

THE 7 HABITS PRIMER

ed.

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THE 7 HABITS PRIMER

Life is short. So live... love... learn... and pay it forward. I seek meaningful experience through mindfulness each day, to walk peacefully within myself, to win the respect of intelligent people and the affection of cats, to earn the appreciation of honest critics and endure the betrayal of false friends, to enjoy art and beauty, to find the best in others, to leave the world enriched through my contributions, and to know that others have lived easier because of me.

1. **BE RESPONSIBLE.** BE PROACTIVE. THE HABIT OF PERSONAL VISION.

I have the ability to choose my own response. I carry my own weather – whether it rains or shines makes no difference to me. See the world with new eyes by knowing that my honor is greater than my moods. BY GROUNDING my emotional life not on the moods or weaknesses of others, but upon my self-chosen values, my behavior is a product of my own conscious choices based on principles, rather than a product of my conditions, based on feelings. Focus time and energy on things I can control (circle of influence) in lieu of reacting to or worrying about conditions over which I have little or no control (circle of concern). In so doing, I become RESPONSE-ABLE. And by practicing this habit, who I am is not determined by what happens to me, but by how I choose to respond to it.

2. **BEGIN WITH THE END IN MIND.** THE HABIT OF PERSONAL LEADERSHIP.

Without VISION, I diminish. All things are created twice: the mental or first creation, and the physical or second creation. The second creation follows from the first, just as a building follows from a blueprint. If I fail to develop my own SELF-AWARENESS and become responsible for first creations, I empower other people and circumstances to shape my life by default. So begin each day with the blueprint of my deepest values firmly in mind. Then as challenges come, make decisions BASED on those values. The busiest people are often the least effective; BUSYNESS is common to those trapped in Q1 & Q3 instead of Q2, where Habits 1,2, 3 are grounded. Lead a life centered on the principles of QUALITY, patience, authenticity, WONDER, mindfulness, self-knowledge, and comport myself as an archetype gentleman scholar.

3. **PUT FIRST THINGS FIRST.** THE HABIT OF PERSONAL MANAGEMENT.

The key is to schedule my priorities, not to prioritize my schedule. Therefore, do the important things first – because where you are headed is more important than how fast you are going. SAY NO TO THE UNIMPORTANT, no matter how urgent, and yes to the important. Also, don't confuse the vital for the important: money (or whatever) might be vital, but one need not make it their whole life. Remember that frustration is a function of our expectations, not our realizations. So trade crises for progress by focusing on things that are truly important. When I put first things first, I don't just do things differently – I do DIFFERENT THINGS.

4. **THINK WIN-WIN.** THE HABIT OF INTERPERSONAL LEADERSHIP.

[Relationships start here.] Win-Win is a belief in the Third Alternative springing from an abundance mentality. It's not your way or my way; it's a better way; a higher way. Character is the foundation of win-win which is comprised of integrity, ABUNDANCE mentality, and maturity. Win-Win is the attitude of seeking either mutual benefit or being able to say no deal. Life is best lived cooperatively, not competitively. Everyone I meet is my mirror, thus it is easier to be caring than hostile. My friends are all around me; I just haven't met them all yet. Difficult people can be my greatest teachers for what I need most at that moment.

5. SEEK FIRST TO UNDERSTAND, THEN TO BE UNDERSTOOD.

THE HABIT OF COMMUNICATION.

[Relationships succeed here.] To fully, deeply understand another is to listen with the eyes and the heart, which inspires openness and trust. Give others PSYCHOLOGICAL AIR by listening to understand their perspective, avoiding autobiographical responses, and by letting them finish their sentences. Empathic listening within the other's frame of reference opens me to be influenced. The paradox is that in order to have influence, I must first be influenced. HUMBLE myself by acknowledging that I can be unenthusiastic, impulsive, undisciplined, pessimistic, and an impatient listener. Then strive to transform those same weaknesses into strengths. Always be loyal to the absent – always. Like food, less talk is actually more.

6. SYNERGIZE. THE HABIT OF CREATIVE COOPERATION/TEAMWORK. POTENTIAL.

[Relationships flourish here.] Synergy is the culmination of all the previous habits. Synergy uses differences to build unforeseen strengths. Left to our own experiences, we constantly suffer from insufficient data. Compromise, which seeks only an end, is $1+1=1\frac{1}{2}$, whereas synergy, which seeks a new beginning, makes $1+1=3, 4,$ or more. Value differences (respect them!) to build on strengths and compensate for weaknesses. Different perspectives INFORM my knowledge and expand my experience. This is done by realizing that people see the world not as it is, but as they are [conditioned to see it]. Be sensitive to others' mental maps (paradigms) which have been constructed to this point in their life with their own experiences.

7. SHARPEN THE SAW. THE HABIT OF SELF-RENEWAL.

Spend one hour each day renewing and enhancing the greatest asset I have – myself – through the physical, spiritual, mental and social/emotional dimensions of my nature. Success has two sides: production capability (PC), and production (P). Without the renewal of PC, P begins to diminish, and eventually perishes. RECOGNIZE my strengths daily, reaching for new ones. REMEMBER what is important in life is learning, health, purpose, conformity to my own uniqueness, temperance, and inner peace. Learning will always return meaning and energy to my effort, so I'm never alone with a great book.

In Brief:

1. BE PROACTIVE

I am responsible for my choices and have the freedom to choose.
I am responsible of my behavior and the choices I make.
I can expand my personal freedom and influence through being response-able.
Recognize reactive triggers, increase my circle of influence, become a transition person and exercise the four human endowments.

2. BEGIN WITH THE END IN MIND

Mental creation precedes physical creation.
I can choose my future and create a vision of it.
I will create results mentally before beginning any activity.

3. FIRST THINGS FIRST

Effectiveness requires balancing important relationships, roles, and activities.
Things which matter most should never be at the mercy of things which matter least.
Focus on Quadrant II and plan weekly; implement daily, based on my mission.

4. THINK WIN-WIN

Effective relationships require mutual benefit.
I seek the benefit of others, as well as my own.
I get better results by cooperating interdependently than competing independently.
Balance courage with consideration and persist in looking for win-win outcomes.

5. SEEK FIRST TO UNDERSTAND, THEN TO BE UNDERSTOOD

Diagnosis must precede prescription, and understanding comes through listening.
Assume I don't fully understand and by listening first, I'll be better understood.
Use empathic listening... from the other's frame of reference.

6. SYNERGIZE

The whole is more than the sum of its parts.
I value the differences in others and seek the Third Alternative (a cooperative solution reached in a win-win spirit that all parties feel good about).
Working together cooperatively takes time but produces better long-term results.
Use the synergy ground rules (win-win mentality; open mind; value differences) and apply habits 4 & 5.

7. SHARPEN THE SAW

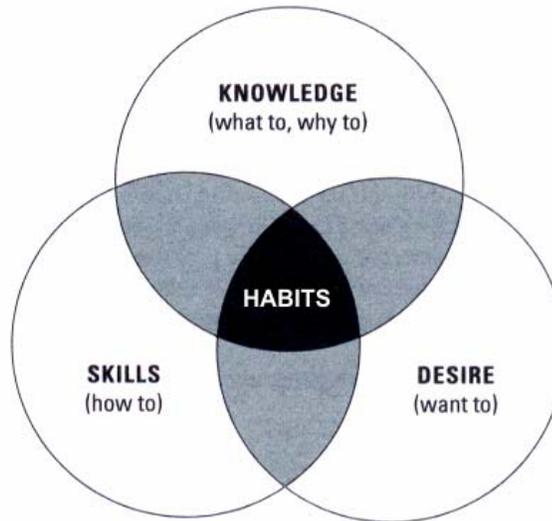
Production (results) require the development of Production Capability (resources).
I will continuously improve and renew in the four dimensions of life.
Set and achieve goals for personal P/PC balance.

FOUNDATIONAL PRINCIPLES

P/PC Balance
Paradigms; See Do Get
Maturity Continuum
Work from the Inside Out
Trust is a balance of character and competence
All systems are perfectly aligned to get the exact results they deliver.

An Introduction to the 7 Habits

The 7 Habits of Highly Effective People provide a holistic, integrated approach to personal and interpersonal effectiveness. Habits are patterns of behavior that involve three overlapping components: knowledge, desire, and skill. Because these three components are learned rather than inherited, our habits are our second nature, not our first. Thus, we are not our current habits. We can make or break our habits.



Principles

Principles are guidelines for human conduct that are proven to have enduring, permanent value. They're fundamental. They're essentially unarguable because they are self-evident. Just as there are natural laws such as gravity which govern the physical dimension, principles are natural laws which govern the human dimension.

Examples of principles in the human dimension include fairness, out of which the whole concept of equity and justice is developed. Also, integrity and honesty, which create the foundation of trust. Another principle is service, or the idea of making a contribution. Another is quality or excellence. Principles surface time and time again, and the degree to which people in society recognize and live in harmony with them moves them toward either survival and stability, or disintegration and destruction.

The 7 Habits of Highly Effective People embody many of the fundamental principles of human effectiveness. These habits are basic; they are primary. They represent the internalization of correct principles upon which enduring happiness and success are based. Before reviewing the 7 Habits we explain a few foundational principles to help you better understand the habits.

The Two Sides of Success

Aesop's fable "The Goose and the Golden Egg" is the story of a poor fanner who one day visits the nest of his goose and finds at her side a glittering golden egg. Though he suspects it to be a trick, he decides to take it home, where he learns, to his delight, that the egg is actually pure gold. Every morning thereafter the fanner gathers one golden egg from the nest of the goose and soon

becomes fabulously wealthy. As he grows rich, however, he also grows greedy and impatient with the output of the goose. Finally, in an attempt to get at once all the gold in the goose, he kills and opens it, only to find nothing.

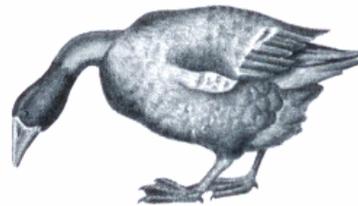
The moral of this fable has a modern ring to it. True effectiveness is a function of two things: what is produced (the golden eggs) and the producing asset, or capacity to produce (the goose). Like the foolish farmer, we often emphasize short-term results at the expense of long-term prosperity.

Effectiveness lies in the balance – what we call the P/PC Balance: "P" stands for production of desired results, the golden eggs. "PC" stands for production capability, the ability or asset that produces the golden eggs. Excessive focus on P results in ruined health, worn-out machines, depleted bank accounts, and broken relationships. Too much focus on PC is like people who run three or four hours a day, bragging about the extra ten years of life it creates, unaware they are spending them running. Or a person endlessly going to school, never producing, living on other people's golden eggs – the eternal student syndrome.

EFFECTIVENESS = P/PC BALANCE



P = Production
(Golden Egg)



PC = Production Capability
(Goose)

In spite of the obvious need for balancing P and PC, we frequently neglect and abuse physical, financial, and human resources. For instance, we don't properly maintain our bodies, the environment, or our valuable physical possessions. We raid principal to increase our standard of living. Of greater concern, we overlook relationships, neglecting kindnesses and courtesies. Thus, the goose's health suffers and threatens the production of golden eggs.

On the other hand, PC investments (i.e., professional development activities, exercising and eating properly, increasing skills, maintaining and repairing assets, developing relationships) contribute to our quality of life. Relationships are stronger, finances are more secure, and physical assets last longer. The goose – happy and healthy – continues producing.

The P/PC Balance is validated in every arena of life. We can work with it or against it, but it's there. It's the definition and paradigm of effectiveness upon which the 7 Habits are based.

Paradigms

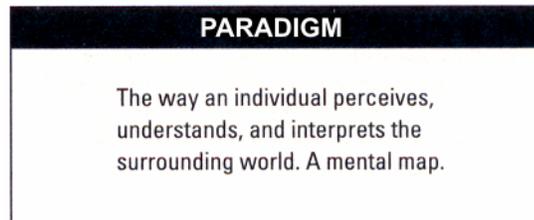
The astronomer Ptolemy defined the earth as the center of the universe in a perfectly harmonious system. Breaking with this view, Copernicus fixed the sun at the center, which had far more explanatory power. By changing his perception of the center of the universe, Copernicus experienced a Paradigm Shift. Before we can really understand the 7 Habits, we need to understand our own paradigms and how to make a Paradigm Shift. The word paradigm was originally a scientific term, and is more commonly used today to mean a model, theory, perception, assumption, or frame of reference. In the more general sense, it's the way we see the

world, not in terms of our visual sense of sight, but in terms of perceiving, understanding, and interpreting.

A simple way to understand paradigms is to see them as maps. Assume you wanted to arrive at a specific location in central Chicago. But suppose you were given the wrong map. Through a printing error, the map labeled Chicago was actually a map of Detroit. Can you imagine the frustration and ineffectiveness of trying to reach your destination?

You might work on your behavior – you could try harder, be more diligent, double your speed. But your efforts would only succeed in getting you to the wrong place faster. You might work on your attitude – you could think more positively. But having a positive mental attitude still wouldn't get you to the right place. The point is, the fundamental problem has nothing to do with your behavior or attitude. It has everything to do with having a wrong map.

Each of us has many maps in our heads. We interpret everything we see through these mental maps. We seldom question their accuracy; we're usually even unaware that we have them. Each of us tends to think we see things as they are, that we are objective. But this is not the case. We see the world not as it is, but as we are – or as we are conditioned to see it.



The more we are aware of our basic paradigms, maps, or assumptions, and the extent to which we have been influenced by our experiences, the more we can take responsibility for those paradigms, examine them, test them against reality, change them if necessary, and listen to others and be open to their perceptions, thereby getting a larger picture and a far more objective view.

It becomes obvious that if we want to make relatively minor changes in our lives, we can focus on our attitudes and behaviors. But if we want to make significant quantum changes, we need to work on our basic paradigms – the way we view ourselves and the world around us.

Emotional Bank Account

With each new relationship we make, we open what could be termed an Emotional Bank Account. Much like a financial bank account, deposits are made in and withdrawals are taken from an Emotional Bank Account. When withdrawals exceed deposits, the account is overdrawn. One important difference between the two kinds of accounts is that the human relationship requires continual small deposits in order to maintain its balance. The following are common deposits and withdrawals we make into the Emotional Bank Accounts of others:

DEPOSITS	WITHDRAWALS
Kindnesses, Courtesies	Unkindnesses, Discourtesies
Keeping Promises	Breaking Promises
Clear Expectations	Unclear Expectations
Loyalty to the Absent	Disloyalty, Duplicity
Apologies	Pride, Conceit, Arrogance

Our motives for making deposits should be sincere or others will feel manipulated and grow cynical and distrustful. By maintaining a large Emotional Bank Account, you will operate from a high level of trust with your family, friends, and associates. In relationships the little things are the big things.

The Law of the Harvest

In all of life, there are sequential stages of growth and development. A child learns to turn over, to sit up, to crawl, and then to walk and run. Each step is important and each takes time. No step can be skipped.

This is true in all phases of life, in all areas of development, whether it be learning to play the piano or to communicate effectively with a work associate. It is true with individuals, with marriages, with families, and with organizations. The great illusion in life is that there is a quick and easy way to achieve quality of life – personal effectiveness and rich relationships with others – without going through the natural process of work and growth that makes it possible. It's symbolism without substance. It's the "get rich quick" scheme promising "wealth without work." Farmers can't skip vital steps like preparing the ground or planting seeds, nor can they save planting and cultivating until the last month and expect a successful crop.

In like manner, there is no shortcut, no quick fix to the development of a character or habits of effectiveness. We tend to reap what we sow. As the maxim goes, "Sow a thought, reap an action; sow an action, reap a habit; sow a habit, reap a character; sow a character, reap a destiny."

The Maturity Continuum

The 7 Habits are not a set of separate or piecemeal psyche-up formulas. In harmony with natural laws of growth, they provide a sequential approach to move us progressively on a Maturity Continuum from dependence to independence to interdependence.

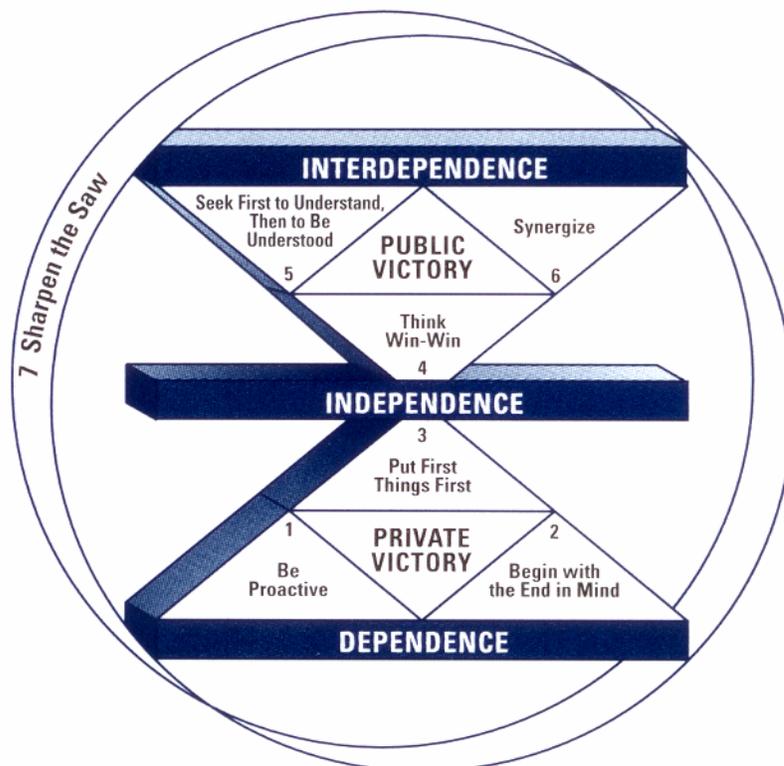
Dependence is the paradigm of *you* – *you* take care of me.

Independence is the paradigm of *I* – *I* am self-reliant.

Interdependence is the paradigm of *we* – *we* can do it; we can combine our talents and abilities to create something greater together.

Despite independence being the avowed goal of many Individuals and social movements, interdependence is a far more effective and advanced concept. The Maturity Continuum is built on an Inside-Out approach. Habits 1, 2, and 3 deal with self-mastery. They will help you achieve the Private Victory and progress from dependence to independence. As you become truly

independent, you have the foundation for effective interdependence. You have the character base from which you can effectively work on Habits 4, 5, and 6 – the more personality-oriented Public Victories of teamwork, cooperation, and communication. Private Victories precede Public Victories. You can't invert that process any more than you can harvest a crop before you plant it. It's inside out. Habit 7 is the habit of renewal – a regular, balanced renewal of the four basic dimensions of life. It circles and embodies all the other habits, and sustains the process of growth.



**Habit 1: Be Proactive.
The Habit of Personal Vision**

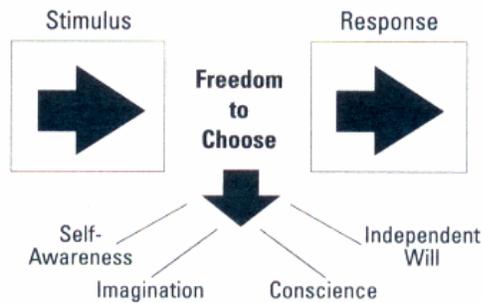
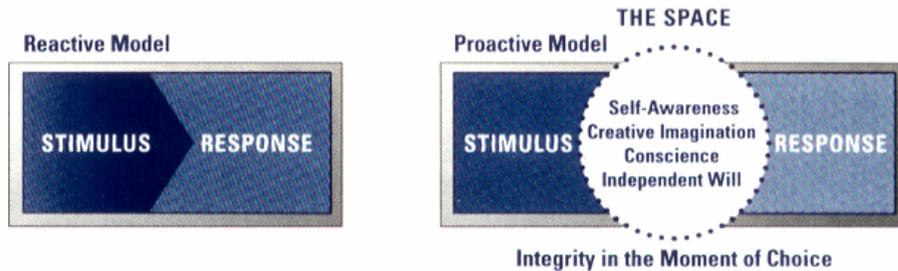
Be Proactive means that as human beings we are responsible for our own lives. Our basic nature is to act, and not be acted upon. It's instructive to break the word responsibility into two parts – response-ability, the ability to choose your response. Highly proactive people recognize that responsibility. They do not blame circumstances, conditions, or conditioning for their behavior. Their behavior is a product of their own conscious choices, based on values, rather than a product of their conditions, based on feelings. The opposite of proactive is reactive. The spirit of reactive people is the transfer of responsibility. Their language absolves them of responsibility.

"That's me. That's just the way I am." I am determined. There's nothing I can do about it.

"He makes me so mad!" I'm not responsible. My emotional life is governed by something outside of my control.

Many behavioral scientists have built reactive, deterministic stimulus-response models of human behavior. The basic idea is that we are conditioned to respond in a particular way to a particular stimulus. In contrast, the proactive model states that between stimulus and response lies our freedom to choose our response. As human beings, we have four unique human endowments that distinguish us from the animal world. These endowments reside in that space between stimulus and response:

- **Self-Awareness** is our capacity to take a look at ourselves and examine our own thinking, our motives, our habits, and our paradigms.
- **Conscience** serves as our internal guidance system, which allows us to sense when we act or even contemplate acting in a way that's contrary to principle.
- **Creative Imagination** is our ability to create in our minds beyond our present reality.
- **Independent Will** is our capacity to act, free of all other influences.



Proactive people focus their time and energy on things they can control (their Circle of Influence) in lieu of reacting to or worrying about conditions over which they have little or no control (their Circle of Concern). In so doing, proactive people use positive energy to influence conditions and increase their Circle of Influence.

Habit 2: Begin with the End in Mind. The Habit of Personal Leadership

Begin with the End in Mind means to begin each day or task with a clear understanding of your desired direction and destination. By keeping that end in mind you can make certain that whatever you do on any particular day does not violate the criteria you have defined as supremely important, and that each day of your life contributes in a meaningful way to the vision you have of your life as a whole.

It's incredibly easy to get caught up in an activity trap, in the "busyness" of life, to work harder and harder at climbing the ladder of success only to discover, upon reaching the top rung, that the ladder is leaning against the wrong wall. It is possible to be busy, very busy, without being very effective. People often find themselves achieving victories that are empty – successes that have come at the expense of things they suddenly realize were far more valuable to them. If the ladder is not leaning against the right wall, every step we take just gets us to the wrong place faster.

Begin with the End in Mind is based on the principle that all things are created twice. There's a mental or first creation, and a physical or second creation. The second creation follows from the first, just as a building follows from a blueprint. In our personal lives, if we do not develop our own self-awareness and become responsible for first creations, we empower other people and circumstances to shape our lives by default.

Habit 2 is based on **imagination** – the ability to envision, to see the potential, to create with our minds what we cannot at present see with our eyes; and **conscience** – the ability to detect our own uniqueness and the personal, moral, and ethical guidelines within which we can most happily fulfill it.

Leadership is the first creation. Management is the second creation. Management is a bottom-line focus: How can I best accomplish certain things? Leadership deals with the top line: What are the things I want to accomplish? In the words of both Peter Drucker and Warren Bennis, "Management is doing things right; leadership is doing the right things." Management is efficiency in climbing the ladder of success; leadership determines whether the ladder is leaning against the right wall.

The most effective way we know to begin with the end in mind is to develop a personal mission statement, philosophy, or creed. It focuses on what you want to be (character) and do (contributions and achievements). Because each person is unique, a personal mission statement will reflect that uniqueness, both in content and form.

Habit 3: Put First Things First. The Habit of Personal Management

What are first things? First things are those things that you, personally, find most worth doing. They move you in the right direction and help you achieve the purpose expressed in your mission statement.

Put First Things First involves organizing and managing time and events according to the personal priorities you established in Habit 2. Habit 2 is the first or mental creation. Habit 3, then, is the second or physical creation.

E.M. Gray spent his life searching for the one denominator that all successful people share. The one factor that seemed to transcend all the rest embodies the essence of Habit 3 – Put First Things First. In his essay, "The Common Denominator of Success," E. M. Gray writes: "Successful people do what unsuccessful people don't like to do. Successful people have the habit of doing the things failures don't like to do. They don't like doing them either necessarily. But their disliking is subordinated to the strength of their purpose."

Basically, we spend our time in one of four ways, as illustrated in the Time Management Matrix. This matrix defines activities as "urgent" or "not urgent," and "important" or "not important." With careful analysis, most people discover that they spend far too much time responding to the urgent crises of Quadrants I and III, escaping occasionally for survival to the not urgent, unimportant time wasters of Quadrant IV. Most time management tools focus on prioritizing and accomplishing Quadrants I and III "urgent" activities. But research indicates that truly effective people focus on Quadrant II.

The ideal to work toward is eliminating time spent in Quadrants III and IV, and increasing time spent in Quadrant II. As you invest more time on the planning, prevention, and relationship-building activities of Quadrant II, you'll find that you spend far less time picking up the broken pieces in Quadrant I that or reacting to the urgent demands of others in Quadrant III. If you're struggling to find time to invest in Quadrant II, Quadrant III is the primary place to get it.

Most of the activities essential to the development of the 7 Habits – creating a personal mission statement, identifying long-range goals, nurturing relationships, and obtaining regular physical, spiritual, mental, and social/emotional renewal – are all Quadrant II activities. They are "important" – vitally important – but because they aren't "urgent," they often don't get done. Only by saying no to the unimportant can we say yes to the important (Quadrant II).

	Urgent	Not Urgent
Important	I <ul style="list-style-type: none"> • Crises • Pressing problems • Deadline-driven projects, meetings, preparations 	II <ul style="list-style-type: none"> • Preparation • Prevention • Values clarification • Planning • Relationship building • Needed relaxation • Empowerment
Not Important	III <ul style="list-style-type: none"> • Needless interruptions • Unnecessary reports • Unimportant meetings, phone calls, mail • Other people's minor issues 	IV <ul style="list-style-type: none"> • Trivia, busywork • Some phone calls • Time wasters • "Escape" activities • Irrelevant mail • Excessive TV watching • Excessive relaxation

Habit 4: Think Win-Win. **The Habit of Interpersonal Leadership**

In relationships and businesses, effectiveness is largely achieved through the cooperative efforts of two or more people. Marriages and other partnerships are interdependent realities, and yet people often approach these relationships with an independent mentality, which is like trying to play golf with a tennis racket – the tool isn't suited to the sport.

Most of us learn to base our self-worth on comparisons and competition. We think about succeeding in terms of someone else failing. That is, if I win, you lose. Or if you win, I lose. Life is a zero-sum game. There is only so much pie, and if you get a big piece, there is less for me. People with this type of Scarcity Mentality find it difficult to share recognition and power, and to be happy for the successes of others, especially those closest to them.

Win-win, on the other hand, is based on the paradigm that there is plenty for everybody, that one person's success is not achieved at the expense or exclusion of the success of others. Win-win sees life as a cooperative, not a competitive, arena. Win-win is a frame of mind and heart that constantly seeks mutual benefit in all human interactions. Win-win means that agreements or solutions are mutually beneficial and satisfying. Character is the foundation of win-win, and everything else builds on that foundation. There are three character traits essential to the win-win paradigm:

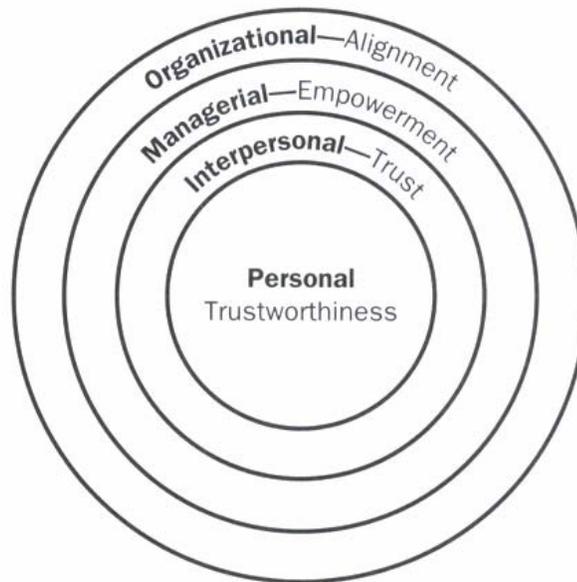
- **Integrity** – integrity is the value we place on ourselves being true to our values and commitments, and making our deeds match our words.
- **Abundance Mentality** – people with Abundance Mentalities believe there is plenty for everyone.
- **Maturity** – mature people can express their feelings and convictions with courage balanced with consideration for the feelings and convictions of others.

A Win-Win Agreement is an effective tool for establishing the win-win foundations necessary for long-term effectiveness, and may be created between employers and employees, between teams, between companies and suppliers, or between any two or more people who need to interact to accomplish desired results. In a Win-Win Agreement, the following five elements are made explicit:

- **Desired Results** (not methods) identify what is to be done and when.
- **Guidelines** specify the parameters (principles, policies, etc.) within which results are to be accomplished.
- **Resources** identify the human, financial, technical, or organizational support available to help accomplish the results.
- **Accountability** sets up the standards of performance and the time of evaluation.
- **Consequences** specify – good and bad, natural and logical – what does and what will happen as a result of achieving or not achieving desired results.

**Habit 5: Seek First to Understand, Then to Be Understood.
The Habit of Communication**

Communication is the most important skill in life. We spend most of our waking hours communicating. But consider this: You've spent years learning how to read and write. Years learning how to speak. But what about listening? What training or education have you had that enables you to listen so that you really, deeply understand another human being from that individual's own frame of reference?



Seek First to Understand, or Diagnose before You Prescribe, is a correct principle manifest in many areas of life. A wise doctor will diagnose before writing a prescription. A good engineer will understand the forces, the stresses at work, before designing the bridge. An effective salesperson first seeks to understand the needs of the customer before offering a product. Similarly, an effective communicator will first seek to understand another's views before seeking to be understood. Until people feel properly diagnosed they will not be open to prescriptions.

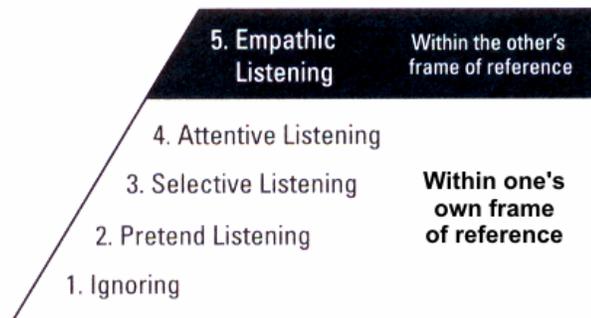
We typically seek first to be understood. Most people do not listen with the intent to understand; they listen with the intent to reply. They're either speaking or preparing to speak. They're filtering everything through their own paradigms, reading their autobiography into other people's lives, listening within their own frame of reference.

"Oh, I know exactly how you feel."

"I went through the very same thing. Let me tell you about my experience."

They're constantly projecting their own home movies onto others' behavior. In contrast, Empathic Listening gets inside another person's frame of reference. You look out through it, you see the world the way he or she sees it, you understand how he or she feels. This does not mean that you agree necessarily, simply that you understand his or her point of view.

Empathic Listening is, in and of itself, a tremendous deposit into the Emotional Bank Account of another. Next to physical survival, the greatest need of a human being is psychological survival, to be affirmed, to be appreciated, to be understood. When you listen with empathy to another person, you give that person psychological air.



Empathic Listening is also risky. It takes a great deal of security to go into a deep listening experience because you open yourself up to be influenced. You become vulnerable. It's a paradox, in a sense, because in order to have influence, you have to first be influenced. You have to really understand.

Once we understand, we can proceed with the second step of the interaction: seeking to be understood. Because the other person's need to be understood has been satisfied, we are much more likely to have influence and to be understood ourselves.

Habit 6: Synergize. The Habit of Creative Cooperation

Synergy is everywhere in nature. The intermingled roots of two plants growing closely together improve the quality of the soil. Two pieces of wood bonded together hold much more than the total of the weight held by each separately. The whole is greater than the sum of its parts. One plus one equals three or more. The principle of synergy also holds true in social interactions. Two people, creatively cooperating, will be able to produce far better results than either one could alone. Synergy lets us discover jointly things that we are much less likely to discover by ourselves. It occurs when minds stimulate each other and ideas call forth ideas. I say something that stimulates your mind; you respond with an idea that stimulates mine. I share that new idea with you, and the process repeats itself and even builds.

Synergy works. It is the crowning achievement of all the previous habits. It is effectiveness in an interdependent reality – it is teamwork, team building, the development of unity and creativity with other human beings. Valuing the differences is the essence of synergy – the mental, the emotional, the physiological differences between people. And the key to valuing those differences is to realize that all people see the world not as it is, but as they are. When we value differences and bring different perspectives together in the spirit of mutual respect, people feel free to seek the best possible alternative, often the Third Alternative – one that is substantially better than either of the original proposals. Finding a Third Alternative is not a compromise; it represents a win-win solution for both parties.

COMPROMISE	SYNERGY
$1 + 1 = 1\frac{1}{2}$	$1 + 1 = 3 \text{ or more}$

The person who is truly effective has the humility and reverence to recognize his or her own perceptual limitations and to appreciate the rich resources available through interaction with the hearts and minds of other human beings. That person values the differences because those differences add to his or her knowledge, to his or her understanding of reality. When we're left to our own experiences, we constantly suffer from a shortage of data. Insecure people, in contrast, tend to make others in their own image and surround themselves with people who think similarly. They mistake uniformity for unity, sameness with oneness. Real oneness means complementariness. The chance for synergy is greater when two people tend not to see things in the same way. Differences, therefore, become an opportunity. If two people have the same opinion, one is unnecessary.

Habit 7: Sharpen the Saw. The Habit of Self-Renewal

Habit 7 surrounds the other habits because it is the habit that makes all the others possible. As the farmer in the fable learned from sad experience, success has two sides: the goose, which represents production capability (PC), and the golden egg, the production (P) of desired results. It's wise to keep both sides in balance. Yet when people get busy producing, or sawing, they seldom take time to sharpen the saw because maintenance seldom pays dramatic, immediate dividends.

Sharpen the Saw means preserving and enhancing the greatest asset you have – you. It means having a balanced, systematic program for self-renewal in the four areas of our lives: physical, social/emotional, mental, and spiritual. Without this discipline, the body becomes weak, the mind mechanical, the emotions raw, the spirit insensitive, and the person selfish. To do this, we must be proactive. Taking time to sharpen the saw is a Quadrant II activity, and Quadrant II must be acted on. This is the single most powerful investment we can ever make in life – investment in ourselves, in the only instrument we have with which to deal with life and to contribute.

The **physical** self is the body. We build its strength through nutrition, exercise, and rest.

We exercise our **social/emotional** self by making consistent daily deposits into the Emotional Bank Accounts of our key relationships.

We exercise our **mental** self through learning – through reading, writing, challenging, and taking time to think.

We exercise our **spiritual** self through reading literature that inspires us, through meditation or prayer, and through spending time with nature.

Exercising these four areas regularly is like combining elements in chemistry that ignite a fire within and give vision, passion, and a spirit of adventure to life.

A minimum of one hour a day in renewal of the physical, spiritual, and mental dimensions is the key to the development of the 7 Habits, and it's completely within our control. Renewal is the

principle and the process that empowers us to move in an upward spiral of growth and change, of continuous improvement.



Mission Statements

One of the most powerful methods to cultivate the passion of vision is to create and live by a mission statement, philosophy, or creed. Such statements capture what you want to be and do – what qualities you want to develop, what you want to accomplish, what contributions you want to make. Clarity on these issues is critical because it affects everything else – the goals you set, the decisions you make, the paradigms you hold, and the way you spend your time.

A personal mission statement based on correct principles becomes a standard for an individual. It becomes a personal constitution, the basis for making life-directing decisions and daily decisions in the midst of the circumstances and emotions that affect your life.

Don't become overwhelmed by the task of writing a personal mission statement or the need to make it perfect. Instead, write a rough draft and then work to refine it over the next several weeks or months. To help you get started, ask yourself the following questions:

- What would I really like to be and do in my life?
- What do I feel are my greatest strengths?
- How do I want to be remembered?
- Who is the one person who has made the greatest positive impact in my life?
- What have been my happiest moments in life ?
- If I had unlimited time and resources, what would I do?
- What are the three or four most important things to me?
- How can I best contribute to the world?

Because each individual is unique, a personal mission statement will reflect that uniqueness, both in content and form. An effective mission statement may consist of a few words or several pages. Mission statements can be written in poetry, prose, music, or art, and written for individuals, couples, families, or organizations. Writing an empowering mission statement is not a "to do" to be checked off. To be empowering, it has to become a living, breathing document. You must ponder it, memorize it, review it, update it, and write it into your heart and mind. You may find the following characteristics helpful to you in writing your mission statement, or in evaluating one you've already written.

An Empowering Mission Statement...

- Represents the deepest and best within you. It comes out of a solid connection with your deep inner life.
 - Is the fulfillment of your own unique gifts. It's the expression of your unique capacity to contribute.
 - Addresses and integrates the four fundamental human needs and capacities in the physical, social/emotional, mental, and spiritual dimensions.
 - Deals with all the significant roles in your life. It represents a lifetime balance of personal, family, work, community – whatever roles you feel are yours to fill.
 - Is written to inspire you – not to impress anyone else. It communicates to you and inspires you on the most essential level.
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Seven Habits Revisited: Seven Unique Human Endowments

I see seven unique human endowments or capabilities associated with The Seven Habits of Highly Effective People.

One way to revisit The Seven Habits of Highly Effective People is to identify the unique human capability or endowment associated with each habit.

Those associated with Habits 1,2 and 3 are primary human endowments. And if those endowments are well exercised, secondary endowments are bequeathed to the person through the exercise of Habits 4, 5 and 6. And the endowment associated with Habit 7 renew the process of growth and development.

Primary Endowments

The primary human endowments are (1) self-awareness or self-knowledge; (2) imagination and conscience; and (3) volition or will power. And the secondary endowments are (4) an abundance mentality; (5) courage and consideration; and (6) creativity. The seventh endowment is self-renewal. These are all unique human endowments; animals don't possess any of them. But, they are all on a continuum of low to high levels.

Associated with *Habit 1: Be Proactive* is the endowment of self-knowledge or self-awareness — an ability to choose your response (response-ability). At the low end of the continuum are the ineffective people who transfer responsibility by blaming themselves or others or their environment anything or anybody "out there" so that they are not responsible for results. If I blame you, in effect I have empowered you. I have given my power to your weakness. Then I can create evidence that supports my perception that you are the problem.

At the upper end of the continuum toward increasing effectiveness is self-awareness: "I know my tendencies; I know the scripts or programs that are in me; but I am not those scripts. I can rewrite my scripts." You are aware that you are the creative force of your life. You are not the victim of conditions or conditioning. You can choose your response to any situation, to any person. Between what happens to you and your response is a degree of freedom. And the more you exercise that freedom, the larger it will become. As you work in your circle of influence and exercise that freedom, gradually you will stop being a "hot reactor" (meaning there's little separation between stimulus and response) and start being a cool, responsible chooser no matter what your genetic makeup may be, no matter how you were raised, no matter what your childhood experiences were, or what the environment is. In your freedom to choose your response lies the power to achieve growth and happiness.

Imagine what might happen if you could get every person inside a company to willingly act on the belief: "Quality begins with me. And I need to make my own decisions based on carefully selected principles and values." Proactivity cultivates this freedom. It subordinates your feelings to your values. You accept your feelings, "I'm frustrated, I'm angry, I'm upset. I accept those feelings; I don't deny or repress them. Now I know what needs to be done. I am responsible." That's the principle: "I am response-able."

So on the continuum, you go from being a victim to being a self-determining creative power through self-awareness of the power to choose your response to any condition or conditioning.

Associated with *Habit 2: Begin With the End In Mind* is the endowment of imagination and conscience. If you are the programmer, write the program. Decide what you're going to do with the time, talent, and tools you have to work with: "Within my small circle of influence, I'm going to decide."

At the low end of the continuum is the sense of futility about goals, purposes, and improvement efforts. After all, if you are totally a victim, if you are a product of what has happened to you, then what can you realistically do about anything? So you wander through life hoping things will turn out well, that the environment may be positive, so you can have your daily bread and maybe some positive fruits.

At the other end is a sense of hope and purpose: "I have created the future in my mind. I can see it, and I can imagine what it will be like." Animals can't do that. They may instinctively gather nuts for the winter, but they can't create a nutmaking machine, nor do they ask the question, "Why do I do nuts? Why don't I get someone else to gather nuts for me?" Only humans examine such questions. Only people have the capability to imagine a new course of action and pursue it conscientiously.

Why conscience? Because to be highly effective, your conscience must monitor all that you imagine, envision, and engineer. Those who attempt to exercise creativity without conscience inevitably create the unconscionable. Or, at the very least, they exchange their creative talents for "canned goods," using their creativity — their applied imagination and visual affirmations — to win material things or social rewards. And then they become hopelessly imbalanced.

Practice using these two unique human capacities: First, see yourself going to the office this afternoon, or home tonight, and finding it in a terrible situation. The house is a total disaster. No one has done his or her job; all the commitments made have been unfulfilled. And you're tired and beat up.

Now, imagine, yourself responding to that reality in a mature, wise, self-controlled manner. See the effect that has on someone else. You didn't confess their sins. You started to pitch in. You

were cheerful, helpful, pleasant. And your behavior will prick the conscience of others and allow the consequences agreed upon to happen.

You just used two unique human capacities: imagination and conscience. You didn't rely on memory; if you had relied on memory or history, you might have lost your cool, made judgments of other people and exacerbated conditions. Memory is built into your past responses to the same or similar stimuli. Memory ties you to your past. Imagination points you to your future. Your potential is unlimited, but realization is to actualize your capabilities no matter what the conditions are.

In the book *Man's Search For Meaning*, Viktor Frankl, the Austrian psychiatrist imprisoned in the death camps of Nazi Germany in World War II, tells how he exercised the power to choose his response to his terrible conditions. One day, he was subjected to experiments on his body. And he discovered, "I have the power to choose." And he looked for meaning. He believed that if you have a meaning (purpose or cause), if you have a why, you can live with any what.

