did I actually do? If it was different—why? Am I proud of the way I lived today? How did I treat people?* You may come up with different questions that are more relevant to your life; the important thing is to do it.

Additionally, every year I take a silent retreat for a few days. I take nothing electronic—just pen, paper, and silence. It's a great time to delve into the questions of who I am, what my values are, and what difference I want to make during the short time I am on earth.

Self-reflection can serve as a wake-up call to live your life more fully in the present. Rather than spending your time obsessing about the future, you will become more connected to the actions, decisions, and interactions of today. That alone will make you a better leader. Those around you will experience you

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as more alive, present, and connected, and you will make decisions more conscious of the likely outcomes and consequences. It will help you be more honest *with yourself*. It will likely force you out of your comfort zone, but the knowledge you gain about yourself will be priceless.

Balance and Perspective

Balance is the second of the four principles of values-based leadership. Through balance and self-reflection I gain a clearer perspective on virtually any topic or issue I encounter. Balance is the ability to see from all angles, including viewpoints that are different or even the opposite of my own. With balance, I am able to make decisions explicitly with an understanding of the broad impact. Both personally and professionally, pursuing balance gives me a more holistic perspective as I consider what others have to say. In pursuing balance, you become stronger and more informed as you genuinely seek input, opinions, and feedback from all members of your team before making a decision.

Most of us tend to be quick to express our views. We've thought about an issue, and think we know what the answer is, so our focus is often to convince everyone else why we are correct. This assumes, of course, that our opinion is the "right" one. Over time, I have concluded that there are multiple viewpoints and opinions to consider, and that I don't always see everything that could affect a decision. Others often have parts that can change the whole discussion if I will listen.

When you couple self-reflection with the discipline of balance by seeking input from others, your leadership is elevated. You not only improve your success rate when it comes to making good, well-thought-out decisions but you also demonstrate that you are more committed to doing the right thing than to being right yourself. You dismiss the myth that the leader is the all-knowing person with all the answers. And when input from everyone is sought and discussed, each person knows that he or she has an impact on the leader's decision-making. Team members feel appreciated, knowing that the leader wants to understand

their point of view.

Many leaders believe that if team members don't get their way, they will be disgruntled. I don't agree. I've found that as long as team members are able to present their views, challenge the opinions of others (including mine), and receive a good explanation of why a particular decision was made, they are satisfied, and can commit to making it happen.

Balance is not only critical to making good decisions. It's also an important aspect of how an organization operates. Part of the challenge for any leader is to balance the "long-term" goals with the "short term" demands and challenges. Ignoring either one will eventually undermine your success.

Pursuing balance carries over into every aspect of life. Your life is multifaceted, and you need to allot appropriate amounts of time and energy to those things you deem most important. The better leader you are, the more opportunities you will have, which means you will face choices. A full and satisfying life must consist of more than just your job. We need to pursue *life-balance* (I don't like the phrase "work-life balance;" as it seems to imply you are either living or working).

If you are living a truly balanced life, you will spend some time and energy every week or two in each area that is really important to you. It's important to actually keep a log occasionally of how you use your time—it's easy to deceive ourselves looking at our intentions rather than our actual choices.

Much of life balance comes down to a few key concepts: discipline, focus, consistency and credibility. People who do a good job are those who tend to be more self-reflective and self-aware. They are conscious of where they spend their time, yet they know that temptations will arise that can get them off track. By being disciplined, focused, and consistent, they develop credibility. And then they are able to model balance for those under and around them.

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True Self-Confidence

True self-confidence is an inner quality that establishes your leadership and enables you to empower your team. Far more than just competency at your job, true self-confidence is the attribute that allows you to see and accept yourself exactly as you are. With true self-confidence you are comfortable in your own skin, recognizing your strengths as well as your weaknesses. You know what you know, and you know what you don't know. If you have true self-confidence, you are committed to continual self-improvement to become even better in the areas at which you already excel, while developing in those in which you are not as strong.

True self-confidence stems directly from self-reflection, which allows you to engage in self-assessment. With true self-confidence, you are able to gain a balanced perspective by soliciting input from others who may have more knowledge or expertise on a particular issue than you do, while also developing your team of talented individuals with complementary strengths.

