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# The Key Missing Ingredient In Leadership Today

*We make a living by what we get; we make a life by what we give.*

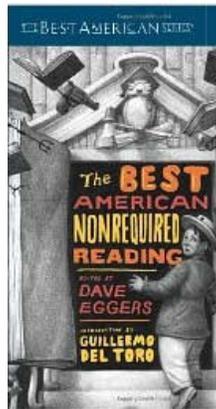
Winston Churchill

Most leadership writing today advises us on how to prosper *within* the system or perhaps even on flourishing *despite* of the system. What's missing? Real leadership is about *transforming* the system.

Leadership is not merely about success. Abraham Lincoln and Martin Luther King were great leaders, not because they were successful *within* their different worlds, or even because they were successful *despite* the constraints of their worlds. They were great leaders because they *transformed* their worlds.

## Leadership implies more than success

To see what I mean about the limited vision of leadership today, let's look at a rightly celebrated example of leadership writing today. It's entitled "Solitude and Leadership" by William Deresiewicz, the author of [A Jane Austen Education](#). It began life as a lecture at



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West Point given in October 2009. Then it became an article in *The American Scholar*. Now it is a chapter in *The Best American Nonrequired Reading 2011* edited by Dave Eggers.

The piece is literate, eloquent and often moving. It praises the lonely and courageous leadership of General David Petraeus, who went against the flow, thought things out for himself and got things done “despite the system”.

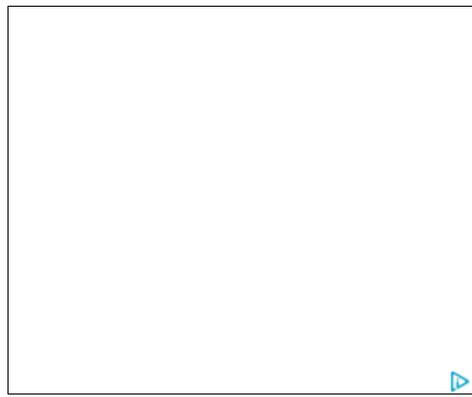
“Leadership,” Deresiewicz told his aspiring leaders at West Point, “is what you are here to learn—the qualities of character and mind that will make you fit to command a platoon, and beyond that, perhaps, a company, a battalion, or, if you leave the military, a corporation, a foundation, a department of government.

## Leadership is more than being excellent sheep

But leadership, says Deresiewicz, is about more than being successful.

“Does being a leader... just mean being accomplished, being successful? Does getting straight As make you a leader? I didn't think so... what I saw around me were great kids who had been trained to be world-class hoop jumpers. Any goal you set them, they could achieve. Any test you gave them, they could pass with flying colors. They were, as one of them put it herself, ‘excellent sheep.’ I had no doubt that they would continue to jump through hoops and ace tests and go on to Harvard [Business School](#), or Michigan [Law School](#), or Johns Hopkins Medical School, or Goldman Sachs, or McKinsey consulting, or whatever. And this approach would indeed take them far in life... People who make it to the top. People who can climb the greasy pole of whatever hierarchy they decide to attach themselves to.”

Thus Deresiewicz's piece is already a considerable advance on the kind of writing that is common in leadership journals, with



articles like “Six Steps to Asking Effective Questions” or “Seven New Presentation Techniques” or “Four Rules For Making Yourself Indispensable”. All these little tips and tricks are no doubt helpful in a limited way to keep running smoothly. But they don’t shed light on leadership.

## Are these activities worth doing?

By contrast, Deresiewicz pushes his listeners to think for themselves and examine *why* they are doing what they are doing.

“...for too long we have been training leaders who only know how to keep the routine going. Who can answer questions, but don’t know how to ask them. Who can fulfill goals, but don’t know how to set them. Who think about how to get things done, but not whether they’re worth doing in the first place.”

“What we don’t have, in other words, are thinkers. People who can think for themselves. People who can formulate a new direction: for the country, for a corporation or a college, for the Army—a new way of doing things, a new way of looking at things. People, in other words, with vision.