The development of his professional life came out of that one insight. He was raised in the Freudian tradition of psychic determinism. He learned it was a lie. It wasn't based on science. It came from the study of sick people — neurotics and psychotics — not from the study of healthy, creative, effective people. He didn't go to his memory; he went to his imagination and conscience. You, too, can progress along the continuum from futility and old habits to faith, hope, and inner security through the exercise of conscience and imagination.

Associated with *Habit 3: Put First Things First* is the endowment of willpower. At the low end of the continuum is the ineffective, flaky life of floating and coasting, avoiding responsibility and taking the easy way out, exercising little initiative or willpower. And at the top end is a highly disciplined life that focuses heavily on the highly important but not necessarily urgent activities of life. It's a life of leverage and influence.

You go from victim to creative resource, from futility to hope and anchorage, and from flaky to disciplined Habits 1, 2 and 3. One draws on self-awareness or self-knowledge; two draws on conscience and imagination; and three draws on willpower. These are unique human endowments that animals don't possess. On the continuum, you go from being driven by crises and having can't and won't power to being focused on the important but not necessarily urgent matters of your life and having the will power to realize them. From primary to secondary endowments

The exercise of primary human endowments empowers you to use the secondary endowments more effectively.

Associated with *Habit 4: Think Win-Win* is the endowment of an abundance mentality. Why? Because your security comes from principles. Everything is seen through principles. When your wife makes a mistake, you're not accusatory. Why? Your security does not come from your wife living up to your expectations. If your son, your husband, your friend, or your boss makes a mistake, you don't become accusatory, you look with compassion. Why? Your security does not come from them. It comes from within yourself. You're principle-centered.

As people become increasingly principle-centered, they love to share recognition and power. Why? It's not a limited pie. It's an ever-enlarging pie. The basic paradigm and assumption about limited resources is flawed. The great capabilities of people are hardly even tapped. The abundance mentality produces more profit, power, and recognition for everybody.

On the continuum, you go from a scarcity to an abundance mentality through feelings of intrinsic self-worth and a benevolent desire for mutual benefit.

Associated with *Habit 5: Seek First to Understand, Then to Be Understood* is the endowment of courage balanced with consideration. Does it take courage and consideration to not be understood first? Think about it. Think about the problems you face. You tend to think, "You need to understand me, but you don't understand. I understand you, but you don't understand me. So let me tell you my story first, and then you can say what you want." And the other person says, "Okay, I'll try to understand." But the whole time they're "listening," they're preparing their reply. They are just pretending to listen, selective listening. When you show your home movies or tell some chapter of your autobiography "let me tell you my experience" the other person is tuned out unless he feels understood.

What happens when you truly listen to another person? The whole relationship is transformed: "Someone started listening to me and they seemed to savor my words. They didn't agree or disagree, they just were listening and I felt as if they were seeing how I saw the world. And in that process, I found myself listening to myself. I started to feel a worth in myself."

The root cause of almost all people problems is the basic communication problem — people do not listen with empathy. They listen from within their autobiography. They lack the skill and attitude of empathy. They need approval; they lack courage. Within their frame of reference, they say, "What can I do to please that person. He has this high need for control. Wait a minute, I'm the manager in control. I didn't come to listen I came to tell. When I want your opinion, I'll give it to you." The ability to listen first requires restraint, respect, and reverence. And the ability to make yourself understood requires courage and consideration. On the continuum, you go from fight and flight instincts to mature two-way communication where courage is balanced with consideration.

Associated with *Habit 6: Synergize* is the endowment of creativity — the creation of something. How? By yourself? No, through two respectful minds communicating, producing solutions that are far better than what either originally proposed. Most negotiation is positional bargaining and results at best in compromise. But when you get into synergistic communication, you leave position. You understand basic underlying needs and interests and find solutions to satisfy them both.

Two Harvard professors, Roger Fisher and William Ury, in their book *Getting to Yes* outline a whole new approach to negotiation. Instead of assuming two opposing positions "I want that window open." "No, closed." "No, open." with occasional compromise half open half the time they saw the possibility of synergy. "Why do you want it open?" "Well, I like the fresh air." "Why do you want it closed?" "I don't like the draft." "What can we do that would give the fresh air without the draft."

Now, two creative people who have respect for each other and who understand each other's needs might say, "Let's open the window in the next room. Let's rearrange the furniture. Let's open the top part of the window. Let's turn on the air conditioning."

They seek new alternatives because they are not defending positions. Whenever there's a difference, say, "Let's go for a synergistic win-win. Let's listen to each other. What is your need?" "Well, I'm in just the mood for this kind of a movie. What would you like?" Maybe you can find a movie or some other activity that would satisfy both. And you get people thinking. And if you get the spirit of teamwork, you start to build a very powerful bond, an emotional bank account, and people are willing to subordinate their immediate wants for long-term relationships.

One of the most important commitments in a family or a business is never to badmouth. Always be loyal to those who are absent if you want to retain those who are present. And if you have

problems, you go directly to the person to resolve them. If you refuse to badmouth someone behind their back to another person, what does that person know. When somebody badmouths him behind his back, you won't join in.

For example, during times of death, divorce, and remarriages, there are typically many strained feelings in families over the settlements. Family members who feel slighted or cheated often say nasty things about other family members. Think how much pain and anguish might be spared if members of the family would adhere to two basic principles: (1) People and relationships in our family are more important than things (people on their death bed never talk about spending more time at the office — they talk about relationships); and (2) When we have any difficulty or difference, we will go directly to the person. We are responsible for our own attitudes and behaviors, and we can choose our responses to this circumstance.

With courage and consideration, we will communicate openly with each other and try to create win-win solutions. On the continuum, you go from defensive communication to compromise transactions to synergistic and creative alternatives and transformations.

Associated with *Habit 7: Sharpen the Saw* is the unique endowment of continuous improvement or self-renewal to overcome entropy. If you don't constantly improve and renew yourself, you'll fall into entropy, closed systems and styles. At one end of the continuum is entropy (everything breaks down), and the other end is continuous improvement, innovation, and refinement. On the continuum, you go from a condition of entropy to a condition of continuous renewal, improvement, innovation, and refinement.

My hope in revisiting the Seven Habits is that you will use the seven unique human endowments associated with them to bless and benefit the lives of many other people.

GENERAL ARTICLES

Center on Principles

Real character development begins with the humble recognition that we are not in charge, that principles ultimately govern.

I don't talk much about ethics and values because to me those words imply situational behaviors, subjective beliefs, social mores, cultural norms, or relative truths. I prefer to talk about universal principles and natural laws that are more absolute.

You may think that it's just a matter of semantics and that when most people talk about values they really mean these universal principles. But I see a clear difference between principles and values. Hitler was value-driven; Saddam Hussein is value-driven. Every person and organization is driven by what they value. But they aren't necessarily ethical or principle-centered.

The Humility of Principles

The key to quality of life is to be centered on principles. We're not in control; principles are in control. We're arrogant when we think we are in control. Yes, we may control our actions, but not the consequences of our actions. Those are controlled by principles, by natural laws.

Building character and creating quality of life is a function of aligning our beliefs and behaviors with universal principles. These principles are impersonal, external, factual, objective, and self-evident. They operate regardless of our awareness of them, or our obedience to them.

If your current lifestyle is not in alignment with these principles, then you might trade a value-based map for a principle-centered compass. When you recognize that external verities and realities ultimately govern, you might willingly subordinate your values to them and align your roles and goals, plans, and activities with them.

But doing so often takes a crisis: your company's downsizing; your job's on the line; your relationship with the boss goes sour; you lose a major account; your marriage is threatened; your financial problems peak; or you're told you have just a few months to live. In the absence of such a catalytic crisis, we tend to live in numbed complacency so busy doing good, easy, or routine things that we don't even stop to ask ourselves if we're doing what really matters. The good, then, becomes the enemy of the best.

Humility is the mother of all virtues: the humble in spirit progress and are blessed because they willingly submit to higher powers and try to live in harmony with natural laws and universal principles. Courage is the father of all virtues: we need great courage to lead our lives by correct principles and to have integrity in the moment of choice.

When we set up our own self-generated or socially-validated value systems and then develop our missions and goals based on what we value, we tend to become laws unto ourselves, proud and independent. Pride hopes to impress; humility seeks to bless.

Just because we value a thing doesn't mean that having it will enhance our quality of life. No "quality movement" in government, business, or education will succeed unless based on "true north" principles. And yet we see leaders who cling to their current style based on self-selected values and bad habits even as their "ship" is sinking when they could be floating safely on the life raft of principles. Nothing sinks people faster in their careers than arrogance. Arrogance shouts "I know best." In the uniform of arrogance, we fumble and falter pride comes and goes before the

fall. But dressed in humility, we make progress. As the character Indiana Jones learned in *The Last Crusade*, "The penitent man will pass."

In pride, we often sow one thing and expect to reap another. Many of our paradigms and the processes and habits that grow out of them never produce the results we expect because they are based on illusions, advertising slogans, program-of-the-month training, and personality-based success strategies. Quality of life can't grow out of illusion. So how do we align our lives with "true north" realities that govern quality of life?

Four Human Endowments

As human beings, we have four unique endowments self-awareness, conscience, independent will, and creative imagination that not only separate us from the animal world, but also help us to distinguish between reality and illusion, to transform the clock into a compass, and to align our lives with the extrinsic realities that govern quality of life.

- Self-awareness enables us to examine our paradigms, to look at our glasses as well as through them, to think about our thoughts, to become aware of the and psychic programs that are in us, and to enlarge the separation between stimulus and response. Self-aware, we can take responsibility for reprogramming or rescripting ourselves out of the stimulus-response mode. Many movements in psychology, education, and training are focused on an enlarged self-consciousness. Most popular self-help literature also focuses upon this capacity. Self-awareness, however, is only one of our unique endowments.
- Conscience puts us in touch with something within us even deeper than our thoughts and something outside us more reliable than our values. It connects us with the wisdom of the ages and the wisdom of the heart. It's an internal guidance system that allows us to sense when we act or even contemplate acting in a way that's contrary to our deepest values and "true north" principles. Conscience is universal. By helping companies and individuals develop mission statements, I have learned that what is most personal is most general. No matter what people's religions, cultures, or backgrounds are, their mission statements all deal with the same basic human needs to live (physical and financial), to love (social), to learn (educational), and to leave a legacy (spiritual).
- Independent will is our capacity to act, the power to transcend our paradigms, to swim upstream, to re-write our scripts, to act based on principles rather than reacting based on emotions, moods, or circumstances. While environmental or genetic influences may be very powerful, they do not control us. We're not victims. We're not the product of our past. We are the product of our choices. We are "response-able," meaning we are able to choose our response. This power to choose is a reflection of our independent will.
- Creative imagination empowers us to create beyond our present reality. It enables us to write personal mission statements, set goals, plan meetings, or visualize ourselves living our mission statements even in the most challenging circumstances. We can imagine any scenario we want for the future. If our imagination has to go through the straightjacket of our memory, what is imagination for? Memory is limited. It's finite; it deals with the past. Imagination is infinite; it deals with the present and the future, with potentiality, with vision and mission and goals with anything that is not now but can be. The man-on-the-street approach to success is to work harder, to give it the "old college try." But unless willpower is matched with creative imagination, these efforts will be weak and ineffective.

Nurturing Our Unique Gifts

Enhancing these endowments requires us to nurture and exercise them continuously. Sharpening the saw once a week or once a month just isn't enough. It's too superficial. It's like a meal. Yesterday's meal will not satisfy today's hunger. Last Sunday's big meal won't prepare me for this Thursday's ethical challenge. I will be much better prepared if I meditate every morning and visualize myself dealing with that challenge with authenticity, openness, honesty, and with as much wisdom as I can bring to bear on it.

Here are four ways to nurture your unique endowments.

1. **Nurture self-awareness by keeping a personal journal.** Keeping a personal journal a daily in-depth analysis and evaluation of your experiences is a high-leverage activity that increases self-awareness and enhances all the endowments and the synergy among them.
2. **Educate your conscience by learning, listening, and responding.** Most of us work and live in environments that are rather hostile to the development of conscience. To hear the conscience clearly often requires us to be reflective or meditative a condition we rarely choose or find. We're inundated by activity, noise, conditioning, media messages, and flawed paradigms that dull our sensitivity to that quiet inner voice that would teach us of "true north" principles and our own degree of congruency with them.

I've heard executives say that they can't win this battle of conscience because expediencies require lies, cover-ups, deceit, or game playing. That's just part of the job, they say. I disagree. I think such rationalization undermines trust within their cultures.

If you have back-room manipulation and bad mouthing, you will have a low-trust culture. A life of total integrity is the only one worth striving for. Granted, it's a struggle. Some trusted advisors PR agents, accountants, legal counselors might say, "This will be political suicide," or "This will be bad for our image, and so let's cover up or lie." You have to look at each case on its own merit. No case is black and white. It takes real judgment to know what you should do. You may feel that you operate "between a rock and a hard place." Still, with a well-educated conscience or internal compass, you will rarely, if ever, be in a situation where you only have one bad option. You will always have choices. If you wisely exercise your unique endowments, some moral option will be open to you.

So much depends on how well you educate your conscience, your internal compass. When my kids were in athletics, they paid the price to get their bodies coordinated with their minds. You've got to do the same with your own conscience regularly. The more internal uncertainty you feel, the larger the grey areas will be. You will always have some grey areas, particularly at the extremity of your education and experience. And to grow, you need to go to that extremity and learn to make those choices based on what you honestly believe to be the right thing to do.

3. **Nurture independent will by making and keeping promises.** One of the best ways to strengthen our independent will is to make and keep promises. Each time we do, we make deposits in our personal integrity account the amount of trust we have in ourselves, in our ability to walk our talk. To build personal integrity, start by making and keeping small promises. Take it a step and a day at a time.

4. **Develop creative imagination through visualization.** Visualization, a high-leverage mental exercise used by world-class athletes and performers, may also be used to improve your quality of life. For example, you might visualize yourself in some circumstance that would normally create discomfort or pain. In your mind's eye, instead of seeing yourself react as you normally do, see yourself acting on the basis of the principles and values in your mission statement. The best way to predict your future is to create it.

Roots Yield Fruits

With the humility that comes from being principle-centered, we can better learn from the past, have hope for the future, and act with confidence, not arrogance, in the present. Arrogance is the lack of self-awareness; blindness; an illusion; a false form of self-confidence; and a false sense that we're somehow above the laws of life. Real confidence is anchored in a quiet assurance that if we act based on principles, we will produce quality-of-life results. It's confidence born of character and competence. Our security is not based on our possessions, positions, credentials, or on comparisons with others; rather, it flows from our own integrity to "true north" principles.

I confess that I struggle with total integrity and do not always "walk my talk." I find that it's easier to talk and teach than to practice what I preach. I've come to realize that I must commit to having total integrity to be integrated around a set of correct principles.

I've observed that if people never get centered on principles at some time in their lives, they will take the expedient political-social path to success and let their ethics be defined by the situation. They will say, "business is business," meaning they play the game by their own rules. They may even rationalize major transgressions in the name of business, in spite of having a lofty mission statement.

Only by centering on "timeless" principles and then living by them can we enjoy sustained moral, physical, social, and financial wellness.

Currents in the Stream

When I talk of the "stream," I mean the external forces and the powerful, deep currents that influence all we do in business. Changes in technology have totally revolutionized our world. The instant communication and rapid transfer of knowledge along the "information highway" have altered everything. The media have aroused expectations, and created various models and images in people's minds. All of this turns the social wheel, which then turns the political wheel, which ultimately affects the economy and international wheels. The powerful social, political, and economic currents have created a white-water environment for everyone in business. Some leaders like to think that "the problem" is in the stream and that "if we only had more (or less) government regulation, more protection, a better social climate, better schools if only the stream were different then we'd be more competitive."

Changeless Core

While conditions might always be better, I focus on the need to have a changeless core so that I can flow with the changes and trends in the stream. People without the changeless core are often at the mercy of all these influences. They're buffeted and tossed by every wind of policy and practice. They're distracted by what's floating on the surface or by what's blowing in the wind of their industry, profession, or company. They become opportunistic and jump at situational opportunities that are very attractive at the time, even if that means leaving their "knitting" or abandoning their primary profit centers for a time. We're tempted in our own company toward that trend. We've done some surveys to determine what clients want. They want us to get into implementation. But if we move into that, we would leave our knitting paradigms and principles. That's a very attractive thing. It's seductive. But eventually it might pull us away from our essential mission.

At both the individual and corporate level, you need both the stability of product line and some entrepreneurial spirit. In a small firm, you have to resist the temptation to do "anything for a buck." In a large firm, you have to have eyes for new opportunity. It takes that same balance on an individual and corporate level. The key is the alignment between the changing streams and the changeless, principled center. That becomes the strategic path that you have to develop. When you have a framework that comes out of both the awareness of the changing environment and the essential function or purpose that you're trying to serve, you will think and act long-term. As Peter Drucker says, "Plans are worthless, but planning is invaluable."

Complementary Team

That duality of short-term opportunism and long-term stability might be found in one dynamic leader, but it usually it takes a complementary management-leadership team. Only a few very dynamic leaders understand both. Typically it's either one or the other either predisposed to surfing and riding the waves, or to developing this deep changeless core. They either get caught in ruts and routines or live in the world of dreams and idealism with little practical, pragmatic sense about them. We need courage balanced with consideration. Consideration includes an awareness of the stream of realities. And courage includes steadfastness toward your vision, mission, and values. I once consulted with the leaders of a large organization. They had a changeless core, but no dynamic vision. They were woefully out of touch with the stream. The president had spent most of his life in the roles of professional, technician, and producer. Because he enjoyed production, he spent half his time personally answering calls and letters and micro-managing. After we talked for a while, he could see it clearly, and he said, "What have I done? I've pulled away from my vision!"

That experience taught me the supreme importance of imagination over memory. If people live out of their memory, they're bound to the past; if they live out of imagination, they create opportunity. Peter Drucker said that effective executives are opportunity-minded; ineffective executives are problem-minded. Effective executives focus on the future. Ineffective executives focus on the past; in fact, they see the present through the past; effective executives see the present through the future. Imagination is more powerful and significant than memory. As Einstein said, "Imagination is greater than knowledge."

Be Proactive

This balance between the changing stream and the changeless core is one of the clearest manifestations of the primary habit of effective people be proactive. Proactive people see opportunities everywhere, and they adapt to the stream. They have the power to adapt because they're coming from something that does not change. They're very creative in their minds and innovative in their methods. They're not hung up by forms and structures and old modes of thinking and ways of behaving.

Reactive people are constantly reading the political pulse, and their social radar is so deeply attuned to what is happening, and they're so responsive to it, that if those forces are in any way adverse or contrary to what they're trying to accomplish, they are quickly and completely filled with the blaming spirit. They get into what I call "spiritual and emotional cancers." They compare the past or the way it used to be with what is. Criticizing and complaining are their full-time occupations. Economies have to be based on a solid foundation of proactive and innovative behaviors in management, manufacturing, and marketing.

The book, *The Spoiled Child of the Western World*, essentially says that the western world, starting in Greece, has been pushing further to the west until it gets right to the outside edge of a country where all the flakiness of the culture distills in one place. Some might think that analysis fits California or Hawaii, but I suggest that it fits anyplace where people want to "ride the surf" to prosperity. Hedonism may bring short-term pleasure but not long-term prosperity.

If the economy of an area isn't growing, but the population is or if people are not inventing, designing, making, and marketing products and services of substance then we can expect an economy based on "pizza and videos." And that simply doesn't cut it. Many executives I talk to believe that "the answer" is to "move out" of what they perceive to be a hostile business environment and seek a better stream, an operating environment more conducive to business. They feel that they are defenseless victims against the powers of the stream.

I've been in many situations where executives talk about the "uneven playing field" and about how "government is strangling business." While I understand why they are frustrated, I often perceive in their talk and walk a reactive spirit and a tendency to absolve themselves of responsibility for optimizing the present situation. They want to have something or somebody take care of them rather than respond proactively to make their opportunities grow. I honestly think there's never been a time of greater opportunity.

There's more opportunity today than ever before simply because there are so many new niches, so many new needs. I would even say this is true in Russia. The people we've had come here from Russia and the people we've sent over there from our company say that they desperately need this spirit of proactivity and this spirit of taking responsibility and not blaming. But they've had seventy years of history that has induced such deep paranoia and such atrophy of their initiative muscles that they're still waiting for things to happen.

That's why it's a country in crisis and why it can go to the extreme right or the extreme left so easily. When an individual or a country loses this principle-centered, changeless core, then the

person or nation rather quickly sinks to the depths of irresponsibility in social will. But when you're starving to death, none of the political promises have been kept, and no one's taking care of you like they used to, you can see why that happens.

Two Cab Drivers

When I was in Germany, I remember talking with two cab drivers. One was an older gentleman, and the other was a young man. The older cab driver was longing for the old days. As he drove us around Berlin, he described the awfulness of all this so-called "new freedom," and how he now has much less opportunity. The younger cab driver looked at the same exact world, and yet he was excited about the opportunities. He was thinking creatively about how he might improve his condition. The other was trying to maintain the old position.

These two cab drivers are like two executives one accommodating the new realities, and one opposing all change. One leads a young company that's aggressive, fast, and opportunistic; the other leads an older company that is time-bound, filled with archaic structures and systems, and blind to new opportunities. Cultures tend to flow from the reactive or proactive tendencies of the leadership. Organizations tend to be shadows of their founders and current leaders.

The childlike leader with a proactive nature might see adversity as an opportunity for adventure, play, fun, and freedom, whereas an old leader might see it as potential risk, disaster, or death. In a snow storm, the child sees a time to play, but the father the person in the ultimate seat of responsibility is often weighed down by the realities of having to shovel the walks and put chains on the tires. That's why it often takes a complementary team to lead and manage.

After President Clinton gave his speech on NAFTA in front of George Bush, it was then the former president's turn to speak. When he got up, he just gave a very authentic expression, "I now know why you were elected and I was not." It's that ability to speak enthusiastically about seizing the future the excitement and glory of change, of celebrating change and loving it.

Genuine excitement over change can only come when you have a deep sense of who you are, what you want to accomplish, what your agenda is, and how you feel about things. We need to have the attitude that the future is here, and that things are going to change. We need to recognize and run with opportunity and exercise the proactive spirit that we all have inside us as long as we don't abandon our changeless core principles.

The PS Paradigm of Customer Service

Roice N. Krueger

The PS Paradigm provides a frame of reference for diagnosing and treating your customer service problems.

Many companies today are focusing on quality and continuous improvement; however, many forget that that quality is ultimately defined by the customer. For example, in our work with Procter & Gamble, we talk a lot about the importance of alignment with the mission statement. That raised the question, "How well do we walk our service talk?" "Do the people on our team live the mission, and is it aligned with our strategy? Do we try to build the skills and staff to work effectively inside a system that supports our business objectives? Well, after going through a little self-assessment, we decided that we could improve. And so we sent Corinne Barr, my administrative assistant, to P&G to evaluate the quality of our service. She came back with a more complete assessment of the strengths and weaknesses of our service to this highly valued customer. We took immediate action on the weaknesses, and over time, managed to turn mediocrity into service excellence, as defined and recognized by the customer.

Sometimes I'm shocked at how slow sales and service reps can be at personalizing or customizing their approach to a customer who is standing right in front of them. For example, a few years ago, I wanted to purchase a top for the back of my pick-up truck. One day while driving my nine-year-old daughter to an appointment, I decided to stop briefly at a dealership to price the units on display. Upon entering the showroom, we were met and greeted by a young woman who smiled and seemed pleasant. I then said, "I have only two or three minutes. I just want to know what these models cost. Can you help me?" The woman launched into a sales monologue, telling me about the various features and the relative strengths of each.

I gave her the time-out signal. I then said, "Now, I need to make myself clear. I'm in a hurry. I just need some price information; I will come back later to shop and compare features. Again, she started into her canned pitch. I noticed that she nervously glanced toward a mirrored window at the back of the showroom. I stopped her again and said, "That's strike two. One more strike, and we'll be out of here. Just tell me the prices of the styles you have available." And then, for the third time, she proceeded with this diatribe.

In frustration, I turned and started to leave the showroom with my daughter in hand. I saw the sales woman look toward the back of the showroom and shrug her shoulders. We next heard a voice yelling from behind the mirrored window: "Never mind. Let the dumb son-of-a-bitch go." In this case, the customer service structure was right; the sales person looked right; the strategy was okay; but the system was totally inflexible and unresponsive to the customer's needs. Of course, I never went back, and worse, I've dissuaded many others from ever shopping there.

The point of this story is that our paradigm of customer service must be complete. The PS Paradigm gives us a comprehensive diagnostic tool which allows us to examine the complete organization for customer service alignment.

People are the source of service solutions when they are empowered to make customer-friendly decisions and are treated like the best customers are treated. They should also buy into the shared values and principles of the organization as they control the physical and financial assets. When applying those assets, their focus must be on customer service. Self you, yourself, and each and every other self represents the most important person in the organization.

Customer service cannot be seen as a delegated task. Each person must take personal responsibility with the attitude, "I am customer service." Self-esteem, motivation, commitment, and skills are required to weave the thread of customer service into the fabric of daily work. Shared values and principles represent the focus of the organization, the unifying causes and directions. These should be embodied in the company mission statement, which serves as a constitution for the entire organization.

Strategy is the formula for delivering service, an agreed upon method for implementing the shared vision and principles. It establishes an effective competitive position for the company and is valued by customers. It should be aligned with the environmental realities and constantly improved by feedback and market research.

Stream completes the strategic "spine" of the organization. The stream is the environment the organization operates in: where the customers and competitors are. On a department level, the "stream" becomes other departments in the organization. For a multi-national corporation, the "stream" is the entire world.

Skills are needed as people begin to implement the strategy in the stream. Such skills as communication, problem solving, conflict resolution, and win-win analysis are the practical "how to's" that must be enhanced through training always with the focus on customer service. Both character and competence are required of each person to exceed customer expectations.

Style, likewise, must reinforce the customer focus. The predominant style is to treat internal people the same way you want your external customers to be treated. Listening, small kindnesses, constant communication, and a willingness to receive feedback are some of the key style characteristics. Such modeled interaction is consistent with customer service standards. Systems alignment with customer service is particularly important. These are the physical and procedural apparatus that the people have as resources to meet the needs of the customer. The design of these systems must be aligned so that customer service is facilitated, not inhibited. Systems must be customer friendly. This includes financial reward, measurement and feedback processes, stakeholder information systems, and the physical aspects of the organization and its products. Structure must also be supportive of the customer focus.

Operationally, the organization must be structured to meet customer needs. Issues that detract from servicing the customer must be minimized. People must be empowered to make on-the-spot decisions to improve customer service. The shared values and principles become the operating guidelines at such moments of truth. By using the PS Paradigm of customer service to analyze your organization's service effectiveness, you can highlight the strengths and the weaknesses and then align all the elements to create a quality custom service culture.

For example, on my first trip to Singapore, I decided to stay at the Sheraton Towers. When I checked in, I was immediately greeted by a doorman who took my bag, sat me down in a very comfortable chair, called the reservation desk and announced my arrival. Having traveled for two days, I was very pleased with that welcome. I was then met by a butler who escorted me to my room and helped me unpack my bags. He then left to press some clothes at no extra charge. The next day, I received an embossed set of luggage tags and a brochure on how I might enjoy my stay in Singapore even more. Everywhere I went in the hotel, people called me by name. That surprised me. But the biggest surprise came on a return trip three months later. As I was checking in, three new people called me by name! How did they do that? Now, when I go to Singapore, there is only one place to stay the Sheraton Towers. This is a case of total alignment in the PS paradigm. Every person and detail in the entire organization is focused on the customer. They all understand the importance of the customer.

Value the Differences

The key to innovation, creativity, and entrepreneurial energy is to turn negative into positive synergy by valuing differences in people.

I see a negative synergy in many organizations today as people struggle in teams to deal with differences and maintain positive, productive relationships. Often the negative dynamics in their relationships kill creative potential. They wonder how to turn those relationships around to get more creative, innovative thinking and positive results. The key is to stop cloning others and to start valuing differences.

The natural tendency in entrepreneuring and intrapreneuring is to clone others, instead of to create a complementary team. Cloning produces negative energy, because it inhibits the full expression of a person's talents and gifts. On the other hand, building a complementary team which has one goal but many different roles, perceptions, methods, and approaches enables the full expression of talents and releases positive energy.

Why is the tendency to clone so prevalent and so strong? Because cloning gives leaders a false sense of security. When you have people thinking like you, doing like you, speaking like you, referring to you, quoting you, dressing like you, and grooming like you, then you feel that you're being validated as a leader. You feel that you have value, because other people value being like you. But they're telling you what you want to hear, not what you need to know. So, you may get some artificial harmony, conformity, or uniformity, but you won't have much creativity, synergy, unity, or security. Cloning comes from insecurity and from being centered on public opinion.

IBM, among many other North American companies, had to learn this lesson the hard way during the past decade. Once the king of cloning, IBM now is a champion of diversity. Leaders and other employees at IBM are learning to value differences.

Economic necessity is teaching that same principle to many companies. In fact, I see that diversity and synergy are being championed by most major organizations today. When I read their reports or listen to their leaders, I hear them all talking about teams, empowerment, diversity, synergy, quality. These principles are vital to bottom-line performance in the global marketplace. More senior executives are realizing that nothing kills success more than being incapacitated by limited data and narrow thinking.

They see that sameness is not oneness, uniformity is not unity. The new ideal is the complementary team where unity is achieved by people who have different talents who have one vision and purpose but many roles, perceptions, capacities, and duties. My experience suggests that unless you have a transcendent purpose and shared value system, differences become negative and counterproductive not positive and synergistic simply because there isn't unity on the fundamentals. If there's unity on fundamentals, then you can tolerate differences in other areas and still have positive synergy.

In his brilliant book, *A Guide For the Perplexed*, Eric Schumacher writes of convergent and divergent problems. A convergent problem is like a problem in a car. If you have a mechanical problem, it's just a matter of checking this and that until your diagnostic process converges on the problem. With a divergent problem, however, the more you study it the farther apart the views get, the greater the differences become, and the higher likelihood for failure unless there is a transcendent purpose.

He gives the illustration of the French motto: equality and liberty. If you push the concept of equality and liberty far enough, you'll find that they are divergent values. They go in opposite

directions. But the higher value is fraternity. So if love or fraternity is your transcendent value, you can use your liberty to achieve equality. Mercy and justice are not in conflict if you have love.

Schumacher says that when you encounter a divergent problem, you need to find some higher purpose that you can attach to the problem. You can then get back to positive synergy.

For example, my wife and I met with our builder and architect some time ago to discuss a matter. I asked the builder, "What do you think about that idea of the architect?" And he said, "I think that's fine." I said, "How do you feel about it?" He said, "Well, if he feels that's okay, I feel fine about it." I said, "Now, how do you really feel about it?" And he said, "Well, I feel pretty good, I guess." I said, "Well, then we don't need you any more." He said, "What do you mean?" I said, "When two agree, one's unnecessary. There's no synergy. Until you honestly express your ideas, we won't get your best thinking or achieve team synergy."

Since that discussion, the positive energy in our meetings has increased dramatically, because we fully express ourselves. Different opinions are viewed positively. We all have the same purpose; although we see things differently, we each bring something unique to the project. That difference becomes a strength because it enables us to go for synergistic alternatives that are better than our original ideas.

Security Breeds Synergy

Whether you're building a house, designing a product, providing a service, or improving a marriage, the principle of valuing differences to achieve synergy applies.

If we buy into this principle, why don't we practice it more often? The primary reason we often fail to achieve synergy in our projects and relationships is because our personal security is threatened by differences. Our security is fragile if it is based on the need to be right.

At the root of the ability to fully value and celebrate difference in others is having your own personal security tied to a shared vision, common purpose, and integrity based on principles. If your security lies there, you can improvise, adapt, flow, change, and easily admit, "I was wrong," because you're not taking the whole thing personally. You can then be very positive, and supportive.

Recently, my son Joshua tried out for the quarterback position on the freshman football team at his high school. He talked to me one day about how his confidence was a product of his performance. I told him, "Your performance will be a product of your confidence if your confidence does not come from football but from living correct principles being very caring about your team members, working as a team, improving daily, being very honest with the coaches, and learning to value differences to achieve positive energy and synergy on the team."

I wasn't sure if he was even listening, but in a game a week later, the boy who was the starting quarterback was being criticized by the coaches for his performance in the first half. In the locker room at halftime, the boy broke down. He didn't even want to play the second half.

My son later told me: "I didn't really want to come into the game. He's my close friend, and I care about him. But then, I also care about the team and doing the best I can do."

So he talked with his friend and coaches about creating a situation where his friend's strengths speed, power, and size could be complemented by his own strengths agility and passing ability. He did this because he cared so much about his friend as a person, and wanted to build him.

We all need to base our identity, security, and confidence on something other than our performance, position, or public opinion. If we share a common vision and mission, we can build our identity on the transcendent purpose that unites us, as well as on correct principles. We need both purpose and principles, vision and values. If our mission statement is only about principles, we may be good, but good for what? And if we have vision without principles or values, we may rise to the top, but we will take many people down with us when the inevitable crash comes.

Albert E. Gray spent his life trying to find what he called the common denominator of success. And finally, he came to this: "The successful person has the habit of doing things failures don't like to do. They don't like doing them either, necessarily, but their dislike is subordinated by the strength of their purpose."

Every leader and entrepreneur needs to have an inspiring vision and transcendent purpose and not to get hung up on their perceptions or their methods, but to value differences as people meet together to come up with a way of doing things.

Recently, when I left a board meeting in our own company, Covey Leadership Center, I realized the thing that unites us is a common purpose. They all expressed their opinions, and there was strong disagreement on methods proposed to accomplish the aims. But I detected no negative energy in that meeting.

As we come to a transcending purpose, common vision, and shared mission in our relationships, then we can afford to have many differences, and they'll become strengths. We actually want them, because if we don't have them, then we'll always be limited by incomplete data and partial perspective. You'll only have your view, your history, your value system and this will be the lens through which you see everything in your corporation or marriage.

The total quality movement taught us to get involvement, listen to our people, listen to our customers, and set up partnerships. All those processes basically involve diversity, appreciating differences.

Fruits of Positive Synergy

The wonderful fruits of synergy include improved products, services, and relationships. You see that the whole is greater than the sum of the parts. You have true creative cooperation that produces things that no one could ever have achieved before. You give a small group a heroic goal that looks totally impossible from every point of view, and have them go to work on it, and they'll come up with new ways of thinking about it.

Another benefit of synergy is that it bonds people. Any time you and I have a creative experience, where we produce something together that was not there before, that memory is bonding.

Have you ever had a creative experience with your kids? What impact did that have on your relationship? When I have my one-on-one "dates" with my kids, I have an open agenda. They write the agenda, and we do something that is unique and fun; in fact, my daughter Colleen has several journals full of her daddy-daughter experiences.

Another great benefit of synergy is that it builds the immune system in the culture. We become immune to problems or differences, because the culture already has its own T cells and white cells. It knows it can fight divisiveness because it's fought it and won before.

A Final Caution

A wise father once counseled his son about seeking a marriage partner, "You want as many similarities as you can find, because there will be enough differences anyway." There is some truth to that. I see companies going out of their way to seek differences, to champion the diversity cause, but then have a real problem with divisiveness because they don't have the basic commonalities.

The most important commonalities deal with your philosophy, your purpose, your value system, and your perception not with race, religion, gender, or nationality. For instance, if you and your spouse didn't have the same basic purpose with your kids, the different ways you approach child-rearing issues could tear your marriage apart. Even with a common vision and mission, you'll still have your struggles communicating on those issues, but eventually if you're both focused on the higher value you'll come up with a third alternative, or else one will say, "Well, it's not that important to me; let's do it your way."

Many companies struggle as they adopt diversity programs because the leaders, while self-aware enough to know that they need to be more diverse, make careless hiring and promotion decisions. If you go for diversity for the sake of diversity, you may get tokenism, or worse a total bombshell where people aren't prepared for key assignments. That which we desire most earnestly, we believe most easily. And if we desire diversity so earnestly that we grab it whenever and wherever we find it, we'll have more divisiveness than synergy.

My point here is that there are elastic limits to diversity. There needs to be real commonality on core issues, not just difference for difference's sake. There must be commonality on purpose and values and hopefully those values are based on principles. The ultimate source of security comes from integrity toward these higher purposes and principles.

Win-Win Partnerships

The win-at-all-costs strategy doesn't work; the better business approach is win-win partnership with all stakeholders. Last year at this time, I was reading the book, *Gandhi, The Man*, and was profoundly influenced by the account of this principle-centered leader. In the book, Gandhi described what he found to be the secret of all success. He said, in effect, "It's win-win — to always seek the interests of all parties." His leadership role was not to add fuel to the adversarial fighting and feuding, but rather to be a peacemaker and to create solutions for all parties that were better than any of those proposed initially.

Also during this time, I was working with an organization that was going through a very tough time. The leaders of the company acknowledged that there were bad feelings on all sides, and that some people inside and outside the company were winning at the expense of the people doing the real work of making the products and supplying the services.

So I visited with the leaders and basically said to them, "Let's practice in depth Habits 4, 5, and 6: let's commit to go for win-win, to seek to understand each other first, and create synergistic solutions to chronic and acute problems." Leaders who practice these habits are highly effective because they become interdependent with other stakeholders in the success of the enterprise. That means, of course, that there is no ruling class or privileged party within the company because the principle of equity prevails.

I reminded them of a scene in the film *Gandhi* when he was just beginning to get a vision and sense of mission about injustice. One day he was walking around his experimental community with a New York Times reporter who said, "I hear that you also participate in preparing the meals and cleaning the toilets. Is that part of the experiment?"

"Yes, it's one way to learn that each man's labor is as important as another's."

Gandhi then noticed that his wife was upset about something. He excused himself and joined his wife, who was wondering why she, too, must rake and cover the latrine.

"Everyone takes their turn."

"But it is the work of untouchables!"

"In this place, there are no untouchables, and no work is beneath any of us."

"I'm your wife."

"All the more reason."

"The others may follow you, but you forget I knew you when you were a boy."

"It's not me. It's the principle. And you will do it with joy or not do it at all."

"Not at all, then."

This reaction hits Gandhi's hot button, and he becomes irate. Physically, he throws his wife out of the house. As he's shoving her out the door, she turns and says, "What are you doing? Have you no shame? I am your wife."

Gandhi then comes to his senses and takes responsibility for his anger. He's self-aware and sensitive to his conscience, and he acts on the basis of his principles. He swallows his pride and apologizes in such deep sincerity that it transforms them both. He then says,

"I must get back to that reporter." And she says, "And I must rake and cover the latrine." At that point, Gandhi was no longer being controlled by his own need to control. I once met with a CEO whose company had won the Malcolm Baldrige Award. I asked him, "What was the hardest part of the whole process?" He said, "To give up control. I've always had this need for control. That was the toughest part." Gandhi gave up control. That was tough for him as well because he was human. But he subordinated himself to principles. In another scene, we see Gandhi put Habits 4,

5, and 6 in action.

There are thousands of angry Indian people, up in arms, filled with win-lose thinking. Three British officials are also present, and they, too, are filled with win-lose thinking. And when win-lose is pitted against win-lose, that usually means war. Only one man, Gandhi, thinks win-win. He understands the arguments on both sides, and in graphic language he describes exactly what they're feeling. They know he understands them, and so he gains great influence with them. His logic resonates with them and stirs their consciences. In this cause, I too am prepared to die, but my friends, there is no cause for which I am prepared to kill. Whatever they do to us, we will attack no one, kill no one. They will imprison us; they will fine us; they will seize our possessions; but they cannot take away our self-respect if we do not give it to them. I am asking you to fight against their anger, not to provoke it. We will not strike a blow, but we will receive them; and through our pain, we will make them see their injustice. And it will hurt, as all fighting hurts. But we cannot lose. They may torture my body, break my bones, even kill me — then they will have my dead body, not my obedience. Gandhi invites them to enter into a solemn vow not to fight. Many give up their lives. This "public victory" was a product of his "private victory" over self.

Win-Win Relationships

Ultimately, business is all about the relationships between suppliers and customers. Every person is a supplier of his or her talents. Employees are suppliers of their talents and labors. The best companies invest heavily to establish and maintain win-win relationships with internal and external suppliers. I once spoke to a group of people who represented about 200 nonprofit companies. The conference was held at a Marriott hotel in Colorado Springs. The hotel had received two Quality Awards. In setting up the conference, the small staff of the Nonprofit Association told the Marriott manager, "We need to make this a successful three-day conference; we're very anxious to see it done right. We'd like to meet with some of your key staff people." When the eight people from the Nonprofit Association showed up at the Marriott for the meeting, they entered the manager's office. The receptionist told them that the meeting would be held in a different room. When they opened the door, they saw 150 Marriott people there to serve them.

That level of commitment to the relationship blew their minds. When I met recently with the executives from a major communications company, I asked them, "How do you define quality?" They gave me a good answer. Ultimately we have to listen to the customer and define quality in terms that are meaningful to them." "And what happens if you profess to listen to customers but don't show empathy or achieve a win-win synergy with employees?"

Again, they gave me a good answer: "If we don't have empathy and win-win partnerships with our people, they will never produce quality consistently for the customer. The external customer may define and demand quality, but unless the internal customers, our employees, feel that they are partners — that there's a win in it for them — we won't have a quality culture to produce the quality products and services for external customers. We may talk the language of service quality, but it just won't happen unless everyone wins along the way."

The Win-Win Agreement

The win-win agreement is the heart of employee empowerment. The win-win agreement is a clear, mutual understanding and commitment regarding five things: desired results, guidelines, resources, accountability, and consequences. An important consequence of the win-win performance agreement is that every person in the organization can answer six questions:

- Why am I here?
- What is expected of me?
- What are my objectives?
- How am I doing?
- Where do I go for help?
- What's in it for me?