By the way, I do think there is a "false" self-confidence. It is an act without substance; individuals with this quality are full of bravado and are dominating, always needing to be right. That isn't "true" self-confidence. Rather, it is a sign of a person without balance, who isn't interested in other's opinions and cares only about being right. Often when companies make bad decisions, it's because the leader discourages input from others and makes choices without all the available information.

True self-confidence is a result of knowing yourself and being comfortable in your own skin. It's also about developing greater competency in areas you lack ability or confidence, where you are outside your comfort zone and feel vulnerable.

Genuine Humility

Like many people, I started my career in a 6'x6' cubicle, among a cluster of other cubicles, with thin partitions (not walls) dividing us. Looking back on

those days, I gain a valuable perspective. No matter what positions I later held, I won't forget where I came from: the six-by-six workspace I affectionately call "the cube." And I retain an appreciation for the people in those positions today.

The fourth principle of values-based leadership, genuine humility, will keep you grounded as you rise through your career. At the heart of genuine humility is never forgetting who you are, appreciating the value of each person in the organization, and treating everyone respectfully whether she is a senior manager or a summer intern. Genuine humility won't hold you down, but it does keep you grounded in who you truly are.

Genuine humility is born of self-knowledge. For example, if you've been recently promoted, how you look at this promotion is highly dependent on whether you are self-reflective, balanced, and truly self-confident. If this is the case, you will know that in addition to your abilities and hard work, luck and timing also played a big role in your success. As a leader, you may find yourself inundated with praise. *That was amazing. You really know how to get things done...* Even if they aren't just buttering you up (and some are), don't let their praise carry you away. Acknowledge that you've made progress and done well, but remain aware that you are not the be-all and end-all of corporate leadership.

We all know people who have established impressive careers on the basis of raw ambition. Their focus is directed one way: upward. However, once they finally claw their way to the top, they have few allies to support them, and many more people who would love to see them fail. Lacking genuine humility, they're the ones who get swelled heads and who actually believe they are better than everyone else. They forget who they are and where they came from. When you are bound and determined to get promoted, it's all about you. The result is others aren't motivated to help you succeed...which is a real problem when the time comes that you need their help.

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At the heart of it, genuine humility is about recognizing the value in everyone; knowing that you are no better than anyone else; and staying grounded, no matter how high you move in an organization. You can't fake this. (People will spot a phony). As a leader, I saw how my practice of genuine humility made others feel appreciated. They knew I recognized their value, so they felt better about themselves and wanted to do more for the team.

Part 2: The Essential Elements of a Values-Based Organization

In Part 2, we will look at applying the four principles in a systematic way to build a values-based organization. Your ability to influence people, whether leading a team of two or 2,000, depends significantly on their ability to appreciate your values. Your values as a leader should be so clearly understood that if you put any number of your team members together in a room without you, they would be able to explain what you stand for in consistent terms. The more they understand your values, the better they will relate to you and follow your lead.

Communicating your values also helps set the expectations for what behavior is acceptable and what is not acceptable. The clearer you are on this point, the better people will understand whether their personal actions are consistent with the values you have set. When values don't exist or aren't clearly communicated, a vacuum is created where distrust can easily take root. People's relationship with the leader is limited, and they only do what they are asked to do by virtue of the fact someone is the boss.

Do not wait until you are a senior leader to define your values. Even if no one is reporting to you right now, you should know your values. By defining and embracing your values, you will be guided in your interactions with others even if you are the most junior person on the team. In that way, you are acting as a leader.

Values are meaningful only if people understand them. If they are vague or poorly communicated, they will not be real to people, and therefore will not guide their behaviors and decisions. At Baxter, we faced the challenge of defining values that would apply to a worldwide company, and we had to identify those values that would apply across the board. The ones we identified were *respect, responsiveness, and results*. Once we did, we found that they resonated across the company.

The "3R's" tied everyone in the organization together, setting expectations of how we would operate as one team. They also helped determine the fit factor. In other words, for those who embraced the values, there was affirmation that the company was, indeed, the place where they belonged.

