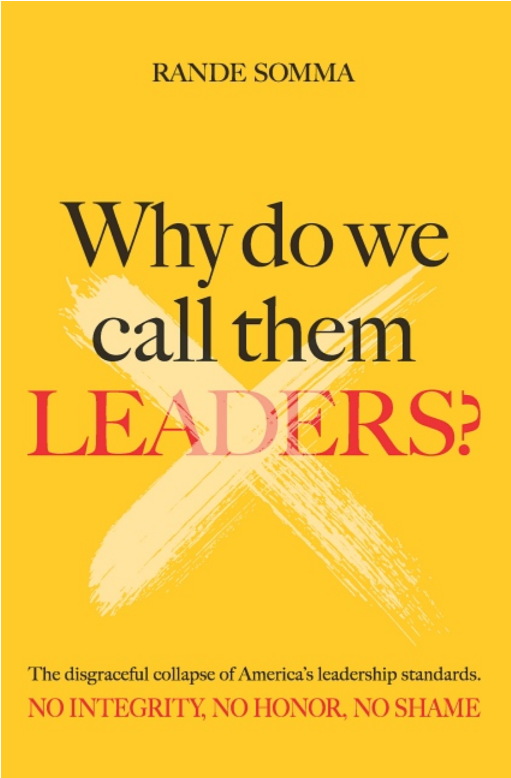

Commercial businesses, media, healthcare, academia, government and religion. What do all these have in common? Well, they used to have real leaders. But things have changed. Now the people in position of leadership are often not qualified.

WHY DO WE CALL THEM LEADERS?

The disgraceful collapse of America's leadership standards. No integrity. No honor. No shame.

By Rande Somma

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RANDE SOMMA

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CHAPTER 1: EITHER A LEADER OR A FRAUD

No Such Thing as a Bad Leader

"Integrity... Choosing courage over comfort; choosing right over what is fun, fast, or easy, and choosing to practice our values rather than simply professing them." - Brené Brown

The fundamental shift that destroyed our leadership culture:

LEADERS	FRAUDS
While there were always deviants, essentially leaders behaved and operated consistent with the organizations: • Mission Statement • Core Values • Their job description with the roles and responsibilities	While the mission statement, core values, and job descriptions are still there, it now has no relationship to what is considered to be acceptable behavior and decision-making. Consequently, only those who object to that behavior are now considered deviants.

Fundamental with this new horrible leadership model is that leaders automatically dehumanize themselves, thereby shedding their moral compass as a filter through which they process their decisions. Worst of all, they have no shame which enables them to feel no guilt and therefore, they can sleep at night.

Some time ago, I was named the first-ever Executive in Residence at the business school of a major university. The Executive in Residence provided the students with the visibility of how that knowledge can be applied. As we defined it, the professors enabled the students to gain knowledge. The dynamics in which the students exist on the campus have almost nothing in common with the dynamics they will experience on the job. We called it the transition from the campus to your career.

I prepared presentations that I gave in many classes, tailored to the course name, i.e., marketing, strategic planning, change management, financial management, human resources, etc. In each case, I presented how they operated inside our corporate business model. This was an additional dimension of learning, and it was clear that the students saw its value. In each class, after the presentation, many questions were asked – going over the allotted time for the class – to the point where the professors had to leave the room to get to their next classes on time. As they left, I stayed behind because the hands kept going up!

Initially, there was a high demand for me to present to and speak with classes. Then suddenly, the invitations stopped. I met with the dean to discuss the obvious change. I first asked, “is it me?” He said absolutely not. The feedback from the students was terrific. And so I asked, “what is it?” He was tentative and careful in his response to my question. Essentially, because most of the professors had never worked in a business, they felt intimidated by my engagement with the students. Hence, the invitations to speak to classes dried up. I responded, “so that I get this straight, your students enjoy the experience and that they get a great deal of value to their education".

The dean reluctantly explained that the President has made it clear to the deans that the last thing he ever wanted to get was a call from the professors' union complaining about something. He then looked at me with a defeated tone and said, "I can only make the resources available to the professors. I can't make them use them." He clearly hated it, but the President and he clearly made the decision to choose their self-interest over their obligations.

In parting, I said to him that the least the university could do is to edit what is said to be core values on their website, the one which says, "optimize our students' learning experience." Based on just our conversation today, that is just bullshit!

MORE INSTANCES:

I left four boards, including one in which I was Chairman and one in which I was Vice-Chairman. I have time spent in academia, corporate, public, and private organizations. Across them all, the single reason I left was that I remained fiercely dedicated to the organizations' stated values and my own duties and responsibilities.

My inability or unwillingness to conform to the new normal, where those values and obligations amounted to mere words. They remained in the new normal leadership model because it's good advertising for what should be true, and they would be conspicuous by their absence.

In so many board meetings, I was the source for a whole lot of frustration , and I was doing only what the script said were my duties and responsibilities. I wondered to myself during so many of the conversations, "what the hell is going on?" As I scanned each of the audience members, I could almost hear them saying, "what the hell are you doing?" and "when are you going to let it go?" I felt like I was speaking a foreign language. I finally came to the conclusion that when leadership morphs into that new normal, "wrong" becomes "acceptable" and "right" becomes an inconvenience, maybe even a problem.

I believe we need to examine our industries and see if we are still standing firm on some of the labels that we assign certain people.

If someone doesn't have the necessary medical education but is practicing medicine, are they still called a doctor? Also, if someone who doesn't have the necessary training, but is sitting in the cockpit and intends to fly the plane, are they still called a pilot? If the standards are reduced to where someone doesn't need to have a law degree to practice law, do we still call them a lawyer? I ask you to really think about this for a minute.

And now consider this; if the standards have been lowered to the point that someone need not have the integrity and character to be deemed qualified to take the position in the box on top of the org chart, they have absolutely no business being labeled a leader. This is the premise of my book.

And yet I have personally had experiences with so-called leaders … CEOs Board members, Academia, Religion and the Media who didn't have enough integrity and character to plug a mosquito's ass! Tragically, based on today's deflated standards of who we refer to as leaders, that doesn't mean a damn thing.

Now I want to qualify myself to make such a statement:

JCI and Me-

I went to work for Johnson Controls in 1988 as the manager heading up the sales team that called on Chrysler Group. Johnson Controls Automotive was then one of the largest automotive interior companies in the world. We were selling to all the car manufacturers around the globe. Our primary product was the seat systems, but in addition to that, there were interior systems, electronic products, instrument panels, and overhead systems.

I was happy to be employed by this global player and engaged in doing a good job for them, and for myself and my family.

I was eventually promoted to run the sales teams for Chrysler, GM and Ford, and then promoted to Director of Sales of North America. From there, I was made Vice President of Sales and Marketing and Strategic Planning Worldwide. In 1998, I was once again promoted to President of North American Operations and then elected to a Corporate Officer position, which meant there were a whole lot more ways that I could go to prison.

I was moving right along on the corporate ladder, and what came along with that upward mobility were some weighty, serious responsibilities and the need for more diligence and intense scrutiny of our automotive operations.

Do Something Special

When I took on the title of North American Operations, Automotive in 1997, management asked me and my team to consider if our performance objectives were too conservative. Our assignment was to determine if it was legitimate to expect more from ourselves.

At the time, we were coming off of a very good year, but we were asked whether or not we set our ceiling too low. Were we capable of doing much more? If so, what action(s) could be implemented to achieve it?

We were working with a consulting company at the time, and JCI was a level three company in terms of performance (which was good). The consultant was showing us indicators of a few level one companies (which was better) and what they were achieving (which was all financial). It was all about the numbers. They could see that we had a lot of level one capability already in place, but showed us that, in order to make level one a real possibility for our company, some things would have to change. They asked if we wanted to make the effort and take the risk.

My team and I said yes because we believed that we had the real potential of moving from good to something far better. We just had to figure out how to reinvent our operating model.

I wanted our initial meeting about taking on this challenge to involve something different and impactful for my team, so I asked my Director of Communications, "Give me something that we can take back after this meeting. Don't spend a lot of money, but make it something you don't stick into a drawer." I wanted this to be a small gift that would be a constant presence and a reminder for each team member as we cut a new path for the company.

The result was a colorful glass globe paperweight with the inscription, "*Do Something Special.*"

Later at the meeting, I looked at the white board, and was faced with the enormity of the challenge, but also the enormity of possibilities. It represented freedom to create the "thing" that was going to catapult us into a great company.

I didn't say what everyone expected me to say. Typically, in brainstorming sessions, we would list out what needs to happen for us to move from here to there. For reasons I cannot explain, my first question to the team was **<u>not,</u>** "*what do we need to do to meet that new level of performance?"* My first question was, "What **WON'T** we do?" It was counter-intuitive. Who knew that it would be the spark that launched us forward in the most unexpected way?

That day, we discussed setting boundaries and came up with a list of things that we, as leaders in this endeavor, would ***not do*** in our efforts to reach our goals. My team adhered to the new standard through some very difficult times. What we would ***not do*** included:

1. Lay off people in order to hit financial targets
2. Redirect strategic plan investments to the immediate bottom line
3. Increase dependency on creative accounting
4. Treat employee expectations as subordinate to those of customers and shareholders
5. Behave as if "living our values" is discretionary
6. Motivate with intimidation
7. Rationalize that the ends justify the means
8. Manipulate and misrepresent actual performance data
9. Act entitled to unearned support, loyalty and compliance
10. Disregard the company's code of ethics to suit our convenience

In today's leadership system, this list represents things that are routinely done in order to achieve short-term goals. In far too many cases, these tactics are in direct violation of the organization's published core values, and often erode long term gains for the company in favor of short term fixes that masquerade as progress.

When I had the glass paperweights made, I thought our "*something special*" would be attaining the financial goal, the numbers that would move us to level one status. That was the original focus and the purpose of the entire challenge. I had no idea at the time that "*something special*" would result in far exceeding our financial goals and producing extraordinary outcomes on every business front that we touched: customers, revenue, earnings, vendors, our own people, and industry-wide recognition, to name a few.

However, after many years and having a front-row seat in many different organizations, as well as experiencing them meeting their objectives – through means, however, that violated their stated Core Values – I look back at that time through a very different prism. It was a seminal moment.

Through that prism, our something special was indeed "what" we achieved; however, far more special was the "HOW" we accomplished the exceptional results.

What I didn't know then, but what I came to learn was that leaders meeting objectives by means that were tightly aligned with their stated duties and obligations, and never making decisions that were in violation of the organization's advertised Core Values was NOT the standard. It was, unfortunately, what was the something special.