Involve people in setting the standards and when evaluating performance, use discernment more than quantitative measurement. Allow people to judge themselves after they receive feedback from stakeholders — all the people they interface with. And make sure the performance agreement is reinforced by structure and systems, with both natural and logical consequences. Rewards should deal with four basic human needs:

1. **physical and financial** (benefits and money) ;
2. **social and emotional** (recognition and relationships);
3. **mental** (learning and growth opportunities); and
4. **spiritual** (expanded stewardship, responsibility, influence, freedom, latitude, contribution, and legacy).

In a win-win relationship, you don't always get your way, even if you're the CEO. Often, you have to do as Gandhi did and just swallow your pride, and apologize. Why? Because you value the relationship. If the relationship is damaged, you must make deposits into the "emotional bank account" of the other person and win back their trust. Trust is the cement of win-win partnerships, and to build trust in the culture, partners must prove themselves trustworthy. Trustworthiness is made up of our character, what we are, and our competence, what we can do. Both are absolutely necessary.

In organizations, we're dealing with an interdependent ecosystem. We simply can't afford to think in terms of parts, of independent realities, when we're working in whole, interdependent entities where everything is related to everything else. And everything is dynamic because the environment is constantly changing. But if you have a set of changeless, "true north" principles not only inside the character and competence of individuals but also inside the structure and systems of organizations, then you can build a high-trust culture composed of complementary, interdependent teams — where the strength of one compensates for the deficiency of another. I often observe executives telling one flower (the team) to grow, but then watering another flower (individual achievement). They tell people: "If we'll all pull together and work together, we'll all make more money. And we'll like our jobs more and like each other more." Then, at the end of the pep talk, they pull a curtain. On the wall is a travel poster. "Now, who's going to win the trip to Bermuda?" A win-lose compensation system will beat out win-win rhetoric any day. Often in trying to get cooperation, we promote people, systems, structures, and styles focused on competition. We try to establish a value around cooperation, but the paradigm is one of individual success around competition. Consequently, people are not thinking ecologically. They are not thinking win-win. They are thinking win-lose, piecemeal, competitive, quick fix.

Centuries ago, the scientist Copernicus wrote: "By long and frequent observations and by following a set of fixed principles, I have discovered not only that the earth moves, but also that the orders and magnitudes of all stars and spheres, nay the heavens themselves, are so bound

together, that nothing in any part thereof, could be moved from its place without producing confusion in all parts of the universe as a whole." Everything is so related to everything else that the moment we start to influence one element of it, we impact everything else. We must deal with the interrelated nature of reality. Significant advancements in solving the challenges and problems we face come primarily from thinking and acting interdependently.

Taproot of Trust

Efforts to empower employees and to align systems will be forever frustrated in cultures of low or no trust.

I have long advocated a natural, gradual, day-by-day, step-by-step, sequential approach to personal and organizational development. My feeling is that any product or program whether it deals with losing weight or mastering skills that promise "quick, free, instant, and easy" results is probably not based on correct principles. And yet virtually all advertising uses one or more of these words to entice us to buy. Small wonder many of us are addicted to "quick fix" approaches.

In this article, I suggest that real character and skill development are irrevocably related to natural laws and governing principles; when we observe these, we gain the strength to break with the past, to overcome old habits, to change our paradigms, and to achieve primary greatness and interpersonal effectiveness.

Of course, we do not live alone on islands, isolated from other people. We are born into families; we grow up in societies; we become students of schools, members of other organizations. Once into our professions, we find that our jobs require us to interact frequently and effectively with others. If we fail to learn and apply the principles of interpersonal effectiveness, we can expect our progress to slow or stop.

And so we must also acquire the attitudes, skills, and strategies for creating and maintaining trustful relationships. In effect, once we become relatively independent, our challenge is to become effectively interdependent with others. To do this, we must practice empathy and synergy in our efforts to be proactive and productive.

Very early in my life, at age twenty, I was assigned to manage the work of others and to train men and women more than twice my age in the principles and skills of effective management and leadership. It was a humbling, frightening experience.

Like me, most people once on their own soon find themselves in some sort of "management" position. Often these responsibilities come before we are ready for them. But we learn by doing and by making mistakes, and overtime we gain some degree of competence and confidence.

When we become leaders of organizations, we encounter a whole new set of problems. Some of these are chronic others acute. Many are as common to Fortune 500 companies as they are to families, small businesses, and volunteer groups: certain conditions of organizational effectiveness apply across the board.

No leader can afford to forget that personal and organizational integrity are closely intertwined. Nor can any leader afford to lose sight of the mission and shared vision the constitution of the corporation.

Personal Dilemmas

Throughout history, the most significant breakthroughs have been breaks with the old ways of thinking, the old models and paradigms. Principle-centered leadership is a breakthrough paradigm a new way of thinking that helps resolve the classic dilemmas of modern living: How do we achieve and maintain a wise and renewing balance between work and family and between personal and professional areas of life in the middle of constant crises and pressures? How do we adhere to simplicity in the thick of terrible complexity?

How do we maintain a sense of direction in today's wilderness where well developed road maps (strategies and plans) are rendered useless by rapid change that often hits us from the blind side?

How do we look at human weakness with genuine compassion and understanding rather than accusation and self-justification?

How can we be genuinely happy for the successes and competencies of another?

How do we replace prejudice (the tendency to pre-judge and categorize people in order to manipulate them) with a sense of reverence and discovery in order to promote learning, achievement, and excellence in people?

How can we be empowered (and empower other people) with confidence and competence to solve problems and seize opportunities without being or fearing loose cannons?

How do we encourage the desire to change and improve without creating more pain than gain?

How can we be contributing members of a complementary team based on mutual respect and the valuing of diversity and pluralism?

Where do we start, and how do we keep recharging our batteries to maintain momentum for learning, growing, and improving?

Management Dilemmas

Principle-centered leadership will also help you to resolve the classic managerial and organizational dilemmas: How do we maintain control, and yet give people the freedom and autonomy they need to be effective in their work?

How can we have a culture characterized by change, flexibility, and continuous improvement and still maintain a sense of stability and security?

How do we get our people, the culture, aligned with the strategy so that everyone in the organization is as committed to the strategy as those who formulated it?

How do we unleash the creativity, resourcefulness, talent, and energy of the vast majority of the present work force whose jobs neither require or reward such use?

How do we clearly see that the dilemma of whether to play tough hardball to produce a bottom line or to play softball to "be nice" to people is based on a false dichotomy?

How do we serve and eat the lunch of champions (feedback) and then the dinner of champions (course correction) within the context of the breakfast of champions (vision)?

How do we turn a mission statement into a constitution the supreme guiding force of the entire organization instead of a bunch of nebulous, meaningless, cynicism-inducing platitudes?

How do we create a culture where management treats employees as customers and uses them as local experts?

How do we internalize the principles of total quality and continuous improvement in all our people at all levels of the organization when they are so cynical and fatigued from the disillusionment in the wake of all the past programs of the month?

How do we create team spirit and harmony among departments and people who have been attacking, criticizing, contending for scarce resources, playing political games and working from hidden agendas for years?

Perhaps you have asked yourself one or more of these questions as you have grappled with real-life challenges in your personal life and in your organizations. As you gain an understanding of the basic principles of effective leadership, you will be empowered to answer these and other tough questions by yourself. Without this understanding, you will continue to use hit-and-miss, seat-of-the-pants approaches to living and problem solving.

Four Levels, Four Principles

Principle-centered leadership is practiced from the inside-out on four levels: (1) personal (my relationship with myself); (2) interpersonal (my relationships and interactions with others); (3) managerial (my responsibility to get a job done with others); and (4) organizational (my need to organize people to recruit them, train them, compensate them, build teams, solve problems, and create aligned structure, strategy, and systems).

Each level is "necessary but insufficient," meaning we have to work at all levels on the basis of certain master principles.

Trustworthiness at the Personal Level.

Trustworthiness is based on character what you are as a person and competence, what you can do. If you have faith in my character but not in my competence, you still wouldn't trust me.

Many good, honest people gradually lose their professional trustworthiness because they allow themselves to become "obsolete" inside their organizations. Without character and competence, we won't be considered trustworthy. Nor will we show much wisdom in our choices and decisions. Without meaningful on-going professional development, there is little trustworthiness or trust.

Trust at the Interpersonal Level.

Trustworthiness is the foundation of trust. Trust is the emotional bank account between two people, which enables two parties to have a win-win performance agreement. If two people trust each other, based on the trustworthiness of each other, they can then enjoy clear communication, empathy, synergy, and productive interdependency. If one is incompetent, training and development can help. But if one has a character flaw, he or she must make and keep promises to increase internal security, improve skills, and rebuild relationships of trust. Trust or the lack of it is at the root of the success or failure in relationships and in the bottom-line results of business, industry, education, and government.

Empowerment at the Management Level.

If you have no or low trust, how are you going to manage people? If you think your people lack character or competence, how would you manage them? When you don't have trust, you have to control people. But if you have high trust, how do you manage people? You don't supervise them they supervise themselves. You become a source of help. You set up a performance agreement so they understand what's expected. You overlap their needs with the needs of the organization. You have accountability, but they participate in the evaluation of their performance based on the terms of the agreement. People are empowered to judge themselves because their knowledge transcends any measurement system. If you have a low-trust culture, you have to use measurement because people will tell you what they think you want to hear.

Alignment at the Organizational Level.

If you have a low trust culture with a control style of management, you will have a hierarchal organization with small spans of control. You will resort to "go-fer" delegation and prescribe and manage methods. Your information system will gather immediate information on results so you can take decisive corrective actions. Your motivation system will be the carrot-and-stick. Such primitive systems may enable you to survive against soft competition, but you are easy prey for tough competitors.

If you have a high trust culture, your organization can be very flat and extremely flexible with large spans of control. Why? People are supervising themselves. They are doing their jobs cheerfully without being reminded because you have built an emotional bank account with them. You've got commitment and empowerment because you have built the culture around a common vision on the basis of certain bedrock principles, and you are constantly striving to align strategy, style, structure, and systems with your professed mission (your constitution) and with the realities out there in the environment (the streams).

My challenge is this: when you find something out of alignment, work on it developmentally at all four levels from the inside out on the basis of the four master principles.

New Wine, Old Bottles

The adage about "you can't put new wine in old bottles" still holds true, as evidenced by attempts to fit senior executives with new leadership styles. For 30 years I've worked with chief executives in many organizations, training them to be better coaches, servant leaders, and sources of help rather than be judges, policemen, motivators, and magicians.

Most training programs try to put new wine in old bottles. For instance, they take the marvelous "new wine" concept of servant leadership which the Greenleaf Center has created and implemented so successfully and then they mix it with the old command-and-control or benevolent authoritarian approach. But such mixing only compounds the original problem, because it gives the boss an aura of respectability as a coach or servant leader, when in fact he's fundamentally unchanged in his basic style. He's now a wolf in sheep's clothing.

That's why most people resent performance appraisals. In fact, when I speak to an audience, I know how to get a fast reaction. I simply say, "The latest artifact of modern-day bloodletting in management is performance appraisal." The audience will almost stand and cheer. People have had it with performance appraisals where management uses a human relations approach and a coaching style, but there's no clear performance agreement. And so the person is still not the one ultimately responsible for results.

Servant leadership requires humility of character and core competency around a new skill set not just directing, motivating and evaluating people using traditional performance appraisals.

Three Steps to Transformation

To become servant leaders, executives need to take three steps building relationships of trust, setting up win-win performance agreements, and then being a source of help.

1. Build a new relationship.

The new relationship is horizontal, not vertical, and is based on the principle of mutual respect and equality not on power and position within the organization. You view the roles of worker, manager, and leader in a new light. The roles are equal, but different. Only when you have built relationships of trust do you have the foundation necessary to set up a meaningful performance agreement.

2. Create a new psychological contract or performance agreement.

The agreement represents a clear, up-front mutual understanding and commitment regarding expectations in five areas:

1. purpose specifies the quantity and quality of desired results;
2. guidelines focus on principles, not on procedures, policies, or practices;
3. resources identify available human, financial and physical resources;
4. accountability schedule progress reports and specify performance criteria; and
5. consequences state both positive and negative rewards that reflect the natural consequences of actions taken.

The new agreement gives the other person total freedom within the guidelines to accomplish objectives. The moment such an agreement is set, the leadership paradigm shifts from one of benevolent authoritarianism to one of servant leadership. You become a source of help to those individuals who have entered into this agreement with you. The accountability process is based on self-evaluation, using feedback from different stake holders. In fact, I often refer to this agreement as "stewardship delegation," since in such agreements each person becomes a "steward" over certain resources and responsibilities.

3. **With the transfer of power and responsibility for results, the leader becomes the servant and a source of help.**

Once you establish performance agreements with a clear understanding of common purposes and a deep buy-in by all parties, then people can do whatever's necessary within the guidelines to achieve desired results. The leader then takes the position of a servant. He is no longer one who directs, controls, or judges. Instead, he becomes a coach and resource who can interpret the data or lend experience, but the individual or team makes most decisions including staffing, budgeting, and coordinating. If the person or team hits a brick wall or finds the resources and guidelines insufficient, you may have to revisit and renegotiate the performance agreement with them.

In the mutual accountability sessions conducted by the person or the team, the servant leader asks four questions:

1. How's it going? or what's happening?;
2. What are you learning from this situation?
3. What are your goals now? or What do you want to accomplish? and
4. How can I help you?

These questions keep the person responsible and accountable for results. Without that new mindset and skill set, servant leadership won't work.

Flying High

I once had an experience that for me was a simulation of servant leadership. I was working with the Oregon Air National Guard and was scheduled to go up in an F-15. But because Congress has put its foot down on such flights without special permission, it was canceled. When I checked into it and saw the kind of strength you need in your back and neck muscles to deal with those G-forces, I was glad my flight was canceled.

Anyway, they put me in a flight simulator, and while I was in the simulator, I was attacked by different "bandits" that tried to shoot me down. An instructor taught me how to use the stick in my right hand and the guns in my left hand to fight the bandits. My teenage son, Joshua, could easily have killed these bandits, because he plays all these video games, but I was just total thumbs and they shot me down one right after another.

Then they sent across the screen a "dumb bandit." It couldn't shoot me down, but I had to shoot it down. Well, I sat there for fifteen minutes, and I could not kill this bandit. Finally, the commander put his hands on my hands and showed me how to do it.

Next, they took me into a room where pilots go after they've had their "dog fights." In this room, the pilots see visual recreations of the encounters as captured from the perspective of the other

planes. So I sat there as they showed the pictures taken from different angles by planes involved in this simulation.

The commander sat next to me and showed me how my plane was seen from all the other angles on these simulated combat missions. So, in this way, I had access to all the data. The commander helped me interpret the data and understand what was happening and why. He explained why I should have done this or that. Of course, I was very open to his instruction because we share the same objective to save our lives, to win the battle, and to preserve the peace. So we quickly formed a relationship based on trust, shared vision, common purpose, and access to all the information.

From this experience, I gained important insights about servant leadership. At first, I had a limited vision and had trouble working the controls. I was being shot down all the time. Even with the instructor's hands over mine, I could hardly shoot down a dumb bandit.

But after seeing the big picture, the shared vision and mission, I had a much broader awareness of what was going on. With a servant leader by my side, I learned fast.

This experience represents the difference between "go-fer" delegation (go for this, now do this, now do that) and empowerment (let's spend the time to set up the agreement and to operate within the guidelines, but from the moment we set it up, you're responsible for desired results, and I'm a source of help).

In her book, *The New Science of Leadership*, Meg Wheatley teaches the same basic principle. She says what you need is a common vision and purpose, and free information flow, because it's going to be chaotic, and you've got to expect it. But use chaos to your advantage. Let people have whatever information comes in, and then become a source of help to them.

The servant leader often has to help expand vision and perspective, and then bring to bear his experience. But people want it. They're asking for it, because their lives are at stake. They know that their organizations are fighting for their economic life. And so the people working under the servant leader have more responsibility and accountability. They're at the controls and sense that they're in charge, that this isn't a game any more, that there's something at stake here.

Examples of Servant Leaders

In many organizations I've worked in or with, I've seen examples of servant leaders who have really made a difference. For example, when I was just 20 years old, I served as an assistant to the president of an organization. One time I asked him, "Why don't you ever give me any feedback? You never tell me if you like my speeches." And he said, "Do you want to be dependent upon me? You know within yourself what's happening. If you want some help, you just ask me. I'm here." From then on, I was free of the president. I didn't have to worry about his reaction. He never praised me or blamed me, but if I wanted help, he'd give it. So I would ask him, "What do you think of this." He served me as a source of help.

Later in life, I served as a vice president under a benevolent dictator. The servant leader who replaced him was actually tougher. That experience taught me that servant leadership is not soft or touchy-feely. It's a much tougher style because when you set up performance agreements and become a source of help, people have to be tough on themselves. They just can't sit around and blame others.

I've come to greatly admire the leadership that Horst Schulze, president of The Ritz-Carlton Hotel Company, provides to his management and staff. He's a very authentic person. His energy, commitment, and service to his people has created a culture of "ladies and gentlemen serving ladies and gentlemen." While recently staying at the Ritz-Carlton at Amelia Island, I walked through the kitchen and was amazed to find that it was as clean as the lobby. The people there were in a class of their own. I'm convinced that it's the culture that has drawn out the best in them.

I've also been thrilled to see models of servant leadership in action at Saturn. I recently read that Skip LeFauve, president of Saturn, now heads up the small car group of General Motors. Both he and Mike Bennett, head of the UAW, have had enormous influence in creating a spirit and model of synergistic teamwork. The results speak for themselves.

At the Toro Company in Minneapolis, chairman Ken Melrose has certainly made a difference. Only an exceptional chief executive would subject himself voluntarily to internal scrutiny and external accountability, involving all the stakeholders. Melrose is one such executive. He even posts his personal goals outside his office for all to see, along with an accounting of his performance against those goals. Both his office and his mind are open, and people at all levels are invited to share their ideas. He freely shares information in good times and bad, thus creating a culture of trust.

By inviting people's involvement, he gains influence and commitment. He empowers others. His sense of stewardship, not ownership, of his resources makes him a model of servant leadership.

I recently attended a football game that demonstrated a magnificent contrast between the servant leadership and benevolent authoritarian styles of management. Both teams had great coaches. But as I watched the game, I could see one coach pacing up and down the sideline, making every decision on both offense and defense. In stark contrast, the other coach only got involved in the pivotal decisions, because he had set up a system of empowerment with his assistant coaches.

Historically, the servant leader tends to have a longer tenure. In many organizations, leaders, like coaches, come and go. They have two or three years to turn things around, or they're out. Servant leaders, like the second coach I described, often have 200-win careers that span several decades. But often their contributions are rather subtle and long-term. The critics of servant leaders are people who want more dramatic near-term results; however, you don't get real and sustained success this way. You can manage things, but you must lead people, and that leadership takes time. Remember, with people, fast is slow, slow is fast.

Moral Compassing

When managing in the wilderness of changing times, a map is of limited worth. What's needed is a moral compass. Once, when I was in New York, I witnessed a mugging skillfully executed by a street gang. I'm sure that the members of this gang have their street maps, their common values- the highest value being, don't fink or squeal on each other, be true and loyal to each other-but this value, as it's interpreted and practiced by this gang, does not represent "true north"-the magnetic principle of respect for people and property. They lacked an internal moral compass.

Principles are like a compass. A compass has a true north that is objective and external, that reflects natural laws or principles, as opposed to values which are subjective and internal. Because the compass represents the eternal verities of life, we must develop our value system with deep respect for "true north" principles.

As Cecil B. de Mille said about the principles in his movie, *The Ten Commandments*: It is impossible for us to break the law. We can only break ourselves against the law.

Principles are proven, enduring guidelines for human conduct. Certain principles govern human effectiveness. The six major world religions all teach the same basic core beliefs — such principles as "you reap what you sow" and "actions are more important than words." I find global consensus around what "true north" principles are. These are not difficult to detect. They are objective, basic, unarguable: "You can't have trust without being trustworthy" and "You can't talk yourself out of a problem you behave yourself into."

There is little disagreement in what the constitutional principles of a company should be when enough people get together. I find a universal belief in: fairness, kindness, dignity, charity, integrity, honesty, quality, service, patience.

Consider the absurdity of trying to live a life or run a business based on the opposites. I doubt that anyone would seriously consider unfairness, deceit, baseness, uselessness, mediocrity or degradation to be a solid foundation for lasting happiness and success.

People may argue about how these principles are to be defined, interpreted and applied in real-life situations, but they generally agree about their intrinsic merit. They may not live in total harmony with them, but they believe in them. And, they want to be managed by them. They want to be evaluated by "laws" in the social and economic dimensions that are just as real, just as unchanging and unarguable, as laws such as gravity are in the physical dimension.

In any serious study of history — be it national or corporate — the reality and verity of such principles become obvious. These principles surface time and again, and the degree to which people in a society recognize and live in harmony with them moves them toward either survival and stability or disintegration and destruction.

In a talk show interview, I was once asked if Hitler was principal-centered. "No," I said, "but he was value-driven. One of his governing values was to unify Germany. But he violated compass principles and suffered the natural consequences. And the consequences were momentous — the dislocation of the entire world for years."

In dealing with self-evident, natural laws, we can choose either to manage in harmony with them or to challenge them by working some other way. Just as the laws are fixed, so too are the consequences.

In my seminars, I ask audiences, "When you think of your personal values, how do you think?" Typically, people focus on what they want.

I then ask them, "When you think of principles, how do you think?" They are more oriented toward objective law, listening to conscience, tapping into eternal verities.

Principles are not values. The German Nazis, like the street gang members, shared values, but these violated basic principles. Values are maps. Principles are territories. And the maps are not the territories; they are only subjective attempts to describe or represent the territory.

The more closely our maps are aligned with correct principles — with the realities of the territory, with things as they are — the more accurate and useful they will be. Correct maps will impact our effectiveness far more than our efforts to change attitudes and behaviors. However, when the territory is constantly changing, when the markets are constantly shifting, any map is soon obsolete.

A Compass for the Times

In today's world, what's needed is a compass. A compass consists of a magnetic needle swinging freely and pointing to magnetic north. It's also a mariner's instrument for directing or ascertaining the course of ships at sea as well as an instrument for drawing circles and taking measurements. The word compass may also refer to the reach, extent, limit or boundary of a space or time; a course, circuit or range; an intent, purpose or design; an understanding or comprehension. All of these connotations enrich the meaning of the metaphor.

Why is a compass better than a map in today's business world? I see several compelling reasons why the compass is so invaluable to corporate leaders:

- The compass orients people to the coordinates and indicates a course or direction even in forests, deserts, seas and open, unsettled terrain.
- As the territory changes, the map becomes obsolete; in times of rapid change, a map may be dated and inaccurate by the time it's printed.
- Inaccurate maps are a frustration for people who are trying to find their way or navigate territory.
- Many executives are pioneering, managing in uncharted waters or wilderness, and no existing map accurately describes the territory.
- To get anywhere very fast, we need refined processes and clear channels of production and distribution (freeways), and to find or create freeways in the wilderness, we need a compass.
- The map provides description, but the compass provides more vision and direction.
- An accurate map is a good management tool, but a compass is a leadership and an empowerment tool.

People who have been using maps for many years to find their way and maintain a sense of perspective and direction should realize that their maps may be useless in the current maze and wilderness of management. My recommendation is that you exchange your map for a compass and train yourself and your people how to navigate by a compass calibrated to a set of fixed, true north principles and natural laws.

Strategic Orientation

Map-versus-compass orientation is an important strategic issue, as reflected in the statement by Mr. Matsushita, president of Japan's giant consumer electronic company:

"We are going to win and the industrial West is going to lose because the reasons for your failure are within yourselves: for you, the essence of management is to get the ideas out of the heads of the bosses into the hands of labor."

The important thing here is the stated reason for our "failure." We are locked into certain mindsets or paradigms, locked into management by maps, locked into an old model of leadership where the experts at the top decide the objectives, methods, and means.

This old strategic planning model is obsolete. It's a road map. It calls for people at the top to exercise their experience, expertise, wisdom and judgment and set ten-year strategic plans — only to find that the plans are worthless within eighteen months. In the new environment, with speed to market timetables of eighteen months instead of five years, plans become obsolete fast.

Peter Drucker said: "Plans are worthless, but planning is invaluable."

And if our planning is centered on an overall purpose or vision and on a commitment to a set of principles, then the people who are closest to the action in the wilderness can use that compass and their own expertise and judgment to make decisions and take actions. In effect, each person may have his or her own compass; each may be empowered to decide objectives and make plans that reflect the realities of the new market.

Principles are not practices. Practices are specific activities or actions that work in one circumstance but not necessarily in another. If you manage by practices and lead by policies, your people don't have to be the experts; they don't have to exercise judgment, because all of the judgment and wisdom is provided them in the form of rules and regulations.

If you focus on principles, you empower everyone who understands those principles to act without constant monitoring, evaluating, correcting or controlling. Principles have universal application. And when these are internalized into habits, they empower people to create a wide variety of practices to deal with different situations.

Leading by principles, as opposed to practices, requires a different kind of training, perhaps even more training, but the payoff is more expertise, creativity, and shared responsibility at all levels of the organization.

If you train people in the practices of customer service, you will get a degree of customer service, but the service will break down whenever customers present a special case or problem because in doing so they short-circuit the standard operating procedure system.

Before people will consistently act on the principle of customer service, they need to adopt a new mindset. In most cases, they need to be trained — using cases, role plays, simulations and some on-the-job coaching — to be sure they understand the principle and how it is applied on the job.

The president of a major corporation recently asked me to meet with him and his management team. He said that they were all too concerned with preserving their own management style. He said that the corporate mission statement had no impact on their style. These executives felt that the mission was for the people "out there" who were subject to the law, but that they were above

the law. The idea of moral compassing is unsettling to people who think they are above the law. Because the U.S. Constitution, based on principles, is the law — it governs everybody, including the President of the United States. It places responsibility on individuals to examine their lives and determine if they are willing to live by it.

All Are Accountable to the Laws and Principles

I'm familiar with several poignant examples of major U.S. corporations telling their consultants, "We can't continue to do market feasibility studies and strategic studies independent of our culture and people." These executives understand what Michael Porter has said: "A implementation with B strategy is better than A strategy with B implementation."

We must deal with people/culture issues to improve the implementation of strategy and to achieve corporate integrity. We must be willing to go through a constitutional convention, if not a revolutionary war, to get the issues out on the table, deal with them and get deep buy in on the decisions. That won't happen without some blood, sweat and tears.

Ultimately, the successful implementation of any strategy hinges on the integrity people have to the governing principles and on their ability to apply those principles in any situation using their own moral compass.

CHANGE MANAGEMENT

Sam Walton: Master Change Agent **David Hatch**

Samuel Moore Walton, founder of Wal-Mart Stores, Inc., was an uncommon man living a common life.

When Sam Walton died quietly following a long battle with bone cancer, he left behind a legacy as a folk hero, one of the most influential (and richest) retailers of this century.

The character of "Mr. Sam," as he liked to be called, was made during the Depression. The youngest Eagle Scout in Missouri, state champion quarterback, student council president, and Army officer, Sam learned the value of thrift, hard work, and leadership.

Once out of college and the Army, Sam aspired to an MBA degree and dreamed of becoming president of the United States. Reality intervened, however, and he found himself in Iowa working for JCPenney at a salary of \$85 a month. During those lean years, he honed skills for the retail world. He continually pushed retailing to its limits, always experimenting, promoting, changing, and practicing. And yet he remained fixed on what he had learned from James Cash Penney himself always put customer satisfaction ahead of profits.

In 1945, at the age of 44, Sam opened his first five-and-dime store in Newport, Arkansas. Subsequent success had little effect on the man, though. Ever frugal and modest, he lived in the home he built in 1959 and drove an old pickup truck to work. When he rented a car, it was a subcompact, and he admitted buying his \$45 shoes at Wal-Mart.

Wal-Mart's corporate offices are cramped and cheaply furnished. Mr. Walton believed that executives should spend more time on the selling floor than behind fancy desks. To make sure they did, he assembled a small air force that whisked them around the country, visiting Wal-Marts Monday through Friday. Each Saturday morning, back at corporate headquarters, they discussed their findings.

Mr. Sam would often rise before dawn and drop in unannounced at some Wal-Mart store. There he would drink coffee and chat with his favorite folks: the hourly-wage "associates" who stock the shelves and wait on the customers. He always felt the best ideas come from them. The Wall Street Journal noted that on one occasion, he landed his plane next to a highway 100 miles short of his destination. He then flagged a ride with one of his truck drivers and listened. In his own words, "It was so much fun." He piloted his Cessna sometimes to six stores a day and more than 300 a year.

Referring to his surprise visits, he noted in an interview with Fortune magazine: This is still the most important thing I do go around to the stores. I'd rather do it than anything. I know I'm helping our folks when I get out to the stores. I learn a lot about who's doing good things in the office. I also see things that need fixing, and I help fix them.

Much of Sam's work was done with his ears. If he could not get to all of his Wal-Mart associates, he created ways for them to reach him. One was the traditional picnic he hosted in his own front yard. Up to 2,500 employees traveled large distances to enjoy a box lunch within the shadows of their honored leader. He mingled freely, continually asking questions and patting people on the back. Those unable to attend sent letters about 4,000 a month poured into Wal-Mart

headquarters. Most contained praise, some were critical, and a few offered new ideas all were answered.

Sam listened to all stakeholders, including employees, customers, suppliers, stockholders, distributors, or even competitors. He held large stockholder meetings with 10,000 people in attendance. By listening to distributors, he plotted a strategy to develop his own fleet of trucks, now one of America's largest. He often visited stores of competitors. To him the competition was a great source of learning.

Because of his own work ethic and concern for people, he had high expectations of others. In a 1986 issue of Wal-Mart World, the company's newsletter, he said: Our method of success, as I see it, is Action with a capital A, and a lot of hard work mixed in. We've said it through the years: Do it. Try it. Fix it. Not a bad approach, and it works. There are a lot of people out there who have some great ideas, but nothing in the world is cheaper than a good idea without any action behind it. We must be action-oriented doers. It's a whole lot more fun, and accomplishes so much more.

While he expected much, Sam also gave much. He treated people right; he devised a generous profit-sharing plan that is the envy of the industry; and he insisted his managers work with people. His idea of people management is best stated in his own words:

Most managers lead by fear and intimidation. They think that being tough is being a leader. Nothing is further from the truth. Good leaders add the human factor to all aspects of their business. If you manage through fear, your people will be nervous around you. After a while, they won't approach you with a problem, so the problem gets worse.

They will be afraid to be creative or express a new idea. They don't feel like they can take a chance because they won't want to risk your disapproval. When this happens, the people suffer, and the business suffers, too. In Wal-Mart, we must treat our people with genuine respect and courtesy. Build strong relationships with your people. Help your associates grow and be all they can be. Show that you really care. You must become a master at communicating with them all aspects of your business and their place in it. The best way you can let them know how much you value their contributions is to show them and tell them, one-on-one. Get to know your people, their families, their problems, their hopes and ambitions. Appreciate and praise them as individuals. Show your concern daily. We are all just people with varying strengths and weaknesses. So true commitment, plus a generous portion of understanding and communication, will help us win. Leaders must always put their people before themselves. If you do that, your business will take care of itself.

His vision remained focused on keeping his family, employees, and customers happy. He not only provided a better environment for the world of Wal-Mart, but for the world at large.

COMMUNICATION

Principled Communication

Since the publication of my book, **The Seven Habits of Highly Effective People**, I have worked with many wonderful individuals who are seeking to improve the quality of their communications, relationships, products, services, organizations, and lives. But sadly, I see many people using a variety of ill-advised approaches. In effect, they try to apply short-cut, manipulative practices learned in academic and social systems to natural systems, the "farms" of their lives.

The Problem: Alternate Centers

Let me share with you some examples of the problem. Then I will suggest the principle-centered solution.

- Some executives justify heavy-handed means in the name of virtuous ends. They say that "business is business" and that "ethics" and "principles" sometimes have to take a back seat to profits. Many see no correlation between the quality of their personal lives at home and the quality of their communications at work. Because of the social and political environment inside their organizations and the fragmented markets outside, they think they can abuse relationships at will and still get results.
- The head coach of a professional football team once told me that some players don't pay the price in the off-season. "They come to camp out of shape," he said. "Somehow they think they can fool me, make the team, and play great in the games."
- When I ask in my seminars, "How many of you would agree that the vast majority of the work force possess far more capability, creativity, talent, initiative, and resourcefulness than their present jobs allow or require them to use?" The affirmative response is about 99 percent. We all admit that our greatest resources are being wasted.
- Our heroes are often people who make a lot of money. And when some hero an actor, entertainer, athlete, or other professional suggests that we can get what we want by practicing hardball negotiation, closing win-lose deals, and playing by our own rules, we believe them, especially if social norms reinforce what they say.
- Some parents don't pay the price with their kids, thinking they can fake it for the public image and then shout and slam the door. They are then shocked to see that their teenage kids experiment with drugs, alcohol, and sex to fill the void in their lives.
- When I invited one executive to involve all his people and take six months to write a corporate mission statement, he said, "You don't understand, Stephen. We will whip this baby out this weekend." I see people trying to do it all over a weekend trying to rebuild their marriage on a weekend, trying to change a company culture on a weekend, trying to pump out a major new business proposal. Some things just can't be done over a weekend.
- Many executives take criticism personally because they are emotionally dependent on their employees' acceptance of them. A state of collusion is established where executives and employees need each other's weaknesses to validate their perceptions of each other and to justify their own lack of production.

- In management, everything goes to measurement. July belongs to the operators, but December belongs to the controllers. And the figures are manipulated at the end of the year to make them look good. The numbers are supposed to be precise and objective, but everyone knows they are based on subjective assumptions.
- Most people are turned off by "motivational" speakers who have nothing more to share than entertaining stories mingled with "motherhood and apple pie" platitudes; they want substance; they want process; they want more than aspirin and band-aids for acute pain. They want to solve their chronic problems and achieve long-term results.
- I once spoke to a group of executives at a training conference and discovered that they were bitter because the CEO had "forced" them to "come and sit for four days to listen to a bunch of abstract thoughts." They were part of a paternalistic culture that saw training as an expense, not an investment. Their organization managed people as things.
- In school, we ask students to tell us what we told them; we test them on our lectures. They figure out the system, and then they party, procrastinate, and cram to get the grades. They think all of life operates on the same short-cut system.

The Solution: Center on Principles

These are problems that common approaches can't solve. Quick, easy, free, and fun approaches won't work on the "farms" of our lives because there we're subject to natural laws and governing principles. Natural laws, based upon principles, operate regardless of our awareness of them or our obedience to them.

Often habits of ineffectiveness are rooted in our social conditioning toward quick-fix, short-term thinking. In school, many of us procrastinate and then successfully cram for tests. But does cramming work on a farm? Can you go two weeks without milking the cow, and then get out there and milk like crazy? Can you "forget" to plant in the spring, goof off all summer, and then hit the ground real hard in the fall to bring in the harvest? We might laugh at such ludicrous approaches in agriculture, but then in academic environments, we might cram to get grades and degrees.

The only thing that endures over time is the law of the farm: I must prepare the ground, put in the seed, cultivate, weed, water, and nurture growth. So also in a business or a marriage there is no quick fix where you can just move in and magically make everything right with a positive mental attitude and a package of success formulas.

Correct principles are like compasses: they are always pointing the way. And if we know how to read them, we won't get lost, confused, or fooled by conflicting voices and values. Principles such as fairness, equity, justice, integrity, honesty, and trust are not invented by us: they are the laws of the universe that pertain to human relationships and organizations. They are part of the human condition, consciousness, and conscience.

People instinctively trust those whose personalities are founded upon correct principles. We have evidence of this in our long-term relationships. We learn that technique is relatively unimportant compared to trust, which is the result of our trustworthiness over time. When trust is high, we communicate easily, effortlessly, instantaneously. We can make mistakes, and others will still capture our meaning. But when trust is low, communication is exhausting, time-consuming, ineffective, and inordinately difficult.

Most people would rather work on their personality than on their character. The former may involve learning a new skill, style, or image, but the latter involves changing habits, developing virtues, disciplining appetites and passions, keeping promises, and being considerate of the feelings and convictions of others. Character development is the best manifestation of our maturity. To value oneself and, at the same time, subordinate oneself to higher purposes and principles is the paradoxical essence of highest humanity and the foundation of effective leadership.

Principle-centered leaders are men and women of character who work with competence "on farms" with "seed and soil" and who work in harmony with natural, "true north" principles and with the law of the harvest. They build those principles into the center of their lives, into the center of their relationships, into the center of their communications and contracts, into their management processes, and into their mission statements.

LEADERSHIP DEVELOPMENT

Serving the One

A friend of mine, an actor, was once in a theater in New York City, watching a friend of his, a fellow actor, up on stage. My friend could see that his colleague wasn't connecting with the audience, and so he worked his way into the orchestra pit with the intent of giving his friend a message.

Knowing the play very well, the man knew exactly where his actor friend would be on the stage at different times. He knew that in one scene his friend would stand just one foot away from the orchestra pit, and he hoped to deliver his message in that brief window of opportunity.

So, when his friend stood on that spot, he raised his head up, caught the eye of his friend, and said three words: "Talk to me."

His friend instantly got the message that he was talking to a glazed-over audience that he couldn't see at all it was just a great amorphous mass out there. When his friend said, "talk to me," he knew that meant to deal with the person, a real individual with feelings and perceptions, someone who matters. Instantly, he began acting to individuals, even though he couldn't see most of them because of the strong stage lights. But he could see some faces, and he essentially talked to the one. Soon, he captured the audience right back. He connected, because the key to the many is the one.

You Don't Even Know My Name

Once, when I was teaching at a university, a student approached me after class at the end of the semester to thank me for the content I had delivered. It was a huge class of about 550 students. He added, "I admire what you've done in this field, and respect your knowledge, Mr. Covey, but you don't even know my name."

That confirmed to me the old truth: "I don't care how much you know until I know how much you care."

Recently I was teaching a large group and was going through a series of slides. I asked the technical assistant, "Now let's see this slide; now, let's see the next slide." I later received a letter from one of the audience members who said, "I listened all afternoon. Not once did you say please or thank you."

I thought that I was kindly in my voice. I didn't bark out orders; nevertheless, I failed to say the magic words, and the message to that person was not the content it was a feeling that I lacked common courtesy and respect.

Such feedback suggests that the personal touch matters with 90 percent of people, and it empowers the rest.

A friend of mine, who is a prominent professional athlete, teaches a class of four-year-old children at church during the off-season. He loves these kids. He knows them by name; he calls them by name. He affirms their value and worth. He focuses on the one, as each child is important to him. He takes a special interest in them and takes time to greet them. As a result, they wouldn't miss his class for anything. They want to climb all over him and sit in his lap.

Our customers are no different than these children. They want to be called by name. They want to feel that the company representative really cares about them. That makes a huge difference; in fact, it's often the deal maker or breaker. With people, the little things are the big things.

Why Serving the One Works

Why is this principle the key to the many is the one so important? Why does it open hearts and minds and doors? I think it's because the deepest hunger of the human soul is to be recognized, valued, appreciated, and understood. When you acknowledge the presence of others, and adapt your presentation in an effort to reach them, in effect you say to them, "You matter. You're a person of worth. You have intrinsic merit, and I'm not comparing you with anyone. You are precious. And if you allow me into your mind to leave a message, I know that I'm on sacred ground." I think that's what it means.

As a customer, I can usually tell if front-line service providers are "totally present" during the few seconds we interact as they take my order or deal with my request. If they're totally present, I sense that they really care. Caring about the one works because it's a paradigm focused on people, not things; it's focused on relationships, not schedules; it's focused on effectiveness, not efficiency; it's focused on personal leadership, not resource management.

What a difference it makes to work in a caring culture. For instance, my daughter Jenny worked in the customer service area of our company. At the end of her six-week training period, she said to me, "Dad, I feel sad to come to the end of this six weeks." I said, "Why?" She said, "I will miss the other team members so much." I said, "Why?" She said, "We are a team. If there's ever a mistake, it's a team mistake, and everyone comes to support. Our team leaders are servant leaders, not bosses. And their care for us models how we should care for our customers."

She continued, "Even though I'm only on the phone and never meet any of these people, I've cultivated relationships with many customers who call me back as a friend, who write me letters. Some of them I've only talked with once and yet when they call in to make an order, they ask me what I would recommend." She learned that there is a direct correlation between how she is treated as a member of the service team and how she treats customers and how they treat her.

Three Ways to Get It

So, how do you get this concern for the individual customer? I see three ways: hire it, train it, or cultivate it in the culture.

1. **Hire it.** When evaluating prospective employees, a major airline brings candidates into a room, and asks each person to make a presentation. Everyone thinks that company officials are evaluating the person making the presentation. But they're really evaluating, through hidden video cameras, the people in the audience who are watching the presentations. If they are attentive, supportive, and seem to care, they know they're getting someone who naturally has that ability or disposition to care about others. If someone is totally self-absorbed or bored before or after making his or her presentation, having no sense of rapport with the person who's up there struggling, then that's a strong negative signal.

2. **Train it.** In another organization, executives want to identify those people who are naturally team players. They do this by giving each team a particular task with a tight deadline. The task is of sufficient complexity and difficulty that the expertise of other people is needed. They have to work as a team to get it done. What they find is that natural tendencies and inclinations surface rapidly. Those who are not team players immediately try to take control. They ignore some people; they put down others; they are discourteous; but they are very task oriented. Others are very relationship-oriented, but they have no sense of the task. They never accomplish anything.

Now, the big surprise is that the evaluators of the person's team skills are the members of the team. People are aghast when they discover this at the end and realize, "My gosh, look how I treated those people."

3. **Cultivate it.** You might hire it and train it, but to me the most powerful way to cultivate the service ethic is to develop strong social norms in the culture itself. When people begin to see that "this is how we treat each other," then you will have a sustainable competitive advantage.