Once the values were identified and communicated, we couldn't just stick them up on a bulletin board someplace. They needed to be made tangible. Performance appraisals began to reflect how people measured up to each of the values: were they respectful, responsive, and results oriented. We saw that no matter what the job description, the values provided a concrete definition of what each of us had to do. Those values penetrated deeply into the organization and began to shape how we did things. As people thought about what it meant to be respectful, they began interacting in more positive ways. Responsiveness took on new meaning as people began to look out for one another's needs. And everything contributed to better results.

As a values-based leader, you set the tone for the whole organization. Your behavior must be consistent with your values at all times and in all situations. As you live out your values in front of people, you will influence how they live them out, and ultimately shape the identity of the organization you lead.

Talent Management and Leadership Development.

Once the values are in place, before leaders do any-

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thing else, they need to focus on the people. Picking the right people must come before setting the direction. If it's done the other way around, there is a risk that instead of choosing the right people who can help set the strategy and implement it, the leader will select people on the basis of the strategic direction he has already determined.

Once you have the right people in place, you need to develop them. That doesn't mean micromanaging everyone's career development. It does mean empowering them to own their development. It's a partnership, where each person is encouraged to reach their full potential.

Besides improving their skills, a key aspect of the development process is coaching people to look at how they can broaden their horizons by applying their knowledge and experience in ways they hadn't previously considered. Often when team members hear of an opportunity in an area about which they know very little, their first concern is that the new job could be seen as a downward move. What they fail to appreciate is how this opportunity could enable them to gain a global perspective early in their career. Gaining that perspective is key for career development, as it enables one to see the big picture and learn how to prioritize and allocate resources across the entire company.

Development needs to occur on a continual basis, not just at the annual performance review. People need to know what they do well and don't do well, and a plan should be in place to help them improve over time. Part of the process is delivering honest feedback, which is a challenge for many managers. Most people want meaningful, open, honest feedback. I believe I have a moral obligation to give it to them. As you develop a trusting environment, you may find that the people on your team will ask you for feedback so they can see how they are progressing toward their development goals.

Setting a Clear Direction

A values-based organization is built one step at a

time, in a specific sequence. After defining the values and putting them in place, and then getting the right people on the team, it is critical to set a clear direction. Not just a direction, but a *clear* direction. Every person you interact with, whether a direct report or a peer, must have a clear understanding of exactly what needs to be done and how those actions fit into the bigger picture.

Without a clear direction, your efforts to establish a values-based organization will come to a screeching halt. An organization will suffer if there is a disconnect between the plan and the execution. The reason there is so much dysfunction in organizations is not that people are unwilling or incapable. However, often it seems that at least half the people are doing things that are inconsistent with what the company is trying to achieve. That's usually because they *don't know the plan*, not because they are unwilling to work it. Often the strategy that the leaders defined fails to be disseminated throughout the organization, so people don't know what they are supposed to do. What is clear to the leaders who created the strategy isn't always clear at all to those who need to execute it.

When setting direction, it isn't enough to just send out an email or voice mail. People must really understand the plan, and they must be part of the process: they must be given the opportunity to provide their thoughts and feedback. If they don't really understand it, there is a high probability that the people in the cubicles won't carry it out as management intends. Either they will get it wrong, or they will cherry-pick what seems to make the most sense to pursue. And they certainly won't be able to give feedback on how it's going.

When your team understands how everything fits together, and *why* they are doing what they're doing, they will feel more empowered, be more enthusiastic, and take more ownership of the project or effort. People at every level in the organization want to have meaning and purpose and be emotionally engaged in what they do. When they are, they no longer feel that the reason they are doing something is that "those

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guys” asked them.

The first step in the process of setting direction is to be a great listener. The temptation is to start with giving directions—don’t. If you have a great team, involve them in the process from the beginning, get their opinions and insights early. Don’t share your opinion right away—it will shut down discussion, and thus limit your options. Instead, lay out the issue and ask their thoughts. Make the environment safe for people to be really honest, and even to challenge you. If you do, you will get their best, and all will benefit. The *team* will be setting direction, rather than just you, and that will make implementation all the more effective.

Effective Communication

Whenever I am asked to speak, the most requested topic is communication in the context of leadership. I find that exciting, because experience has taught me that this is the one area that gets the most people off track. Effective communication, which is clear, simple, straightforward, and concise, doesn’t happen automatically!