"Talent and character emerge not when you decide what you are willing to do. They emerge when you decide what – under any circumstances – you are absolutely not willing to do." – Rande Somma

Defining What is Really Important

When I took over North American Operations at Johnson Controls Automotive, I quickly learned -- and I still believe to this day – that there was so much more important in *how* things were accomplished than the accomplishment itself. That may be a difficult concept to grasp. I am not saying that the results are not important. I am saying that the method of *how* you achieve them is also important; actually, more important.

At certain times in my career, I was surprised to discover leaders who did not believe this, and that, for some, it didn't matter at all. To them, results measured by numbers alone were the only thing that mattered and the ends justified the means; and the means were sometimes very, very ugly.

Leaders in History – The Good, the Bad, and the Unicorns

A leader is a person commissioned by a number of people and charged with the duty to serve and better the circumstances for the whole of a group. They are supposed to work for the *people* who have directly or indirectly put them in power. A leader's job is to lead *people, and to reveal their own leadership qualities*. History has delivered us many people who carved out a strong definition of leadership. We have seen our share of frauds and authentic leaders, and everything in between. For the sake of clarity, I would like to offer some of the personal definitions that I apply to these categories of leaders.

I think we can all agree that a fraud is someone who lacks the character, integrity, or competencies needed to engage followers and master the position; someone who might be lazy or under-qualified and who doesn't plan ahead to avoid pitfalls or to create growth and opportunities. They might be someone who has hit their Peter's Principal ceiling and doesn't realize or want to admit that they are no longer qualified for the leadership position that has outgrown them. I call bad leaders frauds.

Frauds might be in it for the money, celebrity or power rather than to advance the people/company that hired or elected them. They get fired or pull the pin and make sure they are sipping mint juleps under a palm tree hundreds of miles away before the grenade detonates on Wall Street. Yeah, we've seen this guy more than a few times.

Authentic leaders, on the other hand, have qualities such as perseverance, insight, vision, and a passion for getting it right. While we all possess many of these qualities in varying degrees, authentic leaders acquire them in quantities beyond what is found in most men and women, through experience and/or academia, and know how to apply them in difficult situations. Sometimes they have the ability to humbly surround themselves with the right people who can supplement their skill sets. They can be counted on to be successful in the execution of their duties with a laser focus on both long and short-term results.

Although I am coming at this subject from a different angle, I don't stand alone in my observations. Characteristics of great leaders have been researched and authored by many journalists and scholars, such as Joseph C. Santora, School of Business and Management, Thomas Edison State

College, Trenton, New Jersey, and James C. Sarros, professor of Management, Monash University, Victoria, Australia.[1]

Their study findings in the Ivey Business Journal in an article called *"The Character of Leadership"* are in alignment with my front-line experience. Those characteristics that have proven to have strategic advantages for leaders include integrity, respectfulness, passion, self-discipline, fairness, cooperation, loyalty, communication, compassion, and humility. These solid core competencies, combined with unwavering ambition, and the ability to learn from mistakes, season a leader into a great and authentic leader.

Authentic leaders are gifted with character qualities beyond their resumes. These are not learned in a textbook. They are internalized hardwired traits. They include empathy, sincerity, charisma, humility, integrity, and a blind commitment to the assigned mission and values that do not allow self-interest to trump obligation. They add value to the group/company that they are leading. They are not unicorns. They exist.

This is exactly the leadership that all companies need, and unfortunately, what many companies today are really ***not*** looking for. They all say that they are, but most of them are full of shit.

The bottom line: for many leaders today, there is often a difference between what they say and what they mean or do, hence, the difference between the frauds who "talk the talk" and the authentic leaders who "walk the talk."

For example, if you radically lower the standards of who is in the position to do the work of a doctor, should they still be referred to as a doctor? And what if we lower the standards of someone who is qualified to fly an airplane without the ability to land it safely. Are they still referred to as a pilot?

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[1] http://iveybusinessjournal.com/publication/the-character-of-leadership/

Standards for leadership should have the same stringent requirements, and we should be holding them to those standards, no matter what. A leader is not simply someone whose name is in the top box on an organizational chart.

If someone's name is in that top box, but does not consistently fit the description, then referring to them as a leader is not an option. No exceptions!

Maybe a more appropriate label for that person would be "fraud". I am going to confine my name-calling to fraud. This will include all the other labels that many people use, like knockoff.

A true leader has the experiences, talent, character, and competence to achieve both short- and long-term objectives without ever violating the organization's mission statement or core values.

True leaders, given the opportunity, would never choose their self-interest and personal agenda over their stated obligations and responsibilities.

When the standards collapsed as to who was considered qualified to be a leader, the description changed to simply being someone in the top box of the organizational chart. And that person is void of the required talent and competence to meet short- and long-term objectives. Someone, who, because of the absence of character and integrity, is willing to routinely violate the organization's mission statement and core values to meet short-term objectives.

My personal belief is that those individuals are not worthy to have the word leader in defining who they are. A more appropriate word that fits those individuals includes fraud; but never a leader.

Note that there are still people who have the potential to earn that title. They have the talent and character to qualify, but they have yet to develop the competence to manage the organization in a way that the whole is greater than the sum of the parts, therefore delivering on both short- and long-term results legitimately, and never surrendering their duty to their self-interests.

Yes, there have always been deviants to the actual standards. Some so much so over the years, we have over time and experience, come to not trust them. For example, corporate America and politicians.

However, today, I believe we are experiencing that same erosion of trust in organizations that I personally would never have imagined. Like the military, the department of justice, the FBI, traditional and social media, healthcare, and school boards.

What has happened to us?

Drilling Down on the Meanings

Traditional meanings of right and wrong:

<u>*RIGHT*</u>

[rahyt] adjective

1. in accordance with what is good, proper, or just: *right conduct.*
2. in conformity with fact, reason, truth, or some standard or principle; correct: *the right solution; the right answer.*
3. correct in judgment, opinion, or action.

<u>*WRONG*</u>

[rong] [rawng] adjective

1. not in accordance with what is morally right or good: *a wrong deed.*
2. deviating from truth or fact; erroneous: *a wrong answer.*
3. not correct in action, judgment, opinion, method, etc., as a person; in error: *You are wrong to blame him.*

Non-traditional meanings of right and wrong:

There used to be just two options – right or wrong. Now there are three. Now you can be:

1. Right or
2. Wrong or
3. Wrong, but acceptable and convenient. Let's do lunch.

<u>JAGOFF</u>

[jag-off] noun

1. A term that originated in Pittsburgh meaning an asshole-like person.
2. An asshole.

<u>KENNYWOOD'S OPEN</u>

1. A term that originated in Pittsburgh meaning your fly is open.

<u>CAN A CORN</u>

A term that originated in Pittsburgh meaning something is easy.

<u>CULTURE</u>

[kul-cher]

There is no one apparent popular definition of culture, but most definitions talk about values. I believe culture is more about actions than values or beliefs or philosophies. Culture is formed by consistent reinforcement of what is appropriate and expected behavior in a designated environment or community. That behavior can be consistent or inconsistent with the stated values and beliefs of that same community.

<u>LEADER</u>

[lee-der] noun

1. A person or thing that leads.
2. A guiding or directing head, as of an army, movement, or political group.

<u>AUTHENTIC LEADER</u>

[aw-then-tik]

1. Personally worthy
2. Functionally qualified - earns the trust of the organization by embodying the stated Core Values.
3. Links his/her soul to decisions that are made, beginning with taking comfort in humanizing themselves to the organization. Titles don't earn trust. People do.

<u>FRAUD LEADER</u>

1. Opposite of authentic (see above)
2. An imposter who "plays the part"

<u>BUSINESS REALITY</u>

Business reality is a description of the reality of today's business environment. Unfortunately, this is where an enormous discrepancy happens in corporate settings. The discrepancy between the way things should be, and the way they really are. Let's apply this definition to some other business concepts:

<u>INNOVATION</u>

[in-*uh*-vey-sh*uh* n] noun

1. Something new or different introduced.
2. The act of innovating; introduction of new things or methods.

The Business Reality – While innovation is a critical aspect of a truly successful company, it is also hollow vernacular frequently used on company websites and marketing materials to describe the mission, vision and core values. Often there is little to no innovation going on at all. The word is there because it sounds good and it would be conspicuous if it were absent. In other words, it's bullshit.

STRATEGIC PLAN

[str*uh*-tee-jik] [plan]

1. An organization's process of defining its strategy or direction, and making decisions on allocating its resources to pursue it. May include control mechanisms for guiding the implementation of the strategy.
2. A systematic process envisioning a desired future, and translating this vision into broadly defined goals or objectives and a sequence of steps to achieve them.

Strategic planning is an essential responsibility of any CEO. It is represented on most websites, in annual reports and in all PR collateral. It is a predominant factor in the hiring of and performance review criteria for virtually every CEO.

The strategic plan typically begins with a vision and aspirations of where the company wants to be longer term – typically a 5-year horizon. Based on those aspirations, it is an actionable and measurable plan that establishes a detailed roadmap for the essential changes to be generated. Progression of the plan is a critical responsibility owned almost exclusively by the CEO and the board of directors.

The Business Reality - As high profile as the strategic planning leadership function is, too often it is all talk and no walk. Having a strategic plan props up a glowing image of the company, and if it was missing, someone might notice. Since this is a future-focused item, it is frequently a low priority for leadership, who are focused on their short-term gains and personal goals.

I have experienced some tough conversations with CEOs who, it appeared, would rather have diseased coyotes eat off their limbs than establish the strategic vision, an associated plan, and be held accountable for managing its progress. Even when a CEO takes the time to pen a strategic plan and hand it in like homework, many times it is only “box-checking,” and there is no real energy dedicated to implementation or to preservation of investment in the future. At the same time, when it became the board’s turn to insist on compliance, what you pretty much hear is the sound of crickets. If a board member persists in challenging the CEO, it is only a matter of time before he/she gets their shiny plaque on their way out the door. It is not just the CEO who participates in leadership.

One thing to note is that both innovation and strategic plans are long term propositions that require short-term investment. They both have some associated risk and a long-term return on investment. With the average tenure of a CEO being three to five years, this flies right in the face of the compensation model that pays out only on short-term results. More on that to come.

<u>CORE VALUES</u>

[kawr, kohr] [val-yoos]

1. Principles that guide an organization’s internal conduct as well as its relationship with the external world. Core values are usually summarized in the mission statement or in a statement of core values.