The cultivation of the spirit of servant leadership will teach everyone to be kind, respectful, and caring, even though some people aren't naturally that way.

Once I visited with the director of Human Resources of a prominent hotel firm (Ritz Carlton). I asked this woman, "Has this culture of respect treating each other as you do customers with the motto "ladies and gentlemen serving ladies and gentlemen" influenced your personal and your family life?"

She said to me, "Absolutely. It's like night and day. I was raised in a very difficult situation. I was abused and battered as a foster child. I went back and forth between different homes and situations. And I developed a survival mind set. I was angry and cynical on the inside, but used human relations techniques on the surface in an effort to be nice to people in the company and the customers. But once off work if someone rubbed me wrong, I took my frustrations out on them."

I reminded her, "Unexpressed feelings never die they're just buried alive and come forth later in uglier ways."

She said, "Mine came forth constantly on my loved ones until I started working here."

I asked, "How is it different?"

She said, "Being in this company is almost like having a second family and childhood. I constantly get my modeling from this organization. Now, I see and treat my children differently. I'm more interested in creating a wonderful feeling and atmosphere at home than I am in getting a particular job done."

Another man from the same organization, but different hotel, said essentially the same thing. He said, "You know, this is such an attractive culture to me it's been such a family to me that when I go on vacation, I prefer to stay in the lobby and watch the hotel employees interact with customers. I just love the niceness with which people treat each other."

So much of this civility and courtesy has eroded away to cynicism and manipulation in our society. Even at the more exclusive hotels and resorts, I don't think you can expect genuine

civility. Money can't guarantee it. In fact, wealth might foster an elitist attitude among service providers who merely manipulate guests with human relations skills for the sake of getting tips.

On a recent flight, I observed a pregnant woman as she entered the plane carrying a child in one arm and a large bag in the other. Two flight attendants stood nearby, talking to each other, as this woman come through. I stood up and said, "Let me help you." The flight attendants continued to watch, as we struggled to get stuff into the storage bin. Maybe it's not part of their job description, but if it's their job spirit, they will help. But I suspect that's the same way they are treated inside the company — their complaints are ignored.

Once I took my son to get on to the ski lift for his very first time. He was just terrified of the ski lift. I had to encourage him to try and told him, "Don't worry, I'll ask them to slow it down."

As we approached the lift, I asked the operator, "Could you please slow it down this is his first time."

He frowned — in fact, he looked disgusted and said, "Well, okay."

From that moment on, my son lost interest in skiing.

When you're vulnerable, you can be hurt by the slightest inclination or nuance in someone's voice. Kids have a sixth sense for that stuff. And often they're damaged by the cynicism of others. They pick up those vibes instantly. So, that was the end of his skiing that day. I had to go through this process again.

My guess is that the lift operator received the same treatment when he went to his supervisor and said, "Can I get this day off to attend a family reunion?" His supervisor probably snapped and said, "Who do you think you are? You're scheduled to work here that day." And then that supervisor probably got treated the same way by an arbitrary and capricious boss.

The older I get, the more clearly I see the connection between the way employees are treated and how they treat customers. It's like a chain reaction.

Of course, we need not run around like reactive beings. We can learn not to be offended. We can cultivate our security from within, based on integrity to fundamental principles, so that we can love when we're not loved, be kind when people aren't kind to us, and patient when they're impatient with us.

The capacity to turn the other cheek, go the extra mile, and be a servant leader comes from a deep vision of what we're trying to accomplish. We see what we seek. If we seek a great thing, we tend to see greatness inside people if they're part of it. And we seek feedback from people who have the courage to share. We're not killing the messenger who brings us feedback. Rather, we show appreciation and have the humility to apologize and say, "I need to improve and make amends." Such behavior gives you the ability to want to be more civil to the next person.

Thirty Methods of Influence

If you want to gain and build influence with other people, learn to use the following thirty methods of influence.

We all want to have positive influence with certain people in our personal and professional lives. Our motive may be to win new business, keep customers, maintain friendships, change behaviors, or improve marriage and family relationships.

But how do we do it? How do we powerfully and ethically influence the lives of other people? I submit that there are three basic categories of influence: (1) model by example (others see); (2) build caring relationships (others feel); and (3) mentor by instruction (others hear).

The following thirty methods of influence fall under these three categories.

Example: Who You Are and How You Act?

1. **Refrain from saying the unkind or negative thing, particularly when you are provoked or fatigued.** In these circumstances, to not say the unkind or critical thing is a supreme form of self-mastery. Courage is the quality of every quality at its highest testing point. If we have no model of restraint to follow, we will likely take out our frustration on our fellow workers. We may need to find new models, new examples to follow, and learn to win our own battles privately, to get our motives straight, to gain perspective and control, and to back away from impulsively speaking or striking out.
2. **Exercise patience with others.** In times of stress, our impatience surfaces. We may say things we don't really mean or intend to say all out of proportion to reality. Or we may become sullen, communicating through emotion and attitude, rather than words, eloquent messages of criticism, judgment and rejection. We then harvest hurt feelings and strained relationships. Patience is the practical expression of faith, hope, wisdom and love. It is a very active emotion. It is not indifference, sullen endurance or resignation. Patience is emotional diligence.

It accepts the reality of step-by-step processes and natural growth cycles. Life provide abundant chances to practice patience to stretch the emotional fiber from waiting for a late person or plane to listening quietly to your child's feelings and experiences when other things are pressing.

3. **Distinguish between the person and the behavior or performance.** While we may disapprove of bad behavior and poor performance, we first need to communicate and help build a sense of intrinsic worth and self-esteem totally apart from comparisons and judgments. Doing this will powerfully inspire superior effort. The power to distinguish between person and performance and to communicate intrinsic worth flows naturally out of our own sense of intrinsic worth.
4. **Perform anonymous service.** Whenever we do good for others anonymously, our sense of intrinsic worth and self-respect increases. Moreover, we gain insight into the worth of others by serving them without expectation of publicity or reward. Selfless service has always been one of the most powerful methods of influence.

5. **Choose the proactive response.** Why do so few of us "do" as well as we "know." Because we neglect a connecting link between what we know and what we do we don't choose our response.

Choosing requires us to gain perspective, and then to decide our own actions and reactions. Choosing means to accept responsibility for our attitudes and actions, to refuse to blame others or circumstances. It involves a real internal struggle, ultimately, between competing motives or conflicting concepts. Unless we exercise our power to choose wisely, our actions will be determined by conditions. Our ultimate freedom is the right and power to decide how anybody or anything outside ourselves will affect us.

6. **Keep the promises you make to others.** By making and keeping our resolves and promises, we win influence with others. To be and do better, we must make promises (resolutions, commitments, oaths and covenants), but never make a promise we will not keep. Using self-knowledge, we can be very selective about the promises we make. Our ability to make and keep promises is one measure of faith in ourselves and of our integrity.
7. **Focus on the circle of influence.** As we focus on doing something positive about the things we can control, we expand our circle of influence. Direct control problems are solved by changing our habits of doing and thinking. Indirect control problems require us to change our methods of influence. For instance, we complain from time to time that "if only the boss could understand my program or my problem." But few of us take the time to prepare the kind of presentation that the boss would listen to and respect, in his language, with his problems in mind. With no control problems, we can control our reaction to them, deciding within ourselves how anything or anybody will affect us. As William James said: "We can change our circumstances by a mere change of our attitude."
8. **Live the law of love.** We encourage obedience to the laws of life when we live the laws of love. People are extremely tender inside, particularly those who act as if they are tough and self-sufficient. And if we'll listen to them with the third ear, the heart, they'll tell us so. We can gain even greater influence with them by showing love, particularly unconditional love, as this gives people a sense of intrinsic worth and security unrelated to conforming behavior or comparisons with others. Many borrow their security and strength from external appearances, status symbols, positions, achievements and associations. But borrowing strength inevitably builds weakness. We all distrust superficial human relations techniques and manipulative success formulas that are separated from sincere love.

Relationship: Do You Understand and Care?

9. **Assume the best of others.** Assuming good faith produces good fruit. By acting on the assumption others want and mean to do their best, as they see it, you can exert a powerful influence and bring out the best in them. Our efforts to classify and categorize, judge and measure, often emerge from our own insecurities and frustrations in dealing with complex, changing realities. Each person has many dimensions and potentials, some in evidence, most dormant. And they tend to respond to how we treat them and what we believe about them. Some may let us down or take advantage of our trust, considering us naïve or gullible. But most will come through, simply because we believe in them. Don't bottleneck the many for fear of a few! Whenever we assume good faith, born of good motives and inner security, we appeal to the good in others. Goethe put it: "Treat a man as he is, and he will remain as he is. Treat a man as he can and should be, and he will become as he can and should be."

10. **Seek first to understand.** Seek first to understand, then to be understood. When we're communicating with another, we need to give full attention, to be completely present. Then we need to empathize see it from the other's point of view, "walk in his moccasins" for a while. This takes courage and patience, and inner sources of security. But until people feel that you understand them, they will not be open to your influence.
11. **Reward open, honest expressions or questions.** Too often we punish honest, open expressions or questions. We upbraid, judge, belittle, embarrass. Others learn to cover up, to protect themselves, to not ask. The greatest single barrier to rich, honest communication is the tendency to criticize and judge.
12. **Give an understanding response.** By using the understanding response (reflecting back feeling), three good things happen: (1) you gain increased understanding and clarity of feelings and problems; (2) you gain new courage and growth in responsible independence; and (3) you build real confidence in the relationship. This response has its greatest value when a person wants to talk about a situation laden with emotions and feelings. But note that this response is more an attitude than a technique. It will fail if you're trying to manipulate another. It will work if you deeply want to understand.
13. **If offended, take the initiative.** If someone offends you unknowingly and continues to do so, take the initiative to clear it up. Consider two tragic consequences of not taking the initiative: first, the offended one often broods about the offense until the situation is blown all out of proportion; and second, we then behave defensively to avoid further hurt. When taking the initiative, do it in good spirits, not in a spirit of vindication and anger. Also, describe your feelings when and how the offense took place rather than judge or label the other. This preserves the dignity and self-respect of the other, who then can respond and learn without feeling threatened. Our feelings, opinions and perceptions are not facts. To act on that awareness takes thought control and fosters humility.
14. **Admit your mistakes, apologize, ask for forgiveness.** When we are party to seriously strained relations, we may need to admit that we are at least partly to blame. When one is deeply hurt, he draws back, closes up and puts us behind prison bars in his own mind. Improving our behavior alone won't release us from this prison. Often the only way out is to go to him and admit our mistakes, apologize, and ask forgiveness, making no excuses, explanations or defenses.
15. **Let arguments fly out open windows.** Give no answer to contentious arguments or irresponsible accusations. Let such things "fly out open windows" until they spend themselves. If you try to answer or reason back, you only serve to gratify and ignite pent-up hostility and anger. When you go quietly about your business, the other has to struggle with the natural consequences of irresponsible expression. Don't be drawn into any poisonous, contentious orbit, or you'll find yourself bitten and afflicted similarly. Then other person's weaknesses will become your own, and all this will sow a seedbed of future misunderstandings, accusations and wrangling. The power to let arguments fly out open windows flows out of an inward peace that frees you from the compulsive need to answer and justify. The source of this peace is living responsibly, obediently to conscience.
16. **Go one-on-one.** The late secretary-general of the United Nations, Dag Hammarskjöld, once made this profound remark: "It is more noble to give yourself completely to one individual than to labor diligently for the salvation of the masses." An executive might be very involved and dedicated to his work, to church and community projects, and to many peoples' lives, yet not have a deep, meaningful relationship with his own wife. It takes more nobility of character, more humility, more patience to develop such a relationship with his wife than it would take to give continued dedicated service to the many. We often

justify neglecting the one to take care of the many because we receive many expressions of esteem and gratitude. Yet we know that we need to set aside time and give ourselves completely to one special person. With our children, we may need to schedule one-on-one visits a time when we can give them our full attention and listen to them without censoring, lecturing or comparing.

17. **Renew your commitment to things you have in common.** Continually renew your basic commitment to the things that unite you with your friends, family and fellow workers. Their deepest loyalties and strongest feelings attach to these things rather than to the problems or issues around which differences often emerge. Differences are not ignored; they are subordinated. The issue or one's point is never as important as the relationship.
18. **Be influenced by them first.** We have influence with others to the degree they feel they have influence with us. As the saying goes, "I don't care how much you know until I know how much you care." When another feels you genuinely care about him and that you understand his unique problems and feelings, he also feels he has influenced you. He will then become amazingly open. We take the prescription because it is based on the diagnosis.
19. **Accept the person and the situation.** The first step in changing or improving another is to accept him as he is. Nothing reinforces defensive behavior more than judgment, comparison or rejection. A feeling of acceptance and worth frees a person from the need to defend and helps release the natural growth tendency to improve. Acceptance is not condoning a weakness or agreeing with an opinion. Rather, it is affirming the intrinsic worth of another by acknowledging that he does feel or think a particular way.

Instruction: What You Tell Me

20. **Prepare your mind and heart before you prepare your speech.** What we say may be less important than how we say it. So, mother, before your children return from school full of their own needs, stop and get control. Plumb your resources. Set your mind and heart. Choose pleasantness and cheerfulness. Choose to give full attention to their needs. And, father, sit a moment in the car before coming in and do the same. Ask yourself, "How can I bless my wife and children tonight?" Plumb your resources. Choosing to be your best self will arrest fatigue and renew your best resolves.
21. **Avoid fight or flight talk through differences.** Many people either fight or flight when they disagree. Fighting takes many forms, ranging from violence and open expressions of anger and hate to subtle sarcasm, sharp answers, clever comebacks, belittling humor, judgments and reactions. Flighting also takes various forms. One is to simply withdraw, feeling sorry for oneself. Such sulking often feeds the fires of revenge and future retaliation. People also flee by growing cold and indifferent, by escaping involvement and responsibility.

22. **Recognize and take time to teach.** With differences come supreme teaching moments. But there's a time to teach and a time not to teach. It's time to teach when: (1) people are not threatened (efforts to teach when people feel threatened will only increase resentment, and so wait for or create a new situation in which the person feels more secure and receptive); (2) you're not angry or frustrated, when you have feelings of affection, respect, and inward security; (3) when the other person needs help and support (to rush in with success formulas when someone is emotionally low or fatigued or under a lot of pressure is comparable to trying to teach a drowning man to swim). Remember: we are teaching one thing or another all of the time, because we are constantly radiating what we are.
23. **Agree on the limits, rules, expectation and consequences.** These must be clearly established, agreed upon, understood, and enforced. Personal security is largely born of a sense of justice knowing what is expected, what the limits, rules and consequences are. Life can be thrown out of kilter with uncertain expectations, shifting limits or arbitrary rules: one day this, the next day that. No wonder many grow up learning to depend only on their own ability to manipulate people and life. When life becomes a game to be manipulated, the only sin is getting caught.
24. **Don't give up, and don't give in.** It is unkind to shield people from the consequences of their own behavior. In doing so, we teach them they are inadequate and weak. When we give in to irresponsible behavior by excusing it or sympathizing with it, we condone and foster spoiled, law-unto-self behavior. And, if we give up by ignoring people or tearing into them we undermine their motivation to try. The discipline of don't give up and don't give in, tempered with love, comes from responsible, disciplined living. Otherwise, we take the course of least resistance giving in when we care or giving up when we don't.
25. **Be there at the crossroads.** None of us want the people we care most about to make decisions that have important long-range consequences on the basis of short-range emotional perspectives and moods, personal insecurity and self-doubt. How can we influence them? First, think before you react. Don't be controlled by your own short-range emotional moods and do something that injures whatever relationship and influence you now have. Second, understand that people tend to act in terms of how they feel instead of what they know. Motivation is more a function of the heart than the head. When we sense that our language of reason and logic isn't communicating with their language of sentiment and emotion, we should try to understand their language as we would a foreign tongue, without condemning it or rejecting them. This effort communicates respect and acceptance; lowers defenses; diminishes the need to fight; and restores the desire to do what is right.
26. **Speak the languages of logic and emotion.** The language of logic and the language of emotion are as different as English and French. When we realize we don't have a common language, we may need to communicate in one of four other ways: (1) Give time, for when we cheerfully give time, we transfer its worth to another; (2) Be patient, as patience also communicates worth and says, "I'll go at your speed; I'm happy to wait for you; you're worth it;" (3) Seek to understand because an honest effort to understand eliminates the need to fight and to defend; and (4) Openly express our feelings and be congruent with our nonverbal expressions.
27. **Delegate effectively.** Effective delegation takes emotional courage as we allow, to one degree or another, others to make mistakes on our time, money and good name. This courage consists of patience, self-control, faith in the potential of others, and respect for individual differences. Effective delegation must be two-way: responsibility given, responsibility is received. There are three phases. First, the initial agreement. People have a clear understanding of what is expected and what the resources, authority,

latitude and guidelines are. Second, sustaining the delegates. The supervisor becomes a source of help, the advocate, not the feared adversary. He provides resources, removes obstacles, sustains actions and decisions, gives vision, provides training, and shares feedback. Third, the accountability process. It is largely one of self-evaluation, since delegates are supervised by results, by actual performance.

28. **Involve people in meaningful projects.** Meaningful projects have a healing influence on people. However, what is meaningful to a manager may be meaningless to a subordinate. Projects take on meaning when people are involved in the planning and thinking processes. We all need to be engaged in a good cause. Without such projects, life loses its meaning; in fact, the life span is short for people who retire, looking for a tensionless state. Life is sustained by tension between where we are now and where we want to be some goal worth struggling for.
29. **Train them in the law of the harvest.** We teach the "agricultural principles" of preparing the soil, seeding, cultivating, watering, weeding, and harvesting. We focus on natural processes. We align the systems, especially compensation, to reflect and reinforce the idea that we reap what we sow.
30. **Let natural consequences teach responsible behavior.** One of the kindest things we can do is to let the natural or logical consequences of people's actions teach them responsible behavior. They may not like it or us, but popularity is a fickle standard by which to measure character development. Insisting on justice demands more true love, not less. We care enough for their growth and security to suffer their displeasure.

Overcoming Three Big Mistakes

In our attempts to influence others, we commonly make three mistakes, all related to either ignoring or shortcutting these three categories of influence.

Mistake #1: Advise before understand. Before we try to tell others what to do, we need to establish an understanding relationship. The key to your influence with me is your understanding of me. Unless you understand me and my unique situation and feelings, you won't know how to advise or counsel me. Unless you're influenced by my uniqueness, I'm not going to be influenced by your advice. Cure: Empathy seek first to understand, then to be understood.

Mistake #2: Attempt to build/rebuild relationships without changing conduct or attitude. We try to build or rebuild a relationship without making any fundamental change in our conduct or attitude. If our example is pockmarked with inconsistency and insincerity, no amount of "win-friends" technique will work. As Emerson so aptly put it, "What you are shouts so loudly in my ears I can't hear what you say." Cure: Show consistency and sincerity.

Mistake #3: Assume that good example and relationship is sufficient. We assume that a good example and a good relationship are sufficient, that we don't need to explicitly teach people. Just as vision without love contains no motivation, so also love without vision contains no goals, no guidelines, no standards, no lifting power. Cure: Teach and talk about vision, mission, roles, goals, guidelines and standards.

In the last analysis, what we are communicates far more eloquently and persuasively than what we say or even what we do.

The Strange Attractor

On one occasion, I spoke to a group of executives gathered at a ski resort in Whistler, Canada. After my presentation, I enjoyed a day of skiing. Observing the mountain from the base lift, I could see hundreds of people skiing. At first glance, it looked like total chaos. But after a while, I could see a beautiful pattern of harmony and order to the whole thing.

Snatching order out of chaos is a result of what is called in chaos theory the "Strange Attractor," meaning that all individuals share the same purpose to enjoy their day in their way, according to their level of skill, the condition of the snow, the steepness of the slope, who their friends are, what their plans are, and so forth. Even though I'm sure there were some accidents on the mountain that day, I never saw any.

Now, imagine what would happen if some chief executive sat at the top of the mountain with a computer, programming in all the variables and giving everyone orders on how to go down the hill. It would be chaos, true chaos, resulting in many crashes.

Give Up Control to Gain It

Chaos theory, an interesting area of management thought, essentially reveals a world that is characterized by a kind of randomness and a seeming absence of rules, where even small changes in the system produce huge amplified effects. You can't predict the effects, and you can't control them. But on deeper examination, starting at the subatomic level, you find a core order that is beautiful and harmonious.

The significance of this principle in managing an organization is that if there is a Strange Attractor — that is, a common vision, sense of meaning, strategy, and value system based upon principles — then we will see the same effect in our organizations as I saw on the ski hill: people managing themselves according to the Strange Attractor. And self-management provides order, harmony, and beauty rather than chaos. Although it may look chaotic, because everyone is doing his or her own thing, they all are drawn to and united by the Strange Attractor.

The great paradox is that you're going to have chaos if you try to control people. You may appear to have order on the surface, because of your wielding the carrot and the stick to motivate people, but deep inside people will be going in a thousand directions, having different motives and agendas, because there is no Strange Attractor or common purpose.

To get the Strange Attractor, you need a vision or strategic purpose that everyone can buy into and feel good about, and have a value system based on principles, reinforced by a 360-degree information system and sustained by the universal conscience, the source of the mission statement. If you expect other people to buy into your mission statement, all stakeholders must be involved in creating it. This is what enables order to come out of chaos.

What difference might the Strange Attractor make in relationships? People and teams become more self-managing, since they all have a common value system, a common strategic intent, and a common sense of vision. That commonness attracts them and enables them to bond. It lubricates all human interaction. People will subordinate their own egos and work for a higher purpose. They may work independently, just as a person may ski alone, but because of the context and the commonness, they achieve synergistic interdependence. In their work they look for ways to collaborate or partner with each other. On the ski hill, for example, they watch out for everyone else, skiing a little defensively and with an awareness of where their friends and family members are on the hill. They may meet their friends for lunch at the lodge and ask, "How did

you ski that run?" "How are you going to approach the next one?" "How are you going to handle that steep part?" "How are we going to help this one person who's just beginning?"

Comfortable with Chaos

Command-and-control managers or ski instructors who are used to order, discipline, and direct, might view the Strange Attractor with suspicion, if not outright terror. The main source of this raw terror is their own personal need for control. Many managers feel they'll lose control and things will fall apart. But their underlying paradigm of control is the very cause of their undoing.

Today, the global marketplace is driving the demand for quality, and we can't produce quality unless we have shared values and strategic intent. Those who don't know the Strange Attractor will experience raw terror when trying to compete in the global marketplace. To be more competitive, they need to become more comfortable with chaos. And to do that, they'll need to break their addiction to control slowly, starting with their own immediate work group.

To illustrate this concept of the Strange Attractor, I cite the following examples.

1. When AT&T divested, they were rule-infested, bureaucratic, and product-focused rather than customer-focused. When they went through divestiture, they had to go up against global competition and deal with enlightened customers who had many options. Within one decade, several divisions developed amazingly high levels of empowerment, unleashing talent and energy toward a common purpose or strategic intent.
2. Similarly at General Electric, at one time they were highly bureaucratic, rule-infested, and filled with policies and procedures in a highly politicized environment. Now, some divisions have remarkable levels of empowerment and customer focus, thanks to the Strange Attractor.
3. Saturn Corporation is another example of an organization with a significant mission statement which serves as a corporate constitution, as a Strange Attractor. How can you create an attraction that's so strong it's virtually molecular? It usually comes out of common vision and shared mission. Warren Bennis talks about four things: magnetic attraction, meaning, trust, and consistent example. Those four things define the job of the leader.

My definition of leadership has evolved to this: the creation of a culture around a shared vision and value system based on principles. That's true leadership. If you leave any one of those elements out, you'll be less effective in your leadership. For example, if your vision and value system is not based on principles, you'll have a social value system, like Hitler had. If you don't create the culture, you may have an excellent vision and value system, as most organizations do, but your people won't own it.

Exchange Between Old and New

Let's imagine an exchange between an enlightened leader and a line manager who's still caught in command-and-control ways. The leader asks, "How's it going?" "We can't get good work out of these people," says the manager. "Their work ethic is terrible. No one will cooperate." The leader says, "Well, tell me about it."

The manager moans: "Our customers aren't loyal; our suppliers try to take advantage of us; our employees are all looking out for #1; no one will cooperate and pull together."

And then the leader asks, "What if everyone had the same vision, purpose, strategic intent, and values you have? What if everyone could share that?"

"Oh, that would make all the difference," says the manager. "But we can't possibly achieve that ideal. There are so many different agendas. Everybody's working for his or her own reasons. They go at different speeds and have different timetables."

And the leader says, "Well, look at the human body. The body has many different members, but because of the DNA chromosome structure of every cell, the entire body has the same Strange Attractor. We can reduplicate the entire body out of one cell. It's all there, like a holograph. What if we could have such a Strange Attractor inside this organization?"

And the manager says, "Well, that's just not possible or practical."

"Well, what are our competitors doing?" asks the leader.

"I don't know what they're doing," says the manager. "I just know that some of them are eating our lunch."

"Well, what do you think they are doing?" asks the leader. "Would you be interested in finding out?"

"Oh, yeah, but don't give me any of this idealistic crap about mission statements."

And the leader says, "Well, let's just observe the best of the competition. Maybe we could benchmark a little to see how what we're doing compares with what they're doing."

Gradually, by the force of competitive circumstances, the manager is humbled. Still, he wonders how to get from here to there. "But I don't know what to do," he says. "What must we do to develop a Strange Attractor?"

Now, the leader and manager are honestly exploring together how to get a shared vision and mission, using an inside-out approach. They realize that it has to start with themselves.

Fears Are Groundless

In recent months, I have interviewed several executives who work with companies that have won the Malcolm Baldrige National Quality Award. I asked them, "What was the toughest challenge for you personally?"

They all said, "The biggest, toughest personal challenge was to give up control." They all feared losing control, but they found that their fear was groundless. They thought they were going to have chaos. The opposite happened.

Again, this is the great paradox of leadership: you give up control, and you gain it. When you give up control and involve people in a genuine process of developing a common purpose and value system where they own the Strange Attractor, you begin to see everyone pulling together in the same direction according to their roles and level of skill.

You move from procedural control to conceptual control. You move from external control to self-control.

This is why humility is the mother of all virtues, courage the father, and integrity the child. Because humility says, "I am not in control. I control my actions, but principles or natural laws control the consequences of those actions."

And the consequences are amplified ten-fold with other people. So, if you want to just transact with people, not have any partnering or any deep relationship, then it's easy to just go ahead and do it. But know this: as soon as your competition has the Strange Attractor, you don't have a chance. You'll never last if you have only superficial relationships with a few people and your competitors have transformed relationships and partnerships within the firm and outside the firm.

In a state of humility, you see yourself as part of a larger system. You recognize the dynamic forces involved. You see that there has to be more give-and-take flow, more flexibility, because of the dynamic forces in the marketplace.

Likewise, if you're going to partner with other people, you've got to understand their business requirements and cultural imperatives. In my work with the French company, Michelin, I found the whole key was to first understand the nature of their culture and to go with that cultural flow in order to achieve a common, strategic intent, that Strange Attractor. If you go against the cultural grain, you get the opposite result, the Strange Resistor.

The leadership versus management distinction ultimately comes down to people versus things. You can use control and efficiency with things, but you need to build relationships with people. Unless people have some common sense of meaning, they won't have the Strange Attractor to unite them.

In my own office, we have eight people who work with a high level of empowerment and autonomy. In fact, I rarely even show up. I purposely stay away from the office to be more productive in other high-leverage activities. I attribute the harmony and productivity of the office to the Strange Attractor a common vision of strategic intent and a value system based on principles.

Unless you have the Strange Attractor in your family, how are your kids going to manage themselves when you're not around? They'll do whatever they think they can get away with. Such self-centered behavior truly leads to chaos.

When the Strange Attractor is present, people may actually be absent without impairing the operation. People can be doing their thing on "the hill," and while it may appear chaotic at any given moment if you take a snapshot, but if you film the action with a motion picture camera, you see that it all fits and flows.

LEARNING

The Empowered Learning Model

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Introduction

The purpose of this overview is to introduce the Empowered Learning Model (ELM). The ELM shows how FranklinCovey products and services can be integrated for maximum impact through a powerful process of personal and organizational change.

Individual and organizational performance can be affected by many factors — the design of work processes, the alignment of an organization's strategy to the needs of the marketplace, the level of trust in the culture, the nature of the competition, and so forth. FranklinCovey has additional methodologies for work in these areas. The ELM compliments these offerings, but focuses primarily on increasing the effectiveness and performance capability of people.

The Chinese Elm

Over the last century, we have discovered more about learning than ever before, but our challenges have also become more complex. The need to convert new knowledge into bottom-line performance has never been greater.



The Empowered Learning Model builds upon timeless principles of human development, and adds the essential links to translate that development into increased organizational performance. Most importantly, the model teaches us that learning and performance improvement lie with individuals. No one can force another to learn; however, we can cultivate an environment where people can exercise their unique human capacities to learn, grow, and change. The word "empowered" reflects this reality.

The symbol of the Empowered Learning Model is the Chinese elm, a popular bonsai tree. Bonsai is the ancient art of cultivating miniature trees. The art originated in China and was further developed in Japan. There are many schools of bonsai practice, each with its own artistic and philosophical emphasis.

Artistically, bonsai practitioners carefully prune and shape their trees so they grow into beautiful miniature representations of larger trees found in nature. Philosophically, they work to magnify the spirit and energy of the tree and help it grow to its most beautiful form. By paying careful attention to the conditions of growth, practitioners can help bonsai trees stay alive and beautiful for hundreds of years.

As we consider our performance potential and that of our organizations, the Chinese elm reminds us that with careful stewardship, we can create something of great beauty and art. It also reminds us that we cannot be impatient, and that we must honor the natural laws of learning and growth. A correct understanding of these principles can help us accelerate our efforts, but we cannot change ourselves or our organizations overnight. Achieving unbeatable performance requires vision, dedication, and guided effort over time.

HOW PERFORMANCE IMPROVES

Principles and Performance

Lasting performance is always principle-centered.

Why is this true?

Imagine trying to make a light bulb without understanding the laws that govern electricity, or building an airplane without understanding the principles of aerodynamics. Until the underlying principles are honored — consciously or unconsciously — our performance suffers.

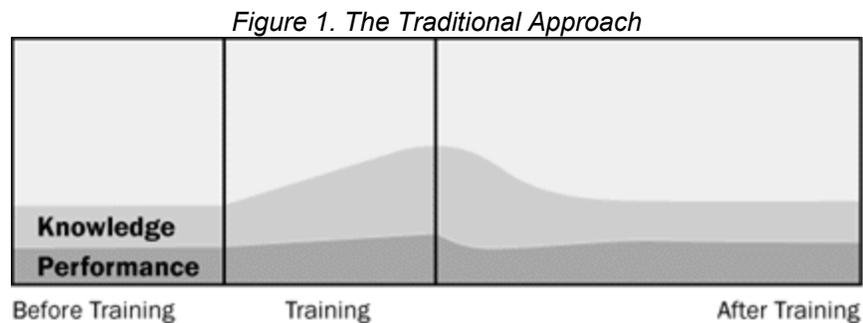
Principles are those truths proven by human experience to be essential to success. They are the natural laws upon which high performance is based. Principles are timeless, universal, essential, and empowering. Adhering to principles ensures that the results we obtain increase our ability to get better results in the future. This is the fundamental definition of effectiveness.

As Alfred North Whitehead stated:

"Knowledge shrinks as wisdom grows: for details are swallowed up in principles. The details of knowledge which are important will be picked up ad hoc in each avocation of life, but the habit of the active utilization of well-understood principles is the final possession of wisdom."

The Traditional Approach: Training as an Event

Often, when confronted with a human-performance issue, the standard "solution" is to send everyone to a training event. While well-designed training can be an important part of performance improvement, training alone does not dramatically increase performance. In fact, studies of training impact show that the knowledge gained at a seminar or workshop deteriorates dramatically within a few days after the course. The problem does not lie in the training itself, but in the context in which that training occurs. The following graph illustrates this dynamic:



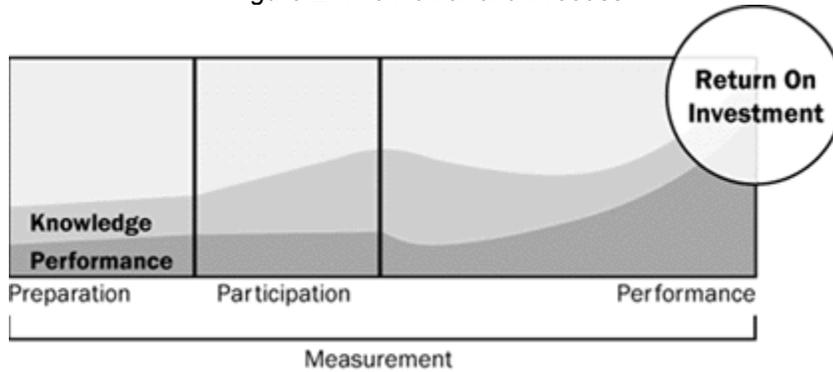
The bottom line shows the level of performance, and is the critical line in this graph. Knowledge (the top line) is important, but the real question is, How much knowledge has been converted into improved performance? Improvement in this "bottom line" drives improvement in the financial bottom lines of our organizations.

In the traditional approach, nothing happens before training, so the knowledge and performance lines stay the same. During training, individuals are exposed to new knowledge, and the knowledge line takes a significant leap higher on the graph. The critical issue, however, is what happens after training.

Note that after training the performance line on the bottom dips slightly. This occurs as individuals attempt to apply new knowledge to their old work environments. In a nonsupportive environment, the resistance people encounter will often drive them back to their old ways of working, and performance returns to the original level. Since the new knowledge has not been applied, it is quickly forgotten. No performance improvement has occurred. Time and money have been wasted.

The Power of a Process As illustrated in the graphic below, the curves change shape dramatically when a training workshop is part of an effective process of preparation, participation, and performance support, and is carried out in an environment of measurement and accountability.

Figure 2. The Power of a Process



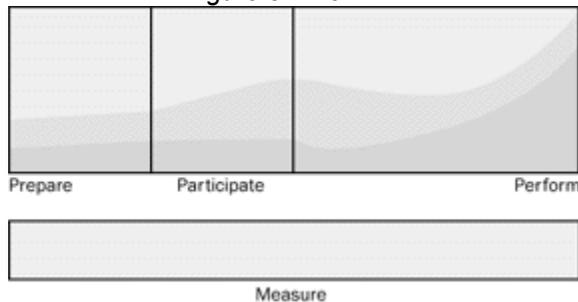
In such a model, both the knowledge and performance lines begin to move even before participation in the workshop. But the real impact is seen afterward as the participants' performance is actively supported through effective tools, follow-up events, coaching, and other assistance. As people bring new knowledge to their jobs and successfully create new results, they gain new insights into the knowledge they have applied. As a result, the knowledge and performance lines both continue to rise after the workshop experience. It is at this point where the return on investment is high.

The Empowered Learning Model (ELM)

Real performance improvement requires that we spend the appropriate amount of time and energy in each stage of the process. The Empowered Learning Model helps us to understand the process and to organize our efforts to ensure that performance improves.

The ELM occurs in three stages: **Prepare, Participate, and Perform**. The **Measure** bar runs along the bottom to provide a place for identifying the key measurement activities in each stage. The generic ELM is shown below:

Figure 3. The ELM



After a brief description of the parts of the ELM, examples are given to show how you can use the ELM to organize your improvement efforts using two of FranklinCovey's most popular product and service offerings: The 7 Habits of Highly Effective People and What Matters Most.

PREPARE

During the Prepare stage, we focus our efforts on helping participants increase their ability to effectively receive, and later apply, their new knowledge. Effective preparation creates a compelling context so individuals see an upcoming learning experience, such as a workshop, as a resource they can use to further their performance objectives. They perceive a clear linkage between what they will be learning and the performance objectives of the organization. As a result, they become active participants in the workshop experience, not just "attendees."

Preparation activities may include the following:

- Profiling and self-assessment
- Personal study and prework
- Establishing learning and performance objectives
- Identifying helpful resources and support mechanisms
- Linking course content to organization performance initiatives

PARTICIPATE

Participation in a workshop or other focused development process can be a tremendous catalyst for change. Such an experience provides:

- Focused concentration and immersion in a learning experience.
- A shared context among participants that facilitates implementation and performance improvement.
- The creation of ongoing learning relationships among participants.
- A safe place to experiment and practice new behaviors.
- Exposure to other perspectives and active dialogue.
- Inspiration, motivation, and vision to change behavior.

Learning is an inherently social activity. This is especially true with skills such as effective communication, teamwork, and leadership. When people are brought together in a focused environment, new levels of knowledge and energy emerge that could not have been created otherwise.

In addition, such experiences lay a critical foundation for spreading knowledge throughout the organization. Organizational learning begins when individuals share their knowledge with others. A focused learning experience, such as a workshop, can help establish the relationships required for this critical communication.

At the same time, workshops alone do not increase performance. Performance improves when people return to work — when new capabilities are successfully integrated into their habit patterns. This highlights the critical nature of the Perform stage of the ELM.

PERFORM

The Perform stage focuses on the return to the work environment and the effective implementation of knowledge and skills. In a sense, this is not a stage at all, since performance is what organizations are all about. The Perform stage represents the ongoing work of translating new knowledge and skills into results.

Clearly a variety of factors influence the degree to which an environment supports high performance. An organization's information systems, work processes, decision-making processes, reward systems, and so forth, all greatly impact the performance of individuals. FranklinCovey offers products and services that address these areas specifically. Abundant performance support is the key to an organization's return on its learning investment.

Implementation processes and tools used in this stage of the ELM include:

- The Franklin Planner
- Personal Coaching
- Follow-up profiles
- Self-paced learning modules
- Web-based tools
- Renewal workshops
- Online learning networks
- Three-Person Teaching
- Win-Win Agreements and the Stewardship Accountability System
- Project management
- Mentoring programs

MEASURE

Organizations invest in learning because it affects performance and bottom-line results. A well-constructed measurement system can greatly enhance performance impact.

Measurement is important for three basic reasons:

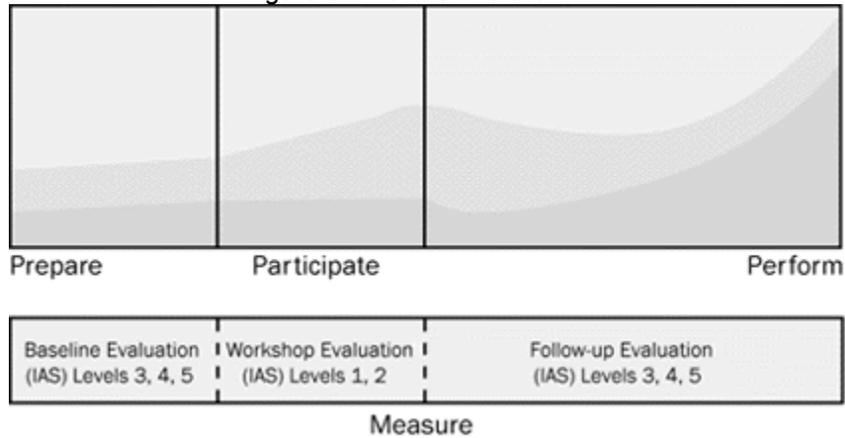
- Measurement encourages performance.
- Measurement helps us validate performance improvement.
- Measurement helps us identify and adjust specific activities in the ELM where effectiveness can be increased.

The FranklinCovey Impact Analysis System (IAS) provides the tools and techniques for measurement in the ELM. This approach focuses on five measurement levels in three categories as shown below.

INDIVIDUAL IMPACT	
Level 1: Reaction	Measurement at this level determines if participants view a workshop experience as relevant and engaging.
Level 2: Learning	Measurement at this level evaluates a participant's improvement in knowledge, skills, and attributes.
Level 3: Application	Measurement at this level determines if a participant changes his or her on-the-job behavior.
ORGANIZATIONAL IMPACT	
Level 4: Organizational Performance	Measurement at this level indicates how changed individual behavior affects key organizational and business results.
FINANCIAL IMPACT	
Level 5: Return on Investment	Measurement at this level identifies the direct financial impact that occurs as a result of training (for example, increased sales, reduced costs, increased productivity, etc.). These measurements are complementary to, and are a more focused subset of, the broader organizational measurements of Level 4.

The FranklinCovey Impact Analysis System is available in standard and customized formats and fits into the ELM as shown below.