Never assume that you have communicated enough, especially if you are dealing with an ongoing issue. If there is a priority or direction that remains in force, let people know. Remind them during every meeting. As soon as you don’t mention it, some people will assume that you’ve moved on to the next priority. If an issue is important, make sure it stays on the front-burner.

Another assumption *not* to make is that people will understand you. Just because it is obvious or clear to you doesn’t mean it is to everyone else. A humorous example: once when I was CFO at Baxter, I sent out a memo saying we needed to shorten the time it takes to collect our accounts receivables. I quickly got a call from one of our analysts saying the best way to do that was to stop selling product! With no sales, we’d have no problem with our accounts receivables. I assumed people would understand that we needed to keep selling products; he didn’t make the same as-

sumption.

Effective communication is not only what you say. To be effective, you must be credible and trustworthy, a good listener, and able to relate to each member of your team. Credibility and trustworthiness come from being open, honest, and real. When people know you and what you stand for, and see you living it, they will trust that what you say is true.

Listening is another key component of good communication. Some people find it difficult to listen because they lack true self-confidence, so they find it hard to solicit feedback from others because they don’t want to appear weak or indecisive. (The opposite is actually the case). With regard to the principle of balance, you need to gain the broadest perspective you can, so you need to listen to what others are saying. A leader often recognizes the answer when he hears it. Finally, self-reflection helps you become more aware of the times when your communication is less effective than it could be. In other words, the core principles apply directly to good communication.

When you are soliciting feedback from your team, you’re doing more listening than talking. However, when you want to relate to others so that they really get to know you, the opposite is true: you’re the one doing the talking. By telling stories about yourself, such as by giving a glimpse of who you are outside of work, you will allow people to relate to you in a very human way.

Motivation and Team Engagement

Teams do not come together by themselves; they are developed purposefully. To build, motivate, and engage your team members will require them to be as passionate about achieving an objective as you are. That means you must have a high degree of energy and commitment around what you’re trying to accomplish. You must be able to show them why what they’re doing is important to the entire organization, and they must be willing to follow your lead.

Even when the right people with the right values are

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in the right places, they can still act like individual players rather than a team. But as we've seen in sports, a group of stars doesn't necessarily make the best team. Your job as a leader is to motivate and engage the group and transform it into a team.

To do that people will need to know you are true to your word, and that you'll treat them fairly and with respect. They want to know that if the project goes well, they will share in the credit, and if it doesn't go well, that you won't pin the blame on them.

One of the best motivation tools you have is your own ability to relate to others, letting them know that you understand who they are and that you value them as individuals. When trust and respect are established on both sides, people will devote themselves to the project and to each other. They become committed to a successful outcome because they see how important it is to the whole organization. Knowing that you, as the leader, are genuinely interested in their viewpoints and perspectives is very motivational.

A key component in engaging and motivating others is influence, which is really a two-way street. The more people know that they can influence you because of your open-minded attitude toward feedback and input, the more you will be able to influence them into thinking holistically about the entire organization.

Another key way for you as the leader to transform a group of individuals into a team is to set the ground rules and expectations. First is that people leave their individual silos behind and focus on what is best for the organization as a whole. Next, focus on issues, not personalities. Establish a sense of fairness—people care about outcomes, but they are also concerned about the process that gets them there. If their input is welcomed and they feel heard, they will probably be ok with the outcome, even if it isn't what they recommended.

Execution and Implementation

Now it all comes together. Everything we have discussed so far—defining the values of the organization, putting the right people in place, setting a clear direc-

tion, communicating effectively, building and motivating a team—culminates in execution and implementation. Although this should be almost automatic, for some reason many organizations drop the ball right here.

In my experience, execution goes awry for reasons that have more to do with the individual leader than the organization or outside influence. Simply put, execution gets lost because no one really owns the process. In these cases the leader doesn't want to get close enough to ground level where things happen. Maybe he sees his role as a "visionary" and execution is for someone else.

Conventional wisdom makes a big distinction between being a leader and being a manager. I believe that you will not be a good leader unless you are also a good manager. How can you possibly be effective as a leader if you don't have a track record of execution? If you aren't willing and able to roll up your sleeves and make things happen, you aren't going to be around long. You can call yourself whatever you want, but unless you produce results, you are going to be an *unemployed* leader!