## The enemy is hierarchical bureaucracy

Deresiewicz is well aware of what these aspiring leaders will be up against. [Leaders](#) will be entering hierarchical bureaucracies, whether it’s the military like West Point, Harvard Business School, or Michigan Law School, or Johns Hopkins Medical School, or Goldman Sachs, or McKinsey consulting:

“You need to know that when you get your commission, you’ll be joining a bureaucracy, and however long you stay ... you’ll be operating within a bureaucracy... And so you need to know how bureaucracies operate, what kind of behavior—what kind of character—they reward, and what kind they punish.”

“That’s really the great mystery about bureaucracies. Why is it so often that the best people are stuck in the middle and the people who are running things—the leaders—are the mediocrities? Because excellence isn’t usually what gets you up the greasy pole. What gets you up is a talent for maneuvering, pleasing your superiors, picking a powerful mentor and riding his coattails until it’s time to stab him in the back. Jumping through hoops. Getting along by going along. Being whatever other people want you to be, so that it finally comes to seem that.. you have nothing inside you at all. Not taking stupid risks like trying to change how things are done or question why they’re done. Just keeping the routine going.

The problem is pervasive in institutions today:

“This is a national problem. We have a crisis of leadership in this country, in every institution. Not just in government. Look at what happened to American corporations in recent decades, as all the old dinosaurs like General Motors or TWA or U.S. Steel fell apart. Look at what happened to Wall Street in just the last couple of years.”

### An example of leadership: David Petraeus

Deresiewicz’s model of fine leadership is David Petraeus:

“Look at the most successful, most acclaimed, and perhaps the finest soldier of his generation, General David Petraeus. He’s one of those rare people who rises through a bureaucracy for the right reasons. He is a thinker. ...he is able to think things through for himself. And because he can, he has the confidence, the courage, to argue for his ideas even when they aren’t popular. Even when they don’t please his superiors. Courage: there is physical courage, which you all possess in

abundance, and then there is another kind of courage, moral courage, the courage to stand up for what you believe.”

Deresiewicz notes that success wasn't easy for Petraeus.

“His path to where he is now was not a straight one. When he was running Mosul in 2003 ...he pissed a lot of people off. He was way ahead of the leadership in Baghdad and Washington, and bureaucracies don't like that sort of thing... But he stuck to his guns, and ultimately he was vindicated. Ironically, one of the central elements of his counterinsurgency strategy is precisely the idea that officers need to think flexibly, creatively, and independently.”

At the end of the day, Petraeus had great accomplishments. He was successful despite the military bureaucracy. He bucked the system. He challenged the top brass. He dealt with setbacks. He developed a theory of counter-insurgency and successfully implemented it. We should salute his accomplishments.

## Great leadership transforms the system

What Petraeus didn't do was to permanently change the system of the US military. Despite his successes, the military bureaucracy remains intact. It continues to grind forward with the best people stuck in the middle while the people who are running things—the leaders—are still focused on greasing the wheels of the bureaucracy, not on transforming it.

We can forgive Petraeus for not transforming the military bureaucracy. He was caught in the middle of a war. He had enough on his hands trying to rescue the disaster that was Iraq. That he was able to accomplish that in such circumstances is remarkable. But at the end of the day, the system of which he was a part

remains intact, impregnable, mechanistic, inhuman, nurturing to those who preserve it and hostile to those who try to transform it.

Yet we have to ask more of leadership writers like Deresiewicz. He writes:

“You need to know that when you get your commission, you’ll be joining a bureaucracy, and however long you stay ... you’ll be operating within a bureaucracy,.”

These are words of despair, not leadership. It’s not acceptable that all great institutions will always remain bureaucracies run by mediocrities. Real leadership is about creating the best that the human race can accomplish and bureaucracy isn’t it.

Leadership writers need to raise their sights and ask: why most “great” organizations still grinding along as hierarchical bureaucracies when we know how to do things differently?

## Thinking in terms of systems not just individuals

Leadership needs to take the next and necessary step and ask: what would be involved in transforming these hierarchical bureaucracies into agile organizations in which excellence is celebrated and where the people at the top are the most creative and the most imaginative?

To do so, we need to get beyond thinking about leadership as merely making better individuals. That’s because systems are stronger than individuals. Having better individual leaders won’t do much for the crisis in leadership that Deresiewicz correctly identifies.