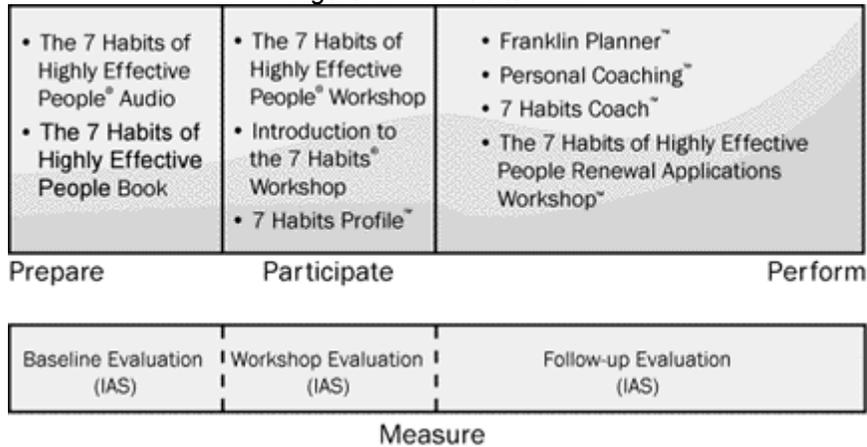
Figure 8. The IAS and the ELM



ELM Examples: The 7 Habits of Highly Effective People and What Matters Most

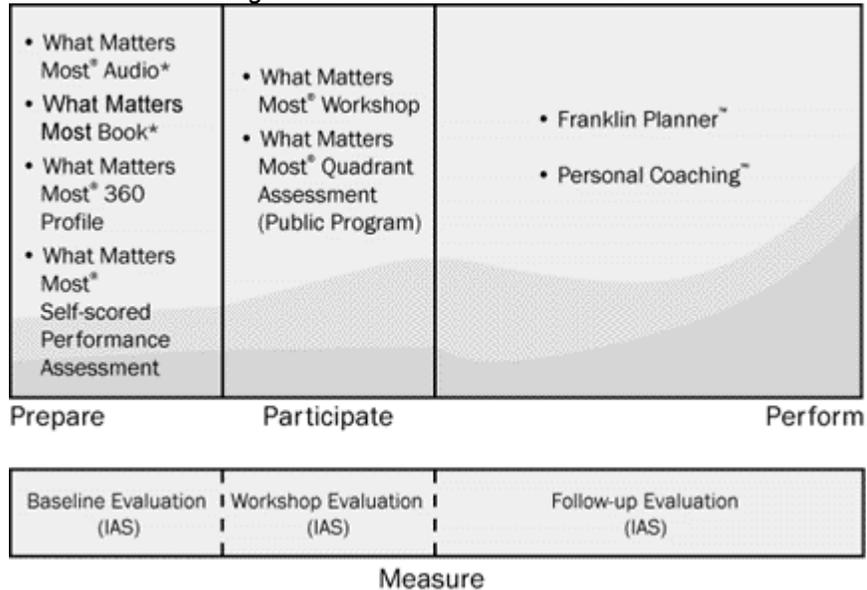
All FranklinCovey products and services support the ELM. For example, the standard products and services of the 7 Habits process are shown in relation to the ELM below:

Figure 4. A 7 Habits ELM



Similarly, products and services that form the What Matters Most process are shown below:

Figure 5. A What Matters Most ELM



Each of these ELMs can serve as preparation for, or as a partner to, additional improvement efforts. By sequencing multiple processes in well-crafted development paths, organizations can build an integrated and continuous process of learning and performance improvement.

Four Key Implementation Tools and Processes

FranklinCovey advocates four unique and powerful approaches that dramatically increase the impact of the ELM:

- The Franklin Planner
- Personal Coaching
- The Learner/Teacher Paradigm and Three-Person Teaching
- Win-Win Agreements

THE FRANKLIN PLANNER

The primary tool for helping individuals increase their effectiveness is the Franklin Planner. This tool represents a complete system that powerfully supports learning and performance improvement. No tool is more effective in helping individuals improve their results on a daily basis.

This tool effectively supports all four elements of the ELM as shown below. It is also a powerful companion to the other tools and processes described in this section.

- **Prepare.** Individuals prepare by aligning their learning objectives with their mission, vision, roles, and goals. They identify specific steps they will take to make their learning more effective. They schedule specific action items and follow-up dates to ensure that they will get the results they desire.
- **Participate.** During a workshop or other learning session, individuals can use the Franklin Planner to capture key information and insights, relate their experiences to their roles and goals, identify others who can be of help, and make action plans to implement what they are learning.
- **Perform.** Individuals increase their performance by using the Franklin Planner on a weekly and daily basis to organize their activities, reinforce their performance goals, and ensure that they are achieving their desired results. Additionally, they can review the information they captured during the Participate stage, and add new insights as they learn from their experience.
- **Measure.** The Franklin Planner helps individuals track their progress toward specific goals and constantly review their performance.

PERSONAL COACHING

Personal Coaching is one of the most powerful implementation processes FranklinCovey offers. The process is primarily used in the Perform stage of the ELM as a way to help people apply and expand what they have learned in a workshop. In some situations, however, an ELM built around Personal Coaching can serve as an alternative to an ELM designed around a workshop.

Personal Coaching participants receive access to a qualified coach who works closely with them in the achievement of their goals. Their coach is available to them over the telephone and provides them with instruction, guidance, positive reinforcement, and accountability. As participants experience the power of positive personal interaction, they are able to more effectively create new habits, apply new knowledge and skills, and improve their performance.

THE LEARNER/TEACHER PARADIGM AND THREE-PERSON TEACHING The Learner/Teacher Paradigm suggests that people learn better if they are preparing to teach someone else. This paradigm is made active through Three-Person Teaching, which requires individuals to teach what they have learned within 48 hours of gaining new knowledge.

This paradigm and process affects all four stages of the ELM:

- **Prepare.** Individuals identify others with whom they will share their learning. This creates a sense of accountability and contribution for participants to effectively convey what they will learn.
- **Participate.** Individuals participate with greater intensity and involvement, since they know they will soon be sharing their experience with others.
- **Perform.** Individuals work to distill new knowledge into a form that is easily taught, which reinforces the knowledge they have received. Sharing also creates social accountability to implement the knowledge, and facilitates application. Those with whom the information has been shared become allies in the process of change.
- **Measure.** Three-Person Teaching increases the pace of implementation and performance improvement. Organizations may choose to measure the progress of Three-Person Teaching explicitly as part of their performance measures.

Teaching notes, Three-Person Teaching plans, and specific times for sharing can all be kept and tracked in the Franklin Planner.

WIN-WIN AGREEMENTS

An essential part of the FranklinCovey approach to interpersonal effectiveness is the Win-Win Agreement. This element flows out of The 7 Habits of Highly Effective People, and helps individuals clarify expectations in these five areas of job performance:

- Desired Results
- Guidelines
- Resources
- Accountability
- Consequences

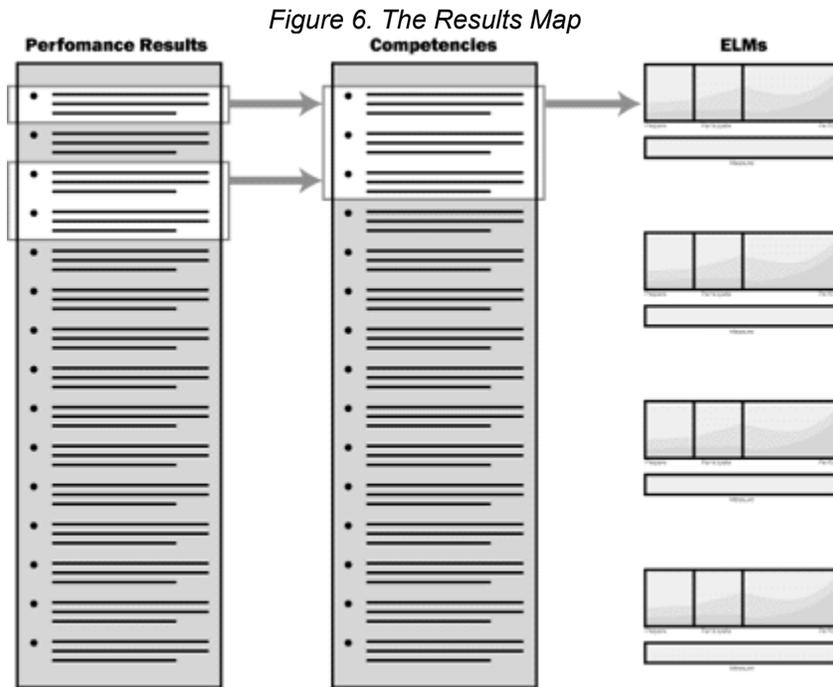
Win-Win Agreements can be applied to all four stages of the ELM as shown below:

- **Prepare.** Individuals can meet with a supervisor/ coach and identify specific desired results from the learning experience, clarify guidelines, identify resources to support implementation, discuss accountability, and highlight the natural consequences for successful or unsuccessful implementation.
- **Participate.** During the workshop, participants can organize their learning around the performance objectives discussed before the course, and prepare an action plan to apply the knowledge.
- **Perform.** Individuals can meet with their coaches again to revise their agreements based on the knowledge gained at the workshop, and to share their action plan. The participant and coach can work together to accomplish the desired performance objectives.
- **Measure.** Individuals can integrate specific performance measures into their Win-Win Agreements.

The Win-Win Agreement becomes a powerful driver of change when properly implemented in an environment of trust, mentoring, and mutual support. As with Three-Person Teaching, the information and activities associated with Win-Win Agreements can be effectively organized in the Franklin Planner.

The Results Map

The primary purpose of the ELM is to help us improve our performance. The Results Map shows how specific performance results can be improved by helping people develop the competencies that drive those results. The graphic below shows the linkage between performance results, competencies, and a specific ELM:



Each element of the Results Map is described briefly below. A more detailed example of the map follows these descriptions.

PERFORMANCE RESULTS

Performance Results represent the specific, measurable outcomes desired by the organization. They can represent objectives at many strategic or operational levels. For example:

- Increased sales
- Increased communication
- Reduced cycle time
- Improved teamwork
- Lower employee turnover
- Customer retention
- Increased customer satisfaction

Organizations may consider hundreds of measurable results, but they should select those measures they feel to be strategic and most closely affected by improved human competence.

The ELM is FranklinCovey's approach to performance improvement when the development of people is seen as central to improved performance results. FranklinCovey has additional methodologies for work with organizations in other, "non-training" areas.

COMPETENCIES

Competencies encompass the knowledge, skills, and attributes that promote high performance in individuals and organizations. These elements are defined as follows:

- **Knowledge.** Someone possesses knowledge when he or she knows what and why. Knowledge is factual and informational, and grows through education and exposure.
- **Skills.** Someone possesses skill when he or she knows how to apply knowledge to get results. Skill grows through practice and experience.
- **Attributes.** An attribute is who someone is — his or her character, psychology, personality, etc. Attributes are developed through experience and choices we make in response to the circumstances we face. Attributes are often deeply seated, and may be the product of a lifetime of experience.

Many organizations have created comprehensive "competency models" that represent the knowledge, skills, and attributes they seek to attract, develop, and promote. Others may only have a vague idea of the competencies that relate to their performance objectives. FranklinCovey has designed its products and services to promote the competencies that relate to high performance in all organizations.

ELMS

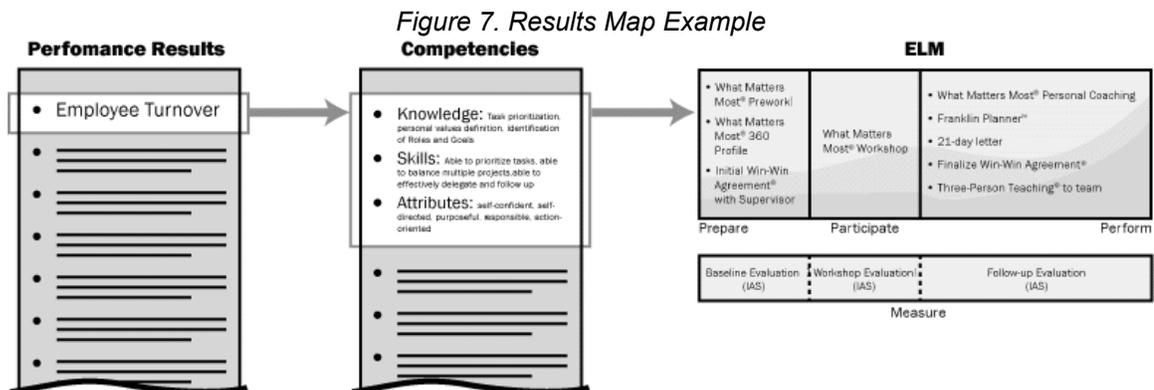
Each ELM represents a specific learning process designed to develop or promote certain knowledge, skills, and attributes. Choose the ELM that best develops the competencies that relate to the desired performance results.

A Results Map Example: What Matters Most

The following figure shows how FranklinCovey content supports specific competencies that improve performance results.

In the example, an organization determines that its problem with employee turnover is directly related to the challenges people have as they try to manage multiple tasks and priorities. In order to help people gain the competencies required to be more effective in that environment, they create a customized ELM around What Matters Most training. As a result, the ELM helps people gain the knowledge, skills, and attributes they need to be successful, and fewer people decide to leave the company.

There are more competencies that result from What Matters Most training than are shown in the example below. The key point is to see how the ELM affects performance results through increasing the competencies of individuals.



APPENDIX

The FranklinCovey Learning Cycle

At a fundamental level, the ELM is effective to the extent that it supports the learning cycle shown below:

Figure 1. The FranklinCovey Learning Cycle



The Learning Cycle consists of four interdependent elements:

- Paradigms
- Results
- Behavior
- Reflection

PARADIGMS

Paradigm means "a way of viewing the world." Other terms with a similar meaning are world view, perspective, belief system, and belief window. Paradigms include our values, our accepted rules of behavior, our decision-making criteria, and our understanding of life's purpose and meaning. Paradigms can be conscious and explicitly articulated, or unconscious and manifested only implicitly through our thoughts and actions. Our paradigms strongly influence our interpretation of the world around us and how we interact with that world.

In terms of performance improvement, small revisions in our world views generally cause small behavioral changes and incremental increases in performance, while significant revisions cause significant behavioral changes and large performance improvements. These significant changes in our world view are called **paradigm shifts**.

BEHAVIOR

Our behavior includes specific thoughts, feelings, and actions. It is how we choose to relate to and interact with our world. While we can modify many of our behaviors, most of them remain on unconscious "auto-pilot" until we either choose to consciously examine them, or are confronted by situations that require us to do so.

Our behavior also includes the tools and processes we use to achieve our objectives. We can better manage our own lives if we have well-designed tools to support us. Effective tools support the paradigms, behavior, and habits of reflection that make us more productive and increase the quality of our results.

RESULTS

The results we get in our lives flow primarily from our own paradigms and behavior. Other factors can also affect our results, but these two areas offer the greatest potential impact in our efforts to improve.

To create small improvements in results, we should focus on improving specific behaviors. To create significant improvements, we should work on our fundamental paradigms because they are the roots from which most of our behaviors grow.

REFLECTION

Reflection brings consciousness and choice to the learning cycle. Reflection occurs as we evaluate our paradigms, behavior, and results against each other and against the results we want to achieve. Reflection means honestly and accurately assessing our total effectiveness and using every means available to gain a clear picture of where we are as opposed to where we want to be. It is this evaluation that creates a space between stimulus and response, and allows us to improve our lives.

Often, the best indicator of where we need to improve is found in our own consciences, regardless of what the numbers say. Some of the most powerful learning comes as we access the knowledge inside of us and work to align our behaviors with that knowledge.

THE ELEMENTS OF THE LEARNING CYCLE ARE INTERDEPENDENT

The four elements of the Learning Cycle are highly interrelated. Just as our paradigms affect our behavior, our behavior can shape our paradigms. Likewise, the quality of our reflection affects how well we understand the results our behavior generates. The connections between these elements are rich and varied.

The key to empowered learning is to recognize how our paradigms, behavior, results, and habits of reflection affect each other, and strive to consciously improve our own cycle of learning over time.

Five Enabling Conditions

Five conditions enable the Learning Cycle to operate effectively. Understanding these conditions, and knowing how to cultivate them, gives us power to help ourselves and others learn more effectively. The five conditions are:

- Desire
- Knowledge
- Commitment
- Freedom
- Accountability

The relationship of these conditions to the elements of the Learning Cycle is shown below:

Figure 2. Five Enabling Conditions



CONDITION ONE: DESIRE

Desire is the central catalyst of learning and growth. If people do not want to learn to be more effective, they won't. Leaders often face the challenge of creating desire in people to move forward and to accomplish new goals, yet the desire to learn must come from within. The key to creating desire in ourselves and others is to identify an unmet need.

Our needs tend to fall into four basic areas:

- **Physical** (food, shelter, financial security, safety)
- **Social/emotional** (a sense of belonging, friendship, love)
- **Mental** (personal progress and development of skills and abilities)
- **Spiritual** (meaning and purpose, making a difference)

Motivation to change occurs as we recognize a gap between what we need (or want) in these areas and the results we are currently getting. This happens in two ways:

- New needs are discovered.
- Our current results fall short of existing needs.

When a gap exists, we want to close it. This can happen in two ways:

- We change our definition of what we need.
- We look for new ways to get what we need.

Many take the first course of action, which often results in lowered performance expectations. Others find the unmet need so compelling that they are willing to change their thinking and behavior to meet it.

As we work to meet our needs, there are three basic sources of motivation. They are:

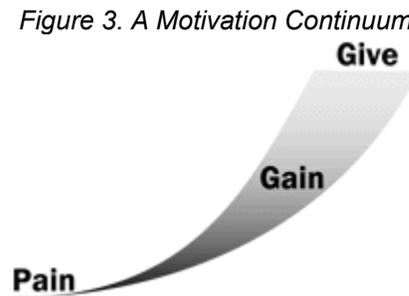
- Pain
- Gain
- Give

Pain. Pain is the logic of fear and avoidance. When the unmet need is built around a lack of or a threat to a basic need (such as food, physical safety, financial security, or loving relationships), this deprivation can be a powerful motivator. Motivation based on fear of pain lasts only as long as the perceived threat remains.

Gain. Gain is the logic of acquisition. When the need revolves around the desire to have more of something that is not necessary for our survival (such as more money, friendship, or fulfillment), we may be motivated to change our behavior. We are limited only by our sense of whether what we want is worth the effort required to get it. If we feel that what we are seeking is worth our time, energy, or money, we will consider it a fair exchange and make the effort. Since these things are not necessary for our survival, the motivation lasts only as long as this equation remains in balance.

Give. Give is the logic of meaning and fulfillment. It represents the fundamental desire to contribute to the accomplishment of something outside ourselves. This level of motivation can elicit the deepest human energies, and lasts as long as the purpose is considered worthy of our effort. Many of the great changes throughout history were powered by causes people believed in and were willing to make sacrifices for in order to achieve.

These three needs form a continuum as shown in the graphic below:



The nature of our desire or motive for learning will impact how the Learning Cycle functions. When people operate out of fear, what they see, the things they do, the results they get, and their evaluation of those results will be different than if they went through the same process based on the desire to achieve a great purpose. **In terms of human performance, the higher up the continuum, the more effective and enduring the motivation will be.**

CONDITION TWO: KNOWLEDGE

Our desire to learn is useless without an opportunity to gain new knowledge or skills. An environment rich with opportunities to acquire new knowledge fosters high performance.

We can gain new knowledge in different ways. These include:

- Reading
- Reflecting
- Listening
- Sensing
- Feeling
- Watching
- Talking
- Visualizing
- Doing

Most people have a preferred learning style. A multiple-style, knowledge-rich environment leads to greater learning efficiency and more effective implementation.

Just as there are different learning styles, there are also different knowledge types. High performance in work and life is based on more than strict reasoning ability. Our ability to relate effectively with others, control our emotions, defer gratification, and focus our whole being on a task matters just as much, if not more, than traditionally measured intelligence. High performance is a "whole person" activity.

CONDITION THREE: COMMITMENT

Knowledge and desire are paralyzed without a specific commitment to act. Commitment and action planning are critical drivers of the ELM. As Goethe stated:

"Until one is committed, there is hesitancy, the chance to draw back, always ineffectiveness concerning all acts of initiative (and creation).

"There is one elementary truth the ignorance of which kills countless ideas and splendid plans: that the moment one definitely commits oneself, that providence moves too.

"All sorts of things occur to help one that never would have otherwise occurred. A stream of events issues from the decision, raising in one's favor all manner of unforeseen incidents and meetings and material assistance which no man could have dreamed would have come his way.

"Whatever you can do or dream you can, begin it. Boldness has genius, power, and magic in it. Begin it now."

The source of our motivation directly impacts the level of our commitment. Imagine if Steve Jobs had simply tried to create "just another computer," or if Harriet Beecher Stowe had simply sought to write "just another novel." The Apple Macintosh and *Uncle Tom's Cabin* hold a place in history because they came from a commitment to create something of significance.

CONDITION FOUR: FREEDOM

Freedom is the ability to experiment with many methods and approaches as we seek to accomplish our goals. Experimentation is the heart of experiential learning — we learn from our experience what works and what doesn't. As a result, until we are free to fail, we are not really free to succeed. By continually testing our choices in the real world, our knowledge and performance can grow in powerful ways.

CONDITION FIVE: ACCOUNTABILITY

Learning requires that we be accountable for the results of our choices. Self-accountability is the most powerful form of accountability. It is the integrity to keep the commitments we have made to ourselves, to our goals, and to the people we care about.

Other Learning Models

FranklinCovey materials contain models that differ in terminology but are based on the same principles as the FranklinCovey Learning Cycle. These models include:

- The FranklinCovey Reality Model
- See — Do — Get
- The Six-Step Process
- Organize — Act — Evaluate
- Learn — Commit — Do
- The Personal Effectiveness Cycle

Learn from Competition

I suggest that you look on your toughest competitors as teachers and mentors and learn all you can from them. You value your competitors much more when you see them as teachers, as the people who bring out the very best in you and your organization for the purpose of better serving customers.

I first got this idea when my son, Sean, was the starting quarterback in the football program at a major university. Sean read the book, *Inner-Tennis*, by Tim Gallway, and was persuaded to look on the competition in an extremely positive light. Doing that did something to him. He came to appreciate other quarterbacks, especially the ones he played against, and began to value what they could do on the field. Studying game films from a different angle let the negative energy out and let the positive energy in.

Years ago, I talked to Sean just before he played his first tennis match. "Your tennis opponent has had five years of training," I said. "Remember: you have only had six lessons. He is your greatest teacher, Sean. Learn everything he's doing to you."

Sean lost the match, of course, and it was a painful lesson. But he learned a lot by playing against a tough competitor.

External Competition

Business executives would greatly benefit by looking on their toughest competition in a positive light and learning all they can from them. After all, business is not about beating somebody it's about better serving the customer. The competition is about the same task. So you both have the same overall objective.

Competition is appropriate in independent realities, such as athletic contests and in contests to win market share. But when we see these contests through the abundance mentality, we begin to see win-win alternatives.

Seeing the competition as a teacher makes a difference in the kind of intelligence you gather. Again, you're not out to beat up or beat out your competitor, you're seeking to understand them to understand how they are serving the customer and why they are friendlier, faster, or more flexible. You want to know what enables them to do that. You want to learn from them and apply those lessons in your business. An executive recently told me, "Our goal is to beat our competitors."

I asked, "Don't you want to serve your customers?"

He said, "Well, yes, but we also want to beat out certain competitors."

I said, "Is that really what your business is about? Isn't your business more about serving the customer than about beating the competition? Your competitors may be doing a better job in some ways. Learn to look on them as teachers, not as competitors."

"Wouldn't that thinking make us soft?" he asked.

"No," I said. "The opposite would be true it would make you more competitive than ever."

When Sean was a quarterback, he would do amazing things to get his body in shape. He once told me that he knew his competition was doing the same things, and he had to match them stride for stride in the conditioning, in the pre-season preparation, and in the practice sessions, or he couldn't expect to be competitive with them on the field.

When Sean began to see his toughest competition as teachers, he gained more respect for their accomplishments. In fact, in one game, the opposing quarterback broke the NCAA all-time passing record. Sean was so impressed by this achievement that he walked across the field to congratulate the player.

You might use that same principle and either show on film or show in some other way what the competition is doing to serve their customers. But before you do, you would be wise to invite your people to buy into this paradigm. If you try to get people to learn from your competitors without the paradigm, you could be laughed out of the company.

Old rivalries die hard, and old thinking about competitors dies hard. We still hear talk of competitors as enemies, and in spite of all the progress we've made in human and civil rights, we still hear derogatory comments, racial slurs, sexual innuendos, insults, and harassments in our homes, neighborhoods, and work places. We hear talk about killing competitors, beating them up, putting them out of business. These "us versus them" words reflect old thinking and old attitudes about competitors.

Internal Competition

For many people, the toughest competition and opposition comes from internal rivals. Why do we find it so hard to cooperate with teammates and with family members? Could it be that we transfer this old thinking about competitors to colleagues, thus creating internal rivalries? Often the perceived internal competitor, the internal enemy, is the one who hurts you the most.

In athletics, if half your team's competitive energies are dissipated because teammates are competing against each other, you won't have enough energy left to beat opponents, even when you have better talent. Likewise in business, if you have dissension on your team, you likely won't be competitive with world-class performers.

If you see your own teammates or colleagues as your fiercest opponents, competitors, rivals, or enemies, you may feel that you've got to beat them out to keep your job or protect your status within the company. You're too threatened to share power; you're too threatened to give knowledge; you're too threatened to share inside information; you're too threatened to give recognition; you're too threatened to share gain or profit. You'll be filled with scarcity thinking — "There's only so much, and I've got to get mine first." With scarcity thinking, all politics and social games come into play.

To begin to see so-called competitors as colleagues, you need to see that there is great strength in diversity. If you have a common vision, mission and purpose, diversity can be synergistic. But if you lack a common purpose, diversity can be very counter-productive. You'll be threatened by the talents of others, and then your insecurities will pop up. When you are consumed with jealousies and rivalries, your strengths are poorly utilized because half your strength is spent trying to deal with the strengths of others. So in a sense, both strengths are made unproductive, and both weaknesses are made relevant. Instead of developing a complementary team — where you value the strengths of others and use them to compensate for your deficiencies — you develop a divisive team characterized by negative synergy. Sadly, the sum of the parts may be less than the whole.

Seven Ways to Switch Paradigms

How do you change your thinking about competitors? How do you switch paradigms? One thing is certain: you can't just put new wine in old bottles.

Some things have to change if you are going to learn from the competition. I recommend the following seven principles.

1. **Change your beliefs about competitors.** I think you've got to honestly believe that the greatest thing that ever happened to Detroit was competition from Japan. You have to believe that customers are benefited through the competition of people trying to do the same thing for the customer in better ways. Once you honestly believe that, once you get your mind focused on serving the customer and on learning from people who are trying to serve the customer, I think the old paradigm shifts naturally. But until you honestly believe that, you are going to have a lot of negative synergy, reactive energy, and defensive strategy in your company.
2. **Benchmark against competitors.** To change that old thinking, the people at the top have to model the value of benchmarking not only against the competition, but also against the best practices of the same function anywhere in the world. The leaders must let people see by example that "our competitors are our teachers, so let's learn what they've done." By learning all you can from the competition, what they're doing to better serve the customer, you have something to benchmark against. I suggest that you benchmark against any competition that performs similar functions, no matter what industry they're in or where in the world they are located. Rather than look only at your local and regional competition, see the whole world as a competitive field and benchmark against the world-class competitors. Through benchmarking, all players can win.
3. **Form partnerships with former competitors.** Thinking differently about competitors may eventually lead to strategic partnerships with one or two of them. I've seen that happen many times. For example, two major oil companies that once competed fiercely against each other in U.S. markets became partners in basic research and development in the North Sea. This wasn't just R&D in the pure sense, but in the real developmental sense. They shared their best expertise and resources to help each other bring oil out of the North Sea and develop it.

Also, a major construction company — one that builds dams, huge civic projects, and large commercial buildings — competes in the bidding process against other contractors who are going after the same business. But as soon as this company wins the business, they then hire their "competitors" to become subcontractors in the overall project. These subcontractors have high confidence that they will also win in the project because they have high trust in the integrity of the leadership team. They know that even if they lose the bid, they still win a piece of the action.

If you are interdependent, you think cooperation and partnership. With interdependent partners, you can have a true transformational experience where you exchange ideas, information, and resources. With independent competitors, you typically have only a transactional partnership where you merely exchange goods or services.

4. **Serve each other.** Nothing helps cure rivalries and selfish behaviors like getting outside yourself, getting outside the company or family to see that your business isn't about beating up your competitors — your business is about serving your internal and external customers.

5. **Share a common vision, mission, or purpose.** When all hearts and hands are working for a mission, for noble causes and principles, you will be much more united and focused than if you are working just to make money.
6. **Center on principles, not on enemies.** When you're trying to beat somebody, what happens with your energy and your feelings toward people and life? You typically see everyone as your enemy. You even begin to see friendships in terms of strategic alliances.

You may ask, "Are you against this person like I am?"

"Well, no, I kind of like the person."

"Well, that means you're against me. If you're not for me, you're against me."

You begin to believe that any competitor is an enemy. For example, once a man called me at 3a from another state. His own business partner had become his enemy. When I picked up the phone, he said, "I'm sorry to call you at this time, Stephen, but I have to let you know what's going on. Do you know what my partner's doing now?"

I said, "Who is this?" I was in a deep sleep; I had no idea what was going on. I said, "What, what is it?"

"You know what his plan is now?" he continued. "We've got to come up with a strategy, and figure something out."

My friend was so full of anger that he was enemy centered. And because he was centered on his enemies, he was unstable. He felt that the whole world was against him.

Our power, wisdom, security, and guidance are affected by whatever we center on. If we aren't centered on principles, we may be centered on our enemies and being enemy centered works against the service ethic.

7. **Switch from scarcity to abundance thinking.** The abundance mentality is the key to this paradigm shift toward seeing competitors both internal and external as teachers, as people who can help you better serve your customers. Without that mentality, internal jealousies develop. People with great strengths are seen as people who are either in or out, either with us or against us. Their strengths aren't utilized because they're seen as threats, instead of talents to be tapped and integrated.

This paradigm shift is a profound thing. I've personally experienced the positive effects of valuing people who serve the same people you're trying to serve better than you.

ORGANIZATIONAL DEVELOPMENT

Using Stakeholder Information Systems

An organization is an ecological system, and the information system must deal with the whole environment to help executives understand what's going on. Until an executive understands what's going on, his judgments and decisions will be flawed, distorted, incomplete or inaccurate. People believe what they want to believe, and what is strongly desired is easily believed.

Since an organization is an ecological system, it needs an information system that deals with the whole package. The primary information system of most companies is financial accounting around which an entire problem-solving system has been developed. However, financial accounting deals only with things, not with people.

Financial accounting only tells you about things that are measurable. A "thing paradigm" does not deal with people problems and challenges. Things are programs; people are the programmers. Using financial accounting to deal with people problems is like playing golf with a tennis racket: the tool is not suited to the sport. Financial accounting is not suited to understanding the whole package and to understanding the chronic causes and sources of problems. It focuses almost exclusively on acute problems and surface effects: revenues, costs, etc.

If executives have a "thing paradigm," they will only be informed by financial accounting systems, even though they get a completely distorted picture of what is going on.

I once worked with a large banking organization in Dallas. This company was losing a high percentage of its middle managers. The executives couldn't understand why. The only human resource information they had was anecdotal, coming primarily from exit interviews, an incomplete and inadequate source of information because of high emotional content and unscientific sampling.

Based on exit interviews, the executives assumed that the problem was the compensation system. And so they modified the compensation system, only to find that it didn't make any difference at all.

Using our system of human resource accounting, we gathered information and found that the real problem was that they were attracting entrepreneurial people and then asking them to crunch numbers in middle management positions there was no intrinsic satisfaction, no challenge, no excitement.

Once they got the feedback, they adapted to that reality and restructured the organization around entrepreneurial talent and around systems that rewarded the entrepreneurial spirit. Thereafter, they lost very few people, except ones who didn't have that spirit. It unleashed an enormous amount of energy and talent throughout the organization because they weren't blocked by old rules, regulations, procedures and policies.

How Effective Is Your System?

The main reason for assessing human resources and for setting up stakeholder information systems is to deal more effectively with people — with your employees and with your other stakeholders: suppliers, customers, investors, etc. Decision-makers need to see a balanced picture and to receive information in user-friendly ways.

Many assessment programs break down because executives don't involve the people who supply the feedback in action planning and problem solving based on that feedback. When you get good feedback from people, you need to act on it. Often you need an outside agent or internal consultant — some catalyst to bring energy, expertise and discipline to the problem-solving process.

The classical problem-solving process involves eight steps: (1) gather data; (2) diagnose data; (3) select and prioritize your objectives; (4) create and analyze alternatives; (5) select one of them (make a decision); (6) plan the action steps to carry out that decision; (7) implement; (8) study the results against the objectives. And then it's back to step 1.

In contrast, human resource accounting often begins and ends with gathering data. We may do a little diagnosis, often without any training or tools. And then we hit and miss in our efforts to develop objectives based upon our diagnosis, to think through alternatives, to make decisions and to implement them.

When we do an assessment or survey, we create the expectation that the data will be used for decision-making purposes. When problem-solving around feedback is not done, people are disillusioned because their expectations are violated. Moreover, if management and the organizational structure, systems, and style continue to reinforce the financial accounting data, the culture then becomes cynical about opinion and attitude surveys.

Decision makers, too, may get turned off because they can see the negative effects. And so they revert back to their old style, and to the safety of partial, incomplete data dealing with effects rather than with causes and the complete picture.

Financial accounting then supplants human resource accounting because the former appears to be hard, precise, scientific, systematic, objective and definitive while the latter appears to be soft, subjective, imprecise, malleable, nebulous, messy, Pandora's box stuff. Assessment instruments can be as accurate, hard and objective as financial accounting, but ultimately, all accounting and information systems are subjective because they are based on certain assumptions.

Anyone who understands the roots of financial accounting knows that it is highly subjective; it only has the appearance of objectivity. But put so-called objective data against "soft" and "subjective" human data, and the numbers will always win. That's why we use computer data at beauty pageants and award celebrations: to give the appearance of objectivity when, in fact, the judgments are very subjective.

Objectivity, in my mind, simply means, more opinions. When I served on the Administrative Council of a major university, I used to say, "We've got to look at leadership criteria in admitting students." The response was, "No, we can't. How are we going to tell parents: 'Your son wasn't admitted because he doesn't have the leadership potential.'" So we looked at grades and test scores because these "objective" criteria produced more predictable outcomes.

Business and industry have the same problem: how to assess people on the front end in ways that predict success. If we are long on management and short on leadership, how do we correct the imbalance? We have assessments that deal with selection and hiring, but most of these tools only raise red flags. They can't test for motivation, which is the key element in performance.

I recently read that there are seven kinds of intelligence that can be measured now. Only one of the seven the verbal-mathematical-logical index is used in determining IQ. But there are six others kinesthetic, spatial, interpersonal, intrapersonal, creative and aesthetic that can now be

measured. And research shows that virtually every person rates very high in at least one of those seven categories.

One advantage of using an assessment (such as our 7 Habits Profile) to measure personal capability or performance is to get pre-test and post-test data. For people who go through our training, the locus of control shifts from external to internal. Such training also creates a halo effect, meaning if you measure and record it, people tend to want to do better. Indeed, what you measure tends to improve.

One possible short-term disadvantage of training and assessments is that people become very proactive and, over time, form a dynamic subculture. They start seeing that there are options in life. The good news is that the net result is often a better fit between people and jobs, between personal and organizational needs. Some say, "You know, we might lose some people if we start asking questions." But if there's not a good fit, it's usually counterproductive to be there anyway. Nonetheless, if you put short-term and hard data against long-term and soft data, short-term and hard data will always win out. The health and welfare of the goose get pushed out of the picture as people go after the golden eggs.

Start Assessing Customers

To establish the practice of human resource accounting, you should start with a customer information system. But don't neglect the other stakeholders, including stock-holders. In a world of leveraged buyouts and hostile takeovers, you're inviting trouble if you aren't assessing these stakeholders. Unless you regularly account for all of your stakeholders, your organization will likely not survive its competition.

That message is slowly beginning to register. I recently spoke to some engineers, who must use their left-brains to deal with techniques, technology and things. I told them, "Your primary problems are people. And you can't solve people problems with a thing mentality." They were shocked to hear it put that way, but they agreed.

If you emphasize short-term production, your people will only want financial information systems, even though these are primarily serve owners and managers who want answers to such questions as: "What are the sales? What's the net? What's the return on the dollar invested? What's my dividend? How can I support my lifestyle? How can I get the income or growth I want?" They are often unaware that their long-term returns would be higher if there was an ecological harmony among all stakeholders.

The owners are driving financial accounting systems, and the managers are responding to ownership. Employees are means to an end, without getting much respect...until they compete with companies whose executives have learned how to mobilize, energize and value people at all levels. Then they listen to employees because they're the cutting edge. They're the people who deal with the customer.

The purposes of human resource accounting are continuous quality improvement, team building and individual progression of course, even people who get some feedback can get mired and plateau. One reason is that they're not getting the right feedback. They then fall back to a comfort zone and get arrogant, lazy, and cowardly. They don't want to face some realities. The mirror is too accurate. They don't want to see themselves naked. They would rather see themselves clothed with position, power and robes of respectability. To be exposed is to be vulnerable.

It takes an exceptional chief executive to expose himself voluntarily to external scrutiny and to set up information systems that make them accountable to the other stakeholders. One such executive is Ken Melrose, CEO of Toro. He has put a chart outside of his office because he wants people to see how he's doing against certain objectives. By measuring and charting his performance, he makes himself accountable and motivates himself to improve.

If you measure it and post it, you will improve it. Some doctors use biofeedback to assess the condition of people who are in critical condition. I heard of one doctor who put a feedback monitor on the ceiling, right above his patients' heads, with a needle pointing to "life or death." The patients just stare at it, but it gives them good information on what's happening inside their bodies. Using that feedback, they can then start to take control over seemingly involuntary body processes.

Basically, that's what's happening to a lot of American companies. They're getting feedback from the market that says "You're facing death" or "You're facing extinction and you'd better do something about it."

It's better to be humbled by the word than by the force of circumstances. However, few people will go through an assessment process if they aren't part of a program or group. Some highly self-motivated people, who have a lot of inward security, may informally seek feedback regarding their effectiveness.

The irony is that the more a person cares about what other people think, the less they can afford to care about what other people think because they're too vulnerable to it. So they avoid getting the data. How can they possibly risk finding out what you think about them? What if you reject them? What then?

The opposite is also the case. The less you care about what people think, the more you care about what people think. Because you don't get your security from people. You get your security from within, from integrity to your value system. And if you value being effective with others, you'll adapt your styles, skills and views. You will get your security from within, and your effectiveness from without.

Companies and people who seek and use objective feedback on their performance are usually people who have internal security. And they're more humble, more open and more willing to learn and to adapt. Some people might say they're naïve, because they're soft and malleable. But if they get their security from unchanging internal sources, they can afford to be vulnerable and flexible on the surface.

In one scene of the movie *Roger and Me* we see a woman bludgeoning a rabbit to death while talking the whole time. It is symbolic of what is happening in many corporations and in many professions. In education, medicine, accounting, insurance, publishing, and law, many people are thinking of alternatives because they've lost confidence in the same old thing. The major industries in this country are very vulnerable because they haven't really listened very much. The old structures and systems are still in place. But those venerable old walls may come tumbling down when someone walks around the city blowing a trumpet.

Four Levels of Improvement

To invest in stakeholder information systems, an executive must buy into the paradigm of continuous improvement at four levels: personal, interpersonal, managerial, organizational. All four are needed. The one you neglect will have a negative domino effect on the others, bringing down the house of cards.

If we aren't trustworthy, how can we have trust on an interpersonal level? And if you don't have trust at the interpersonal level, how are you going to empower others with a sense of stewardship for results? The control styles of management in this country come out of low trust. And low trust comes out of too much duplicity, hypocrisy, inconsistency. People who walk into their problems can't talk their way out of them. The popular strategies of self-talk, visualization and affirmation are necessary but insufficient. It takes a real commitment at all four levels.

You may also need to use different kinds of human resource accounting. On one end of the continuum are formal, scientific and systematic forms; on the other end are meaningful one-on-one visits, continue-stop-start surveys, empathic listening and emotional bank account building. Use both formal and informal systems, including suggestion systems, speak-up systems, open door systems, resident ombudsman, and regular scientific profiling. Make it a policy that no one gets promoted unless they get high marks on these instruments, not only from their superiors and peers, but also from their subordinates.

Your gut feeling may tell you that feedback in one area of the survey isn't all that accurate. But be careful not to throw the baby out with the bath water. Don't deny data just because you don't like it. It's tempting to say, "Those idiots over there don't know what they're talking about," and then go on your own anecdotal research.

In an open, trusting culture, you can get good data in one afternoon by using a "continue-stop-start" survey. The problem is that such informal surveys don't have the same legitimacy, power, or level of sophistication; therefore, people may not pay as much attention to it. Data must not only be accurate, but valued.

Accurate feedback should be highly valued. It's hard for someone who's divorced from the day-to-day operations of a company as well as for someone who's totally immersed in the operations, to know what's really going on. Hence, there's a need for good feedback. Otherwise, you get insulated and isolated. And you don't really know what's happening. People tell you what you want to hear. And you like it. You don't want to deal with all the problems. You may even develop your own private networks for getting information. And it's usually anecdotal; the safe thing is to hear it from just a few people.

In some companies, people are rewarded for participating in assessments, even if they bring bad news. It's very healthy to build "due process" into your operations and correct principles into your constitution. Unless you have a complete information system and a strong reinforcement system, then your mission statement is nothing more than platitudes. Because eventually, the management style will drive structure and system.

Stakeholder information systems put teeth into a mission statement, turning it into a constitution, the supreme law of the land. Because you are gathering data on it, looking at it regularly, problem solving and action planning around it, and rewarding people on the basis of it.

In the *Analogy of the Cave*, Plato talks about people turning to and from the light, and living with relative degrees of darkness and light, truth and error. People don't want to face the truth or the light, unless the market imposes that task on them unless they virtually have no choice but to

seek feedback and do something about it regularly. They prefer to live and work in relative darkness, in a comfort zone or a protected market niche where they can live with a 30 percent margin of error. But in world-class competition, that doesn't cut it. They may survive temporarily in their industry, or their particular market, but if they want to prepare to have a long-term competitive advantage, they've got to improve.

Once you get information, you tend to use it. When you get enough people with information, you raise the consciousness and unleash energies. The higher the consciousness, the more the social, national and political will develops. As the great sociologist, Kirk Dirckheim, taught: "When mores are sufficient, laws are unnecessary; when mores are insufficient, laws are unenforceable."

Top and Bottom Lines

Since the top line drives the bottom line, top executives must both lead people and manage things, having one eye on vision and the other on cash

Three men were scheduled to be shot at sunrise: a Frenchman, a Japanese man, and an American. Each was given one last request. The Frenchman said, "I would like to hear the French National Anthem played one more time." And the Japanese man said, "I would like to give one last lecture on quality." And the American said, "Shoot me first."

