

Mission Critical: 15 Principles to Help Leaders Meet Their Toughest Challenges - June 22, 2011 in Knowledge@Wharton

In his new book, The Leader's Checklist, Wharton management professor Michael Useem presents a collection of 15 principles that can help leaders navigate successfully through even the most difficult circumstances. Using such milestone events as the rescue of the 33 Chilean miners in 2010, the collapse of AIG in 2008 and the surrender of the Confederate army at Appomattox in 1865, Useem illustrates the difference between good and bad leadership, and how to achieve one's own personal leadership success. The Leader's Checklist is the first ebook published by Wharton Digital Press. To mark the occasion, the book will be available as a free download at leading retailers until June 28, 2011.

Useem, who is director of Wharton's Centre for Leadership and Change Management, talked with Knowledge@Wharton about his book. Also included is a video conversation between Useem and Laurence Golborne, Chile's mining minister, who is a speaker at this year's Leadership Conference 2011 titled, "Leading in a Reset Economy and Uncertain World." The conference is co-sponsored by the Leadership Centre and Wharton's Centre for Human Resources.

Knowledge@Wharton: Mike, you have written several books on leadership. What was the inspiration for this particular one?

Michael Useem: I became convinced that everybody needs a leader's checklist by virtue of watching leaders in action who didn't have it. They made -- call it "an unforced error," or sometimes a couple of unforced errors. Simply having a piece of paper that says, "Don't forget to honour the room," or "Don't forget to talk about a company strategy," would help people avoid these kinds of mistakes. It really goes back to Atul Gawande's great argument in *The Checklist Manifesto*. Most people in surgery and most pilots don't make errors. But when they do make an error, it has significant implications. A checklist helps prevent such a mistake.

Knowledge@Wharton: It's catastrophic.

Useem: Yes, catastrophic. Mission critical. And so for that reason, the FAA and military aviation authorities many years ago imposed the Aviator's Checklist. Hospitals in the U.S. and abroad have begun to impose the Surgical Checklist, very similar in import. Because even surgeons -- smart, well-trained, they have done a thousand procedures of a given kind -- they still once in a while do make an error, given all the complexity, stress and fast-moving circumstances they operate under. In surgery, you don't want that to happen. And by implication, you don't want that to happen to a leader who is trying to help everybody understand where the company is going to go in the coming 12 months but forgets to hit all those items on the checklist.

Knowledge@Wharton: You pick out the Chilean mining disaster and rescue, the near collapse of AIG and the ceremonial surrender of the Confederate Army during the Civil War as your three main examples to kick you off. Very briefly, why did you pick those three?

Useem: I think it's very important for people to appreciate why a given item is on the checklist, and to see where it is illustrated by somebody's leadership moment. Or not illustrated, as in the case of AIG. By seeing that, I think we hang on to these ideas. That becomes critical in a leader's checklist, as opposed to an aviator's checklist, in the sense that with a pilot, you can't take off if you don't go through a checklist in

modern aircraft. Literally, the aircraft won't go forward if you haven't hit the buttons on the electronic panel.

But in leadership, we have no FAA equivalent. We've got to walk around with this set of ideas ourselves. And my own experience is that people remember, hang on to and are ready to use some of the ideas of the checklist if those ideas are embedded in something very graphic, something very memorable, something very powerful. And just to recall that AIG went belly up back on September 16, 2008, partly because the people who led that firm didn't have a full checklist. That serves as a reminder.

Knowledge@Wharton: So these three examples correlate to specific items on your checklist?

Useem: Yes. At the outset of the book, I identify 12 principles that are pretty obvious as soon as I report them. You've got to have a vision, a strategy, honour the room, say it so it sticks, and so forth. But then I offer arguments to the reader that there are three other principles that are very important, and they don't necessarily stem from some of the research or writings that I review earlier on.

So in the case of AIG, leadership principles were not followed by the CEO of AIG, or by the managing director of AIGFP, the financial products group that led to AIG's downfall. Keep in mind that the leader's calling is to help people stay confident without being over-confident, to be realistic, to guard against hubris. What happened in the case of AIGFP is it began to insure all these fancy products on the premise that AIG, the parent, would keep its Triple-A Standard & Poor's credit rating. That was vital to the way that AIG operated. But credit agencies do have a habit of down-grading organizations.

Think AIG, think Greece at the moment. Neither the AIGFP managing director nor Martin Sullivan, who was AIG's CEO at the time, really had a rainy-day scenario. There were plenty of signs that down-grading was possible after Bear Sterns. It's in the spring of 2008 that agencies -- in part because they're under a lot of criticism -- are beginning to down-grade many companies. But AIG's top people evidently had no worst-case scenario. "Suppose we get down-graded?" And it was that down-grading that put AIG under.

Knowledge@Wharton: So that was their lack of a leadership vision or leadership moment?

Useem: Yes.

