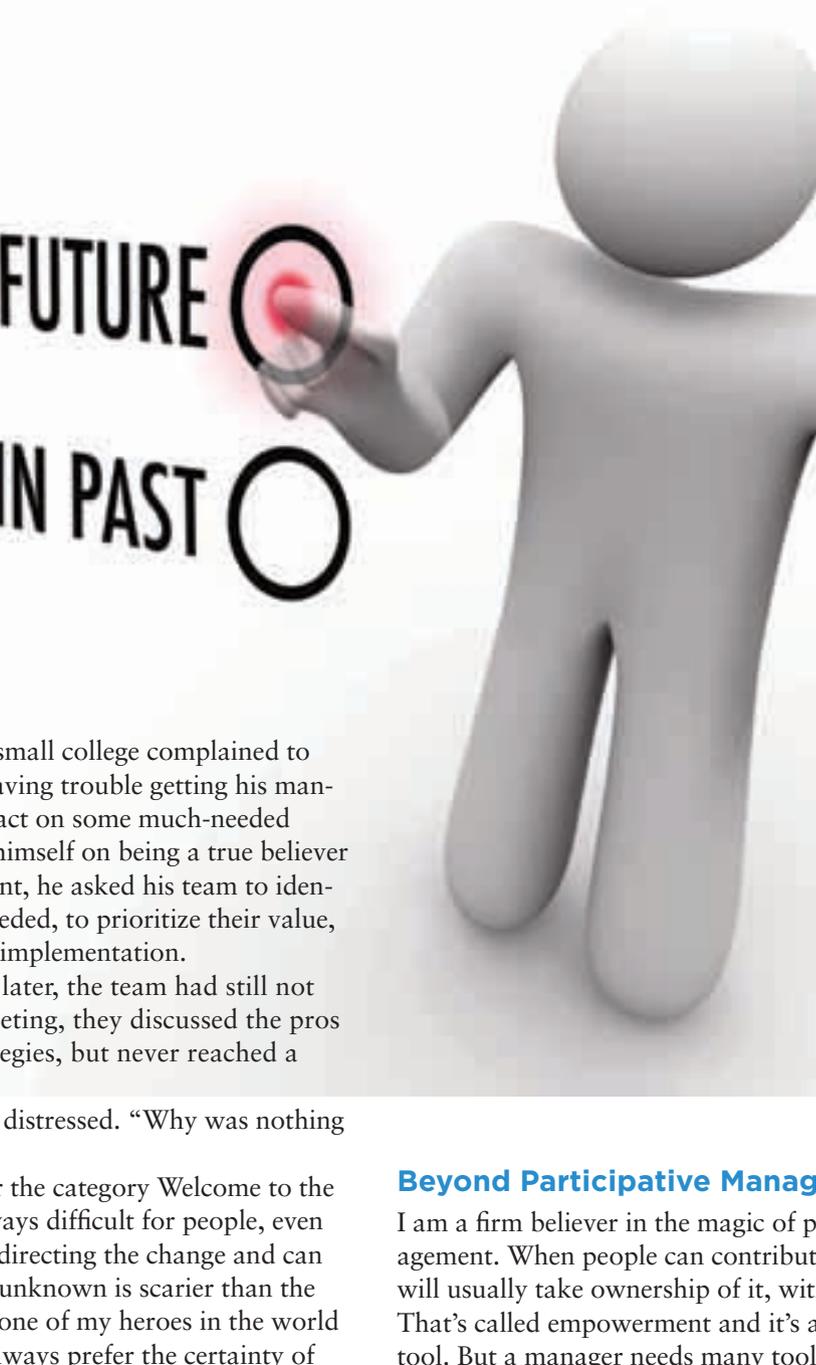


# Effective Leadership: Finding a Formula for Success

*Effective leaders know how to balance toughness and tenderness to create a sense of teamwork and collaboration.*

By Larry Johnson



BETTER FUTURE

STUCK IN PAST

**T**he president of a small college complained to me that he was having trouble getting his management team to act on some much-needed changes. Priding himself on being a true believer in participative management, he asked his team to identify the specific changes needed, to prioritize their value, and to work out plans for implementation.

However, eight months later, the team had still not acted. In meeting after meeting, they discussed the pros and cons of different strategies, but never reached a consensus.

The president was quite distressed. “Why was nothing getting done?” he asked.

This scenario falls under the category Welcome to the Real World. Change is always difficult for people, even when they have a hand in directing the change and can see its benefits. Why? The unknown is scarier than the known. As Harless Cone (one of my heroes in the world of consulting) says, “We always prefer the certainty of misery to the misery of uncertainty.”

## Beyond Participative Management

I am a firm believer in the magic of participative management. When people can contribute to a plan, they will usually take ownership of it, with amazing results. That’s called empowerment and it’s a great management tool. But a manager needs many tools—one tool won’t accomplish everything in every situation.

When you do all this good empowerment stuff and there still is chronic nonaction, another approach may be required.

Take IBM, for example. Considered by many to be a dying behemoth in the 1980s, it's now one of the most vibrant companies in the U.S. economy. One big reason for the turnaround was Lou Gerstner.

Recruited from Nabisco as the new CEO, Gerstner was direct, brusque, and unafraid to confront conventional wisdom. He began by questioning everything IBM was doing.