The problem is, they did shoot him first, and he never heard the lecture. In his lecture, the prominent Japanese industrialist said this: "We are going to win and the industrial west is going to lose and there is nothing they can do about it because the seeds of their failure lie in the way they think. They think that it is in the nature of things that the people at the top do all the important thinking and the rest wield the screwdrivers."

Traditionally the dominant paradigm in management is control because "he that is good with the hammer tends to think that everything is a nail." Executives start thinking that they have to control budgets, schedules, things, and people. And so the prevailing style of leadership is benevolent authoritarianism, where the people at the top think they know best and do all the thinking and prescribe methods for getting desired bottom-line results.

People and Things

Why are people often managed as things? Because those in power often want people to be the way they want them to be.

The robbery of agency is a serious violation of the intrinsic dignity and worth of another person. If people feel violated, they learn to play the game and "psych out" the social system to get ahead. Then there is no law of the harvest.

When I went to the Harvard Business School in the late 1950s, the school was in a state of transition from the human relations movement to a new human resource model of management.

The emphasis in human relations is how you treat people the key principles, of course, being fairness, kindness, dignity, trust, and respect. While the old human relations model recognized that people want to belong that they want to feel honored and respected it was still a very inadequate model of management because it was essentially benevolent authoritarianism it did not help leaders to tap the enormous talent, energy, ingenuity, and creativity in people.

When the human resource techniques were introduced on top of the old human relations model, they started to drive higher levels of productivity and quality, but never fundamentally changed how people were managed. Executives were still reluctant to give up control and to empower people.

Two of my sons are working on their MBAs at the Harvard Business School. They ask, "Do we study organization first or human behavior first?" Knowing that the school would place heavy emphasis on understanding organizations, I suggested that they first seek to understand human nature and behavior. "Once you understand human nature," I suggested, "you can decide how best to organize to get the job done. Ultimately, business is all about the relationships between suppliers and customers. Every human being is a supplier of his or her talents. And so the real bottom line of business is relationships. The paradox is this: to get results, focus on relationships."

People want to be treated well at work (human relations), but they also want their talents to be developed and used well (human resources). Both the context and the content of the work are important. If people are managed as things, it will show up in the bottom line. The key is to manage things, but lead people. You will then have the optimum bottom line because you unleash the energy and talent of people. Leadership and management, content and context, are both important. Leadership decides which wall to put the ladder against; management determines how to climb it faster. Management deals with things and efficiency. Leadership deals with people and effectiveness.

Every time I ask: "How many in this audience agree that the vast majority of the work force possess far more capability, creativity, talent, responsibility, and initiative than what their present jobs allow or require them to use?" almost all of the people raise their hands. This suggests that the greatest resource we have is vastly underutilized.

Top Line, Bottom Line

Now, if you better utilize your people through principle-centered leadership and better manage your money and other things, will that improve the bottom line? Yes, because the top line visionary and value-based leadership drives the bottom line. However, top-line leadership without bottom-line management is insufficient.

Once I worked with the executive team of a large manufacturing organization where people were fed up with bureaucracy and external control and were anxious to break out of the straightjacket. But the executive team went too far and created an organization that was, in essence, a social experiment with no bottom-line accountability. I encouraged them to put bottom-line performance criteria in their mission statement: "If there is no margin, there can be no mission."

They were so excited about their new approach to manufacturing, distributing, marketing, and selling that they overlooked bottom-line efficiency criteria; consequently, there was no wage of capital (profit). If capital does not have its wage, it will go elsewhere, just as people do.

Both the managers and employees were so caught up in this social experiment that their mission statement was ethereal. I warned them, "Capital will go elsewhere; without a criteria for efficiency, you will justify poor performance."

Well, they could see that, and so they put into their mission statement some economic criteria. And what a difference it made. Both union and company leaders realized that they needed bottom-line responsibility and accountability; otherwise, they would not get corporate and market financial backing.

The top line (vision and mission) has great impact on the bottom line (profit). The two lines are more closely connected than most executives realize. If people have meaning, they will find the means to survive and succeed. But if they have no common vision of the future nor shared sense or hope that "we can do it," people become bogged down in a negative energy cycle and a feeling of hopelessness and helplessness sets in. I still see many managers trying to play golf with a tennis racket. I see these new robotics manufacturing plants run by old-style management. Some professionals can do their own independent work on market strategy, but they can't pull together a culture to make that strategy happen or use a highly efficient robotics plant with a group of interdependent people that's a whole new ball game. It requires a different mindset, new skills, and a higher level of maturity.

Every executive could learn some valuable lessons from Selectron, a company that won the Malcolm Baldrige Award two years ago. The power of the Baldrige Award is that it's not self-evaluation, but rather it is based on objective, external criteria and standards that put management and everyone else through their paces.

Selectron executives started a partnership program with key suppliers and customers to tap their resources, ideas, and talents. These partnerships allow Selectron to realize significant gains in productivity, performance, efficiency, and effectiveness. They know that you can't run a company from the top because the decision process takes too long. The people at the top can't know everything that's going on; besides, the real action is between the employee and the customer. Quality can't be imposed from top to bottom quality management must cut across all departments. A company is only as strong as the intelligence, judgment, and character of its people.

Transforming a Swamp

You can transform a swamp culture into a principle-centered oasis by building internal security and long-term relationships.

Imagine yourself in a loathsome, dismal swamp. It is dark, dank, and foul. Bugs and insects skid about on the surface. Noxious weeds, quicksand, and mud abound. Footing is unsure, the stench oppressive, and the water stagnant. Poisonous spiders, venomous snakes, and loathsome rats compete for food and dominion. It's a depressing, repugnant place filled with repulsive conditions.

Now, imagine the gradual transformation of that murky swamp into a magnificent oasis. See the swamp being drained of the old water. Fresh water is introduced from natural springs and then channeled with inlets and outlets. The ground becomes stable; the stench goes away; vegetation begins to grow again; lovely blossoms and flowers emit a fresh fragrance. You see beautiful new vegetation, trees, lagoons.

Finally, the swamp becomes a true oasis shaded from the sun under a canopy of trees, with clear pools of water that is pure enough to drink. The oasis is now an attractive place to rest and to work and to relate with others. If you were to describe it in quality terms, you would say that it was beautiful, lovely, excellent, attractive, enchanting, resplendent, magnificent, splendid, peaceful.

Transforming Your Situations

If you could transform a "swamp culture" based on adversarialism, legalism, protectionism, and politics into an "oasis culture" based upon natural laws or principles, your payoffs would be enormous. You would save big bucks by increasing span of control and tapping into the energies and talents of people.

But how? How might you transform a swamp a bad situation or condition you face into a lovely oasis? What process would bring about the transformation?

Typically, the garden oasis is created by the application of natural laws and principles. Through the use of the Seven Habits, we can change the swamp-like conditions often found in our own lives and in our organizations. And, through Principle-Centered Leadership, we can transform a swamp culture inside a business or a family into an attractive and productive oasis.

The swamp-to-oasis transformation is a process that requires patience and work. It is not a quick fix. Rather, it involves a natural, orderly, step-by-step process that encourages constant constructive feedback. Also, the change requires long-term commitment to the principles of transformation. Those principles must be applied in their proper sequence, and for sufficient duration to achieve the long-term change.

In a sense, you must change from a "school" culture (where you cram for tests) to a "farm" culture (where you plant seeds and operate on the basis of natural laws and enduring principles).

A Case in Point

I once worked with the executive team of a multibillion dollar organization. I asked them, "Do you have a mission statement?"

Hesitantly they brought it out. It read: "To enhance the asset base of the owners." I said "Do you put that on the wall to inspire your customers and employees?" "Well, you know, it's kind of a private one, but we don't go for this idealistic crap. I mean, isn't that what business really is all about to make money?"

And I said, "I'm sure that's one of the important purposes. But I'll tell you what your culture's like." I then described their culture: interpersonal conflicts, interdepartmental rivalries, sub-groups polarized around key philosophical issues, back-talking and bad-mouthing, cosmetic niceties on the surface exchanges. I next described their industry: unionized with people working on two cylinders; deep, entrenched conflicts between departments; special contests and promotions constantly going on to make sales quotas.

They said, "How do you know so much?"

"You just told me. You're only dealing with the economic need of people on one level on the basis of false assumptions. That's why everybody is looking elsewhere to meet their other needs and make more meaningful contributions." "Well, what do you suggest?"

I then presented a new paradigm of management. During the presentation, they began to see the need for fundamental change in their culture, and they asked, "How long will it take to fix?"

I said, "Well, you know, it depends how bad you're hurting. If you're not hurting, it may never happen. If you're hurting either through the force of circumstances or the force of conscience, and if that pain is widely felt in the culture, you could do it — you could develop a balanced mission statement and start to align style and structure and systems within a year or two."

"There is one thing you don't understand about us, Stephen. We work fast. We'll whip this baby out this weekend."

What was their ultimate business, their paradigm? In their minds, the ultimate business was real estate things they could buy and sell "over a weekend."

No Quick Fix.

Swamp transformation does not come from working harder and more positively in the swamp. In fact, it has little to do with industry or attitude. It has more to do with an inaccurate map or paradigm based on social values rather than inviolate principles.

To transform a swamp into an abundant, life-giving oasis, start by building a sense of internal security in people so that they can be flexible in adapting to the realities of the marketplace.

The less internal security people have, the less they can adapt to external reality. They have to have some sense of security, and to get it, they may try forming structures and systems, rules, and regulations. But these only stifle them by closing off the stream of fresh water (new ideas). Swamp conditions begin to develop. The water stays shallow and stagnant; it stinks (and people know it), but if the competition is in the same condition, they survive the day. And when new competition comes on the scene having a culture of high trust, team work, hard work, and a commitment to quality and innovation they may imitate methods and try to imprint them into their culture, but if the foundation isn't there, they'll still be stuck in the swamp. Employees may then form a union, seek social legislation, or offer collective resistance. The company becomes a place where politics run the show and where people are constantly reading the tea leaves.

Swamp cultures breed dependency, and you can't empower people who are dependent. That's why most empowerment initiatives don't work. People may act as if they are independent, but they become loose cannons and when they go off in the wrong directions, executives pull back that power and get back into the control mode. Old methods don't work with new challenges. Today, nothing fails like past success.

If you are principle-centered, you will tend to have principle-centered relationships. It's hard to be around people who quietly model principle-centered leadership without feeling the power of their integrity. Politically-oriented people will either shape up or ship out, and as they do, you see a transformation take place inside that culture, from swamp to oasis.

Economic transactions may take place in dependency cultures, but not core transformations not fundamental shifts in the way the organization is managed.

Principles and Practices

In recent years, since the publication of my book, *The Seven Habits of Highly Effective People*, I have worked with many wonderful individuals who are seeking to improve the quality of their lives and the quality of their products, services, and organizations. But sadly, I have seen that many use a variety of ill-advised approaches in sincere attempts to improve their relationships and achieve desired results. Most habits of ineffectiveness are rooted in social conditioning toward quick-fix, short-term thinking.

Principle-centered leadership introduces a new paradigm that we center our lives and our leadership of organizations and people on certain "true north" principles, processes, and practices.

Real empowerment comes from having both the principles and the practices understood and applied at all levels of the organization. Practices are the what-to-dos, specific applications that fit specific circumstances. Principles are the why-to-dos, the elements upon which applications or practices are built. Without understanding the principles of a given task, people become incapacitated when the situation changes and success requires different practices. When we teach practices without principles, we tend to make people dependent on us or others for further instruction and direction.

Principle-centered leaders create a common vision and a set of principles, and work on decreasing the restraining forces. Practice-minded managers focus on increasing the driving forces to make some short-term improvement. But these methods create tensions and those tensions break out in new problems, requiring new driving forces. Performance tends to slip, particularly as the organization becomes fatigued and cynical. Management by drives will lead to management by crises. Because so many balls are in the air, all of the energies of people are consumed in meeting day-to-day demands and the urgencies.

Principle-centered leaders are men and women of character who work with competence "on farms" with "seed and soil" on the basis of natural principles and build those principles into the center of their lives, their agreements and contracts, their management processes and mission statements, and into the center of their relationships with others.

Long-term Relationships

The key to survival and success is to think long term; to think in terms of building relationships and high-trust cultures. Most organizations are governed by social norms and values, and the people who work in such organizations are very involved in image-building and turf-protecting. They seek to manipulate the political swamp with its adversarial spirit and survival-of-the-fittest mentality. Much energy is spent internally on effort that does not serve the customer, contribute to quality, or build long-term relationships.

Long-term relationships are developed upon natural laws and proven principles. Women have the edge over men in cultivating long-term relationships. Women have a higher sense of the importance of long-term relationships. Men tend to have a management mindset, and management focuses primarily on control, efficiency, and on turning people into things.

The two dominant trends of the future long-term thinking and long-term relationships favor the natural capabilities and talents of women. An article in *Scientific American Journal* confirmed that in the female brain, the nerve center between the left and the right brain is about twice the size

that it is in men, enabling more instantaneous nerve communication and information passage between the left and the right side.

Now, why is that so significant? Well, management is basically a left-brained logical approach toward controlling things, whereas leadership is more of a right-brained, intuitive, visionary approach toward building relationships with people.

Of course, we need to have a complementary capacity of both left and right brains, either within us or within our management team. Most organizations are over-managed and under-led. One consequence is that they never get deep buy-in to a common set of principles that enable people to supervise, direct, control, and govern themselves. The less leadership you have, the more you are going to manage with rules and regulations, procedures, and external supervision and control.

The day of women in business is upon us. However, many women still experience a "glass ceiling." That is why it is so important for women not to give their power to the weaknesses of another person. Don't ever adopt a victim mentality. Thinking as a victim will produce the evidence to support your perceptions. You become a self-fulfilling prophecy.

Many people, men and women alike, carry a chip on their shoulder. Some of this counter-dependent mentality has been scripted into them because of very real abuses and prejudices and because of a lack of appreciation. So, there is a history, but we are not our histories. We have the power to choose our response to our histories to become truly response-able.

We can choose and control our response to prejudices and stereotypes. We can adopt a paradigm that more closely describes the true nature of people and organizations one based on the effectiveness of people, not on the efficiencies of structure, style, and systems. Culture is only a manifestation of how people see themselves, their coworkers, and their organizations.

Regarding our marriage, family, and business relationships, our guiding principle ought to be: We will not talk about each other behind each other's back. We may be constructively critical in an effort to help others, but we will not take cheap shots. If we have a disagreement with someone, we will go directly to that person to clarify a position or to resolve the problem. That takes tremendous courage and a lot of character strength.

People who come from a competition orientation tend to think defensively and protectively and in terms of scarcity. Those who live in an atmosphere of affirmation and unconditional love tend to have an intrinsic sense of personal security and an abundance mentality.

Most management paradigms try to turn people into things by making them more efficient. That's why many managers see the human resource as expendable. If that view is widespread in the culture, people will try to protect themselves by developing some kind of collective power, maybe a union, and by lobbying for social legislation to mitigate the exploitative, opportunistic tendencies of aggressive management. You can be efficient with things, but you must be effective with people. If you try to be efficient with people on emotional issues, you'll end up fighting or fighting and making a withdrawal from the emotional bank account.

Ten Dilemmas

Principle-centered leadership is a breakthrough paradigm a new way of thinking that helps resolve the classic dilemmas.

The present paradigms of management and leadership create confusion and pain because they can't explain or resolve the dilemmas that commonly confront us. Nor do they deal with the root cause of these dilemmas.

Unless and until people sense that their current paradigm or assumptive framework is the source of serious problems, they won't be open to change or to new ways of thinking. Instead, they will tinker with their attitude, behavior, or skills. But such work only yields small, incremental improvements.

Only by changing our paradigms can we experience quantum improvement. The following ten dilemmas are a distillation of my work with organizations and individuals. Perhaps you have asked yourself one or more of these questions as you have grappled with real-life management challenges. I hope that by reviewing these dilemmas, you will feel anew the pain associated with them and then resolve to gain by adopting the paradigm of principle-centered leadership (PCL).

1. **How do we achieve and maintain a wise and renewing balance between work and family and between personal and professional areas of life in the middle of constant pressures and crises?** Some people keep thinking that things will change "next year" or "after this project," but the pressures, stresses, and crises keep coming.

They can't see how to achieve life balance in the middle of crises that never seem to go away.

The truth is that the pressures and crises never will go away it's vain hope, a false myth as long as we keep the same old paradigm. Some people will even create a crisis if they aren't faced with one, because they work better under deadline pressure it brings out their creative juices but they often pay a big price in their health, marriage, and family life.

Crisis management is so built into our lives and society that we may feel guilty if we aren't into it. Also, it does provide immediate satisfaction. Prevention and maintenance work, initially, is not very satisfying or rewarding. Prevention pays long-term dividends, but we don't see immediate results.

The strong emphasis on short-term results causes many people to focus on independence, not interdependence, and to avoid visiting their "secret life" where their heart is, where their motives lie. But only by visiting this last, ultimate arena of life can a person develop the inner confidence and peace that is essential to work on the high priorities then they can say no to the unimportant, no matter how urgent, because they have this deep affirming yes within them.

PCL forces people to get to bedrock, to develop their personal mission statements, to decide the high priority items in their live and to learn to say no to the urgent crises and problems that aren't important.

Principle-centered leaders focus on preventing problems, seizing opportunities, building long-term relationships, enhancing character and competence, planning and preparing, and addressing causes.

2. **How do we unleash the creativity, talent, and energy of the vast majority of the work force whose jobs neither require nor reward such resources?** Virtually everybody relates to this one clear evidence that current paradigms are inadequate.

When three men a Frenchman, a Japanese, and an American were given one last request, the Frenchman wanted to hear the French national anthem one last time; the Japanese wanted to give one more speech on quality; and the American said, "Please, shoot me first." The problem is that they did, and he didn't hear the Japanese speech: "We will win because the seeds of your failure lie in the way you think our concept is that leadership is the art of mobilizing and energizing the intellectual and creative resources of all people at all levels of the organization."

Now, what kind of paradigm would you need to tap into those capabilities and resources? You would need a holistic paradigm that deals with the wholeness of people their motives, minds, attitudes, bodies, loyalties and also with the total organizational environment and all the forces that impinge on individuals that either inhibit or unleash their talents and energies.

The present management paradigm focuses on the economic side it's incomplete and relies on carrot-and-stick motivation. It does not tap into our deepest beliefs and sources of meaning. The benevolent authoritarian paradigm says, "I know what's best for you. I'll be nice to you, but I'm not going to ask your opinion and really listen." Chuck Colson found that people in Soviet prisons who were involved with real work had more human dignity than many people working in American factories who were playing political games. The work itself brought dignity to individuals. We have a deep need for meaning, involvement, significance, and for being valued and trusted.

To resolve this dilemma, you must work from the inside out at all four levels: individual trustworthiness (character and competence); interpersonal trust; empowerment, so you don't have to have rules and regulations that replace human judgment; and organizational alignment. Most organizational structures focus on short-term, not long-term, thinking; on independence, not interdependence; on narrowly defined jobs and efficiencies, not effectiveness; on span of control and division of labor, not on degrees of liberation and innovation.

Job description is the child of organizational design. If you have a low-trust culture, you need high control built into the design and job descriptions. But these often only insult and exploit people because the paradigms that spawn them are borrowed from feudalism. We may say we value democracy, but we practice and reward autocracy.

3. **How do we create team spirit and harmony among people and departments that have been attacking and criticizing each other for years, while contending for scarce resource playing political games, and working from hidden agendas?** The old autocratic paradigm says, "We know what's best, and we'll come in with another program of the month." But that only produces cynicism and skepticism. The next new program is doomed to failure from the beginning. As people produce evidence to validate their original perceptions, the internal collusion between labor and management is exacerbated.

To stop this self-defeating cycle, someone has to say, "I'm going to start with me, and I'm going to try to get my life centered on some natural laws and principles that are self-evident and common sense but not commonly practiced. And I'm going to start building trust within my circle of influence by making deposits in the emotional bank accounts of

people inside and outside my circle of influence. I'll start with my wife and children and colleagues in my immediate work area."

Over time, that island of excellence in a sea of mediocrity will get other people's attention, and the circle of influence will get larger and larger. As you tap into people's energies and talents, you are turning resisting forces into driving forces to push the transformation process along. People at all levels become champions of the change process because they help develop it and they participate meaningfully in it.

When you make explicit the negative consequences of short-term thinking and quick-fix practices and begin to build deep respect for the integrity and capacity of people, you set the stage for change. But to be a transition person, you may need to acknowledge the mistakes of the past without destroying the good things of the past. "I confess that this was wrong." Then the culture begins to say, "Maybe there is some integrity here."

4. **How can we realize that the choice between hardball ("tough" management that tries to force a better bottom line) and softball ("kind" management that hopes for a better bottom line) is transcended by a third alternative that is both tougher and kinder?** Most people think that if you are not tough, you're soft. If you're not strong, you're weak.

You deal either with the soft, touchy-feely side of management, or with the hard financial side. When you focus on principles, not on partisan politics and arbitrary people, you clearly see that this is a false dichotomy.

The paradigm of PCL is both much kinder and tougher. It's tougher because we must comply with natural laws and principles, and these don't suffer fools gladly because they operate regardless of our observance of them. And they are kinder because if we become submissive and obedient to those natural laws, then we begin to experience the fruits of internal peace of mind, courage, consideration, maturity, respect, and love for people. It's a renewing experience to become aligned with principles. People become accountable to the principles, not to politics or other people. Even top executives are accountable to those principles. No one is exempt. You can't have some little tin god, a Saddam Hussein, who really represents the law. PCL puts responsibility for results squarely on people. It makes a person responsible to do whatever is necessary to get worthy results within guidelines. It motivates them to be more creative and resourceful.

5. **How can we have a culture characterized by change, flexibility, and continuous improvement and still maintain a sense of stability and security?** It comes from having a changeless set of principles at the core and getting our security from integrity to those principles. And since we live in a dizzying world of change, we can actually thrive if we have a changeless core. People who don't have that changeless core, who have never gone to bedrock, who have never visited their own secret life, and who have never tried to get in alignment with natural laws and principles will be tossed and turned by everything that is happening. Why? Because their security comes from their practices and programs, their status, possessions, positions and power. They will fiercely cling to these things to old symbols of security even after the new realities demand change. In Russia, for example, Mikhail Gorbachev is walking a fine line.

He knows that if there is too much restructuring (perestroika), too much change too fast with no initiative being exercised by the people, with no common vision or principles, he will just have total chaos.

That's why I believe so strongly in mission statements. I've recently worked with Thomas More College, Sisters of the Holy Cross, Xavier University, and the LA Police Department, helping them to create their own statements. When people become committed to principles, they become liberated from central authoritarian control. It's a third alternative. "Here are the principles we believe in. We can now make our own judgments. We no longer must manage practices and programs."

6. **How do we get people and culture aligned with strategy so that everyone in an organization is as committed to the strategy as those who formulated it?** It's the involvement process that results in a whole person doing a whole job, fully participating in those decisions that influence them. And the most important decisions by far are the principles that govern their lives that's where you really need involvement. Once you have that, you can allow more empowerment and you don't need much involvement. You don't need involvement in everything.

Unless you establish bedrock principles through high involvement process, you get excessive and inordinate involvement that just bogs down the organization, causing people to say, "To heck with this involvement stuff, we have to move fast." You have to have an empowered culture before you can be "focused, fast, friendly, and flexible," as Rosabeth Kanter says.

In PCL, those who formulate the strategy are those who implement it. For example, in our work with the LA Police Department, we involved street officers in order to change the peace officer paradigm of leadership where you deal with violence with violence to a new paradigm of peacemaker leadership Unless those in the street interact with those in the "ivory towers" to formulate strategy, it will never be implemented. Only 10 percent of strategies are implemented.

7. **How can all people at all levels internalize the principles of total quality and continuous improvement when they are so cynical, fatigued, and disillusioned with all the past "programs of the month"?** The total quality movement, the dominant focus of business today, is too often thought of as "this too will pass." The business schools of the eighties ignored the realities of the eighties and haven't changed their curriculum enough. One exception is the University of Michigan. There, students are required to spend a week in the ghetto, learning to deal with the problems on the street. Also, at the Marriott Corporation, newly hired MBAs must spend their first year in the trenches of the restaurant operations, working with different nationalities and ethnic groups. This deep immersion into the real world gives them a gut-level appreciation for quality and service.

Quality is no fad. It will be with us forever. The nature of the international market is altered forever, and the force of circumstance is driving the quality movement. At Ford, quality is job one, and employee involvement and continuous improvement are seen as two sides of the same coin. The management mandate is to get people participating, giving suggestions, and aligning systems to reinforce continuous improvement. It's a slow, on-going process that takes tremendous patience and commitment at the top.

Executives need to start with themselves and their management team. The missing links in the quality movement are at the personal and interpersonal levels. The team movement lacks the foundation of trust built on the foundation of character and competence. We may be victims of our systems and institutions, but we are also their creators. We can reshape them if we learn to be interdependent.

8. **How can we create a complementary team based on mutual respect when so few value diversity and pluralism?** This question raises other questions: How can we look at human weakness with genuine compassion and understanding rather than accusation and self-justification? How can we be genuinely happy for the successes and competencies of another?

The underlying paradigm to many other incomplete paradigms of management and leadership is that people are things. And so we learn to compensate for our own insecurities, being unprincipled at the core, or at least not living true to the principles. We compensate for insecurities by creating categories and stereotypes for classifying people. Now we don't have to deal with them as individuals; we can deal with them collectively as things or as minorities, ethnic groups, religious persuasions, socioeconomic groups, social strata, economic attainments, or some psychological or sociological classification putting them into different quadrants so that we can kindly manipulate them.

The intelligence experts say that we measure only about six percent of human intelligence (with IQ scores), and yet we take those IQ scores and categorize people and predetermine what they are capable of. We figure them out and label them "left brain" or "right brain" or some other tool of manipulation. The anatomy of prejudice and prejudgment is insecurity. Why? Because it protects you. "I have you figured out, and so I don't have to listen to you, be open to you; I don't have to rediscover my wife today because I know who and what she was yesterday." And so people carry labels and live out of their past, their history, not out of their imaginations, out of their belief in the potential of people, which is why they are incapable of creating a different future.

When executive teams only bring in more people who "look and think like us," you naturally get group-think, conformity, and sameness. Prejudice can go beyond race and gender and deal with all the other psychological nuances. Daily renewal to commitment toward personal principle-centeredness is needed to avoid prejudgment (acting on yesterday) and to continually live by faith, in the unseen potential of people and in the potential of projects and plans, programs and divisions, and not to label them. PCL is the only way to permanently replace prejudice (the tendency to pre-judge and categorize people in order to manipulate them) with a sense of reverence and discovery in order to promote learning, achievement, and excellence in people.

9. **How do we turn a mission statement into a constitution the supreme guiding force of an entire organization instead of a collection of nebulous, meaningless, cynicism-inducing platitudes?** The recent senate confirmation hearings of Clarence Thomas are illustrative of the significance of the constitution. We are so anxious about who is put on the Supreme Court to interpret the constitution and so concerned about their views on the vital issues of the day because the U.S. Constitution, along with the Declaration of Independence, are true mission statements (constitutions) of this country.

Developing a corporate mission statement is too often a side show, a hollow, empty exercise that we go through to placate the HR people. The statement is nothing more than a PR statement. It's not a true constitution. Iraq, for example, has a democratic constitution, but everyone knows where the real constitution is.

And so the document becomes a source of cynicism the flowery platitudes are not the criteria by which real decisions are made.

If you can get these conditions enough people, acting freely with respect, feeling safe where their jobs are not threatened, and informed about the realities of the business the mission statements will be the same. They will deal with all stakeholders, they separate

ends and means, and they deal with the four universal human needs. Many executives don't want a real constitution they want to be the constitutions, laws unto themselves, not be subordinate to some higher law. They don't want to be an agent, they want to be a principal, to come and go as they please, and not have to account to anybody.

10. **How do we maintain control, and yet give people the freedom and autonomy they need to be effective and fulfilled in their work?** If you give people freedom, you may also get some loose cannons who do stupid things. How can we be empowered (and empower other people) with confidence and competence to solve problems and seize opportunities without fearing loose cannons?

The common answer is to create rules and regulations to check the stupidity, but then those suppress the freedom. So, what's the solution? To come up with a set of principles and a common vision that everybody can buy into. And then make people accountable to the principles as perceived by all stakeholders. Suppliers, for example, may be involved in your key personnel decisions. Once you have that arrangement, then you can say, "You are free," because people know the boundaries, the limitations, the checks and balances, and the accountabilities to all stakeholders; otherwise, you typically have some free-spirited, lawless person who can't be sustained by the culture. And it's not the helmsman who throws the person overboard, it is the other oarsmen.

Without freedoms, eventually you're going to have a civil war, as people collectivize and unionize in an attempt to gain inalienable freedoms and rights. The leadership challenge is to provide a sense of direction, adhering to "true north" principles; otherwise, in today's wilderness, well developed road maps (strategies and plans) will be rendered useless by rapid change that often hits us from the blind side.

Whenever people get detached from nature and from scripture and from true-north principles, they feel that have to protect themselves from all the fickleness and arbitrariness of their leaders. Imagine what happens when you're trying to align an entire culture to true-north principles when someone at the top is not centered on principles, but focused on other things.

You can't have a principle-centered culture if the individuals at the top (and bottom) are focused on alternative centers.

An Inside-Out Approach

Over the years, I have met many individuals who achieved a high degree of outward success, and yet they have an inner hunger, a deep need for personal congruency and for healthy relationships with other people. Some of the problems they have shared with me may be familiar to you:

"I've met my career goals and achieved professional success. But it has cost me my personal and family life. I don't know my wife and children any more. I'm not even sure I know myself and what's really important to me."

"I expect a lot from my employees, and I work hard to be friendly and fair toward them. But I don't feel any loyalty from them. I think if I were sick for a day, they'd spend most of their time gabbing at the water fountain. Why can't they be responsible?"

"There's much to do, and there's never enough time. I feel pressured and hassled all day, every day. I've tried different planning systems. They've helped some, but I don't feel I'm living the happy, productive, peaceful life I want to live."

"I'm busy — really busy. But I wonder if what I'm doing will make any difference in the long run. I'd like to think there was meaning to my life, that my contributions made a difference."

"I have a forceful personality. In almost any interaction, I can control the outcome, even influence others to come up with the solution I want. But I feel uneasy. I always wonder what other people really think of me and my ideas."

These are deep problems, painful problems that quick fix approaches can't solve.

If I try to use human influence strategies and tactics to get other people to do what I want, to work better, to be more motivated, to like me and each other while my character is fundamentally flawed, marked by duplicity and insincerity then, in the long run, I cannot be successful. My duplicity will breed distrust, and everything I do will be seen as manipulative. Rhetoric and good intentions aside, if there is little or no trust, there is no foundation for permanent success.

Our effectiveness is predicated upon certain inviolate principles — natural laws in the human dimension that are just as real, just as unchanging as laws such as gravity are in the physical dimension. These principles are woven into the fabric of every civilized society and comprise the roots of every family and institution that has endured and prospered.

The reality of such principles or natural laws becomes obvious to anyone who examines the cycles of social history. These principles surface time and time again, and the degree to which people recognize and live in harmony with them moves them toward either survival and stability or disintegration and destruction.

These principles are self-evident and self-validating: it's as if they are part of the human condition, consciousness and conscience. For example, consider the principle of fairness, from which our ideas of equity and justice develop. Children have an innate sense of fairness, apart from their conditioning. Definitions and applications will vary, but there is universal awareness of the principle. Other examples would include integrity and honesty, the foundation of trust which is essential to cooperation and long-term personal and interpersonal growth.

I find that long-term thinking executives are turned off by "motivational" speakers who have nothing more to share than entertaining stories mingled with platitudes. They want substance; they want process. They want more than aspirin and band-aids. They want to solve the chronic problems and focus on the principles that bring long-term results.

Key to Enduring Results

Albert Einstein observed: "The significant problems we face cannot be solved at the same level of thinking we were at when we created them."

As we look around us and within us, we realize that the deep, fundamental problems we face cannot be solved on the superficial level on which they were created. We need a new level of thinking based on principles of effective management to solve these deep concerns. We need a principle-centered, character-based, "inside-out" approach.

Inside-out means to start first with self — to start with the most inside part of self — with your paradigms, your character, and your motives. So, if you want to have a happy marriage, be the kind of person who generates positive energy and sidesteps negative energy. If you want to have a more pleasant, cooperative teenager, be a more understanding, empathic, consistent, loving parent. If you want to have more freedom, more latitude in your job, be a more responsible, helpful, contributing employee. If you want to be trusted, be trustworthy. If you want the secondary greatness of public recognition, focus first on primary greatness of character.

The inside-out approach says that private victories precede public victories, that making and keeping promises to ourselves precedes making and keeping promises to others. Inside-out is a continuing process of renewal, an upward spiral of growth that leads to progressively higher forms of responsible independence and effective interdependence.

In all of my experience, I have never seen lasting solutions to problems, lasting happiness and success, come from the outside in. Outside-in approaches result in unhappy people who feel victimized and immobilized, who focus on the weaknesses of other people and the circumstances they feel are responsible for their own stagnant situation. I've seen unhappy marriages where each spouse wants the other to change, where each is confessing the other's "sins," where each is trying to shape up the other. I've seen labor management disputes where people spend tremendous amounts of time and energy trying to create legislation that would force people to act as if trust were really there.

The primary source of continuing problems in many companies and cultures has been the dominant social paradigm of outside-in. Everyone is convinced that the problem is "out there" and if "they" (others) would "shape up" or suddenly "ship out" of existence, the problem would be solved.

The principles of effectiveness are deeply scripted within us, in our conscience and in our quiet reflection on life experience. To recognize and develop them and to use them in meeting our deepest concerns, we need to think differently, to shift our paradigms to a new, deeper, "inside-out" level.

Four-Part Approach

The inside-out approach is on four levels. Each one is necessary but insufficient — executives must function well at all four levels with all four principles.

1. Personal: Trustworthiness. There are two components of trustworthiness, and they are inseparably tied together: (1) the first is the foundation of Character or personal integrity, including principle-centered leadership; (2) the second is our skills, our competence. Too often we think trust is only a function of integrity. It is also a function of competence evergreen, ever-growing competence. Character and competence comprise our trustworthiness — it's what we are and "What you are shouts so loudly in my ears, I can't hear what you say."

2. Interpersonal: Trust. Only trustworthiness will produce trust. You might have a medical doctor with great character, but if he is incompetent, you won't have trust. Or if you have a highly competent surgeon who lacks integrity, you may have an operation that isn't necessary.

3. Managerial: Empowerment. You can't have empowerment without first having trust. Because if you don't trust the people you are working with, then you must use control rather than empowerment. If you do trust them and have performance agreements with them, you can work toward empowerment.

4. Organizational: Alignment. Structure and systems must reinforce the empowerment concept. In aligned organizations, everything serves to help the individual be productive and effective in meeting the objectives of the win-win performance agreement. If there is misalignment of structure and systems, you will not have empowerment or trust.

Working at one, two or three levels is necessary but insufficient. For example, if you work only at the personal level, you might join an encounter group or attend a personal development seminar, but you will likely revert to old behavior once back into the work place. If you work only at the interpersonal level, you will do team building or take people into the wilderness or improve communications skills. But you get disappointing results. And if you focus only on the managerial level and train people in delegation and participative management without building trust, the training simply won't take — you will soon go back to benevolent authoritarianism.

In my seminars, I often ask managers, "How many of you have been trained in empowerment or participative management?" Most everybody raises their hands. Then I ask, "And what happens when you try to empower people when there is no trust?" They all say, "It just doesn't work. You have to go back to a hard MBO approach or some other control approach to keep some semblance of order in the work environment."

Then I ask them, "Why continue to focus then on management training? You give the illusion of solving the problem when you're just treating the symptoms — you may get temporary relief from acute pain but you aren't treating the chronic problem."

And then I ask about the organizational level: "How many of you see the big solution is to get reorganized, to get alignment." Half raise their hands. "How many see the big solution is to redo the systems?" One-third raise their hands. Then I ask, "What are the consequences of working at those levels when you haven't worked at the personal and interpersonal levels?" And the answer: "Disaster."

The consensus is that we're working with an ecosystem, a whole environment. And if you approach a problem with something other than principle-centered leadership on all four levels, your efforts will be "necessary but insufficient."

Fix the Six Percent First

One of W. Edwards Deming's key insights is that 94 percent of the problems in organizations are general problems (bad systems) only 6 percent are specific problems (bad people).

Many managers misinterpret such data. The flaw in their thinking is in supposing that if they then correct the structure and systems (programs), the problems with people (programmers) go away. The reverse is actually true — if you correct the 6 percent first, the other problems will largely go away.

Unless you work on the 6 percent in significant ways, you can't work on the 94 percent in significant ways, only in cosmetic ways. And you will soon revert back to old ways.

Why? Because people are the programmers, and they use systems and structure as the outward expressions of their own character and competence. Strategy, structure and systems are the "software" programs written by your programmers, your people.

If owners and managers lack character and competence, they won't give power and profit and recognition to others. If they do, they feel that they are at risk personally. They must use the inside-out approach and first work on character and competence to build trust so that they can have empowerment then they can solve 94 percent of the problems (bad structure and systems).

Until individual managers have done the inside-out work, they won't solve the fundamental problems of the organization, nor will they truly empower others, even though they might use the language of empowerment. Their personality and character will manifest itself eventually.

We must work on character and competence to solve structural and systemic problems. Remember: work first on the programmer if you want to improve the program. People produce the strategy, structure, systems and styles of the organization. These are the arms and hands of the minds and hearts of people.

PERSONAL/INDIVIDUAL EFFECTIVENESS

Be Loyal to Those Absent

Being loyal to those who are absent and assuming good faith of others are keys to building trust in a culture.

The ultimate test of principle-centered leadership is to be loyal to people who are absent when their names come up in conversations and meetings.

When other people are not with you, they're in the dark, they don't know what's happening, what you're saying about them, and whether you are loyal to them. And that's when you show your true character. That doesn't mean you're not critical. You could be critical. But you're constructively critical and loyal to the point that you would not be ashamed if they happened to overhear the conversation, or if word got back to them, as it often does. You don't just sit on the sideline cutting, labeling, and stereotyping people and then look for evidence to support it.

Four Short Stories

Perhaps a few stories will help make this point.

Story 1. Once I was a faculty member at a university in Hawaii. I was very upset about our housing situation, and so I went directly to the president, since he worked with me on my visiting professorship. In the meeting, I complained about his housing director, who seemed to me to be incompetent and uncaring.

The president immediately said to me, "Stephen, I'm sorry to hear about your housing situation. But, I want you to know that our housing director is a very fine and competent person. Why don't we have him come here right now so we can solve the problem together."

Can you see how loyal the president was toward that man? I was embarrassed, because the president was so right in what he was doing. I hesitated to say to him, "No, you go ahead and handle it. I just wanted you to be aware of the problem," because he was forcing me to take the responsible position, too.

Well, the president got on the phone and invited this man to join us. Soon I could see this guy walking across the campus. Meanwhile, I was thinking, "I wonder if I communicated clearly? Maybe I'm partly responsible for this mess." By the time the housing director arrived, I was very mellow and humble.

I was also very impressed by the character of this president, by his loyalty to the absent, even though it was embarrassing to me. The president was teaching me a correct principle the hard way.

When the housing director entered the room, my whole spirit had changed. I was nice to the guy: "How are you? Nice to see you." Just minutes before, I was criticizing the guy behind his back, so the president could sense my duplicity, adding to my embarrassment.

But this was a powerful learning experience for me. I learned not to talk behind people's backs in ways that I would be ashamed to have them overhear. People who are present know you would do the same thing to them, especially if there was a strain on your relationship.

Story 2. One time I told this story in a speech. After my speech, an executive vice president of a large bank came up to me and said, "I've had a similar experience. I visited a branch bank and was served by one of the tellers. The service was so poor that I complained to the department head about the woman who served me. Most department heads are so awed by my very presence that they can hardly even deal with me. But this department head said, 'I'm sorry to hear about your bad experience. She's such a fine person. Let's call her in and talk this through together. Maybe you can tell her directly what your experience was.'"

The VP then said to the department head, "No, go ahead and handle it. I just wanted you to be aware. I don't want to get involved." But the department head said to this executive VP, "Well I know that if it were me, I'd want to get involved. If you were this teller, wouldn't you want to be involved?"

Imagine the courage it took for this department head to deal with the executive vice president of the bank in that direct, truthful manner. The answer was so self-evident: "Yeah, I guess I would." "Well, then, let's call her in." So she came in, and they dealt with it. The person received the feedback, and it was handled in a responsible way.

The vice president then told me, "Later when we were trying to select a president for one of our branch banks, I nominated this department head totally on the basis of that experience, because I knew if he would have such courage, honesty, and loyalty to someone who wasn't there in the face of a highly positioned individual, he would handle other matters with integrity. So I nominated that person to be the new president without knowing anything more about him."

Story 3. Once a manager of a remote service station trained his new attendants how to make higher-margin revenue from customers who drove into the station by teaching the attendants how to find problems inside a car that weren't there.

So, when a car pulls in, the manager first sees the plates and says, "Notice this is an out-of-towner. That means you'll probably never see the person again. So probe to learn if the person knows anything about his car. Talk to him about some technical thing under the hood. You might say, 'Your starting motor looks like it might go out on you.' If the person says, 'Starting motor? What's that?' then you know you've got a total idiot, so you can do whatever you want."

You then say, "Well, if it were my car, I wouldn't want to take a chance with my starting motor, especially driving through the desert. I could be stranded."

"I can't have that happen. What should I do?"

"Well, we could give you a good deal on a new one. I'll sell you one at cost and throw in all the labor free."

So the victim thinks, "What a deal I got! I only had to pay \$200 for the starting motor. It was normally \$349 with labor."

But the manager winks at his attendants, knowing he has a 40 percent margin built into the price of the motor.