Knowledge@Wharton: In terms of the Chilean Mining Minister, what one principle or two principles do you think were demonstrated in that rescue?

Useem: There were many actions that Chilean Mining Minister Laurence Golborne took between August and October of 2010 to bring the 33 trapped miners to the surface. One factor, though, in particular that I emphasize is that -- given his background in retail, not mining -- he didn't bring any technical knowledge of how to mine, let alone how to rescue miners 2,000 feet below. He not only had to get the miners out -- that was a huge engineering challenge -- he also had to manage relations with the government. There were 2,000 full-time reporters on site with plenty of time to find Golborne and ask him questions. And he had 33 families who had a very strong point of view on just about everything he was doing.

So to his credit, he pulled together a team, an extremely diverse team. Leadership is both an individual and a team sport. You can't lead if you don't have a good and diverse team. That was graphically evident back in the Atacama Desert last summer and fall.

Knowledge@Wharton: And what about the Confederate Army having to formally surrender at

Appomattox?

Useem: Yes, Robert E. Lee surrendered his army to Union general Ulysses S. Grant, and Grant in turn assigned the organization of a ceremonial surrender three days later to one of his officers, Joshua Lawrence Chamberlain.

Knowledge@Wharton: How was that handled by Chamberlain?

Useem: It was a day of ignominy for Lee's army, the Army of Northern Virginia, 25,000 strong. They surrendered April 9. The "surrender at Appomattox" is the phrase that historians have given us. Meanwhile, though, as Grant signed the document with Lee in a private home, a telegram goes up to Lincoln in Washington. Lincoln, of course, is thrilled. But he also is mindful of what's next.

Knowledge@Wharton: The future of the country now that the war was over.

Useem: Which is reconciliation. And that's a little bit of a bitter pill since, as we know in retrospect, it is just five days before April 14, when the President and Mrs Lincoln had tickets to Ford's Theatre, where the President was assassinated by John Wilkes Booth.

Lincoln in the White House is thinking, "I've got to start the process of reconciliation." Meanwhile, Grant gives Joshua Lawrence Chamberlain, a one-star non-regular army officer, the almost singular honour of organizing the ceremonial surrender of Lee's army. The formal surrender is all over on April 9. But the ceremonial surrender comes on April 12. Grant says to Chamberlain, "Chamberlain, you're going to be in charge of the informal surrender. You decide what to do. I'm only going to require that you collect the muskets and the flags." So Chamberlain -- in a very unorthodox move -- brings his own 4,000 Union soldiers to attention with what is called "carry arms." The Confederate officers, about to give over their flags and their arms to Chamberlain and who come out of the same military tradition, know that "carry arms" is a mark of great respect.

So Chamberlain, believing that Lincoln probably wants reunification, decides to help reconciliation in his own smaller way. This moment becomes known as the "salute returning the salute" when the Confederate commander, John Gordon, who's marching toward the field with the 4,000 Union soldiers all lined up, sees them "carry arms." He says to his own subordinate officers, "carry arms." The two armies saluted each other, and that leads to the 15th point on the Leader's Checklist. With a foundation of 12 principles, I have added a 13th from AIG, 14th from the miners' rescue in Chile, and then a 15th from Chamberlain at Appomattox, which is the most important principle of all. It runs through the Jim Collins' book *Good To Great*, for example. And that is, at the start of the day and at the end of the day, leadership is not about you; it's not about anything in a leadership position -- except the mission and purpose of the organization.

Chamberlain is criticized for saluting the enemy, but arguably it was the right gesture given the mission of the moment.

Knowledge@Wharton: Right. So those are three very important principles that you have just illustrated very well. Which of the other 12 that you start out with -- which is the hardest for a leader to focus on?

Useem: That's an easy question to answer because I've noticed this one missing more often in practice than any of the other 15. I have a phrase I use there to capture it. It's a bit of shorthand: "Honour the room." In a discussion with one person, a team, a class, an off-site meeting, before you get off-stage, take a moment to tell the people you are with -- those who may be ready to follow you -- that you know who they are, that you respect what they're doing and that you're extremely grateful for their hard work upon

which you're going to get your job done.

Knowledge@Wharton: You also note in your book that there needs to be customized check lists for distinct times and contexts, including what the company is, what country a business is operating in, what is happening at that moment in time, and so forth. We're experiencing, obviously, the tail end of a recession and a very struggling economy. What would your checklist be for companies trying to get out of that recession and recover?

Useem: There are different ways to answer the question. The way I've chosen to answer it in this particular e-book is to draw upon the thinking of 14 people we interviewed right in the middle of the height of the financial crisis of 2008 and 2009. We went to 14 CEOs and asked them a very simple question: "Look, in light of what you are in the middle of now, what are you doing a little bit differently from what you ordinarily would have done?" The one thing that really stands out -- from among six actions that were somewhat distinctive and really should be seen as add-ons to the checklist -- is the cardinal importance of being clear about what's out there, saying what, in your realistic appraisal of the environment, is the good news and what sometimes is the very bad news. And repeatedly communicating an extremely realistic appraisal, along with an unequivocal re-commitment to what you're trying to do, the purpose and goals of the enterprise.