## System change: too little too late

It’s not that we don’t have people thinking systemically. The problem is that the thinking often comes too late to have any impact.

Thus it’s nice to have Jack Welch, the patron saint of maximizing shareholder value, declare in 2009 that maximizing shareholder value is

[“the dumbest idea in the world.”](#) But where was Jack Welch when he was running GE from 1981 to 2001 oriented precisely to this idea?

Similarly it's great to have Sandy Weill, legendary banker and creator of the Citigroup [C] in an interview on CNBC's SquawkBox [call this week](#) for splitting up the commercial banks from the investment banks and establish an exchange to establish transparency for derivatives. But where was Weill with this thinking while he running Citigroup?

These cases are not isolated. In 2009, John Reed, who helped Weill create Citigroup, apologized for creating a lumbering giant that needed multibillion-dollar bailouts from the government. Philip Purcell, the former CEO of Morgan Stanley and David Komansky, the onetime leader of Merrill Lynch, have since voiced similar concerns about deregulation. The question is: where were they when the system needed them?

## A different way of running organizations

Leadership thinking needs to raise its game. Leaders need to be showing the way towards a different way of running organizations. It's not enough to get things done within the system or despite the system. We need to transform the system. We need in effect to reinvent the private sector, reinvent government, reinvent education and reinvent health.

**Reinventing the Fortune 500:** The Fortune 500 are becoming increasingly unproductive because they are run as hierarchical bureaucracies. These firms are looking from the inside-out, producing their products and services to make money for shareholders, doggedly tweaking their value chain, parsing and manufacturing customer demand, trying to find ways to lower costs, looking for economies of scale. They are “pushing” their products and services at customers. They are living in the world of financial capitalism with a goal of making money for their shareholders. They are filled

with disgruntled employees: only one in five is fully engaged in his or her work. Their life expectancy is limited. These are 20<sup>th</sup> Century organizations.

The Fortune 500 must become organizations of the future, focused on looking from the outside-in, understanding the people with whom they might do business, comprehending their hopes and dreams and problems and goals, and trying to find ways to delight them. Rather than “pushing” products and services at customers, they are deploying the power of “pull”. They must recognize that we are living in the age of customer capitalism. The value of firms that do this is growing exponentially. These are the organizations of the future. The Fortune 500 must be run in a radically different fashion. The irony is: [we know how to do this](#). So why don't we get on and do it?

**Reinventing government:** Reinventing government is much more than cutting back budgets or using better technology. It is as Tim O'Reilly has argued, a government stripped down to its core, rediscovered and reimagined as if for the first time and focused on adding value to its primary stakeholders. It means shifting the idea of government from shaking the vending machine to get more or better services out of it, and over to the idea of government building frameworks that enable people to build new services of their own. Again, [we know how to do this](#). So why don't we do it?

**Reinventing education:** Graduating more students and raising grades are important but it's not nearly enough to respond to the challenge of the Creative Economy of the 21<sup>st</sup> Century where the future depends on innovation. The current education system is a test-driven bureaucracy that is not fitting our students for the turbulent unpredictable world that lies ahead. Even the reforms to education strengthen these bureaucratic tendencies. Real education reform means a system that is not run for the convenience of the administrators and the teachers, but rather a system that

genuinely puts “students first”, and instills a love of learning that lasts a lifetime. Here too, [we know how to do this](#).

**Reinventing health:** Similarly the health system is infected with bureaucracy. Real reform in health means transforming a system that is run for the convenience of the administrators, the insurance companies and the health professionals and turning it into a system that is truly focused on “patients first”, with genuine patient-driven care. Here again, [we know how to do this](#).

**Real leadership** requires transforming the Fortune 500, government and the education and health sectors. We know how to do all those things. What we need is real leadership to take on the challenge.

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[Part 3: Transformational Leadership in Agile Manufacture: Wikispeed](#)

[Part 4: Can Established Manufacturers Can Transition To Agile](#)

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[The best single idea for reforming K-12 education](#)

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[Steve Denning's](#) most recent book is: [The Leader's Guide to Radical Management](#) (Jossey-Bass, 2010).

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