Later, the attendants huddle and say to each other, "Now, if this guy would do that to his customers, how is he going to deal with us?" Each attendant knows that the manager will look for ways to cheat them as well.

Story 4. Once I was at the Canadian border, and I went into this store where there was a "half-price sale" going on. I started looking at a leather coat marked 50 percent off. I was the only customer in the store, but there were two salespeople and the owner-manager. The manager said to me, "What a deal this is." He really sold me on it. The coat fit me well, and I liked it. I then said to him, "Even with this discount, it could be expensive. How much duty would I have to pay?"

He said, "None. You don't have to pay anything on this."

I said, "Well, it says on the customs form that I must declare everything I purchase abroad."

He said, "Don't worry about it. Just wear it. Everyone else does it."

I said, "But I signed the form."

He said, "Listen, mister, everyone does it. They won't even ask you questions. Just wear the coat when you cross the border. Don't worry about it."

And I said, "Well, the thing that worries me most is what these two gentlemen behind you might think now about how you will deal with them on matters of commission, career training, and things of this nature."

The manager and the two salespeople all blushed.

So What's the Big Deal? Now, you might say, "Every organization has its competitors and its enemies. Why is it such a big deal to talk about them in a cavalier or casual way?"

It's a big deal because if you allow people around you to stereotype, castigate, and label others, you basically tell them that you would make snide remarks about them behind their backs. You tell them that you're not centered on principles; you're seeking gain, pleasure, or popularity at someone else's expense. If you talk loosely about a customer, you will likely talk loosely about employees.

I think the key to the 99 is the one. If people know that if you treat one person with respect, then under a different circumstance you would likely treat them the same way, even if there was some strain or pressure added.

In meetings, we often talk about people who are not in attendance in demeaning ways to undermine their position or cut their credibility in the eyes of others.

Many times I have defended people who are absent from meetings. I won't allow people around me to label and castigate those who are absent. When a glib remark is made, I'll say, "Wait a minute. That's not the way we want to talk about people." I may also point out what good that person has done. I may also be critical of the person, but I would not be ashamed to have the person there.

When you defend the integrity of a person who is absent, what does that say to those who are present? It says that you would do the same thing for them. Sure, it takes courage to speak up at the time. It's much easier to just say nothing. But I believe that if we have a chance to defend others or to speak up for our cherished beliefs and values, we need to do it.

For example, I was talking to my son, Sean, about the debates at Harvard University regarding traditional family values. I counseled him not to take people on with a combative spirit and not to be the judge of others, but to speak up for the family and to do everything he can to preserve the traditional family.

Other Ways to Be Loyal

What are some other ways to be loyal? Here are seven.

1. **Defend the defenseless, the outcast, the underdog, the low person on the totem pole, the minority, the scapegoat.** I like what Dag Hammarskjöld said: "It is more noble to give yourself completely to one individual than to labor diligently for the salvation of the masses." When we attend to the one, it shows our character, and affects the many. Just look what we do in a democracy to preserve the rights of the one, even though we don't do it perfect justice. We aspire to the ideal of justice.
2. **Anticipate discussion and get clearance.** Suppose you know in advance of a meeting where some controversial person and position will be discussed. It would be wise to call that person and say, "I know you can't be present, but would it be all right if I talk about you or represent your position in this way?"
3. **Call the person after the discussion and report what was said.** You could call the person and say, "This is what happened, and this is what was said, and here is what we did." This is very important when you think what was said might get misrepresented. You might say, "I want to be clear on my intentions and what I said."
4. **Think of the customers who are not present.** The whole quality movement focuses on the customer. Business has gradually come to realize that customers and suppliers — all stakeholders — must be treated with respect.
5. **Bring up the background of the person or the context of the event.** With more geographic distance and cultural diversity, there's more potential for divisiveness and differences. When a person is being demeaned or talked about in a negative way, you may need to remind others: "This person is from a different culture or background, so rather than be such harsh critics, let's try to understand and give them the benefit of the doubt."
6. **Give people a chance to explain or defend their position or the circumstance in the next meeting.** Every person wants his or her day in court a chance to explain what happened and why.
7. **Bring up the bright side, the positive side of the person.** Once when I was meeting with members of a project team, team members started bashing a person whom they perceived to be a competitor. I said, "I don't think he would be comfortable with that judgment. I think he deserves better. He's one of the great presenters of our time."

People often have an unconscious energy about negative gossip. They may sense that their name is being used in vain, that their enemies are conspiring against them. I think that's more common than we know. I think people have a sixth sense for when they're being slighted. Also, I see that many "idle words" spoken in "secret" or written without consideration are later published or broadcast. So, one of the best reasons for defending people who are absent is that those idle words those character assassinations, hasty judgments, and poor decisions won't come back to haunt you.

Building Character Through Competition

Dick Roth

If we're in business to beat the competition, thinking that there can only be one winner, we've already lost the game.

In October 1964, I stood under a cloudless autumn sky on the infield of the Olympic Stadium in Tokyo. From my vantage point as a competitor, I was deeply moved by the tradition and the pageantry of the Opening Ceremonies. The brightly colored flags and traditional costumes, the presence of the Emperor of Japan, the jets, the myriad balloons, the swarms of pigeons, and the hundreds of thousands of people all contributed to my awe.

During a quiet moment, the huge scoreboard at one end of the stadium flashed the words of the Olympic motto: "It's not whether you win or lose that counts, it's how you play the game." I was jarred out of my state of reverie. "No way!" I said to myself, "I'm here to win!"

This viewpoint, while commonly accepted, is really quite jaded. Just competing in the Olympics is a tremendous honor and feat. Winning any medal is extraordinary. Yet somehow we have come to believe that winning is everything. Nobody remembers who got second.

It has not always been so: Pierre de Coubertin penned the words of the timeless Olympic motto less than 100 years ago. Competition for the joy of it used to be the focus, even in Olympic athletics. In the movie *Chariots of Fire*, a true story about the 1920 Olympics, an English gentleman gives his place in a race to another, simply for the pleasure of watching him run. As recently as 1936, Jesse Owens helped an Olympic competitor better himself without thought of how it might affect the eventual outcome of the race. When I competed in 1964, our attitudes towards winning had become quite egocentric, but we still thought of ourselves as amateurs. Very few of us ever considered making a living from our sport.

What a difference today! Not only do athletes train under professional coaches, many have several specialty coaches for strength, endurance, form, flexibility, choreography, costume, and mental conditioning. Why? Because our society now values winning so much that the stakes and rewards are immeasurably higher. An athlete can be set for life by beating the world. We expressed collective shock when Ben Johnson got caught for using steroids. But he is only a symptom of our societal overemphasis on "winning at any cost." This attitude has totally captured our collective psyche and permeates society far beyond the boundaries of sports.

Over the last fifty years, we have seen not only the decline of the traditional character ethic that has made our country and culture strong, we have also seen a corresponding rise in all-or-nothing competitiveness. Winning used to be like the cream rising to the top: if you let things alone, the best would appear all by itself. Now we think of winning in terms of beating others. While the difference is subtle, it is profound. This win-lose ethic comes out of a mentality of scarcity, the idea that there is not enough for everyone; that if someone else wins, I can't.

The first 150 years of our country were dominated by expansion, optimism and growth. There was so much freedom and opportunity that realizing the American dream was limited only by energy and imagination. The country was working toward a common goal: "The business of America is business."

Then came the depression of the 1930s. Our government assumed new responsibilities: it took care of us. And quietly, our beliefs about limitless abundance and expansion started to shift. For the first time, we perceived a limited pool of resources. As survival became a main concern,

people started looking out for number one: "Maybe there isn't enough for everybody if not, I'll get mine first." This new attitude was reflected in the growth of self-centered success literature, as well as in the excessive competitive attitude of "beating" instead of "winning." True winning requires starting with a level playing field: if everyone has an equal chance, the best will naturally prevail. The word win comes from the Old English *winnan*, "to struggle, to contend, to contest." This definition implies that winning is a process, not an outcome. "Beating" has come to mean doing whatever you can, ethically or unethically, to gain an advantage over others.

The word competition is derived from the Latin word *competere*, "to seek together, to coincide, to agree." In this root meaning, there is no connotation of losing. But in modern business usage, competition implies a winner and a loser: competition for a bid; competition for a promotion; competition to be the best sales team; competition between divisions, companies or countries.

Inner Competition

The idea that you beat someone else is a fallacy. Athletes never beat anyone but themselves, never conquer anything but their own doubts and fears. We used to talk about "psyching out" others, but we were only "psyching ourselves up."

We always give our approval to our own state of mind, either tacitly or directly. We have the power to choose our reactions. Pavlov's model works well for dogs and rats, but people can choose their response. Our choices are derived from what is important to us, our values. Born from these values are our attitudes, including competitive attitudes. In other words, we choose how we react to competition. To judge your competitive attitude, ask yourself this simple question: "Do I care if the score is kept when I play games?" If the answer were placed on a continuum, one end would be, "I have to know the score," and on the other end, "I just play to do my best and would rather not know the score." People with a win-win ethic do not gain security or satisfaction from keeping score and beating others. Competing at the highest level of mutual competence is the win-win goal of the game. The outcome is incidental. The fun is in the playing, not the victory. Winning is the process, not the outcome. Owners of win-lose attitudes gain self-respect through comparisons with others by keeping score, which is an illusory or distorted source at best. When you realize that you are only competing with yourself, your source of self-esteem comes from an inner measure, which is ultimately more correct. Competition, of course, is a tremendous motivator. Properly understood and channeled, it can be a vital component of success. However, competing only to beat someone is a defective attitude that doesn't align with timeless principles. When the win-win attitude is rooted in our subconscious, it builds relationships. Our natural state of existence is interdependent, both socially and environmentally. An attitude of "beating" would lead us to try to get things for ourselves; an interdependent attitude of win-win allows us to be in harmony with the way things naturally are.

Now is the time to realign our character and actions with timeless principles, to place winning in proper perspective. We will then see a return to an abundance mentality and win-win attitudes. Our culture will again take competition to mean working together towards a common goal. We will hear "you" in its plural, not its singular meaning.

Three Resolutions

Well-intentioned resolutions will fall flat in the face of stiff restraining forces without character and social reinforcements.

Every organization and individual struggles to gain and maintain alignment with core values, ethics and principles. Whatever our professed personal and organizational beliefs, we all face restraining forces, opposition and challenges, and these sometimes cause us to do things that are contrary to our stated missions, intentions and resolutions. We may think that we can change deeply imbedded habits and patterns simply by making new resolutions or goals only to find that old habits die hard and that in spite of good intentions and social promises, familiar patterns carry over from year to year.

We often make two mistakes with regard to New Year's resolutions:

First, we don't have a clear knowledge of who we are. Hence, our habits become our identity, and to resolve to change a habit is to threaten our security. We fail to see that we are not our habits. We can make and break our habits. We need not be a victim of conditions or conditioning. We can write your own script, choose our course, and control our own destiny.

Second, we don't have a clear picture of where we want to go; therefore, our resolves are easily uprooted, and we then get discouraged and give up. Replacing a deeply imbedded bad habit with a good one involves much more than being temporarily "psyched up" over some simplistic success formula, such as "think positively" or "try harder." It takes deep understanding of self and of the principles and processes of growth and change. These include assessment, commitment, feedback, follow-through.

We will soon break our resolutions if we don't regularly report our progress to somebody and get objective feedback on our performance. Accountability breeds response-ability. Commitment and involvement produce change. In training executives, we use a step-by-step, natural, progressive, sequential approach to change; in fact, we require executives to set goals and make commitments up front; teach and apply the material each month; and return and report their progress to each other.

If you want to overcome the pull of the past those powerful restraining forces of habit, custom and culture to bring about desired change, count the costs and rally the necessary resources. In the space program, we see that tremendous thrust is needed to clear the powerful pull of the earth's gravity. So it is with breaking old habits.

Breaking deeply imbedded habits such as procrastinating, criticizing, overeating or oversleeping involves more than a little wishing and will power. Often our own resolve is not enough. We need reinforcing relationships people and programs that hold us accountable and responsible.

Remember: response-ability is the ability to choose our response to any circumstance or condition. When we are response-able, our commitment becomes more powerful than our moods or circumstances, and we keep the promises and resolutions we make. For example, if we put mind over mattress and arise early in the morning, we will earn our first victory of the day the daily private victory and gain a certain sense of self-mastery. We can then move on to more public victories. And as we deal well with each new challenge, we unleash within ourselves a fresh capacity to soar to new heights.

Universal Resolutions

In each of our lives, there are powerful restraining forces at work to pull down any new resolution or initiative. Among those forces are (1) appetites and passions, (2) pride and pretension, and (3) aspiration and ambition.

We can overcome these restraining forces by making and keeping the following three resolutions.

First, to overcome the restraining forces of appetites and passions, I resolve to exercise self-discipline and self-denial. Whenever we over-indulge physical appetites and passions, we impair our mental processes and judgments as well as our social relationships. Our bodies are ecosystems, and if our economic or physical side is off-balance, all other systems are affected.

That's why the habit of sharpening the saw regularly is so basic. The principles of temperance, consistency and self-discipline become foundational to a person's whole life. Trust comes from trustworthiness and that comes from competence and character. Intemperance adversely affects our judgment and wisdom.

I realize that some people are intemperate and still show greatness, even genius. But over time, it catches up with them. Many among the "rich and famous" have lost fortunes and faith, success and effectiveness, because of intemperance. Either we control our appetites and passions, or they control us.

Many corporations and cities have aging inventories and infrastructures; likewise, many executives have aging bodies, making it harder to get away with intemperance. With age, the metabolism changes. Maintaining health requires more wisdom. The older we become, the more we are in the crosscurrents between the need for more self-discipline and temperance, and the desire to let down and relax and indulge. We feel we've paid our dues and are therefore entitled to it. But if we get permissive and indulgent with ourselves overeating, staying up late or not exercising the quality of our personal lives and our professional work will be adversely affected.

If we become slaves to our stomachs, our stomachs soon control our mind and will. Gluttony is a perversion of appetite, and to knowingly take things into the body that are harmful or addicting is foolishness. More people in America die of over-eating than of hunger. "I saw few die of hunger of eating, a hundred thousand," observed Ben Franklin. When I overeat or overindulge, I lose sensitivity to the needs of others. I become angry with myself, and I tend to take that anger out on others at the earliest provocation.

Many of us succumb to the longing for extra sleep, rest and leisure. How many times do you set the alarm or your mind to get up early, knowing all of the things you have to do in the morning, anxious to get the day organized right, to have a calm and orderly breakfast, to have an unhurried and peaceful preparation before leaving for work? But when the alarm goes off, your good resolves dissolve. It's a battle of mind versus mattress! Often the mattress wins. You find yourself getting up late, then beginning a frantic rush to get dressed, organized, fed and be off. In the rush, you grow impatient and insensitive to others. Nerves get frayed, tempers short. And all because of sleeping in.

A chain of unhappy events and sorry consequences follows not keeping the first resolution of the day to get up at a certain time. That day may begin and end in defeat. The extra sleep is hardly ever worth it. In fact, considering the above, such sleep is terribly tiring and exhausting.

What a difference if you organize an arrange your affairs the night before to get to bed at a reasonable time. I find that the last hour before retiring is the best time to plan and prepare for the

next day. Then when the alarm goes off, you get up and prepare properly for the day. Such an early-morning private victory gives you a sense of conquering, overcoming mastering and this sense propels you to conquer more public challenges during the day. Success begets success. Starting a day with an early victory over self leads to more victories. Second, to overcome the restraining forces of pride and pretension, I resolve to work on character and competence.

Socrates said: The greatest way to live with honor in this world is to be what we pretend to be.

To be, in reality, what we want other to think we are. Much of the world is image-conscious, and the social mirror is powerful in creating our sense of who we are. The pressure to appear powerful, successful and fashionable causes some people to become manipulative. When you are living in harmony with your core values and principles, you can be straight-forward, honest and up-front. And nothing is more disturbing to a person who is full of trickery and duplicity than straight-forward honesty that's the one thing they can't deal with.

I've been on an extended media tour with my book, *The 7 Habits of Highly Effective People*, and I've become aware of how everyone is very anxious about the entertainment value of the program. Recently, I was in San Francisco, and I thought I would make my interview more controversial by getting into the political arena. But my comments threw the whole conversation off on a tangent. All the call-ins commented on political points. I lost the power to present my own theme and represent my own material.

Whenever we indulge appetites and passions, we are rather easily seduced by pride and pretension. We then start making appearances, playing roles and mastering manipulative techniques. If our definition or concept of ourselves comes from what others think of us from the social mirror we will gear our lives to their wants and their expectations; and the more we live to meet the expectations of others, the more weak, shallow and insecure we become. A junior executive, for example, may desire to please his superiors, colleagues and subordinates, but he discovers that these groups demand different things of him. He feels that if he is true to one, he may offend the other. So he begins to play games and put on appearances to get along or to get by, to please or appease. In the long run, he discovers that by trying to become "all things to all people," he eventually becomes nothing to everyone. He is found out for who and what he is. He then loses self-respect and the respect of others.

Effective people lead their lives and manage their relationships around principles; ineffective people attempt to manage their time around priorities and their tasks around goals. Think effectiveness with people; efficiency with things.

When we examine anger, hatred, envy, jealousy, pride and prejudice or any other negative emotion or passion we often discover that at their root lies the desire to be accepted, approved and esteemed of others. We then seek a shortcut to the top. But the bottom line is that there is no shortcut to lasting success. The law of the harvest still applies, in spite of all the talk of "how to beat the system."

Several years ago, a student visited me in my office when I was a faculty member at the Marriott School of Management, Brigham Young University. He asked me how he was doing in my class. After developing some rapport, I confronted him directly: "You didn't really come in to find out how you are doing in the class. You came in to find out how I think you are doing. You know how you are doing in the class far better than I do, don't you?"

He said that he did, and so I asked him, "How are you doing?" He admitted that he was just trying to get by. He had a host of reasons and excuses for not studying as he ought, for cramming and for taking shortcuts. He came in to see if it was working.

If people play roles and pretend long enough, giving in to their vanity and pride, they will gradually deceive themselves. They will be buffeted by conditions, threatened by circumstances and other people. They will then fight to maintain their false front. But if they come to accept the truth about themselves, following the laws and principles of the harvest, they will gradually develop a more accurate concept of themselves.

The effort to be fashionable puts one on a treadmill that seems to go faster and faster, almost like chasing a shadow. Appearances alone will never satisfy; therefore, to build our security on fashions, possessions or status symbols may prove to be our undoing. Edwin Hubbell Chapin said: "Fashion is the science of appearances, and it inspires one with the desire to seem rather than to be."

Certainly, we should be interested in the opinions and perceptions of others so that we might be more effective with them, but we should refuse to accept their opinion as a fact and then act or react accordingly. Third, to overcome the restraining forces of unbridled aspiration and ambition, I resolve to dedicate my talents and resources to noble purposes and to provide service to others.

If people are "looking out for number one" and "what's in it for me," they will have no sense of stewardship no sense of being an agent for worthy principles, purposes and causes. They become a law unto themselves, a principal.

They may talk the language of stewardship, but they will always figure out a way to promote their own agenda. They're may be dedicated and hard working, but they are not focused on stewardship the idea that you don't own anything, that you give your life to higher principles, causes, purposes. Rather, they are focused on power, wealth, fame, position, dominion and possessions.

The ethical person looks at every economic transaction as a test of his or her moral stewardship. That's why humility is the mother of all other virtues because it promotes stewardship. Then everything else that is good will work through you. But if you get into pride into "my will, my agenda, my wants" then you must rely totally upon your own strengths. You're not in touch with what Jung calls "the collective unconscious" the power of the larger ethos which unleashes energy through your work.

Aspiring people seek their own glory and are deeply concerned with their own agenda. They may even regard their own spouse or children as possessions and try to wrest from them the kind of behavior that will win them more popularity and esteem in the eyes of others. Such possessive love is destructive. Instead of being an agent or steward, they interpret everything in life in terms of "what it will do for me." Everybody then becomes either a competitor or conspirator. Their relationships, even intimate ones, tend to be competitive rather than cooperative. They use various methods of manipulation such as threat, fear, bribery, pressure, deceit, and charm to achieve their ends.

Until people have the spirit of service, they might say they loves a companion, company or cause, but they often despise the demands these make on their lives. Double-mindedness, having two conflicting motives or interests, inevitably sets a man at war within himself and an internal civil war often breaks out into war with others. The opposite of double-mindedness is self-unity or integrity. We achieve integrity through the dedication of ourselves to selfless service of others.

Implications for Personal Growth

Unless we control of our appetites, we will not be in control of our passions and emotions. We will, instead, become victims of our passions, seeking or aspiring our own wealth, dominion, prestige and power.

I once tried to counsel a junior executive to be more committed to higher principles. It appeared futile. Then I began to realize that I was asking him to conquer the third temptation before he had conquered the first. It was like expecting a child to walk before crawl. So I changed the approach and encouraged him to first discipline his body. We then got great results.

If we conquer some basic appetites first, we will have the power to make good on higher level resolutions later. For example, many people would experience a major transformation if they would maintain normal weight through a healthy diet and exercise program. They would not only look better, but they would also feel better, treat others better, and increase their capacity to do the important but not necessarily urgent things they long to do.

Until you can say "I am my master," you cannot say "I am your servant." In other words, we might profess a service ethic, but under pressure or stress we might be controlled by a particular passion or appetite. We lose our temper. We become jealous, envious, lustful or slothful. Then we feel guilty. We make promises and break them; make resolutions and break them. We gradually lose faith in our own capacity to keep any promises. Despite our ethic to be the "servant of the people," we become the servant or slave of whatever masters us.

This reminds me of the plea of Richard Rich to Thomas More in the movie, *A Man For All Seasons*. Richard Rich admired More's honesty and integrity and wanted to be employed by him. He pleaded, "Employ me." More answered, "No." Again Rich pleaded, "Employ me," and again the answer was no. Then Rich made this pitiful yet endearing promise: "Sir Thomas, employ me. I would be faithful to you."

Sir Thomas, knowing what mastered Richard Rich, answered, "Richard, you can't even so much as answer for yourself tonight," meaning "You might profess to be faithful now, but all it will take is a different circumstance, the right bribe or pressure, and you will be so controlled by your ambition and pride that you could not be faithful to me." Sir Thomas More's prognosis came to pass that very night, for Richard Rich betrayed him!

The key to growth is to learn to make promises and to keep them. Self-denial is an essential element in overcoming all three temptations. "One secret act of self-denial, one sacrifice of inclination to duty is worth all the mere good thoughts, warm feelings, passionate prayers, in which idle men indulge themselves," said John Henry Newman. "The worst education which teaches self-denial is better than the best which teaches everything else and not that," said Sterling.

Making and keeping these three universal resolutions will accelerate our self-development and, potentially, increase our influence with others.

Pay the Full Price

An executive once told me: "My biggest worry and concern is my poor relationship with my most creative people at work and with my teenage son at home. In the past, I have lost my temper and yelled at them. How can I improve these relationships and change the image they have of me?"

There is no greater heartbreak for leaders than to feel they are losing or have lost influence with people they most want and need to lead. Fortunately, no situation is hopeless. There are several powerful ways to heal a broken relationship, to restore the emotional bank account, and to have positive influence again.

Consider carefully what was taught in the Sermon on the Mount: "Agree with thine adversary quickly, whilst thou art in the way with him; lest at any time the adversary deliver thee to the judge, and the judge deliver thee to the officer, and thou be cast into prison. Thou shalt by no means come out thence, till thou hast paid the uttermost farthing."

The Uttermost Farthing

People often get offended — or they offend others — and then neither party has the humility to take full responsibility for their part. Instead, they rationalize and justify themselves. A collusion then occurs as they look for evidence to support the perception of the other person, and that only aggravates the original problem. Ultimately, they put each other in a mental-emotional prison.

You can't come out of prison until you pay the uttermost farthing. The "uttermost farthing" means exactly that — the uttermost, not the first, second, or third. It means a humble and complete acknowledgment of your responsibility for the problem, even though the other was partly responsible as well. If you take full responsibility for your part in it and acknowledge it and apologize out of deep sincerity and concession of spirit the other person will sense the utter sincerity of what you say.

Of course, your behavior must then comport with that expression so that others can see your integrity. Paying the uttermost farthing requires behavior consistent with the apology over a period of time, because your emotional bank account with that person may be so overdrawn that no apology will redeem it.

You have to do much more. You have to show your sincerity. You can't talk yourself out of problems you behave yourself into particularly if you're constantly apologizing, but your behavior pattern and style remain unchanged.

If you pay only the first farthing, expecting other people to also acknowledge their part and their responsibility, that is insufficient. The other person may pay one farthing with the attitude, "Well, I'm sorry, but it's not all one way. You've been a party to this thing as well." But he won't pay a second farthing until you pay the uttermost farthing.

To pay the uttermost farthing, you might say, "I was wrong." "I embarrassed you in front of your friends." Or, "I cut you off in that meeting, when you had made this tremendous preparation. And I'm not only going to apologize to you, but also to the other people who were in that meeting because they could see the way I dealt with you, and it offended them as well." You make no effort to justify, explain, defend, or blame in any way, only an effort to pay the uttermost farthing in order to get out of prison.

What happens when you pay the full price? Assume, to begin with, that relationships are strained and that you are at least partly responsible. If you merely try to be better and not to confess and apologize, the other person will still be suspicious. He has been hurt and wounded; therefore, his guard is up. He will question your new behavior, your "kind face," and wonder what might happen next. Your improved behavior and manner won't assuage his distrust. Nothing you can do will change it, because you are behind bars and walls in a prison of his own making in his mind. The bars and walls are the mental and emotional labels that he has put upon you. Only by making a complete, and specific acknowledgment of your own failings or mistakes do you break down these bars.

The Principle in Practice

I constantly rediscover the efficacy of this age-old principle in my work with people who are low in desire and responsibility and who tend to blame others for their poor performance.

Once I worked with a young man who was barely getting along in the organization I was leading. I labeled him as an underachiever, and for months, every time I saw his face or heard his name, I would think of him in this way.

I became aware of how I had labeled him and how this label had become a self-fulfilling prophecy. I realized that people tend to become like you treat them or believe them to be. I decided that I needed to "pay the uttermost farthing." I went to this young man, confessed what I believed had happened and how I had played a role, and asked for his forgiveness.

Our relationship began on a new base of honesty. Gradually he "came to himself" and began to build more internal controls; he then performed magnificently.

The "uttermost" price must be paid to the last ones who keep you in their mental-emotional prison, where they label you and where they look for evidence to support their label. Labeling defends and protects their ego, thus making them less vulnerable. That's why they're not willing to pay even one farthing, let alone the uttermost one, because it makes them too vulnerable too exposed to rejection, exploitation, or manipulation.

The theme of many novels is unrequited love, where people simply refuse to love unconditionally because they've been wounded and hurt before. And so they recoil and defend themselves by going inside and being cynical, suspicious, or sarcastic. They're not open because they don't want to be vulnerable.

I once told my daughter, after she had been hurt in a relationship, "Be sure you maintain your vulnerability." She said, "Why? It hurts too much." And I said, "Well, you don't need to get your security from that relationship. If you get your security from your integrity toward timeless principles, you can still maintain your vulnerability. That's what makes you beautiful and lovely — your willingness to be open and authentic. If you reject other people and new opportunity on the basis of having been rejected, you will build a shell around yourself that will keep you from being loved. One of the lovely things about you is your willingness to trust and to risk being hurt."

Clearing the Legal Hurdle

Many people face a legal barrier to paying the uttermost farthing. For example some lawyers might caution their clients against making any form of apologies, but to maintain "100 percent" innocence, because apologizing to anyone might imply guilt.

Many executives have their own thinking straight-jacketed by legalities and by an attorney's mind-set. While protection is prudent in some cases, thinking like a lawyer contributes to future problems. It's like drafting a pre-marital contract: "In the event we have a divorce, this is how we'll settle the estate." Such contracts may actually contribute to a break-up. They may be realistic, but they're not idealistic. And if we abandon our ideals, we abandon the essence of our humanity our ability to rise above tendencies of protectiveness and defensiveness.

As we develop a legal mind-set, we imagine worst-case scenarios, assume the worst of other people, and seek evidence to justify our position. Such thinking becomes a causal, contributing force of adversarialism. We need to work with attorneys who have the ability to transcend the legal mindset who know when and how to properly apply their skills but who have a more positive attitude toward life and people.

Many problems can be resolved by executives and their business partners, if only someone would admit up front, "I was wrong." For example, I once met with a chief executive who said that the union had walked out of an important meeting with him earlier that day. I asked, "Why?" He admitted that the company had mistreated some union members but that it was a "very minor issue."

I said, "Well, to that union, their mission is your minutiae. And you've got to apologize. If you're wrong, you've got to acknowledge it, right now, today. Don't go another hour. Call them up at once while you are still on speaking terms."

The chief executive did as I suggested, and his sincere apology was well received by the union leaders; in fact, it caused them to come back to the meeting.

I'm convinced that this principle will work wonders to resolve differences, heal relationships, settle strikes, and foster international business deals. When a relationship is formed between people on a very personal level, the spirit of paying the uttermost farthing is stirred up. People say, "I was wrong on that. I apologize, and I want to make it up to you."

Paying the uttermost farthing also means making the effort to get to know the other person better. In some languages, "enemy" and "stranger" are the same word. By getting to know our "enemies" on a very personal level, they will cease being strangers. Little by little, we create a culture of civility and charity where members know that each person has weaknesses, but they have the humility, authenticity, and honesty to confess them and to try to compensate for them.

Six Points

When applying this principle to any seriously broken or strained relationship, I emphasize six points.

1. **We may honestly admit to ourselves that we are at least partly to blame for the problem.** Upon reflection, we can see how we embarrassed, insulted, or belittled another, or how we failed to understand, or how we were inconsistent in discipline or conditional in love.

Often what happens when leaders fail to pay the uttermost farthing is that they lose their moral authority. Moral authority makes up much of the power we have as where there are many knowledge-workers. In an information world, you can't throw your weight around. Your moral authority is the most powerful thing you've got.

2. **When one is deeply hurt or embarrassed, he draws back and closes up.** He expects nothing to avoid being disappointed. He simply refuses to believe us, to open up, to "release" us from the mental prison he has us in. To avoid future hurt, he judges us as unkind, unfair, or not understanding, and puts us behind prison bars.
3. **Improving our behavior alone won't release us from this prison, simply because he can't afford to trust us again.** It's too risky. He's suspicious of this new behavior, this new face, this "insincere" entreaty. "I trusted him before and look what happened." Although inside he is crying out for direction and emotional support he will still keep us in his mental prison for an indeterminate sentence.
4. **Often the only way out is to go to him and admit our mistakes, apologize, and ask forgiveness.** In this reconciliation we must be specific in describing what we did that was wrong. We make no excuses, apologies, explanations, or defenses. We simply acknowledge that we know we did wrong, we understand what put us in prison, and we want to pay the price of release. If we only make a stab at this process but inwardly hold back by saying, "He should be sorry also I can only go so far but no further until he acknowledges his part," then our peace-making is superficial, insincere, and manipulative. Under the surface, the suspicion and turbulence still rage as the next stress on the relationship will reveal.
5. **This approach must be utterly sincere and not used as a manipulative technique to bring the other around.** If this approach is used only because it works, it will boomerang. Unless sincere change takes place deep within us sooner or later we'll trespass again on tender feelings, and the new mental prison will have thicker walls than ever. Others simply will not believe us when we say again how sorry we are. Repeated token repentance wins no confidence or forgiveness.
6. **In most situations, paying the uttermost farthing works not only to obtain a release from "prison" with its new opportunity to communicate and to influence, but also to inspire, not force, other to make some hard admissions.** Pride often keeps us from paying the uttermost farthing, but eventually we must swallow our pride, express our sorrow, apologize, and seek forgiveness.

Character First

An interview with Stephen R. Covey

Even the very best structure, system, style, and skills can't compensate completely for deficiencies in character. Why do you emphasize the importance of character in the lives of leaders?

Because I believe that character (what a person is) is ultimately more important than competence (what a person can do). Obviously both are important, but character is foundational. All else builds on this cornerstone. Also, I believe that courage and consideration are the key building blocks of emotional maturity, and that emotional maturity is foundational to all decisions and all relationships. It relates to all the great management themes of the past. That's why I place my 7 Habits along a maturity continuum to suggest that the aim of all these habits is to help us achieve character and competence, courage and consideration. We can then be highly effective with tasks and with people.

Why is the emotionally mature person also highly effective?

Mature people may have a lot of ego strength, but they also have high respect for other people. They balance their courage with consideration. So they communicate in the spirit of "I and thou," the expression philosopher Martin Buber used in his book, *I and Thou*. Immature people communicate in terms of "I and it" where they treat people like objects or things, or "it and it" where they manipulate and treat themselves in the same way. Or they may think in terms of "it and thou," having respect for others, but not for themselves.

When did you first arrive at this notion of maturity being a balance between courage and consideration?

I first learned this concept from one of my professors at the Harvard Business School, Rhand Saxenian. At the time, Rhand was working on his own doctoral thesis on the subject. This is how he taught it: emotional maturity is the ability to express your feelings and convictions with courage, balanced with consideration for the feelings and convictions of others.

And that hit you like a lightning bolt?

Yes, the truth of that idea struck me powerfully. But even more powerful was the way he modeled it. For instance, when we entered the statistics portion of the course, he told the class that he didn't know much about statistics, and that he would be learning along with us. He also acknowledged what our feelings might be, as we were in competition with other students and sections and had to take a school-wide exam.

In self-defense, we sent a delegation to the dean's office to ask for a new teacher of statistics. We told the dean that we liked Mr. Saxenian as a teacher but that his ignorance of statistics would put us at a disadvantage when we took the tests. To our amazement, the dean simply said, "Well, just do the best you can." So with the teacher's help, we got some technical notes and passed them around. In a sense, we taught each other statistics. And our section, out of eight, came out second in the exams. I'm convinced we did well because Rhand had the courage to confess his ignorance of the subject and the consideration to help us come up with a solution.

Did your professor show you that "courage balanced with consideration" was common to great leaders?

Yes, in fact, Rhand went back through history to show how the truly great leaders who built strong cultures behind a common shared vision were those who had these two characteristics of emotional maturity, who beautifully balanced courage and consideration.

In a different way, haven't you also tested this idea?

Yes, in many ways. First, I have gone back into the history of management thought, interpersonal relationships theory, and human psychology theory, and I have found the same two concepts. For instance, the transactional analysis area that Thomas Harris made popular in his book, *I'm Okay, You're Okay*, really had its theoretical roots in both Eric Burn (*Games People Play*), and Sigmund Freud and his psychoanalytic theories. Well, what is "I'm okay, you're okay" but courage balanced with consideration? "I'm okay, you're not okay" means I have courage, but little respect or consideration for you. "I'm not okay, you're okay" suggests no ego strength, no courage. And "I'm not okay, you're not okay" suggests a very negative outlook of life. These are the four dimensions of maturity.

Then I looked at Blake and Mouton, who developed the managerial grid, which basically deals with two dimensions: are you task-oriented or are you people-oriented? Those who are high task-oriented and low people-oriented are called nine-ones. Those who are high people-oriented and low task-oriented are one-nines. Those who are in the middle are five-fives. The ideal, of course, is nine-nine high people and high task. In other words, high courage to drive what you want to get the task done, plus high respect and consideration for others. Again, the spirit of "I-thou."

And then I noted that the concept of "win-win" is essentially the same thing: you have high respect for self to ensure that you win, but you work in a way that enables other people to win as well. If you're synergistic and have the "I-thou" spirit, you create far better solutions, as manifest in mission statements, decisions, strategic partnerships, or customer and employee relations. The win-lose approach is symptomatic of high respect for self and low regard for others and their situation. The lose-win approach suggests low respect for self, and high regard for other people. I examined other psychological theories and found that they all look at the two sides. Sometimes courage is called respect, confidence, tough-mindedness, or ego strength; and consideration may be called empathy or kind-heartedness. I found that same balance in the great philosophical and religious literature. "Love thy neighbor as thyself" is an expression of the spirit of "I-thou."

Finally, I've interviewed a lot of Malcolm Baldrige award winners, and asked them the question, "What is the most difficult challenge you faced?" And they always say, "Giving up control." In effect, they are saying, "We had to create 'I-thou' relationships with all stakeholders. We had to reach the point where we really believed in other people, in a bone-deep way, not in some public relations manner. We also had to learn to be strong in expressing how we see it." Essentially, the Baldrige winners learned to think win-win, seek first to understand then to be understood, and synergize (Habits 4, 5 and 6 of the Seven Habits). By practicing these habits, they gained new insights and experiences, opened new options, engaged in high-level partnering and bonding, and boosted creativity. But it has to come out of this deep spirit of win-win, I and thou, courage balanced with consideration.

Is "courage balanced with consideration" a good way to achieve both improved results and relationships?

Exactly. Better in both ways. You get more results, and you get better relationships. Without this balance, you tend to get one at the expense of the other. For instance, I once worked with the president of a large organization who was a nine-one, meaning he was a result-oriented person.

But, if he needed to build relationships to get results, he could charm the socks off anybody. But it was always with regard to a task. His task became the relationship. In other words, once he built the strategic relationship, he would then get on with the task. I have known other people who were the opposite. They are so needful of relationships that they work relationships through tasks.

Is it possible to get a profile of ourselves as leaders to assess the balance of courage and consideration or determine our orientation toward results and relationships?

Yes, in fact, David McClelland, one of the great research psychologists at Harvard, developed what he called his Need Achievement Inventory. He would give people different pictures and then have them talk about a story that was portrayed in that picture. By using a number of these pictures, McClelland would profile the candidate, and then give his recommendations to employers who are looking to match the profile of the person with the needs of the job. He tended to classify people according to their need for power, affiliation, or achievement. In a sense, McClelland was looking at this concept of inward motivation. He identified character as the critical factor of long-term success.

Do you feel that the hundreds of contributing writers to Executive Excellence over the last ten years have verified the preeminence of character?

What I have seen over and over again, in the pages of Executive Excellence and elsewhere, is how character eventually becomes more important than competency. So, even though people may go through management training and improve their skills, if they don't grow in emotional maturity, eventually their skills may even be their undoing. For instance, I witnessed this task-oriented president exhaust his social capital with the Board to the point he no longer had power or influence with them. The Board would not sustain the president, and eventually they had to make a change. Board members felt that they were being manipulated by one superlative presentation after another, one big charm after another. Eventually the hens came home to roost.

And yet, isn't the training and education of most people designed to build competence and courage for the sake of getting results?

Absolutely. Almost all training is focused on competency. That's the courage aspect of maturity, have your way, be nice to people, use the human relations approach, but not the human resource approach. The human resource approach asks, "What's your opinion?" The human relations approach says, "How's your family?" And the malevolent authoritarian approach says, "When I want your opinion, I'll give it to you."

So, how can we meet this need for ongoing character development?

We need to stop managing people by performance appraisals where some supervisor is judging someone else's character and competence. We need to look for balance between production (P) and what I call "production capability" (PC), which includes developing people and building teams. Because, as we learn from Aesop, if we go for all the golden eggs (P) without regard for the wellness of the goose (PC), we'll soon be out of business. This is why Peter Drucker says, "Don't judge people's characters." I totally agree with him. I tell executives to do away with traditional performance appraisals and instead look at how well that individual balances P and PC, results and relationships, competence and character, courage and consideration. I also encourage them to set up a 360-degree stakeholder information system which gives people solid, scientific, systematic feedback on their performance in both dimensions. Then the person will say, "Gosh, I have low marks for team building and interdependency, even though I'm producing the numbers. What can I do? Now they recognize the need for on-going character development, which they themselves have to take charge of. They can then organize resources to draw on their

families, their friends, their church, their professional association, their support groups. They seek character development in order to produce those desired results.

Why do you say that humility is the mother of virtues? Because humility helps us center our lives around principles. Humility helps us see the need for on-going character development. Humility helps us be considerate of others. I then say that courage is the father of all virtues. Together courage and consideration create the internal integration inside the human personality.

This is why Karl Jung says that we never achieve what he calls individuation, the total integration of the human personality, until our later years in life. He says that people must go through different phases to learn some things. His belief was that it takes a great deal of experience, going around the block many times in many ways, before we gradually come to see the full consequences of erring on one side or the other and gradually achieve an integration of our internal character.

Can one person, working within his or her circle of influence, really make a difference?

Without question. I see it continuously. The people who start small and start to build on true principles in the ways we've been talking about, expand their circles of influence until they truly become models, and eventually mentors and teachers of other people. They become change catalysts and transition persons

Why do these change catalysts also need what you call an abundance mentality?

The abundance mentality is courage and consideration. Scarcity is courage without consideration. Interdependence is courage and consideration. Independence is me-centered: I want what I want. For example, I once had an experience with the top partners of an international firm who after three days reached this conclusion: the experts in quality Juran, Crosby, Deming, and others basically say that people aren't so bad; what's bad are the systems they work in.

But suppose you have an executive who has courage but no consideration. He'll think win-lose, and he'll design win-lose systems. Now, if he attends a quality seminar, he may start designing win-win systems but he'll implement them in a win-lose way. Why? Because character eventually comes out on top. So, all the top partners concluded: "We now know our problem is scarcity thinking. It shows in the way we admit people, the way we make them partners, the way we reward them. No wonder we have a screwed-up culture. No wonder we're losing some of our best minds. No wonder we have such a political atmosphere where everyone is reading the tea leaves. We have moved so far away from our founding principles."

In the last analysis, it's the character in the culture that counts. And yet we let many character-destroying forces have their way with us until we lose the original character of the founding group, or until we become programs ourselves, not programmers. And so, we must begin the process not only of reengineering business processes but also of self-directed rescripting of business executives.

How can executives rescript themselves?