## Most changes, even ones with positive goals, are painful for those who must change.

His predecessor, John F. Akers, had begun dismantling IBM's mainframe business, believing that networked personal computers would be the wave of the future. By the time Gerstner arrived, that strategy had become conventional wisdom. Gerstner pushed to revitalize mainframes, taking the position that the company must once again serve as the source of business computing solutions for its customers, and mainframes should be a part of those solutions.

He also started demanding accountability for performance. According to one longtime IBMer, as recounted in Betsy Morris's April 14, 1997, *Fortune* article, "Meetings in the pre-Gerstner days were congenial and pleasant—whether anything was accomplished or not . . . meetings with Gerstner are anything but pleasant now. He demands that excuses be replaced with results, and that if something isn't working, it's either fixed or it's scrapped immediately."

That is not to say that Gerstner attacked people personally. He was just very hard-nosed when it came to accountability, even to the point of firing some key people who just wouldn't get with the program.

For Lou Gerstner and IBM, the strategy worked. The stock rebounded, profits are up, morale has greatly improved, and the company is once again viewed as an industry leader rather than the industry dinosaur.

Am I saying that if you want to bring about change in your team or in your organization, you must abandon your participative style and become a Gerstner-like "tough guy"? Definitely not. On the other hand, don't discount the approach altogether.

### Formula for Change

Most changes, even ones with positive goals, are painful for those who must change. Implementing change effectively requires managing three elements of change, which I call P1, P2, and P3:

P1 = the pain of continuing to do things as you did in the past

P2 = the pain of not having the change in place ("the unfulfilled desire for the change")

P3 = the pain of actually going through the change

These three factors can be expressed algebraically: when  $P1 + P2 > P3$ , change will occur. In other words, when the pain of continuing with the "old way" (P1) and the pain of the unfulfilled desire for the "new way" (P2) are greater than the pain of changing to the "new way" (P3), people will change.

For example, let's say your living room couch is getting shabby and needs replacing. If it's comfortable and meets your needs, you may drag your feet about replacing it. Besides, furniture is expensive these days, and the economy still hasn't rebounded. So you postpone replacement.

Then you notice a spring working its way through the seat that pokes you when you sit on it. P1 (the pain of continuing with the old way) has just increased. Additionally, you saw a beautiful couch at the store that would look wonderful in your home. P2 (the pain of not having the new way) has just gone up.

Finally, the salesperson at the store offered you interest-free financing and reduced the price of the couch 50%. P3 (the pain of changing to the new way) has just gone down. It sounds like P1 and P2 are now greater than P3, so you're probably going to buy that couch.

You can use this formula to facilitate the change process in your organization by manipulating the variables.

For example, you can raise the level of P2 in your staff by showing them the advantages of the new way and empowering them to plan and implement the change.

You can lower P3 by providing training and careful planning of the change to make getting there as painless as possible.

Finally, you can raise P1 by making it more painful for people to continue with the old way.

IBM obviously needed a good dose of P1 to get off the dime and start producing. Gerstner provided it.

A new car dealer I work with applied the entire formula when he changed his dealership's culture from a high-pressure sales model to a low-pressure customer-care model.

To lower P3, he provided training and coaching on how to give great service and sell without pressure. He raised P2 by contracting with the local Ritz-Carlton Hotel to enroll all his employees in Ritz-Carlton's new employee orientation, as if they were going to become hotel staff. Finally, he terminated a few folks who simply wouldn't get with the program, thus raising P1. The result was a dramatic rise in customer satisfaction ratings, as well as in sales and profits.



So my advice to my college president client was to add some P1 to his management style by becoming more involved in the planning discussions, by setting some hard deadlines for implementing changes, and by being tough about results, even if it meant causing some pain to those who were dragging their feet.

### Tough and Tender

Applying those steps usually requires the willingness to be honest and to communicate directly, even when it's about something unpleasant. Such directness can be challenging for many of us who were taught always to be polite and nice, not to express opinions openly if they might offend someone or hurt someone's feelings. But such honesty can be refreshing when expressed in the right spirit and without attacking anyone personally.

### Directness can be challenging for many of us who were taught always to be polite and nice.

I'm reminded of my eighth-grade teacher Mrs. Lever. She was known throughout the school as a taskmaster, a strict disciplinarian, and a bit of a grouch. With a glare and a stern word, Mrs. Lever would never hesitate to tell you when you did something wrong and how to correct it. On the other hand, with a smile and a brief comment, she would always let you know when you did something right and that it pleased her. No matter what, you knew

she would always tell you the truth, and you sensed that her intentions were always in your best interests.

Consequently, Mrs. Lever's students always scored highest on the annual achievement tests. Parents competed to get their children into her class. By midyear, Mrs. Lever's students universally loved her. (Some of them took awhile to warm up to her gruffness.) Mrs. Lever was a superb practitioner of absolute honesty. She told the truth when the truth needed to be told; she was clear in how she told it; and her focus was always on doing the right thing for the right reason (her students' welfare).

I believe that organizational life today needs more Mrs. Levers.

If you are having trouble initiating change on your team, you might ask yourself if your managerial approach contains the right amount of Lew Gerstner/ Mrs. Lever toughness along with the with the right amount of "tenderness" to create the changes you want.

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