2. Principles or standards of behavior; judgment of what is important in life.

Core values are published by organizations, often right up on their websites for all to see. They establish what an organization believes and is committed to as it conducts its business. They define what is appropriate and acceptable. They also define what is unacceptable and will not be tolerated.

Core values act to firewall decision making from available but unacceptable options and therefore, toward better, more legitimate answers.

The Business Reality – Psychologically pleasing concept *implying* that because these things are listed and appear to have value, they will not be violated in the process of decision making, conducting business and managing the organization. In fact, core values will be violated if they stand in the way of making easier decisions in the interest of convenience, comfort, personal gain and short-term benefit.

So as to mitigate any feelings of the disgraceful irresponsibility of such decisions, the following phrases were invented:

- "If you are not cheating, you are not trying"
- "You gotta do what you gotta do"
- "It's just business"
- "The ends justify the means"
- "I'm not here to make friends, I'm here to make money"

Many companies include integrity as one of their core values. How in the world can they value integrity if what they advertise as their values is a bunch of bullshit?

SUCCESS

[s*uh* k-ses] noun

1. Achievement of something desired, planned or attempted.
2. The favorable or prosperous termination of attempts or endeavors; the accomplishment of one's goals.

The *Ideal Business Reality* – True success in business is marked by:

- Consistently meeting all stakeholders' expectations
- Authentic leadership
- Quality people, a healthy culture
- Effective systems & processes
- Extraordinary execution
- Guided by the core values
- Long- and short-term objectives legitimately achieved
- Credible and sustainable results

This definition of success includes the "how," therefore establishing credibility and sustainability. It represents the vitality of the business fundamentals and not the proficiency of manipulating the numbers and the audience, which is what happens in so many organizations today.

Business Reality – success means that it meets stakeholders' expectations by generating results benefitting the short-term objectives at the expense of credible, sustainable corporate health.

The stakeholders that I am referring to, in the order of *Ideal Priority*:

1. People
2. Customers
3. Shareholders
4. Suppliers/partners
5. Community
6. Environment

Really this is often a five-way tie for second place.

That same stakeholder list in order of priority for success under today's *Business Reality*:

1. Shareholders (Financials and primary metric for calculating executive bonuses)
2. Customers
3. People
4. Suppliers/partners
5. Community
6. Environment

Really another five-way tie for second place.

So, while they all say "People are the organization's most important asset and therefore its #1 core value," here is a list of the low hanging fruit most CEOs go to when there are profit concerns, in no particular order:

1. Cut pay
2. Reduce benefits
3. Freeze earned merit/performance increases
4. Freeze or discount earned bonus payments
5. Layoffs
6. Freeze necessary hiring, placing a strain on existing personnel
7. Cut budgets for resources necessary for employees to meet management expectations
8. Cut/eliminate budgets for people training and development

ETHICAL CONDUCT

[eth-i-k*uh* l] [kon-duhkt]

1. Acting in ways consistent with what society and individuals typically think are good values. Ethical conduct tends to be good for business and involves demonstrating respect for key moral principles that include honesty, fairness, equality, dignity, diversity and individual rights.

2. Being in accordance with right and wrong.

The Business Reality – Businesses desire to be ethical at all times, unless of course it is necessary to take liberties with the definitions of right and wrong in order to optimize financial results, advance personal interests, or if it is just more convenient. Hence, the introduction of "wrong, but acceptable."

CHAPTER 3: THE DUMBING DOWN OF VALUES

NEW NORMAL… NEW CRISIS

Didn't See That Comin'

A few years after I left JCI, I had a fair amount of interaction with other companies either as a board member or as a consultant. It was during this time, around 2007 and 2008, I began to notice that running a business with integrity and a righteous moral compass seemed more like an exception than the norm.

Two friends who were authentic leaders and former teammates of mine at JCI had become victims of a fraudulent system. They were both on a one-year severance and trying to figure out what they wanted to do with their lives.

We got together, as friends do, and collectively reflected on the incredible results generated at JCI back in 2000 to 2003, because it was driven by a system that managed the business rather than the numbers. We talked about how our team had been anchored to an unwavering commitment to our stated corporate values and the unprecedented returns we experienced.

The three of us felt sure that we could form a company whose purpose was to share that blueprint of success with other organizations. We were sure that there would be enthusiastic reception of such a plan. So, we started to formulate the business.

During a related conference call between us, I reflected on our great results at JCI versus what I was learning about business standards and expectations now in 2007 and 2008 with the broader business community. Now there were lowered standards of qualified leaders and associated shifted priorities and lowered expectations of the businesses they were leading. They wanted to improve their businesses, but they were not willing to do the hard work and take the time and the risk to get to those improvements.

I just want to interject here to talk about the word results. Results is a word that is used in business circles to generally refer to many things in very basic terms. When someone determines that a certain business is "doing great" or "doing terribly", what are they looking at to make that determination? They are usually looking at revenue/sales to see if the company is growing. They are also looking at earnings -- which are typically the earnings before interest, taxes, depreciation, and amortization (EBITDA). Some people are also talking about the balance sheet, which means they are looking to see if a company is in liquidity or in debt. But typically, when someone is talking about a company with "great results", they are referring to the financial status of that company, specifically, their sales, revenue, and earnings are going up. When someone talks about results in business, they are referring to the quarterly and/or annual financial numbers of a company.

What results do NOT refer to is how a company gets to their financial status. I want to make the distinction that focusing on results is not necessarily bad, but it is important to understand how anyone achieved their results. Consider Lance Armstrong's results and how he achieved them.

I clearly remember standing in my yard as I was on the phone with my friends, and a realization swept over me.

I said, "Guys, what we have to share – not ideas or concepts, but a proven system – has tremendous value to virtually any organization." I went on, "With that said, from what I am seeing as a result of my broader business experiences post-JCI, is that this system has no market."

This was an “ah-ha” moment for me. We had a great business plan and passionate experts on board to execute it. We genuinely wanted to help businesses optimize their potential, and we knew exactly how to do it. But I was finally coming face to face with everything that I had seen, heard and experienced in corporate America in recent years that settled for outcomes that were just good enough. It was demonstrated to me over and over again that the standards had dropped below what my friends and I were trying to do. There seemed to be a different focus; different priorities; a new normal.

My friends and I had been launching our new business concept from the belief that every organization wanted to make their business better and do it in the best way possible. The way it is advertised on company websites and published in mission statements and core values; the way it is articulated in all corporate communications and identified in the job descriptions of teams, executives, and their boards. But that is not really what every organization wants. That is just what they say.

When my friends, my team, and I experienced great outcomes at JCI some years before, we blew the lid off of what previously had been determined to be the ceiling for “excellent performance.” That performance was a protracted effort generated from the people, the culture, and the systems that we put in place, not from the creativity of our accounting department. It was also not a result of reverting to gimmicks like selling off certain operations or moving to a foreign country for a one-time tax benefit.

Many leaders today do not want to work harder to achieve extraordinary outcomes. They do not want to invest in anything that detracts from short-term gains. They don’t want to try anything that could threaten their bonus.

And the system is such that they don’t have to.

From the day when I hung up on that call right up until now, I have seen little to change my mind.

Lonely

One evening in 2012 after dinner and an ethics workshop I presented, we had our annual *Integrity First* scholarship awards at Robert Morris University. I gave a brief talk centered on leadership and ethics/morality. Afterward, young people came up and introduced themselves and asked questions. I ended the evening talking to a student by the name of Patrick.

Patrick asked me a lot of questions. The conversation was basically about character and values. He recognized how hard it was to remain true to these things in business, and wasn't sure they would get him where he wanted to go in life. He wanted some assurance that it was possible to succeed without compromising his character and his values.

Patrick had been elected President of the Society for the Advancement of Management on campus, which is an association of students. As President, Patrick thought the right thing to do was to go around and ask the members what they would like the association to do for them, and what they would like to see implemented (pretty much the way leaders are supposed to operate).

"Rather than me just deciding for them what is best and telling them this is the way it's going to be, I thought I would ask them what they wanted. I wanted the association to provide value for them, not through my filter or idea of what that might be," he said. It turned out that when he asked people what they thought, or what they wanted from the association, they looked at him funny and said nobody had ever asked them that before. They were conditioned to believe it was normal that they didn't get asked.

He said, "I talk to business students, and I do what I know I am supposed to do. I try very hard to do it the right way, and every time they ask me, "What are you doing?"

And then he asked me something I will never forget: “Did you ever feel lonely?”

That was a jarring question for me. It really hit home. I told him yes.

Of all the words to choose – not alone; not odd; not weird; not confused – lonely. How did he know the exact right word to describe that feeling?

I try to live up to my responsibilities. My perception is that as a society, we have drifted to a place where that behavior sticks out, and you are left alone to wonder what is going on here? It is a place where you feel like an outcast and don’t know what to do.

I personally have not been able to comply with the new “normal” exhibited in companies led by the new version of leadership. I feel lonely because it seems to me that we have a system now that doesn’t require leaders to do what they are supposed to do. Sometimes it actually encourages them *not* to perform their duties or live up to their obligations. And sometimes it punishes those leaders who insist on leading the right way.

This memory of talking with Patrick is vivid. It stands out as a defining moment in my life, one where I came to grips with a lot that has happened to me. It is one of the main reasons I am writing this book.

I told Patrick, “I do feel lonely, but now I know there is you, and you know there is me. And I bet there are a lot more Randes and Patricks out there.”

Authentic Leaders – The Stuff

Historically, what defines successful authentic leadership is a set of human qualities in people who produced both great company cultures and great results. If we are only measuring, hiring and assessing leaders on the reported outcomes of their leadership, then rest assured, we will be “Enronned” again and again. Authentic CEOs and leaders are not solely defined by course completion in an MBA program. They are also not solely defined by how many widgets are sold in a quarter or the number of bullet-pointed achievements on a resume.

Authentic leaders are a rare breed of sharp, mission-focused, committed human beings who inspire people to freely and energetically follow them. They have more than the checklist of competencies seen in an MBA curriculum guide or resume. Many have mammoth ambition, uncanny business sense, and wisdom borne out of painful lessons. They are vigilant and wary to avoid business pitfalls. They create corporate pride. Authentic leaders actively engage and listen to all their employees – not just a few select members of their management staff. Their title and position at the top of the organizational chart do not feed a distorted need for power and celebrity. Rather, it is a reminder of their enormous obligations and responsibilities both as a professional and as a person. I have met some of these people and worked for them and with them. In the business, you can't help but hear about them.