Well, often we must first be humbled, either by circumstances not getting desired results and preserving the assets or by crisis not getting the meaning or fulfillment that we desire, or failing to maintain good relationships with our spouses and kids. We are then more willing to accept the fact that universal principles ultimately govern. We are then more willing to accept responsibility for who and what we are. And we are then more willing to develop and live by mission statements, which does much to produce integrity. Ultimately what we are is the most critical

component of success. In fact, I've concluded the only way that I can grow toward the ideal balance between character and consideration is by living true to my conscience, to the principles I know are right. If I begin in any way to falter in either courage or consideration, I can usually trace my failures within a few hours, if not days, to some flaw in the integrity of my life.

We read of actors who feel that they were exploited in certain roles and parts early in their careers. But as they gain more respect, they turn down scripts and roles that aren't supportive of their new vision of themselves. They may even write their own scripts, or determine what parts they play.

Can executives also do that in their careers?

I'm convinced that we can write and live our own scripts more than most people will acknowledge. I also know the price that must be paid. It's a real struggle to do it. It requires visualization and affirmation. It involves living a life of integrity, starting with making and keeping promises, until the whole human personality the senses, the thinking, the feeling, and the intuition are ultimately integrated and harmonized.

TEAMS

Build Integrity into Self-Directing Teams

David P. Hanna

Putting self-direction into practice is challenging because it requires serious adjustments in the roles of managers.

How would you like to be tied to a partner to compete in a three-legged race, and then find out the course is a marathon? If you can identify with the frustration and pain that would accompany such a contest, then you can empathize with the many work teams that are told to be self-directing and empowered to improve results while still shackled to systems and structures that do not fit their charge. Results suffer when structural integrity is lacking among values, style, and systems. Typical examples include: People are put in "teams" arbitrarily and expected to show synergy, even though their tasks are unrelated. Teams are expected to improve their results, yet those results are not controlled by the team alone. Teams are expected to solve problems, and yet the requisite knowledge and skills are located elsewhere. Teams are expected to be self-directing and to adjust course even when authority and feedback are kept from them.

In short, self-direction and empowerment won't work unless structure and systems are shaped and aligned.

Consider the following examples of two self-directing teams. Team A is a group of twenty-five people who totally operate a manufacturing plant from the time raw materials enter to the loading of the finished product. Team members operate and maintain equipment, monitor quality, conduct maintenance tasks, train one another, and keep all records. They submit project recommendations to save costs and then implement these once approved. They have operated this way for years and achieved world-class results. Team B was formed to improve the profitability of their product line. This team has fifteen members who represent critical functions and geographic markets. They haven't operated as long as Team A, but they have made quite an impact. They performed a quality analysis of each step in their business process from idea conception to end use by customers. Because of the practical knowledge of each member, the team has focused on actual problems that cause duplication, rework, poor quality, and bad service. Soon after Team B was formed, a raw material shortage increased product costs dramatically and wiped out its profit margin almost overnight. The team convened, quickly identified alternative savings, and restored the profit margin to its pre-crisis level. Team members completed each savings project to make the business profitable again. Both teams have strong values around improving their products for the benefit of all stakeholders. They work for companies that seek ways to empower their people, and they implement design changes consistent with their values to boost performance to best-in-class levels.

Design Principles

Four principles of team design provide structural integrity with the values of self-direction and empowerment. Members of self-directing teams are interdependent to produce a common outcome. What distinguishes team sports from individual sports is the interdependence among team members. It's the same for work teams. Interdependence occurs when many efforts must be pooled; when efforts are sequentially linked; and when there is a reciprocal relationship, meaning two or more parties add value by alternating tasks in a series of cycles. Interdependence is reinforced when each team member makes some unique contribution. Physical proximity is also important. Individuals who work successfully alone or isolated, without any interaction with colleagues, will find the call for teamwork to be disruptive and frivolous. But

teamwork is natural when real interdependence exists. Self-directing teams have a whole task to do. In forming basketball teams, we wouldn't think of putting forwards on one team, centers on another, and guards on yet another. And yet many work teams are expected to do only part of a whole job. To correct this situation, identify all the tasks required to deliver a discrete product or service and place them within the team's boundary. Whole tasks provide teams with a meaningful purpose and reinforce the notion that members aren't just operators or specialists what they do makes a difference. Self-directing teams don't depend on others for resources. When staffing the 1984 U.S. Olympic basketball team, coach Bobby Knight filled the roster with two true centers, one center-forward, two power forwards, three swingmen who could play forward or guard, two shooting guards, and two point guards. From this lineup, he would have the flexibility to handle any situation. No one was indispensable, and opponents could not exploit a team weakness. His strategy paid off, as the team emerged with a gold medal.

Any time your team depends on one member or someone in another department or area to perform one of its critical daily tasks, you reduce your responsiveness and flexibility to handle challenges. Members of effective self-directing teams develop all the knowledge and skills needed to control their operations. Cross-training and rotation of assignments within the team and with critical special functions allow this to happen. Ideally, every team member eventually becomes competent in every team position and specializes in several interface areas, thus enhancing the team's flexibility.

Team members are interdependent in leadership as well as operational tasks. Every championship team has members who make critical decisions in the heat of battle and provide leadership on the floor. Designers of work teams often create interdependence around work tasks and develop needed skills to do them, but then they fall into the trap of creating dependence around leadership tasks. They insist on calling all the plays from the sidelines. Or they appoint a "straw boss" who does exactly what a supervisor would do. Either choice fosters dependence because the team will not become broadly skilled or truly interdependent in its leadership. It must rely on the indispensable few for leadership. Also, resentment can build for those who have leadership privileges, weakening team spirit. Effective self-directing teams have the authority to manage their daily activities and get needed feedback to know the impact of their decisions and where they stand against their goals. They develop broad skills and interdependence around leadership tasks by sharing them. One member might lead the team's safety efforts, while others lead training, quality, special projects or daily work processes.

Leadership assignments might be rotated to reinforce the idea that team members must cooperate one can't ignore a teammate's call for support in safety when he or she will need that person's support later for quality. These four principles create structural integrity for self-directing operations, allowing self-directing teams to finish what they start. Putting self-direction into practice is a major challenge because it requires serious adjustments in the roles of managers who are used to supervising more than coaching. In the past, hierarchical structures have fostered dependence, not interdependence, at lower levels. The final step to achieve structural integrity for self-direction is to help managers learn their new roles and to find different ways to add value to the work process. Self-direction requires both managers and team members to push into unknown territory. Much like the three-legged race, it will feel awkward at first, but when the principles of self-direction are observed, the awkwardness lasts only for a short distance, rather than turning into a marathon.

TIME AND LIFE MANAGEMENT

First Things First

I've learned that the good is the enemy of the best when the first things in our lives are subordinated to other things.

I visited my daughter Maria a few days after she had a new baby. Unexpectedly, I found her frustrated instead of happy.

She told me, "I have so many other projects and interests that are important to me. But right now, I have to put everything on hold. I'm spending all my time just meeting the physical needs of this new baby. I can't even find time to be with my other two children and my husband."

Seeking to understand, I replied, "So, this new baby is consuming you?"

She continued, "I have other work to do. I have some writing projects that need my attention. I have other people in my life."

I asked her, "What does your conscience tell you to do? Maybe right now there is only one thing that matters — your baby."

She said, "But I have so many other projects and plans." She showed me her organizer. "I schedule time to do these other things, but then I'm constantly interrupted by my baby."

I talked to her about the concept of a compass, not a clock. "You're being governed by your internal compass, your conscience, and you're doing something of enormous good. Now is not the time to be controlled by the clock. Throw away your planner for a few weeks. Only one thing is needful. So, relax and enjoy the very nature of this interruption to your life."

"But what about life balance and sharpening the saw?" she asked, knowing I teach these principles.

"Your life is going to be imbalanced for a time, and it should be. The long run is where you go for balance. For now, don't even try to keep a schedule. Forget your calendar; take care of yourself; don't worry. Just enjoy the baby, and let that infant feel your joy." I reminded her: "The good is often the enemy of the best. You won't get much satisfaction from fulfilling scheduled commitments if you have to sacrifice first things and best things. Your satisfactions are tied to your role expectations. Maybe the only role that matters this entire day will be mothering your new baby. And if you fulfill that role well, you will feel satisfied. But if you schedule other commitments when you have no control of the demands your baby is going to make, you'll only be frustrated."

Maria learned to relax and enjoy her baby more. She also involved her husband and other children more in caring for the new baby, sharing with them all that can be shared.

Identify Your First Things

What are the first things in your life? One good way to answer that question is by asking other questions: "What is unique about me? What are my unique gifts? What is it that I can do that no one else can do?" For instance, who else can be a father to your child? A grandparent to your grandchildren? Who else can teach your students? Who else can lead your company? Who else can be a mother to your baby?

In a sense, we all have our "babies," meaning some demanding new project or product. Each of us has unique talents and capabilities and an important work to do in life. The tragedy is that our unique contribution is often never made because the important "first things" in our lives are choked out by other urgent things. And so some important works are never started or finished.

In our book, *First Things First*, co-authored with Roger and Rebecca Merrill, we suggest that the path to personal leadership follows the stepping stones of vision, mission, balance, roles, goals, perspective, and integrity in the moment of choice. It's an ecological balancing process. We invite readers to think very carefully through this process. "What are my responsibilities in life? Who are the people I care about?" The answers become the basis for thinking through your roles. Your goals are then set by asking, "What is the important future state for each relationship or responsibility?"

Setting up win-win agreements with people and maintaining positive relationships is not an efficient process; in fact, the process is usually slow. But once a win-win agreement is in place, the work will go fast. If you're efficient up front, you might be taking the slowest approach. Yes, you might drum your decision down someone else's throat, but whether or not he is committed to live by that decision and to carry it out is a different matter. Slow is fast; fast is slow.

Peter Drucker makes the distinction between a quality decision and an effective decision. You can make a quality decision, but if there isn't commitment to it, it won't be effective. There has to be commitment to make a "quality decision" effective. An executive may be highly efficient working with things, but highly ineffective working with people. Efficiency is different in kind from effectiveness: Effectiveness is a results word; efficiency is a methods word. Some people can climb the "ladder of success" very efficiently, but if it's leaning against the wrong wall, they won't be effective. Efficiency is the value you learn when you work with things. You can move things around fast: you can move money, manage resources, and rearrange your furniture quickly. But if you try to be efficient with people on jugular issues, you'll likely be ineffective. You can't deal with people as if you're dealing with things. You can be efficient with things, but you need to be effective with people, particularly on jugular issues.

Have you ever tried to be efficient with your spouse on a tough issue? How did it go? If you go fast, you'll make very slow progress. If you go slow and get deep involvement doing what is necessary through synergistic communication based on a win-win spirit you'll find that in the long run it's fast because then you have total commitment to it. You also have a quality decision simply because you have the benefit of different creative ideas interacting, creating a new solution that is better and more bonding.

Subordinate Clock to Compass

For many executives, the dominant metaphor of life is still the clock. We value the clock for its speed and efficiency. The clock has its place, efficiency has its place, after effectiveness. The symbol of effectiveness is the compass a sense of direction, purpose, vision, perspective, and balance. A well-educated conscience serves as an internal monitoring and guidance system.

To move from a clock to a compass mindset, you focus on moving the fulcrum over by empowering other people. But the empowerment process itself is not efficient. You can't think control; you think of releasing feelings seldom expressed and interacting with others until you create something better and you don't know what it is at the beginning. It takes a lot of internal security, a lot of self-mastery, before you can even assume that risk. And the people who like to control their time, money, and things, tend to try to control people, taking the efficiency approach, which in the long run is very ineffective.

Effectiveness applies to self as much as to other people. You should never be efficient with yourself either. For example, one morning I met with a group in our training program. Someone said, "Creating a personal mission statement is a tough process." And I said, "Well, are you approaching it through an efficiency paradigm or an effectiveness paradigm? If you use the efficiency approach, you may try to bang it out this weekend. But if you use the effectiveness approach, you'll carry on this tortuous internal debate on every aspect of your nature, your memory system, your imagination system, your value system, your old habits, old scripts. You'll keep this dialogue going until you feel at peace."

Why do executives find it easy to schedule and keep appointments with others, but hard to keep appointments with themselves? If people can make and keep promises to themselves, they will significantly increase their social integrity. Conversely, if they learn to make and keep promises to others, they will have higher self-discipline.

The private victory of keeping appointments with ourselves doesn't just mean that we spend some private time alone it might also mean that we promise ourselves not to overreact, or to apologize in the middle of a mistake. Keeping these promises enormously increases your sense of integrity.

For example, I saw my son on one occasion chewing out his little sister for rearranging his office. He had everything laid out to work on his project, but she thought it was messy and she wanted to help her brother. In the middle of his tirade, he caught himself and said, "I apologize. I'm just taking my frustrations out on you, and I know you meant to do well." He did it right then. He kept an appointment with himself to live by his values even in the heat of the moment. I admired him enormously.

Knowing that people and relationships are more important than schedules and things, we can subordinate a schedule without feeling guilty because we superordinate the conscience, the commitment to a larger vision and set of values. We subordinate the clock approach of efficiency to the compass approach of effectiveness. When using the compass, we subordinate our schedules to people, purposes, and principles. The "mega priorities" of the compass subordinate the "mini priorities" of the clock. When your projects are worthy ones, then your purpose will transcend petty concerns and matters of secondary importance.

What Charles Dickens learned from writing *A Christmas Carol* is that a transcendent purpose subordinates the old scripts of scarcity and independence. It may not totally erase them, but at least it subordinates them. Dickens got a strong sense of purpose about writing a story that would bless the lives of families, particularly children, when he reflected on the time when he worked in the factories 12 hours a day, every day of the week, and his father and other members of his

family were in debtor's prison for several months. He remembered those times of scarcity and recognized them as scripts. And as he combined the images of the present with the past, he experienced an enormous burst of creative energy that subordinated all of his present problems, his depression, and the possibility of financial ruin, to get out this magnificent story.

Without valuing interdependence and abundance thinking, you won't be able to keep first things first. Some people never understand these realities. They fall back into independence and scarcity thinking. Those perspectives are more a function of scripting than of anything else. But we can change the script.

From Urgency to Importance

When we are guided by an internal compass, a highly educated conscience, we may decide to dedicate an entire morning to one person or to focus on one project and subordinate an earlier schedule we'd set up, unless we have strong commitments to meet with certain individuals, then we work around those. Or we may decide to set aside an afternoon to keep an appointment only with ourselves. During that time, we might sharpen the saw by exercising one or more of the four dimensions of our personality physical, mental, social, and spiritual. We use self-awareness to know what to do and when.

I recommend a time management credo that says: "I will not be governed by the efficiency of the clock; I will be governed by my conscience. Because my conscience deals with the totality of my life. And since it is well educated from study and from experience, it will help me make wise decisions."

Under the influence of a well-developed conscience, you make decisions on a daily, hourly, and moment-to-moment basis to be governed by principles. If you are immersed in an extremely productive or creative work, don't let anything interrupt. Can you imagine a surgeon taking a telephone call in the middle of surgery?

Most people are buried in urgency. Most production and management jobs call for quick reactions to what is urgent and important. The net effect of a reactionary, urgent lifestyle is stress, burnout, crisis management, and always putting out fires. If you're into daily planning and prioritizing, then by definition you live with urgencies and crises. Important but not urgent activities are easily pushed out by daily planning.

When you are guided by an internal compass or set of principles, you begin to see that the idea that I am in control is an arrogant concept. You have to humbly submit yourself to natural laws that ultimately govern anyway. If you internalize those laws and principles, you create a highly educated conscience. And if you are open to it, you will keep first things first.

QUALITY

The Quality Life

The secret life is the key to a quality life and that in turn is the key to a quality culture, products, and services. Once in New York City, I attended the Broadway play, *The Secret Garden*. The play was particularly poignant for me that evening because my mother had just died.

The Tony Award winning musical is the story of a young girl whose mother and father die of cholera in India as the play begins. She is sent to live with her uncle in a large British manor. The old house is filled with romantic spirits. As the restless girl explores the grounds of the estate, she discovers the entrance to the magical secret garden, a place where anything is possible.

When she first enters the garden, she finds that it appears to be dead, much like her cousin, a bedridden boy, and her uncle, still haunted by memories of his lovely wife who died giving birth to the boy. In harmony with natural laws and principles, the girl faithfully plants seeds and brings new life to the garden. As the roots are warmed and the garden cultivated, she brings about a dramatic transformation of her entire culture within one season.

In my many years of teaching and training, I have seen several such transformations brought about by proactive people who exercise principle-centered leadership and the Seven Habits in their secret, private, and public lives.

When I returned home to Salt Lake City the next day to speak at my mother's funeral, I referred to the Secret Garden, because for me and many others, my mother's home was a secret garden where we could escape and be nurtured by positive affirmation. In her eyes, all about us was good, and all that was good was possible.

Our Three Lives

We all live three lives: public, private and secret. In our public lives, we are seen and heard by colleagues, associates, and others within our circle of influence. In our private lives, we interact more intimately with spouses, family members, and close friends. The secret life is where your heart is, where your real motives are the ultimate desires of your life.

Many executives never visit the secret life. Their public and private lives are essentially scripted by who and what precedes and surrounds them or by the pressures of the environment. And so they never exercise that unique endowment of self-awareness the key to the secret life where you can stand apart from yourself and observe your own involvement.

Courage is required to explore our secret life because we must first withdraw from the social mirror, where we are fed positive and negative feedback continuously. As we get used to this social feedback, it becomes a comfort zone. And we may opt to avoid self-examination and idle away our time in a vacuum of reverie and rationalization. In that frame of mind, we have little sense of identity, safety, or security.

Examine Your Motives

The most critical junctures in my life take place when I visit my secret life and ask, "What do I think? What do I believe is right? What should my motives be?" These are times when I choose my motives. One such time occurred when I first heard Dag Hammarskjold say, "It is more noble to give yourself completely to one individual, than to labor diligently for the salvation of the masses." That statement had such a profound effect on me that I started to say to myself in regard to my relationships with other people, "Wait a minute — it's my life. I can choose whether I want to make reconciliation with this person or not. I can choose my own motives."

One of the exciting fruits of the "secret garden" is an ability to consciously choose your own motives. Until you choose your own motives, you really can't choose to live your own life. Everything flows out of motive and motivation that is the root of our deepest desires.

Now, when I get into a frustrating or perplexing situation, I enter into my secret life. That's where I find not only motives but also correct principles that's where the inner wisdom is. As I learn to be proactive in exploring the secret life, I tap into self-awareness, imagination, conscience, and into the exercise of free will to choose another motive.

People who regularly explore their secret life and examine their motives are better able to see into the hearts of others, practice real empathy, bestow real empowerment and affirm worth and identity.

A healthy secret life will benefit your private and public lives in many ways. For example, when I'm preparing to give a speech, I read aloud a favorite discourse on faith, hope and charity because it helps me to purify my motive. I lose all desire to impress. My only desire is to bless. And when I go to a public setting with that motive, I have great confidence and inner peace. I feel more love for the people and feel much more authentic myself.

Executives who attend our leadership training in the mountain setting of Sundance often tell me, "This is the first time in many years that I've done any soul searching. I've seen myself as if for the first time, and I've resolved that my life is going to be different. I'm going to be true to what I really believe." Recently, many people have written me to say, "Your habits and principles have made the difference. I'd never really thought about some of them before, but I resonate with them." That's because these principles are found in people's secret life.

And yet most of us spend our busy days privately doing our thing, never pausing long enough to enter the secret life, the secret garden where we can create masterpieces, discover great truths and enhance every aspect of our public and private lives.

Having a healthy secret life is the key to having a quality private and public life, as well as a quality culture, product or service.

A Total Approach to Total Quality

Every executive could learn some valuable lessons from Selectron, a company that won the Malcolm Baldrige Award. From my study of the Selectron Corporation, I conclude that in our efforts to improve quality, productivity, and profitability, we have to work holistically. We can't just do a quick-fix program to improve communication, for example, if we have misaligned systems. We can take people into the wilderness for two days and have them do free falls off mountains to learn trust, but if they come back to misaligned systems, all our improvement efforts are undone. We can reorganize, restructure, or reengineer the company or simply come up with a new compensation system or a new strategic plan but if we lack a foundation of trust, again our work is undone.

Selectron designed a total approach that deals with the entire package. Their high degree of employee empowerment allows them to move away from inspection toward prevention. They anticipate and prevent problems, so that quality is designed and built in from the beginning. They know that to compete and win in the international arena, they have to offer world-class products and services. And so at Selectron, quality management is not just a strategy, it is a new style of working and thinking. Their dedication to quality and excellence is more than good business; it's a way of life.

Selectron molded an extraordinarily diverse work force into a model for global competitiveness. Their work force consists of people from cultures and countries all over the world. For many, English is a second language. This gives Selectron its greatest strength, diversity, ability to communicate and be flexible and look at things in new ways. Their people take ownership of the continuous-improvement process. They combine some of the best principles, practices, and processes from around the world. They are flexible and responsive. They take their cultural diversity and mold it into a new operating style.

And the lesson is clear: We see more success when we create an environment that empowers people to do their jobs and experience the satisfaction of accomplishment.

The Power of Principles

The power of the Malcolm Baldrige process is that it's not self-evaluation, but rather it is based on objective, external criteria and standards that put management and everyone else through their paces. Executives who just listen to themselves all the time have a hard time understanding the concept of external criteria based on timeless principles.

At Selectron, winning the award was the culmination of many years of work. The quest began in 1984 when Selectron implemented statistical process control. The Japanese kaizen system of continuous improvement was introduced in 1986 to further drive improvements. By 1987, Selectron started focusing on quality by prevention, employing new methods to consolidate quality, such as using computers to notify engineers when tolerances begin to drift.

Selectron applied for the Baldrige Award in 1989 and received examiners' input on their strengths and areas for improvement. That same year, Selectron introduced the Six Sigma program of defect reduction and again applied for the Baldrige Award. Many changes were implemented in direct response to the examination process. Selectron University, an internal departmental learning facility, was formed to provide training for workers in management skills, communications, and manufacturing excellence.

Employees are given the chance to help shape their company by participating in a company-wide communications program making suggestions on waste reduction, environmental improvement, customer satisfaction, quality improvement, and safety issues. Over 60 percent of the suggestions are implemented.

Selectron executives also use the roundtable meeting, a weekly informal luncheon between management and small groups of line employees. It's a dialogue, not just one manager dictating or one group of employees bringing up their complaints and concerns. They seek information from customers by initiating comprehensive surveys, getting feedback from customer executives consistently and frequently to keep the quality high and the costs down. They know that they can't do it alone, that it requires the participation of customers as partners to drive the costs down.

Quality is improved through three processes a quality-improvement process, corrective-action process, and a customer-complaint resolution process. These processes involve everyone. Every person in the company gets the big picture.

Selectron also adopted the Japanese "Five S" approach to cleanliness and orderliness. They see the Five S as a tool to help organize their manufacturing processes and work environment.

They started a partnership program with key suppliers and customers to tap their resources, ideas, and talents. As a result, Selectron has improved productivity, performance, and effectiveness. Defect levels declined, yields increased, and on-time delivery reached 98 percent.

Executives create openness and trust with all internal and external stakeholders by entering into strategic partnerships with employees, suppliers, owners, shareholders, distributors, and customers. They share with each other, and synergize around common problems. They also study their competitors and identify the best practices in different functions so that they have benchmarks. Improvement accelerates when performance is measured and benchmarked against the best in the world.

With a partnership, communication channels are more open; there's more trust, more focus on what needs to be done, and more opportunities to do things better, to optimize the organization, and to relate to each other.

Communication with customers begins with customer-focus teams. Each has a project manager, sales rep, project engineer, quality engineer, and customer service representative. They help customers define the project and the relationship, using a seven-step procedure. The team then meets weekly with the customer to discuss schedules, engineering changes, test results, yields, and process improvement plans.

Win-win agreements are made with all stakeholders. The win-win agreement is a clear mutual understanding based on a mutual-gain idea produced through synergistic interaction with other people. At Selectron, much communication takes place among all stakeholders.

Selectron makes it impossible to be out of touch with customers. All customer contact personnel, from the CEO on down, carry personal pagers. Customers receive customized pager numbers for the focus team members to give them control of the communication process. In addition, surveys called the "Customer Service Index" are completed weekly with all customers, evaluating Selectron in a number of areas.

Weekly they ask their customers to rate them on quality, delivery, communication, and service and then they share this information with customers. These meetings are used to not only tell

Selectron where it's been, but precisely where it has to go. This process gives Selectron the vision to chart a successful course of business for the future.

They have a very de-centralized company. You can't de-centralize without empowering people and creating an environment of trust. You can't run a company from the top because the decision process takes too long. The person or team at the top can't know everything that's going on daily because the real action is between the employee and the customer.

They know that quality control can't be imposed from top to bottom; they understand that quality management must cut across departments and offices, that quality culture does not depend upon titles and job descriptions, and that they're only as strong as the intelligence, judgment, and character of their people.

What works for Selectron can work for other companies. Winning the Baldrige award confirms the power of a principle-centered approach where quality is seen as a dynamic process, continuous and evolutionary.

Keys to Total Quality

The key to a total quality company is a total quality person who knows how to program and use a compass. I've always liked the expression, "If it's going to be, it's up to me." In reality, you and me are the keys to total quality. It's what I call an inside-out approach to quality, and it's a cure for the cynicism that often comes with "yet another program."

As Donald L. Kanter and Philip H. Mirvis write in *The Cynical Americans*: "Many companies undertook programs in hopes of gaining a quick fix for productivity, quality and morale problems. Such innovations were marked by fads and easily recognized as a sham. Cynics aptly called this the 'program of the month' approach to change."

Programs of the month are characterized by external treatments of internal problems, by an outside-in approach. But quality cannot be inspected — it must flow from the hearts and minds of the people doing the job. You simply can't manage yourself out of problems you behave yourself into. You can hire the hands and backs of people, but they volunteer their minds and hearts.

To get quality, we need a principle-centered, character-based, inside-out approach, meaning that we start with ourselves our paradigms and motives. This often requires personal changes not personnel changes as it requires us to function effectively on four levels on the basis of four principles:

1. personal trustworthiness;
2. interpersonal trust;
3. managerial empowerment; and
4. organizational alignment.

Trust is the foundation of total quality, and trust is made up of both character (what a person is) and competence (what a person does). A corporate culture, like the human body, is an

ecosystem of interdependent relationships. If we seek quality with something other than a principle-centered approach on all four levels, our efforts will be necessary but insufficient.

Many managers suppose that if they correct the structure and systems (programs), the problems with people (programmers) will go away. The reverse is actually true if you correct the people first, the other problems will go away. Why? Because people are the programmers, and they use systems and structures as the outward expressions of their own character and competence.

Effective executives lead by principles. Principles are like a compass. A compass has a true north that is objective and external, that reflects natural laws or principles, as opposed to values which are subjective and internal. Values are maps. Principles are territories. And the maps are not the territories; they are only subjective attempts to describe the territory. The more closely our values or maps are aligned with correct principles with the realities of the territory, with things as they are the more accurate and useful they will be. But, when the territory is constantly changing, when markets are shifting, any map is soon obsolete.

The map provides a description, but the compass provides more vision, and direction. An accurate map is a good management tool, but a compass is a leadership and an empowerment tool. We are too locked into certain mindsets, into management by maps, into old models. The old quality model is obsolete. It's a road map. The key to creating a total quality company is to first create a total quality person.

The manager of corporate training for a major U.S. company told me: "The single most important benefit we've received from your Seven Habits program has been increased personal effectiveness because that's the key to corporate results. By improving teamwork, communication and employee empowerment, the Seven Habits played an important part in boosting profits in our overseas operations by 90 percent the first year!"

People who don't make quality their number one priority won't make it through tough economic times, say winners of The Malcolm Baldrige Award. The best way to predict your future is to create it. In today's chaotic market, road maps are obsolete; only a compass can help you navigate the rough, changing terrain.

FAMILY

Re-Kindling Your Relationship with Your Partner

After years of marriage it is easy for the warmth of romance to die down. Sometimes couples feel that their spouse is a stranger. It doesn't have to be that way.

Some couples assume that the best way to rekindle a relationship that has cooled is to plan a major event such as a cruise or vacation. That is often a mistake.

The best way to rekindle a relationship is probably to build time into your schedules to be together for mini-conversations. Maybe you take fifteen minutes together after work to talk about your challenges at work. Maybe you take a walk together in the mornings to talk about goals and hopes. Maybe you meet for lunch or make a call during the day just to chat.

Such mini-conversations can start a process of reconnecting. A couple is wise to also schedule longer times together. An evening at dinner can help a couple trace the finest moments of their years together. Such great moments can be kept alive in memory as the defining times of the relationship. We can "find the glory in our marital story," as John Gottman reminds us.

Often the biggest impediment to reconnecting is lack of desire. If we see our partner as predictable and boring, we may deliberately choose to avoid each other. But the healthiest couples know that lulls in a relationship are normal. They choose to reconnect.

One of the most important ways to keep your relationship healthy is to keep your fondness and admiration alive. John Gottman, a researcher on marriage, has suggested that we get together with our partner to recall our best times. He observes that "couples who put a positive spin on their marriage's history are likely to have a happy future as well."

"The 7 Habits of Highly Effective Families" contains excellent material on building your emotional bank account (Chapter 1). It is easy to become careless about making deposits in our relationship account. It is easy to make withdrawals and assume that the relationship will survive. But the healthiest relationships have a high account balance because of regular deposits and rare withdrawals.

One key to effective deposits is taking the time to notice what is important to your partner. Is it time for conversation? Is it shared activities? Is it small gifts? We can each learn to make more effective deposits.

We can also become more careful about withdrawals. When we know that we are withdrawing from our relationship account, we can pause, search for a different way of acting, and, if necessary, ask for help. For example, "Our relationship is really important to me but I am feeling very stressed. Do you have any ideas how we can have some relationship time together this week and I can still get my projects done?"

In the final analysis, our relationships are rekindled because we recommit. We recommit to being more patient, to making time to be together, and to remembering our best moments. A good relationship is no accident. It is the result of thousands of small choices.

Gaining more balance between work and family

One of the most common questions I hear is, "How can I be successful in my career and still be the kind of family member I want to be?" Some people write to me about their children, their garden, their marriage, their business, their house — they are simply overwhelmed.

I have always believed that we should govern our lives by our compass rather than our watch. For most of us the trick is not to cram one more task into an over-stuffed life but to make our choices based on our enduring principles.

This is where a personal and family mission statement comes in. Your mission might be a few words scribbled on a restaurant napkin. Or it might be a family constitution you have crafted and refined over the years. A mission statement teaches us when to say no and how to say yes.

When we have no mission statement we are pushed and pulled by the demands of life. When we have a mission statement we can set a steady course. Let me give you an example.

I have a friend whose personal mission is to serve. Because he is very educated and insightful, he imagined that he might be a prominent writer or a famous consultant. While he has been working on and waiting for those opportunities, many people have come to him for advice. He counsels with them and encourages them. He has helped many people. But he still is not famous. When I asked him if he is ever disappointed, he replies simply: "Nope. My mission is to serve. I am serving."

Sometimes the fulfillment of our mission turns out differently from the way we expect. But if we keep a clear vision of our core principles, we will do the things that matter most.

Effective management of our lives must accompany our vision. I have written much about life management. We can be proactive. We can draw on the energy of the group. We can delegate. If we are to be effective we must be wise.

Yet the two biggest problems for most people in balancing work with family is that they fail to schedule family time and they let what family time they have be stolen by time-wasters. Every week, every month, every year we can schedule in family fun, family reading, family outings, family dates. We can honor those commitments.

When we have unexpected time together, we can be sure that it is not squandered on mindless television. We can take a walk, read a book, bake a cake, or simply sit and talk. By being alert for precious moments together, we can be sure none of them is wasted.

How to Deal with a Rude Teenager

The teen years bring special challenges. Teens generally want more freedom than they had as children. They are more influenced by peers and movies. They are often less compliant. They are more likely to be rude to parents, siblings, and others.

As teenagers try out their ideas on family members they may sound very confident. If challenged, they may be very defensive. This can be irritating if we do not understand them. If we see a teenager as a relatively inexperienced person struggling to become an adult, we can be more patient and supportive.

Haim Ginott, one of the world's greatest psychologists, tells that it is common, when our teens get in trouble, to take sides against them. He suggests that they need an advocate, someone who will understand their situation and help them. We do not condone misbehavior but, "in the most difficult situations [the parent] tries to see the extenuating circumstances and to provide aid and hope."

It may help us to remember back when we were teens. Most of us felt very lonely and clumsy at times. If we were lucky, we had people who were patient with us, who loved us, who saw past the weaknesses.

Sometimes teens will make outlandish statements with bold bravado. "The problem with our country is . . ." It is very tempting to react to their arrogance and to their misinformation. If we understand them, we react in a different way. "I'm glad you are taking an interest in our country. What things might help us do better?"

Sometimes teens demand freedom to do foolish things. Again, it is easy to criticize them. But growth starts with understanding. "It would be fun to go to the lake for the weekend with your friends." "You are a person who likes adventure."

Understanding is not the same thing as agreement. We can understand their enthusiasm and still resist the conclusion. "What concerns do you have about the trip?" We can also start creative cooperation with our teens when we use the right words and attitude: "It would be fun for you to go to the lake with your friends. I have some concerns. Let's talk about them and see if we can find some solutions."

It is popular to portray the teen years as a time of storm and strife. The reality is that there are bumps and jars in the process of growing up but, when we are patient and understanding, the teen years can be a time of growth and closeness unlike anything that came before.

Dealing with Tantrums

Almost all parents have dealt with temper tantrums in their children. They are nearly universal and almost always frustrating. What can a parent do?

The first step in dealing with tantrums is understanding what the child is trying to communicate. Children have tantrums because their needs are not being met, because they don't know any other way of getting your attention, or because they are overwhelmed. When we take time to see the world from the child's perspective, we can be more helpful.

For example, a child may fight getting ready for school because he is afraid of school. A child may throw a fit because no one notices him unless he does. Or a child may scream and cry in the store because that's how she consistently gotten what she wanted.

It is often hard for adults to understand a child's perspective. Adults commonly apply adult motives to children's behavior. For example, infants may be called manipulators or show-offs; yet they are not normally manipulators, unless they have learned that manipulation is the only way to get their needs met. Likewise children are not normally show-offs unless they learn by experience that they must act up in order to get attention. It is better to think of the message children are trying to communicate to us rather than try to play psychologist with their motives.

Parents may be unaware of stresses and disappointments in their children's lives. Are they feeling picked on by older siblings or displaced by younger siblings? Is there a lot of stress in the family? Understanding the child's life is good preparation for helping children.

So, how can parents prevent and deal with tantrums? The single most important thing parents can do is respond to their children promptly and sensitively. Many tantrums are a child's expression of frustration: "Will someone please notice me? Will someone take an interest in my life and help me with my needs?"

A father once asked me how he should deal with his toddler who tugged on his pantleg and whined every evening. He told me that he usually ignored the boy because he did not want to encourage whining. I suggested that the father take a different course. I think the little boy wanted his dad to talk with him, take a walk with him, play with him. I encouraged the dad to go right to his son when he got home from work and initiate some activity.

Normally, an infant cries because of tiredness, hunger, or some other discomfort. When we respond promptly and sensitively to their needs, children are less likely to have tantrums.

Parents can also help their children by setting reasonable limits. For example, if a child whines at the dinner table, a parent can say, "You have the right to be unhappy. We have the right to a peaceful dinner. If you need some time for crying, you are welcome to use your bedroom. We hope you will soon be ready to rejoin us." The objective is not to punish the child but to give him or her a chance to deal with feelings while, at the same time, respecting the needs of the family.

If a child frequently has problems with whining at dinner time, maybe the child needs an afternoon snack or a nap or some engaging activity. Many problems can be prevented if we recognize children's needs and help meet them in sensitive ways.

One of the great tantrum traps is failing to enforce reasonable rules. One father took his boy to a movie. As they passed some video games at the theater, the boy begged to play. The father refused. The boy threw a fit. The father quickly pulled out the quarters and fed the machine to

placate his son. The father sheepishly commented that it was easier to provide the quarters than to fight with his son.

But it is harder in the long run. If our children learn that tantrums get them what they want, they may become efficient terrorists. The father might have done several things differently. When his son asked if he could play a videogame, the father needed to consider whether it was appropriate. Did they have the time? Was the game appropriate for his son? If he decided that playing the game was acceptable, there was no problem.

If, for any reason, the father decided that it was not appropriate to play that game at that time, he could acknowledge his son's interest while stating the limit. "It would be fun to play but we need to get our seat in the theater now." If the son threw a tantrum, the father could wait patiently or merely invite his son forward, "Son, I am ready to go to the movie. Will you join me?"

The good news about tantrums is that they usually are part of a child's life for a fairly short time. We can help children move toward healthy maturity by responding sensitively to their needs and setting reasonable limits.

Let Your Values Guide Your Family Life

We all make thousands of decisions every day. Many of those decisions are based on habit. (That's the way I've always done it.) Some decisions are based on pressures. (If I don't get that done today I'll be in trouble.) Many decisions are based on our fears. (If I'm not nice all the time they won't like me.)

Some of that is inevitable. But if we are not careful, our life becomes like a ball bouncing frantically in a pinball machine. Our course can be determined by everything except the things that matter most: our values.

The trouble with values is that there are many operating at once. Consider the dad whose son got in trouble at school for pushing a playmate. The dad wanted his son to learn to respect his classmates. He wanted his son to become a good citizen. So he placed his son in front of him and chewed him out for his unkind school behavior. Of course the dad was doing something painfully similar to the thing that got his son in trouble. While talking of compassion he was showing insensitivity. We must model the values we hope to teach.

The challenge for family members is to keep the value of relationships at the heart of all decisions. Consider the importance of honesty. It is widely accepted that we should not deliberately deceive others. Yet the wise family member knows that there are many truths that do not need to be spoken. Sometimes kindness is more important than honesty.

Six values are commonly considered core values. Consider how you might implement and balance each of them in your family life.

Human relationships. People and our relationships with them are central. In the final analysis, many family decisions should be based on the question, "How will this choice affect my relationships with family members?"

Dignity and worth. Every person is more than a collection of behaviors. Each has inherent worth. "Does the person feel appreciated and valued by me?"

Integrity. Life is more satisfying when it is based on balance and trustworthiness. "Am I being true to my guiding principles?"

Competence. We appreciate when things are done well. "Do I strive for and appreciate excellence?"

Justice. We challenge unfairness and injustice. "Am I willing to stand up for those who are treated unfairly?"

Service. Life is based on helping each other. "Am I willing to help those in need?"

Not only can we thoughtfully apply such values in our own decision making, we can also acknowledge the use of these values by other family members. And we can initiate family discussions about how to apply our values to solving our family problems.

In such a discussion there is a temptation to challenge a family member's decision: "But that's not fair." The best discussions are not usually about coming to some right answer but about understanding each person's point of view: "I notice that you really value service."

Our family tries to celebrate the goodness we see all around us. That goodness takes so many forms! We hope to cultivate this tradition of being talent scouts in all of our family members. By so doing we can learn from the values used by all the people we know.

Families provide a unique opportunity for testing, learning, and teaching values. The greatest principles of human living are learned at home.

What to Do When Your Teen Is Disrespectful

Anyone who has or has ever had a teenager has probably experienced painful disrespect. Sometimes their disrespectful actions become chronic and almost unbearable. What should a parent do when a teen is insolent?

Set Teens Up for Success

Teenagers need several things. They need people who care about them and support them. They need to have an arena in which they feel successful. They need increasing freedom to make decisions and explore friendships. They also need limits.

Teens may often be prickly and argumentative, not showing that they want to be cared about. But they do. You can show that you care by taking interest in their lives, friends, and activities. You can be patient with their struggle to move into adulthood. A willingness to listen respectfully to their ideas, even when they are outlandish, is a powerful way of showing love.

Teens also need an arena in which they can be learning and experiencing success. They may get this from athletics, art, reading, friendships, drama, or a variety of other activities. Adults can help teens by supporting their efforts in an area of the teen's interest.

The hardest thing to provide teens may be that artful guidance that provides them limits but also encourages reasonable independence. A wise parent discusses with teens, movie choices, quality of friendships, and expectations for dates. Successful involvement is to make it more like wise helping than dogmatic controlling.

Understand Their Point of View

Listening and understanding are effective ways of building a relationship. It is tempting to analyze or correct teens' bold and sometimes inaccurate statements. It is generally wiser to be understanding. For example, if a teen complains that they hate algebra, the instinctive reaction is to say, "Algebra is easy. I did it. You can do it." Such a response will probably make them feel inadequate and angry. On the other hand, we can respond to their complaint with "Algebra can be overwhelming, learning all those symbols and rules. It can be very confusing." When we show understanding it helps teens feel valued. It ultimately helps them better solve their own problems.

Pick Battles Very Carefully

Some battles are not worth fighting. Highlighted hair, multiple earrings, or a wild shirt may be an expression of a teen's individuality. We are unwise to attack such things. However, there may be many times when it is wise to discuss teen's decisions with them: If your teenage daughter decides to pierce her tongue, you might say, "A tongue ring may seem very exciting to you. Other people might see it very differently. A doctor will see it as unhealthy. Many adults will see it as weird and inconvenient. What does it mean to you?" Sometimes just asking the right questions can help teens find their own answers.

Sometimes parents should take a strong stand. If you're concerned that your teen is drinking and driving, you could say, "When you or your friends have been drinking, I ask that you not drive. Call me for a ride or get a cab. Do not drive. You are too important to me to be hurt as a result of drunk driving."

Negotiate

Parents often get stuck in a battle of wills with their teens. Everyone loses in such a battle. As parents, we help our children get what they want — BUT in a way we feel good about and when those wants are beneficial. Teens want fun and friends. There may be times, especially in early teen years when we will invite them to have a party at home rather than go to an activity that may be unsafe. Keeping a win-win attitude is the basis of real problem solving.

Part of the difficulty of being a teen is the discovery that parents are not perfect. That realization can actually be turned in to an asset when teens see you as humble, still learning, and willing to find better ways to be a parent. Invite their suggestions. Discuss possibilities with them. Above all, show them that they are important to you.