



Effectiveness More Crucial Than Leadership

Mark Affleck, president and CEO of the California Avocado Commission, points out the limitations of leadership in this month's cover story. He says, "Being a leader no longer guarantees survival. Leaders in 21st century organizations are being jettisoned into the night. Employers are replacing job security with support security, which demands we are perpetually relevant and producing sustained value for a real customer in a real market against real competition." Mark is one smart cookie.

Look at the subprime mortgage crisis. Captains of industry at firms such as Citibank and Merrill Lynch are being tossed aside. They are among the most educated and vetted leaders. It's unlikely their problem was a shortage of leadership development seminars.

The actual problem: A character flaw. When the money was flowing in, they didn't have the courage to insist on rigorous standards. This is the difference between, say, the leadership of Warren Buffett and that of these executives. While these guys were pushing subprime mortgages, Warren Buffet was saying, "Dumb lending always has its consequences. It's like a disease that doesn't manifest itself for a few weeks, like an epidemic that doesn't show up until it's too late to stop it." That is leadership.

This is an old story. This month's cover piece also quotes Peter Drucker, who died in 2005 at the age 95 and was perhaps the greatest theorist on business leadership and management theory of all time. The cover story quotes him on the juxtaposition of character and leadership: "For it is character through which leadership is exercised; it is character that sets the example and is imitated. Character is not something one can fool people about. The people with whom a person works, and especially subordinates, know in a few weeks whether he or she has integrity or not."

Drucker wasn't all that hot on the whole concept of aggrandizing leaders — reminding us that it could lead to bad as well as good — and urging us to look at effectiveness as a more useful metric:

You know, I was the first one to talk about leadership 50 years ago, but there is too much talk, too much emphasis on it today and not enough on effectiveness. The only thing you can say about a leader is that a leader is somebody who has followers.

The most charismatic leaders of the last century were called Hitler, Stalin, Mao and Mussolini. They were mis-leaders! Charismatic leadership by itself certainly is greatly overstated.

Look, one of the most effective American presidents of the last 100 years was Harry Truman. He didn't have an ounce of charisma. Truman was as bland as a dead mackerel. Everybody who

worked for him worshiped him because he was absolutely trustworthy. If Truman said no, it was no, and if he said yes, it was yes. And he didn't say no to one person and yes to the next one on the same issue.

The other effective president of the last 100 years was Ronald Reagan. His great strength was not charisma, as is commonly thought, but that he knew exactly what he could do and what he could not do.

Drucker was skeptical about efforts to develop leaders in business:

We have talked a lot about executive development. We have been mostly talking about developing people's strength and giving them experiences. Character is not developed that way. That is developed inside and not outside. I think churches and synagogues and the 12-step recovery programs are the main development agents of character today.

Most companies and the broader industry will be better off focused on executive development, not leadership development. Great leaders inspire so they have followers by virtue of their depth of character and natural abilities.

Effective executives, however — people capable of good decisions — can, in fact, be developed. Much of the focus on leadership and executive development leaves business people scratching their heads because it turns leadership into some high-fallutin' function and avoids wrestling with business realities.

An entrepreneur in the produce trade, spending countless hours buying and selling produce while trying to grow the business and somehow pay for the kids' braces, goes to a seminar and is told he can't lead his company if he spends so much time on the tasks at hand — it is both demoralizing and incorrect.

The key to leadership in an organization is actually knowing one's own soul. How do you achieve things? What are your competencies? What do you believe in? What do you hope to achieve? Drucker said, "Effective leaders match the objective needs of their company with the subjective competencies. As a result, they get an enormous amount of things done fast."

In small businesses, the competencies of the company often are the competencies of the owner or owning family; larger organizations can draw on more diverse competencies.

Leadership in business is typically about identifying not what is good to do but what one's particular organization can do effectively.

Perhaps we promote leadership so much because true leadership is so rare. Thus we yearn for it to be present in our companies, our industry and our country. Or maybe, most of all, in ourselves. **pb**

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