Formally trained leaders, in general, are expected to possess many competencies that are the framework of their skill set. Some of these include mastering conflict resolution, enterprise communication, implementing change management, accountability, motivation, company morale, teamwork, relationship building, and employee empowerment. Again, this is just a checklist on an MBA curriculum guide or a candidate's resume. True utilization of these intangible qualities in a real-life corporate setting is a difficult thing to identify, let alone quantify. And because these are traits that are elusive to calculation, even substantiating their existence to accurately identify who is indisputably "competent" is not an easy task.

While corporate success and leadership competency are intimately intertwined in corporate America, tendencies to "gray out" the ingredients that go into the recipe for an accomplished leader have become too common. In the current system, the only measurable – and therefore dominant -- outcome of corporate and organizational success is defined by hard numbers in the short-term profit margin. All the other more subtle or intangible leadership criteria – including strong ethical values -- that do not have a line item on a spreadsheet have lost priority.

It can certainly be argued that to ensure a company has legitimate long-term sustainable success, delivery of the intangible competencies needs to happen, as well.

Pittsburgh Kid

I grew up in Pittsburgh's South Hills. Although it has been several decades since I lived there, according to some folks, I still have a little accent and the same mannerisms and character. You can take the kid out of Pittsburgh, but you can't take Pittsburgh out of the kid.

Pittsburgh is a big city that feels like a small town. It is a melting-pot city, and I think some other melting-pot cities, especially in the Midwest, have that same feeling. Classic blue-collar Pittsburghers never allow you to get too full of yourself, folks who work hard to make a life for their families, and who recognize that other people have to work hard too.

My sons, Scott and Adam, both moved to Pittsburgh at different times. They agree, "Dad, people here judge you for <u>*who*</u> you are, not <u>*what*</u> you are or <u>*what*</u> you have or <u>*what*</u> you do."

Although I admit I am biased, I thought their assessment was spot-on. It always seemed to me that Pittsburgh folks decide whether they like you based on the quality of the person you are. The ones I remember don't look at titles or credentials. They don't care what kind of car you are driving or what your salary is. That is all irrelevant in their view. I grew up in this culture so, in my view as well, credentials, titles and the stuff you can buy are not all that relevant to the quality of the person you are. Like most people I knew in Pittsburgh and much of the Midwest, I have a "*don't bullshit me with your excuses and pomp and circumstances"* attitude. I'm not saying that Pittsburgh doesn't have any jagoffs; I'm saying the tolerance for assholes is really low.

What Is It with You?

There are seminal moments that have been very compelling and meaningful to me. This is a story about one of those powerful and stunning moments.

I was an Executive in Residence and speaking to an Information Technology (IT) class at Oakland University in 2008 or 2009. This was an evening class for MBA students composed mostly of young adults who had been in the workforce for some years.

The idea behind the Executive in Residence program was that young people get their knowledge at the university, but there is a bridge they have to go over from knowledge to application of that knowledge in their practical work environment. The program was designed to help them cross at least part of the way over that bridge, so they are more prepared to effectively integrate into corporate settings once they get there. It also gives them a glimpse of how to optimize their abilities and best deploy their knowledge. The program basically recognizes that a high GPA or IQ won't get you far in business unless you know how to use it.

So, I developed presentations for MBA students that covered MBA topics such as change management, global strategic planning, ethics, and IT.

I spoke to one class about how we leveraged IT competencies to manage Johnson Controls Automotive Operations, a global business with 250 facilities and 75,000 people. We had tech centers around the world, and we needed to act like we were in the same room with each other even when we were on opposite sides of the planet. That's what IT did. We needed IT to facilitate important stuff. It was a big deal. Information technology was a core competency that enabled us to have the opportunity to truly operate as a global company.

By the way, I do not like IT. It takes me about ten seconds to feel a tumor growing in my head when anyone wants to talk to me about software. But I don't let that disqualify IT as something that is a core competency for us. Whether I like it or not is irrelevant.

The conversation in this IT class drifted off into a wider scoped Q and A, about other ways that JCI stayed successful through the economic downturn in the early 2000s. This included managing the "generators" of the company's results, most important of which were the people and their morale.

A young guy in the front row raised his hand and I called on him. He asked, "What is it with you?"

Holy crap. "*What is it with you?"* I thought, damn, I don't know what the hell that means, but it can't be good.

I said, "I'm sorry. I don't understand."

He turned his back to me and turned around to face the rest of the class and said, "I have a few friends who work at Johnson Controls, and they were there while *he* was president," pointing at me. I held my breath. I thought he was going to tell everyone that they hated working there or that I sucked. I thought that was the next thing coming out of his mouth. I started to think about my escape route.

"They really enjoyed working there," he said. And I exhaled. No pitchforks and no lynch mobs.

The student went on to say that what it really came down to was, "They trusted *him*," pointing at me again. "They didn't agree with him all the time, but they knew they could depend on whatever *he* said." What an unexpected and fantastic endorsement.

Trust is a big deal. Trust in your leader takes the confusion and the anxiety out of the equation for an employee who is trying to do a good job, and allows them to focus more on the task at hand. The focus on establishing trust and a culture of inclusion at JCI was not easy but was, in my opinion, the defining reason for our off-the-charts success during a time when all of our competitors were struggling.

The student turned back to face me and asked, "*How did you get like this?*" His exact words. They are etched in my memory.

"I'm sorry. I don't really understand that question either," I answered.

"Mr. Somma, any president, any CEO of any Fortune 500 company, any leader of any company would have said every word you have said here tonight," and then he paused. "But none of them do it," he clarified. "But I happen to know that you did. *Why did you do it?"*

So, his question about how did I get like this was really about why didn't I just follow the herd. There is anonymity in the herd. You don't bring attention to yourself, let alone conflict, and you don't feel lonely when you follow the herd. People who work for corporations and other large organizations are so conditioned to management *mis*behavior as the herd mentality that any demonstration of doing things the right way is not seen as a relief. It is a red flag.

That's how it works. Bad behavior by leaders – like taking unsavory shortcuts such as laying off hundreds of people just to hit the earnings target – doesn't stick out because we have normalized it. While sometimes layoffs are necessary in order for an organization to survive and compete, leaders within the system are now simply doing these things because it is the way it is done. And even though there are other options, they require more work. Layoffs are an easy way to make the numbers on the spreadsheet work. It is seen as a legitimate option, even though there are others.

These leaders are inside a bad culture. When you do bad stuff inside of a bad culture, you just do it. It is not seen as bad behavior within that culture. It is not, "eh, who cares?" or "maybe I will feel bad about this." It is even more normal than that. They don't feel bad about it because *that is how it is done*. Bad has become our new routine.

I was really struggling to address this young man. I already knew all this, but I did not know that anyone else was aware of it. I said, "That is a fair question, and at the same time, it is a heck of an indictment on my generation of leaders, that simply by doing what you are supposed to do – no more and no less – that I am a freak." They realized that I stuck out. I shouldn't have stuck out. The guys who are not truly fulfilling their leadership roles – those are the guys who should have stuck out.

I answered the only way I knew how. "I had a job description outlining my responsibilities and obligations, and the company had values that established for me not what you are allowed to do, but what you are not allowed to do. Those set the boundaries. Core values are non-negotiable, mandatory commitments that are relentlessly honored no matter what the circumstances. I was given a map, and I just followed the map."

This was a pivotal moment for me. It rocked me. And it got me thinking.

I am not crazy and I am not special. And when I take a harder look at this, I am certainly not the one who is out of step and has changed. The system and its standards have changed.

The Greatest Influence

Leadership was defined at an early age for me by my father, who was in charge of food and beverage operations at the Pittsburgh Hilton. I spent a great deal of time with my dad as a young impressionable teenager. Because the Hilton hosted a number of sports-related banquets, I had the unique opportunity to meet a lot of star athletes and get autographs and sports paraphernalia – the things that really get a young boy's juices flowing. Additionally, I could order anything I wanted off the menu, which was a nice bonus for a hungry growing kid!

I still remember to this day the number of times he would walk from the ballroom to the kitchen. While the ballroom was plush and luxurious, the kitchen was messy, loud and lacked any of the grand appointments of the ballroom. I didn't realize then how any of this would be meaningful to me later in life in terms of leadership and business in general, but my dad's actions influenced me a great deal. He would walk through that kitchen – and it didn't matter if it was the captain of the wait staff, a chef, a cook, a waiter, or a dishwasher, he would say hello to them and often stop to talk with them. The communication was consistently very informal, friendly, and unassuming. It was the identical conversation and voice he had when he spoke to guests in the ballroom.

Sometimes I would be standing there after my dad had said hello and moved on, and many times that individual would say, "Your ole' man's a hell of a guy; he treats everybody here as equals." Obviously, the point was that he didn't have to, and I guess they didn't expect him to because he was an executive and they were not. Yet he would relate to them just like he did with other executives, and just as he did with the guests. They recognized that and appreciated the respect that he showed them. I remember hearing more than once, "Y'know, I'd go through walls for him," or "I'd do anything for him."

I reflect on that today and think of the quiet power of that kind of humanization and connection. There was mutual respect because he didn't treat anyone as if they were less important than him, or as if the work they did had any more or less value than anyone else's work. I'm sure in my dad's mind – although he never said it to me – that was important from both a human standpoint and a business standpoint. They felt that what they did mattered. They mattered. These employees were valuable to the smooth operation of Hilton events, but they were motivated to perform at a high level because they *felt* valuable. My dad made sure of it.

At one point during my rise through the executive ranks, my dad somehow felt the need to tell me that "Two things that can't ever be taken from you are your honor and your integrity. Life will present you with many opportunities to give them away... don't ever do that!"

This was memorable, and it was my first exposure to a culture of an organization or group that wasn't driven by org charts or titles, but by their relationships with each other. My father set the example for how the employees treated each other, how they engaged with Hilton's visitors, and how they really tried their best to do good work, and I'm sure it had a lot to do with the success he had in his career. For a man who didn't finish high school and started at the Pittsburgh Hilton Hotel as a waiter, his character and work ethic made him a standout and a natural leader. His eventual rise to that executive-level position taught me that everyone has value and that there is more than one kind of "smart."