A leader's job is twofold. He must think about strategy—where the organization needs to go and how to get there. He also needs to make sure the team executes that strategy. He needs to focus on both the long-term and the short-term if he is going to be effective.

Early on in your career, you will probably feel the need to know the answers. Your boss asks you something about whatever you're working on and you are expected to give him information. In fact, you can expect to spend 99% of your time finding the answers to whatever the boss asks. As you become a leader, you will shift from knowing the right answers to asking the right questions. As you view the organization holistically, you can't come up with detailed answers the way you could expect of someone who is working in a particular area. Instead, you need to ask the right questions to gather the data you need to make a

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good decision.

As the leader, you're not going to run someone's department for them, but you can assess whether the strategy is reasonable, whether the right people are involved, etc. That's why it's so important for a leader to be involved in management—you're able to dive into the details when needed.

Part 3: Leading Your Organization From Success to Significance

The Courage to Lead Through Change, Controversy, and Crisis

Being a values-based leader in an organization that prides itself on what it stands for is relatively easy when things are going well. But both personal and organizational leadership are defined by challenges. In the midst of change, controversy, and crisis (what I call the 3 C's) leaders demonstrate what they are made of: Do they remain absolutely committed to their values, or do they start to waver and make exceptions? It is guaranteed that the 3C's will show up at some time—it's not a question of "if" but "when."

How you react to change has a direct impact on your effectiveness as a leader. Some leaders are reactive—they hate change. Others tolerate it as a necessary evil. The most effective leaders are proactive about change—they actually initiate it. They aren't riding the waves, they are creating them. Even (especially) then, you need to help your people navigate the change. This comes through communication. You need to take as much of the uncertainty out of the change as you can. Let people know as much as possible each step of the way.

Controversy requires swift and firm action. The clear and frequent communication that was necessary in the midst of change becomes doubly important in times of controversy. Otherwise the situation can mushroom into a much larger problem. You can be sure that your people will hear about any controver-

sies the company is involved in; if they have heard it from you first it will build trust; if they hear it elsewhere, like via the media, it will breed suspicion and cynicism.

Handling the 3 "C's" requires a fourth C: Courage. Courage does not minimize the challenge, but it does embolden you to face the fear and do what is necessary. Doing the right thing when the pressure is on takes courage; it isn't easy, but for a values-based organization it is essential.

Socially Responsible Leadership

At a certain point it feels like you have arrived: you have built a values-based organization. But then you realize: there are a lot more mountains to climb. As you look around the world, you see problems and challenges like poverty, environmental challenges, malaria, infant mortality, etc. Then, thanks to your habit of self-reflection, you realize that if you are truly a values-based leader, and yours is a values-based organization, then you should look beyond your current mission and consider what it means to be socially responsible. Who else is better equipped to take on one of those bigger challenges than you and your team? Your reach as a values-based leader extends beyond your organization. Regardless of your job or title, you are in a position to make a lasting and meaningful impact on the world.

Values-based leadership doesn't happen automatically, and it isn't always easy. You will encounter distractions and pressures that can derail the best of intentions. When they happen, return to the four principles and take a moment to pause and reflect. The principles are the beacon that will always guide you home, back to the heart of who you are as a person and as a leader.

The Pastor's Perspective

Kraemer takes a little bit different approach to leadership than many authors. Rather than focus on specific

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skills, Kraemer's four principles create a foundation for growth and personal development that can be applied by any leader in any context.

I especially made note of his comments on self-reflection. It reminded me of Socrates words: "the unexamined life is not worth living." I have seen the value many times of stepping back in order to think deeply about a topic; I've never really thought about doing it on a daily basis. But I can see the potential power in doing so.

Ironically, I've made it a regular practice to pursue what some call "balcony time" in relation to the ministry—getting on the balcony in order to gain perspective. But it's not something I've done in the same way regarding my personal life. My take-away from this book is simple—I'm going to schedule at least one time per week for self-reflection. I know Kraemer does it daily, but I don't think I could maintain that. Once a week is very doable, probably in the context of taking a Sabbath.