Means > Results = Good Leader

Many years later, I learned some valuable lessons at Johnson Controls when I took over the North American Operations. One lesson was that there was so much more importance to *how* things were accomplished than the accomplishment itself. That might be difficult to grasp because it implies that the accomplishment – or the result – isn't really essential, but that is not true and not the point. They are essential, but it is critical that the results be achieved the right way. The "how" speaks to the credibility, repeatability, and sustainability of the accomplishment. Motivating the employees by treating them well, cultivating their success within the company, as my father so masterfully did, is a big part of that *"how."* By cutting corners, or people, to achieve results, a company's own published values are frequently violated and a company's ability to authentically live up to its reputation is undermined. Under these circumstances, success is an illusion. Why does this matter?

Cost Reduction vs. Cost Efficiency

There is a difference between getting something done quickly in the short term that has a negative influence on the long-term effect, and getting something done the right way regardless of how much time it takes. In business, cost reduction is a general term that can be accomplished in many ways, some of them very brutal and quick. Cost efficiency, on the other hand, is a more thoughtful approach that takes the future success of the business into consideration, and of course, time.

There are answers to problems that work short term, but don't work long term. Let's say that you went to the doctor and the doctor told you that it was in your best interest to lose 20 pounds. You need to lose 20 pounds. That's what you need to do.

So, you go home, and a few days pass, and then you call your doctor. And you tell your doctor, "Hey, doc, I lost 20 pounds!" And he replies, "That's great! How did you do that so quickly?" And you tell him, "I cut off my left leg." Well, you did it, you lost 20 pounds. Amputating your leg gets the job done. Just like in business, when you have to get to a certain goal by a certain deadline, as a leader, there are always shortcuts available to you. But like the Bozo who cuts off his leg to lose weight, your overall health will be compromised, your mobility is compromised, and your ability to compete is compromised by taking shortcuts every time. And what happens when you run out of limbs to cut off to reach your goals?

Cost efficiency is about eliminating waste. Cost reduction is sometimes simply eliminating costs. It doesn't distinguish between costs that are waste and those that are essential to the long-term health of the company. Both make the numbers work, but it is the long-term process that is clearly the best way.

If the goal is to lose weight, it is best to invest in exercise and diet, and over time get lighter and stronger. Cost efficiency, like a good diet and exercise plan, takes time and determination. Effective, healthy change takes time. Simply laying off 20 people, like chopping off a limb, is not a plan for long-term health. Layoffs, closing plants, selling off parts of the company, or manipulating your spreadsheets to make the numbers look okay, become the paths of least resistance in business because they are quick. They get the job done for the short term but don't get to the root of whatever problem they are trying to solve. In fact, just like that Whack-a-Mole® game, the problem will poke its head up again.

Tom Stallkamp

Unfortunately, in my 15 years working with the Detroit Three and their leaders, I can only think of a handful of leaders that I respected and trusted. Leaders like Tom Stallkamp, Ron Majeske, Frank Zematis and Bob Socia were good examples of those trusted leaders.

Tom Stallkamp was in charge of purchasing at Chrysler in the mid '90s. He was promoted to Executive Vice President of Procurement and Supply and General Manager of the Minivan Operations for Chrysler Corporation in January of 1996. At this time in the industry's history, all three of the U.S. automakers were intently focused on cost reductions in order to push the price of their automobiles down. And they achieved their cost reductions by leaning hard on their suppliers. This was a huge problem both for the suppliers and for the car makers' futures.

Of all the people who I associated with at GM, Ford, and Chrysler, only Tom Stallkamp really understood that cannibalizing suppliers in order to make the automaker's numbers work is not a good method for doing business.

While the other automaker purchasers were ripping and tearing at the prices from the suppliers, he was trying to build something that would last. All the suppliers knew that and respected him and respected his approach.

Simply taking money from suppliers is not dealing with the root cause of the problem that their cars were crappy and they were not making any long-term adjustments to be competitive. This was the reason why U.S. automakers were losing market share to foreign automakers. Taking 5 percent from suppliers every year was putting Band-Aids on the symptoms of their much bigger problem of bleeding money. The only way the U.S. automakers were making any money in the late ’90s was they were shoving inventory down the throats of their rental fleets and dealerships, and they were discounting their cars constantly because they couldn’t sell them on their merit. Despite the lower quality, U.S. cars were more expensive than the better foreign cars.

Americans wanted to buy American-made cars, but it came down to dollars and sense. It was not about being anti-American. It was about getting a better value for less money; and actually, that is about as American as you can get. We believe in a competitive capitalistic market. U.S. automakers were not really competing effectively.

The underlying problem was that the operating models for GM, Chrysler, and Ford were so old and broken that they were losing market share and losing money. But they were not trying to fix that.

The theory behind the price reductions that the U.S. automakers were taking from the suppliers was logical. When suppliers were awarded contracts by the automakers, those contracts were typically agreements that spanned three to four years since car models that go into production usually are produced for that time. The Detroit Three automakers felt it was appropriate to share in the year-over-year cost efficiencies since suppliers received supply agreements that had terms of three to four years. The market and the industry are very dynamic over that period of time and it is difficult, if not impossible, to predict every turn of event. So, the automakers' cost-cutting was accepted in order to help adjust to changing markets and circumstances. Fair enough.

Then, somehow, 5 percent was picked by the automakers as the number for the annual reduction of costs they would take from their suppliers, *up front*. In other words, the U.S. automakers paid the suppliers 5 percent less each year under the agreement. The theory was that *after* the U.S. automakers (all three of them) took the 5 percent, the suppliers would go back to the drawing board and develop and bring the automakers' proposed value analysis (VA) ideas that essentially reduced the cost of the part without negatively affecting the other critical product performance criteria. The VA ideas proposed by suppliers would be assessed by the automakers, then either approved or turned down. Once an idea was approved and accepted by the automaker(s), the supplier could *then* generate the 5 percent cost reduction to offset the 5 percent price reduction taken up front by the automakers and therefore, retain their profit margins.

In theory, it sounded good, but in practice, that is not the way it worked.

Since the automakers *already took the 5 percent price reduction*, they had no incentive to approve any of the changes proposed by the suppliers to recuperate their costs; no incentive to invest the resources and time to even evaluate the VA ideas. Also, the automakers had no upside to introducing a new design into their system.

It didn't take long for suppliers to realize that they would need to keep giving the annual 5 percent cost reduction to get or keep the business from the Detroit Three automakers and had little reason to believe that the offset in cost would ever be realized. We felt bullied, but what could we do? These were huge contracts in a competitive industry that had a handful of customers for suppliers like JCI. We had designed our business around their business.

But Tom Stallkamp at Chrysler had the integrity and competence to do business the right way with his suppliers. He implemented the Supplier Cost Reduction Effort (SCORE) method. He got his price reductions and then some, and his suppliers' profits were preserved in the process simply because he chose to design a process that kept Chrysler's skin in the game.

He said that if Chrysler was going to be good, it needs healthy suppliers. It needs suppliers that were investing in their business, getting involved in innovation and technology, and ultimately becoming a better resource for Chrysler, which will make the automaker better and more competitive in the industry.

He did not take the 5 percent upfront. He still expected to achieve it, but in partnership with the suppliers and not by leveraging their business for it. He also expanded the scope of the SCORE program from parts to systems.

Tom urged suppliers to be creative and aggressive in bringing in cost efficiency ideas with the objective being to eliminate waste. He shared in the burden and risk of innovation with his suppliers, while the other automakers just took their cut and ran. The result of this seemingly minor difference in Tom Stallkamp's approach versus GM and Ford's was that Chrysler would get more for less and the other two got less for less if they actually approved the ideas.

And were suppliers inspired to work harder at generating ideas for Chrysler's review? You bet your sweet ass we were. Here was a guy who was actually interested in our long-term success. All the suppliers revered and admired Tom Stallkamp, when really all he did was the right thing. He had the integrity to follow the process as advertised. Imagine being a hero for simply doing what you said you were going to do.

And for that very reason, Tom Stallkamp stuck out like a sore thumb in the fraudy leadership system.

After Daimler merged with Chrysler in 1998, Tom Stallkamp was made President of Daimler Chrysler North American Operations. There were big changes following the merger. Tom voiced his real concerns on how the integration of the two companies and cultures was creating more of a "we/they" environment rather than "us."

In my opinion, his commitment to doing business with integrity rendered him unable to adapt and conform to the decisions being made to the tune of that new culture, and eventually led to his separation from Chrysler in 1999. He was excused for doing what he was supposed to be doing... for doing what they ***all*** should have been doing. He was rejected by a broken system that ultimately swept the American car industry to its demise.

Tom was an authentic leader who stood his ground with his beliefs. His vision of business was long-term success for the entire industry as well as for Chrysler. His vision was the right one. If industry leaders had followed his lead, listened to Tom, and done things his way, it is difficult to imagine Chrysler eventually ending up, as it did, a division of Fiat, and eventually now Stellantis.

Five Percent Dinner

Every year, GM, Ford and – now that Tom Stallkamp was gone – Daimler Chrysler too continued to take 5 percent off of the price of parts from their suppliers upfront. The reductions were "negotiated," but there was really no discussion about it anymore. It had become routine. The theory that the automakers used – that the 5 percent would force the suppliers to get more cost-effective – had become a fairy tale by this time.

It was really all bullshit. It was the car companies treating suppliers like ATM machines because their own system was terminal and they needed money. Instead of reinventing a new system that wg8ould work more cost efficiently themselves, it was easier to take money out of the supplier end and tell them to get more efficient, while they continued on their merry way of doing business the same way they had since the 1960s.

Right after Daimler merged with Chrysler in 1998 (and if you are familiar with the details of this famous union, the word "merge" might not be what comes to your mind) Chrysler took *another* five percent from its suppliers. This was on top of the annual five percent that was already negotiated with GM, Ford, and Chrysler.

The new Daimler Chrysler company unilaterally issued new purchase orders and took another five percent. No negotiation, no explanation. That's a lot of money and a huge burden to pass on to suppliers. And that second five percent came midway through the year, so now we only had six months to figure out how to offset yet another five percent off and still meet our full-year earnings commitments to our investors.

Think about it. At JCI, we were doing about $1.5 billion in transactions with Chrysler alone. So, the initial 5 percent price cut amounted to nearly $75 million that we had to trim. Do that twice and it is $150 million, for just Chrysler. We were halfway through our fiscal year when the second cut came, and I was already challenged to meet the projections and commitments I had made to our shareholders. Now with only six months left, I had to find another $75 million of cost efficiencies to meet those commitments.

There was an association that a lot of the top auto suppliers belonged to called the Original Equipment Manufacturers Association. A lot of suppliers belonged to that because we kind of needed to have a support group to deal with the abuse we were taking. Some suppliers wanted to use this association when the second five percent started to destroy Chrysler's ability to operate in the system because the five percent that was not negotiated clearly violated the contract law. Unfortunately, in my opinion, the bigger picture here was 'win the battle, lose the war.' Doing business with the Detroit Three was tough enough. This took it to a whole new level.

Suppliers were mad and there was talk about stopping shipments to Chrysler. So, Dieter Zetche, the new Chairman of Daimler Chrysler, decided to throw a dinner for the angry suppliers to try to smooth things over. It was in the Chrysler Museum, with apparently the top ten suppliers, who probably represented over 50 percent of Chrysler's North America purchases.

At the dinner, Dieter gets up in front of this group to say a few words, and he says something to the effect that "this is good for you too because if we go down, you are going to lose way more than five percent." No attempt to justify the money grab – just putting lipstick on their pig. But what was he going to say to a mob of angry suppliers who wished they were holding pitchforks instead of cocktails?

So, Dieter finished up his little talk, and he asked if anyone had any questions. One guy raised his hand and asked the perfect question. I am not sure exactly who it was that posed the question, but it wasn't me and I really wish it had been because it was epic!

He said, "Are you ever going to do this again?" Everyone was quiet trying to figure out what he meant by that, but a few of us got it. I got it.

Dieter answered, "What do you mean?"

And this guy said, "Look, there is one of two scenarios going on here. One is that for whatever reason, you guys got yourself in a bad spot, so you need a financial bridge while you do a root cause analysis and you are going to reinvent yourself on the fly and engineer out of your operating model all the shit that brought us to this dinner tonight. So, what you need from us is that *one-time* financial bridge so you can go from where you are now to the new system. If that is so, then the answer to my question is 'no, we are not going to do this again.'"

And then he said this, “Or, the second scenario is you are just taking five percent now, kicking the can on any permanent correction, and we’re going to be out here for dinner again in, oh, about another three years? Which one is it?”

I have no clue what the answer was, but I know what the answer *wasn’t!* It was such a great question that should *never* have to be asked! But in a system where everyone is shirking responsibility and kicking the can down the road to the next guy, not only is it the best question, everyone in the room pretty much knew the answer, and it was *not the right one!*

Look, if it was simply that Daimler-Chrysler was bridging the gap to a new system, why wouldn’t they just have that conversation upfront? The five percent is bad enough, but what made it worse was that they obviously had no plan to fix anything. They were just using us and there was no end in sight.

Daimler sold its interest in Chrysler for roughly 20 percent of its investment in the merger. Not long after that, we all remember that Chrysler had to solicit the U.S. government to bail them out. Today, Chrysler was recently the U.S. subsidiary of their parent company, Fiat of Italy.

They should have put Tom Stallkamp at the helm of Chrysler. The history books would have a completely different story concerning Chrysler in the 1990s and 2000s.

After I was fired from JCI in 2003, I made it a point to catch up with Tom. I met with him quietly to tell him how much I respected him for his leadership. We reflected on how the leadership system had shifted to a place where the very people who are truly worthy and able to lead are rejected and labeled unfit.

And that, Mr. Iacocca, is where all the leaders have gone.

Humpty Dumpty Sat on a Wall Street

Enron became headline news at the end of 2001 when financial corruption and accounting fraud was revealed in their creative bookkeeping. Using loopholes and sketchy financial reporting, the leading Enron executives hid billions of dollars in debt from failed projects and deals, misleading their Board of Directors, auditors and stockholders with inflated revenue reports.

Enron was a company that claimed $101 billion in revenues in 2000 and was named "America's Most Innovative Company" by Fortune Magazine for six years running. Before the catastrophic scandal, Enron was a world player in several natural resource industries, including electricity, natural gas, and paper.

Disclosure of the corruption precipitated a historic and complicated bankruptcy and liquidation of Enron assets. Enron's stock prices plunged from a high of $90.75 per share to less than $1 by late fall 2001.

The scope of the human tragedy precipitated by the Enron scandal is not directly evident in those numbers. Innocent people suffered the loss of reputations, careers, income, pensions, and homes. It caused losses to hundreds of thousands of investors. The atrocity also led to the fall from grace of the once revered Arthur Andersen accounting firm – one of the top five auditing and accounting firms in the entire world at the time.

Enron was the largest corporate bankruptcy in U.S., history with $63.4 billion in assets, until WorldCom filed for bankruptcy in the summer of 2002 under a similar cloud of corruption.

What delivered Enron down the path to destruction was its leadership's deliberate deception of and disassociation from employees, shareholders, and every defined measure of corporate success except profitability. The only viable reason behind their decision to inflate the bottom line of the company was selfish greed. Enron certainly was "America's Most Innovative Company," if you include innovative bookkeeping.

How Low Can You Go?

Unfortunately, Enron is not the only company whose leadership covets profitability above all else. More recently Volkswagen was caught cheating emissions testing. And not too long ago, the CEO of United Airlines was caught in a federal corruption investigation after he cut a backroom steak dinner deal with the Port Authority. He took $10 million in taxpayer money in exchange for the airline's reinstatement of an unprofitable flight route to Columbia, SC where the then-chairman of the Port Authority (an equally illustrative example of corrupt leadership) had a vacation home.

These are just a few examples. I believe there are many companies that have been commandeered by the executive officers for their own benefit and to meet projections. They are operating under these same low, and sometimes corrupt, standards. They just haven't been caught. This type of leadership culture seems to be outgrowing our methods for detection, which can no longer keep up with the pace of deception. News cycles spit out incidents like these with alarming frequency. As a society we have been force-fed these stories so much, they don't even strike us as shocking anymore. Like cows chewing cud, now we just digest it all.

This brand of leadership exemplifies caving in of the value system that once distinguished right from wrong and bad from good. As a society and as a nation, we have been kind of giving up because we don't know how to stop it.

This type of acceptance has seeped into other areas of our life, as well. For instance, no matter your position on legalizing marijuana, you can't avoid recognizing that our political and media leaders used to say that marijuana was bad, and now say, well, we can't stop it so we are going to legalize it because we might as well benefit from the tax revenue of it. Then we, in turn, rationalize the shit out of that narrative to gain acceptance of the new lowered standard, to hush the opposition and to kid ourselves that it really is good.

If we spin it enough, we can feel like we actually did something to benefit the greater good, even though the black-market sales of marijuana in Colorado have never been better, because illegal dealers can easily beat the price point for the highly taxed and regulated stuff. Hell, I bet the “munchies” sales in Colorado have gone through the roof. So, there’s that.

In order to accommodate that new way of thinking and a fresh flow of revenue, there is a lot of back-pedaling and painting the target around the arrow that has to happen. So, the focus shifts from what is bad about marijuana to shining the spotlight on what is “good” about it. News flash: marijuana is still bad. It hasn’t changed. We have.

This same thought deterioration is happening around sports gambling. We can’t stop it, so we are going to legalize it and profit from it, even though it is as bad as it has always been. It’s like finding out that despite your “best efforts” your 15-year-old has been drinking alcohol and you have been unable to alter his continuing bad behavior, so you throw up your arms and say, well, what’s the harm in letting him drink if he isn’t driving?

This is a good place to introduce and discuss absolute versus relative morality. Absolute morality indicates that there is a set of moral rules which are absolute and universal. Relative morality indicates that morals are not absolute and depend upon a situation.

Since anyone can declare their particular moral beliefs are the absolute, and since nobody can clearly demonstrate the validity of those claims, the whole premise of absolute morality is arbitrary. In that system, anything can be declared absolute. In reality, different religions, communities and countries recognize different morals. Even different households in the same neighborhood can have different morals. There is no universal code of absolute morality.

Each society establishes its own set of morals, but they are treated as general guidelines, not one-size-fits-all. That is why when a police officer pulls over a driver, even though they were caught speeding or rolling through a stop sign, not every driver gets the same ticket. Plaintiffs found guilty in court of the same offenses can receive vastly different sentences. These are instances of relative morality, with punishment fitting that specific situation. What is strongly established is a system of values in which wrongdoing is recognized and punished, albeit with different levels of punishment.

In my opinion, in the corporate *and institutional world*, violation of morals is by far the worst violation of all, and yet we don't act like it even matters when we cover our tracks with excuses like "It's just business". When you, as a leader, have a decision to make that meets the criteria to satisfy shareholders, and maybe even customers, but you do something horribly wrong to somebody else in the process, the right leader won't do it. They won't go there. It is wrong.

In this time in history, we have become sloppy with the value systems used to define leadership under a corporate and institutional banner, and have allowed the lines of right and wrong to become too fuzzy in the name of the bottom line. This "permissive parenting" of the value system is seeping into everything we do. We need to take a focused, hard look at today's leadership performance standards which have dipped so pathetically low, bringing us all down to their level, and the fundamental impotence of the mechanisms in place that regulate those standards.

It has become painfully obvious to me that authentic leaders are being replaced with frauds in such a pervasive manner that we, in effect, are reduced to grading them on a curve.

I am the Great and Powerful OZ! Ignore that Person Behind the Resume!

It might have become more difficult to ascertain whether a leader is going to be authentic or not, but our definition of leadership has also become weak. Anyone who has tried applying for jobs in today's market recognizes that it is the keywords you use in the online application, not your actual qualities that determine whether you get a chance at being hired. This should bother you because that is a similar method by which our corporate and institutional leaders, your employers, in some cases, are also selected.

We look at the wrong markers for qualifications, letting paperwork take the place of a personal inquest to determine whether or not someone is truly competent to lead a company. While there are background checks and references, it is also a sterile checklist of eligibility requirements that has replaced a more exhaustive and accurate personal assessment process. We might know whether or not a candidate has committed a felony, but that doesn't necessarily mean they are a good person. It might simply mean that they were never caught. We still hire people without really knowing their nature. And it is a person's nature that defines their depth of character and their ability to be an effective leader.

Authentic leaders are humble, compassionate, and highly effective. The transformation any leader needs to make to be authentic is from the "I" to the "We." While you can learn this "leadership language" in most MBA courses, saying the words without living them is disingenuous. It is the sincere and consistent demonstration of the "we," and the shedding of the personal ego that marks the authentic leader worthy of following.

Author Jim Collins brings this to light in *Good to Great: Why Some Companies Make the Leap…and Others Don't* (Collins, 2001). In an effort to discover why some organizations go from good to great, Collins and his research team uncover the answer to the book's question in a leadership formula. What they discovered is that great companies sustain their greatness over time due to what Collins refers to as "Level 5 Leaders." These are leaders who possess a combination of two enigmatic qualities: colossal ambition and personal humility.

While Collins clearly lays out the importance of Level 5 leaders in his book, he does not offer a way to identify them or to guide future leaders in developing the essential “Level 5 Leader” qualities. I can certainly relate. I have some notions, but no clear path of how to do it either. But I think he is certainly onto something.

In every university in America, you can find an MBA course that delivers the information needed to climb a corporate ladder. Becoming a COO, CFO or a CEO is a formulaic rite of passage outlined in countless textbooks. But knowing the right steps to take and making the correct career moves should not necessarily be a reason for anyone to be granted a corporate or organizational CEO position. Other less tangible credentials, like competence and character, should play into the selection process that produces quality leaders and great companies.

It seems to me that boards of directors who hire CEOs are ignoring these intangibles when they vet candidates. (If you have heard differently, it is likely to be bullshit.) There is often a box-checking of tangible criteria and achievements that determines the consolidated vote of a board to hire or not hire a CEO. I wish that achievement was more synonymous with character.

Now we have big companies like Enron and WorldCom as part of our history. And you have people like Lance Armstrong, whose resume includes seven Tour de France race wins... and we all know the rest of that story. He was an international hero until we found out *how* he did it.

It's on the Internet So It Must Be True

Once upon a time, the fat, fine printed, snail-mailed and regulated annual prospectus was a corporation's main contact with the public. In the world of the internet, however, that public reach is unregulated and expanded.

A great deal of attention has been paid to website narrative. It is there where organizations get to tout their supposedly superior expertise in the latest and greatest marketing form and industry best-practice standards. They all sport the proper branding and messaging that will convince people to engage with that company. They all say the right things. They all say the same things. According to every company profile, they are all great. They are all the best. They all use the appropriate jargon and have the right answers as well as the right color, right font and right logo.

But the words are all suspect, and quite possibly hollow because there is no reveal about shortcomings. CEO applicants – just like websites – do not list their past mistakes and transgressions; what they learned from those mistakes and how it made them better people and better leaders. Similarly, resumes and websites talk about the person/company, the work, and the results, but they do not always talk about the process and the quality of that process or the person.

We have all learned the value of image management. Report only the best. Do not show any chinks in the armor. Take credit for everything good that happens in your universe. Job applicants often do not share the limelight with co-workers who shared project successes with them, simply claiming it as their intellectual property. In fact, many times they take full credit for accomplishments that were actually completed as a part of a group or overall organizational effort. It is difficult to determine a person's character.

But if you haven't vetted the person's character to find out if they are trustworthy and truthful, why would you believe any of their stated accomplishments?

Gentlemen, Start Your Generators

The starting place in a company's search for its ship's captain, the controller of its corporate destiny, is to define what kind of leader it is looking for. Who are you hiring? You are hopefully hiring a leader who is fully committed to executing the business consistent with the values and mission set forth in the website and other official materials. You want to hire a leader who has profit and loss responsibility and good financial results. This can – and should – be dissected even further.

There are the results, and there are the generators of the results. The results comprise the performance, productivity, and financial position of a company; the outcomes in numbers, spreadsheets, charts, and graphs. The generators are the employees. Leaders are supposed to manage the generators of the results, which in turn indirectly impact the results/outcomes. Authentic leaders manage the business. Frauds manage the results.

In presentations to MBA students, I define the management of generators. It means establishing a corporate culture that motivates employees to do their best and be invested in the outcome of their work. This means providing the necessary resources to achieve the expected performance and communicating high expectations and accountability with clear and appropriate benchmarks for success and boundaries for behavior. And by the way, the boundaries apply to *everybody.* Leaders are not excluded from the formula.

I tell them that the management of the generators is one of the centers of gravity of quality leadership in a company. Others include:

- Creating formulas for prevention versus reaction: The broken leadership system is focused on – and rewards – controlled reaction to bad news rather than prevention of it. Quality leadership provides formulas for both.

- Understanding that organizations do not fail because of people. They fail because of people operating in a flawed design, a suboptimal culture and system. They fail because of broken leadership.
- Ensuring good employee morale and a healthy organizational culture where employees are working for each other and not for paychecks. Employees feel valued and heard by leadership, they trust leadership and don't want to let them down.
- Focusing on the future, not the present. A CEO's time should be weighted mostly on the future trajectory of the company and the tactical application of getting to that goal. So, a quality CEO is focused on the means, not the ends. Time is spent transforming the company for a better future, not trying to manage the public image of the company in the present.
- Hiring good operational people who can be trusted to hold up the day-to-day operations, allowing others to focus on the future path.
- Finding and hiring a talented team who work well together so that the whole is greater than the sum of their parts. Key talent traits include selflessness and humility. (Have you seen that on any recruiting requirements lately?)

Note that most of those bullet points involve people/employees, not numbers. This represents the ideal CEO management style. I believe it used to be more prevalent and that things seem to have changed in the past few decades. So, when did it all turn around? When did the ends become more important than the means? When did long-term investments in the future become subordinate to what is good for now?

Results > Means = Good Enough Leader

Do I think that there has been a radical shift in our center of gravity in terms of integrity and honesty? Yes.

When Hank Aaron broke Babe Ruth's record for home runs in 1976, nobody thought for a minute that he cheated to achieve that. No. Fast forward to 2006 when Barry Bonds broke Hank Aaron's record, nobody on the planet believed that his achievement was legitimate. Bonds never got caught, but neither did a lot of CEOs that we haven't heard of yet.

A new normal has been formulated. So, what has changed? What do we really care about now?

What caused the shift where honesty and integrity went from the way business was done to getting in the way of doing business? Did it happen when the salaries and bonuses became so big? Is it a result of the "me" generation coming into power in the world of business? It is difficult to say what triggered the tipping point. Perhaps it was a multitude of factors in the perfect storm of circumstances. For whatever reason, in corporate America, as well as in many organizations and in board rooms across the country, standards seem to have systematically dropped; a drift that led to a fundamental shift. And it took many of us by surprise.

With every exposure I had – running a large business, consultant, and board member – I kept thinking that my last two or three experiences with leadership were anomalies. But what I have come to consistently see and eventually believe is that the exceptions have become the rule.

It seemed like everything flipped when near-term results became king. Building a strong future became less important than showing up every quarter with the right numbers. Instead of nurturing the people who drive the success and future of a company, spreadsheets became the CEO's focus. There is the question that stock analysts should ask, but do not ask on the earnings call: "It's good that you have met your quarterly numbers and that you are confirming your full year earnings commitment. Was that in addition to, or instead of, making appropriate financial investments in your five-year vision plan?" Yeah, right! Think what that answer might do to the market!

Performance reviews drill down on two aspects of a CEO's job duties. A strategic plan by a CEO – if it is done right – requires a transformational change from where your company is now to a new and better place in the future usually utilizing innovative methodologies. It looks for growth opportunities for the company, or maybe even reinvention or redefinition of it.

A succession plan (planning a blueprint for the future leaders) – if it is done right – is a process of identifying and *developing* internal people with the potential to fill key business leadership positions in the company seamlessly. That takes time and effort. You have to really evaluate people, train them, give them increasing responsibilities, and get to know them and their work ethic and production. It is a big investment.

Succession plans for corporations used to focus on developing good operations managers to get them ready for promotion. These folks have solid operational skills and are intimately familiar with the minutia of the business, the people, and what has to happen on a day-to-day basis to drive success for the company. They live day in and day out on the "means" side of the scale. Today, that focus has shifted. More and more corporate succession plans target candidates with financial skills rather than operational skills for CEO positions. And why not? With today's system placing a premium on managing financial results, it makes sense to have a leader that can expertly manage a spreadsheet.

Succession planning is hard work but keeps the company in a better position to react to change and adversity through seamless transitions in executive positions. And it is a big deal. Bringing someone up internally through the ranks, preparing them for the position, giving them the necessary exposure and experiences helps a company get the right person in place quickly who can do the work efficiently.

Fox Overseeing Hen House

Somebody sent me an email asking me what a governance committee does on a board. None of the boards that I had served on had a governance committee, but I had heard of them. So, I looked it up.

The governance committee of a board of directors is elected to basically assure that the board is doing their job. The governance committee members are made up of members of the board. It's a subgroup of the board overseeing the board. They don't bring in a bunch of new people. It's the same people. So, it is the fox guarding the hen house. When the dust settles, there probably is little oversight. It is mostly optics.

The idea behind governance committees is that the stakeholders and activists don't trust the board, or the board isn't behaving like the board should, so they set out to create a committee to oversee the board. It's like putting belts and suspenders on the whole thing to keep the pants from falling down to reveal the dysfunction of the core elements. From what I can tell, this might all be about the board appeasing activist groups who don't trust boards to do their jobs, so they put themselves in charge of oversight of themselves. We can't be this stupid, can we?

There are shareholder activists that are getting pretty vocal and powerful regarding corporate boards. They are trying to create a critical mass to force the SEC to regulate boards and how they operate. Sometimes, what they are saying makes sense and is legitimate. However, in my opinion, sometimes they go a little too far to make their point. They get overinvested in their "solutions," which can be excessive in the face of limited budgets and shareholder expectations.

For instance, most boards are staggered boards. That means that if you have nine board members, only three of them are up for election on any given year. If all three are not re-elected, the most turnover you could have would be three out of nine – assuming the other six do not quit. You still have six held over from year to year and you have continuity. That makes sense if everyone is doing their job. The board's job is to remain objective and oversee management of the business to growth and profitability on behalf of the shareholders. They work for the shareholders, not the company. Business 101 stuff.

What often happens if you don't have a policy that requires the board to turn over regularly is an overall loss of objectivity. It's human nature. When board members are initially elected, they need to have zero emotional investment in the business, and certainly must be free of even the slightest conflict of interest. If they are on that board long enough, naturally they begin to cultivate familiarity and gravitate away from objectivity. This might not happen the first year, second year or the fifth year, but there are a lot of board members who have been on boards for decades. Common sense would tell you that they are no longer objective. Longstanding board members integrate into the team and become too familiar. Their obligations often shift from being beholden to the shareholders, to being beholden to the chairman. It couldn't be more upside down.

The Golden Mean

Shareholder activists are aware of this problem and some say that all board members should be up for re-election every year. I understand why they want that. They want to remove the opportunity for any board member to settle into a position. I doubt board members intend to get too comfortable with their work. It is the system that provides the opportunity for them to be on the board long enough to lose objectivity and forget their fiduciary duties. People naturally become more emotionally attached to things that are familiar. In addition to the compensation with lucrative fees, stock option grants, and celebrity, board members settle in and get comfortable with their work.

So, shareholder activist groups support the idea of independent board members. Independent board members are members who don't work for the company; they are not a supplier; they don't sell to them and they have no commercial interest or investment in the company. Independent board members are part of a solution to the loss of objectivity on boards. A good concept, although they, too, can get too close if they stay too long because they are human.

But these same activists overreach sometimes. They come up with unworkable propositions involving environmental and other causes that most companies cannot afford in these economic times. There are federal mandates and OSHA requirements serving the environment. Every company complies with them – or should – but activists sometimes want more than compliance. What they sometimes don't understand is that, for every step you want to take beyond those compliance requirements, it can become very expensive to implement. You can't work in either extreme.

Aristotle's theory of the Golden Mean does not claim that there is a universal or mathematical middle that applies to every situation. Rather, the Golden Mean represents a fair balance between two extremes. The example often used is courage as the middle between cowardice and recklessness.

So, let's say now I do try to accommodate activist desires relative to the environment. Now I've got a bunch of shareholders upset because I can't appreciate their stock because I'm too busy investing in the environmental agenda. Authentic leaders are constantly trying to find the Golden Mean between increasing revenues and profits and being responsible corporate citizens. On any given day, somebody will not be completely satisfied.

Diverse views are healthy as long as all involved – whether they agree or disagree – respect each other's positions. And as long as everyone understands that the only best answer is usually a healthy compromise.

The idea of environmental protection is a good one. We should all be aware of and careful with the environment, but there needs to be a reasonable balance struck that allows steady incremental changes that add up in everyone's win column over time.

The same thing with throwing out all nine board members every time there is an election. You have no continuity, but the good news is you can be pretty sure everybody is fairly objective near term.

When a board loses its objectivity and makes decisions that don't work toward that Golden Mean, but only works toward the board's own self-perpetuation, that is a red flag of a broken system. Putting another layer of governance by installing a governance committee is simply a Band-Aid attempt to shore up the broken system. It is probably not effective. It makes the whole thing top-heavy, when in reality, you could probably achieve better results if you talked to the people at the bottom; the workers.

So, a governance committee over a board of directors is a way to project an *image* of control, an image of management to shareholders. So, shareholders can check a box and elect the officials that are supposed to oversee their interests, and they feel good about that extra layer of management thinking that it means they have another layer of protection. But shareholders don't know what I know. If they did, they would be asking why is that box even there. If the board was doing their job, that should be sufficient; the governance committee would not be necessary.

The most fundamental point about all of this is who can you trust? I mean really... who?

What is the truth what is deception and what is a spin on the truth? CEO and management presentations to a board of directors can be very interesting to watch. There are things that leaders do not want to say to the board. There are things that they do not want to reveal. They don't want to give the board any reason to question the methods used or the fuzzy math applied. Don't give them any more information than is necessary because it can become ammunition for them to question the leaders about things they don't want to defend or justify. They play the plausible deniability card. Sometimes it is best for the board to remain in the dark; wink, wink.

So, some leaders present information to try to manage the perspective outside of their walls. They want to manage it, but not necessarily distort it. There is a fine line. The reason that this works is that board members, shareholders, the public, and other stakeholders don't have the ability to call out leaders who are withholding pertinent information. They do not know what questions to ask. And better yet, if the numbers are what they are supposed to be, then great. Meeting over. Let's do lunch.

Not OK

There were many times in board meetings and corporate meetings where I needed to simply say one word with two letters, "OK," to agree to something that didn't align with who I was, or with what I agreed to be responsible for. And I was certainly not the only one who felt this pressure to surrender the standard and go along to get along. I am not giving myself credit for wanting to do the right thing rather than the easy thing. It's like I just didn't get the memo that the easy thing was even available. Many times, I simply didn't know that there was an option and it took me by surprise.

Authentic leaders are still here. There are plenty of them, but most organizations that are looking for leaders are not interested in those guys or gals. They want the results guys; they want the guys who will stop at nothing to get them. America is fostering a new breed of so-called leaders who are not focused on leading people. They are focused on winning at all costs and/or they are focused on leading us down the primrose path.

I am talking about a *lowered standard* that has become a preferred method. For many leadership positions, in order to be considered a good candidate as a leader now, your value system should fit this new substandard platform. It seems often that even the bad guys do not have to make much effort to blend in because the system accepts his/her behavior and does the work for them.

Company leaders are now being baited to get results and earn their big piles of money; at the expense of the leadership standards the company claims to value. Even the most moral among us would be tempted to ignore fundamental job requirements to hit the kind of jackpot many of today's CEOs get... even when they somehow get themselves fired. With severance packages.

I don't believe this is just an ideological theory. Shit is going wrong. Big shit. When compensation and bonuses are the overwhelming motivating force behind performance for CEOs, and they are weighted heavily on the present, everything else is just in the way, including the future of the company and the people that they are supposed to be leading. I don't think that many CEOs have any portion of their bonus based on measuring their organization's morale or how they are viewed by their employees. And I also don't think their bonus is measured against *following up* to make appropriate improvements in company morale or a culture that generates legitimate outstanding results. I don't think that any portion of their bonus is based on positioning the company for growth and prosperity long after they are gone either. Why the hell not?

The Gift of Character

Americans have traditionally identified with the virtues of honor, dignity, justice, perseverance, ethics, humility, valor, modesty, morals, self-control, integrity, self-respect, and trustworthiness. Belief in these foundational virtues was fixed and served to self-police every individual. There were internal (shame and guilt) as well as external consequences for violators.

In modern corporate and institutional America, however, there are few consequences for failing to adhere to such virtues, and so there is little to no self-policing for compliance. As a result, these virtues have been minimized and made nearly irrelevant in leadership in the toxic environment of corporate and institutional America. I believe we all need to give some serious thought to where our country is headed as it is being driven by a corporate and institutional leadership culture lacking those virtues. As human beings, certain things have to matter to us. When it comes to our future success as a society and as a nation, I believe our character really matters.

Why do some CEOs do the right thing and others chase the numbers? That line has to do with a system that values outcomes over character, but it also has to do with character. And character is something that starts long before that leader is in a position of power. It goes way back to a time in a person's life before employment, before school, before the MBA. It starts early. It goes back to who you are and how you became the person that you grew up to be. I believe that only people who acquired the gift of character should lead.

If you have known any authentic leaders, you recognize certain things about them. They are driven first and foremost by earning trust, and they do that by demonstrating their reliability, transparency, integrity and thoughtful follow-through. They have a belief system that carries everything, and it sweeps people up like a magnet, engaging them in working for the same goals. When these leaders talk about their work, they do it with fire, pride and belief in its importance. Authentic leaders are comfortable in their own skin, know their shortcomings, admit mistakes and know when to ask for help. They are sincere, frank, trustworthy, and they work hard.

This leader comes to the table with a gift of character of which they are sometimes completely unaware, but they gravitate toward utilizing it naturally.

Authentic leaders are not the ones who manage their companies by doing anything necessary to hit projections. If at all possible, they will avoid laying off employees to make the math work. They try to find ways to cut costs without reducing quality in products. They won't delay payment on accounts to manipulate the monthly numbers. They don't rely on fear or intimidation to motivate employees to perform at high levels and achieve things. They know what they will NOT do to achieve success.

Unfortunately, in this system, authentic leaders are undervalued and, instead, the leaders who WILL do anything, sacrifice anyone, to plug the right numbers and collect the bonus are controlling modern corporate and institutional America. The winners are "me" and "now." The losers are "we" and "future," and if that doesn't make you nervous if that is not some kind of call to action, then you are probably part of the problem.

AUTHOR'S BIOGRAPHY

Currently, Rande Somma is President of RANDE SOMMA & ASSOCIATES; a company with a primary focus on leadership coaching and development.

Rande has over 40 years of business experience, primarily in the global automotive industry.

Prior to joining JOHNSON CONTROLS, INC, Rande was employed at ROCKWELL INTERNATIONAL'S AUTOMOTIVE DIVISION, serving in a variety of leadership positions in Purchasing, Sales, and Manufacturing.

Rande departed JOHNSON CONTROLS, INC. after a 16-year career in the Fortune 500 Company's Automotive Systems Group. While at JOHNSON CONTROLS, after assuming a number of positions of increasing responsibility in Sales & Marketing, Global Strategic Planning and President of North American Operations, Rande was elected a Corporate Officer. Soon after, he was named President of the Automotive Systems Group's Operations-Worldwide.

In a company with annual revenue of $20 billion, Rande's responsibilities included the leadership of:

- *Over 250 manufacturing facilities located in 26 countries*
- *5 regional Technical Centers located in the United States, Europe, Japan, and China*
- *75,000 employees worldwide*

During his tenure, the company reported record sales and earnings, as well as receiving over 40 Customer, Industry, and Community awards.

While President, Rande was a member of the General Motors, Ford, and Daimler-Chrysler Supplier Advisory Councils.

Rande has served as a Chairman, Vice-Chairman and a member of several corporate boards of directors. He is a past Vice- Chairman of the Michigan Minority Business Development Council. Rande has also served on boards of non-profit and charitable organizations.

Rande is a native of Pittsburgh, Pennsylvania where he attended and graduated from Robert Morris University with a Bachelor of Science degree in Business Administration, and was invited back to deliver the commencement speech to the Business School's Master's and Doctorate Graduates, class of 2015.

Today, Rande is a member of the University's Presidents Council and the Business School's Board of Visitors. Additionally, Rande is a recipient of Robert Morris University's Heritage Award, which is the university's most prestigious recognition, honoring a graduate for distinguished service and extraordinary accomplishments.

Rande is also an honorary member of The National Society of Collegiate Scholars and an honorary inductee in Beta Gamma Sigma's International Honors Society for collegiate business schools.

With a focus on giving back, Rande and his wife Georgia are the founders and underwriters of Robert Morris University's Business School's "Integrity First" Scholarships. Established in 2008, scholarships are awarded annually to students based on the demonstration of their understanding of the critical importance of ethical and moral behavior as well as the value of integrity in business. In the fifteen years of the program's existence over 70 scholarships have been awarded.

Rande has devoted a great deal of his time to mentoring individual university students and sharing his professional insights in the classroom, school offices, coffee houses, via phone, and at his kitchen table.

Rande continues to make himself available to share his professional experiences and knowledge with students and young professionals in a mentoring role.

Rande and his wife, Georgia, have been awarded the Order of St Sava. Presented by the Patriarch, it is the highest award presented by the Serbian Orthodox Church.