So something like: "Don't forget that this is why we're on earth, this is our mission, it seems like hard times, here's how hard it is -- but we're going to get through it."

Knowledge@Wharton: Can you name a few of those CEOs who were among the 14?

Useem: We interviewed A.G. Lafley of P&G, for example and Ed Breen, who essentially came in and rebuilt Tyco, cleaned up the mess in one of the most remarkable remakes of all time.

Knowledge@Wharton: When you were researching your book, was there anything that surprised you? You have studied leadership for quite a while, so you must have seen and heard it all. But was there something that was surprising or that was so counter-intuitive that you were shocked by it?

Useem: Here's the most counter-intuitive point of all, which has nothing to do with leadership, but it has implications for it. Several articles published this year in the *New England Journal of Medicine* compare hospitals that use surgeons' checklists with those that don't. You had to be careful -- different kinds of patients, different kinds of protocols all had to be taken into account. A hospital that does not use a surgeon's checklist has, on average, a rate of mortality of about one percent. But at hospitals that use a surgeon's checklist, required and enforced by the surgeon and sometimes the chief nurse in the room, mortality rates are cut in half.

Knowledge@Wharton: A half of one percent?

Useem: Yes. Not a big deal, unless that happens to be your daughter or son who is in that 50 basis point range.

Knowledge@Wharton: Absolutely.

Useem: I'm actually surprised the reduction was that large. And, by implication, in a study yet to be done, my guess is that a leader, who gets out there, pretty consistently applying the 15 most important principles, is going to be materially better for it. I can't prove that now, although intuitively, it seems right. I think that was the most surprising element. That it really does make a difference, especially among seasoned professionals.

Knowledge@Wharton: That raises the question of what proof can you have or can you fall back on to show that the checklist makes a difference. It's fairly subjective and almost anecdotal -- or maybe not. Comparing one hospital to another hospital is a little bit easier than saying this list makes a certain leader into a better one, maybe by saving people's jobs, or whatever.

Useem: It's an amalgam of sources of evidence. To cite one well-known method, Jim Collins in *Good To Great* takes 11 companies that went from good to great and 11 companies that did not, over five years. What's the difference? One that emerges is that the CEOs of those 11 companies that went from good to great were totally focused on mission, absolutely not focused on their own welfare or getting ahead. There are lots of particular studies out there that get at this facet or that facet, but no study that I know of -- and I haven't done it myself -- has taken all 15 of these separate items. Yet pulling from a range of sources, I've become convinced that these 15 are all mission critical. Which means that you've got to have them all. None is sufficient.

Let's take the number one item -- "having a vision, a strategy and being able to execute around it." I will track down a study that finds that chief executives who are more strategic and more thoughtful about vision do perform more strongly. What I don't have though -- it's a good challenge -- are those involving all 15.

Knowledge@Wharton: If you could name, without any explanation, the top four leaders who are actively leading today, who would they be?

Useem: Indra Nooyi of Pepsi. Steve Jobs at Apple. I am drawn to Laurence Golborne, and I have long standing and continuing great admiration for the man who built Lenovo, Liu Chuanzhi. I picked the four in part because they each illustrate a different part of the spectrum there.

Knowledge@Wharton: I notice, of course, that one of them is a woman. Did you find there any traits or principles that you think are actually more likely to resonate with leaders who are women than with leaders who are men?

Useem: You know, from a research standpoint, no, and even intuitively, no, in observing leaders like Indra Nooyi or Ellen Kullman, who has a very good start in taking over as CEO of DuPont.

Knowledge@Wharton: It's good if we're beyond the point where we have to say "women are different from men in terms of leadership."

Useem: Yes, that's where I am. To make an obvious point, there is more variation within gender than between gender these days. Put that differently -- I think men and women can learn from Indra Nooyi and Ellen Kullman and Laurence Golborne.

Knowledge@Wharton: You note in the beginning of your book that the "animating premise" of *The Leader's Checklist* is that effective leadership can be learned, and, indeed, should be learned. Does this mean that you're negating the role of gut reaction or spontaneous reaction to events? Can people still be leaders by the seat of their pants, if you know what I'm getting at?

Useem: There is lots of research evidence on that, and a great argument from the author of the book called *Blink* that intuition is extremely important and vital to have. Gut instinct is a great platform for making good and timely decisions. Having said that, gut instinct, intuition that is not informed by experience, is likely to be a disaster. So when the author of *Blink* writes as a subtitle, *The Power of Thinking Without Thinking*, the sub sub-title should be, *After Having Digested Prior Experience*." And there's just lots of evidence on that.

Knowledge@Wharton: What's an example?

Useem: Probably the best example that comes to mind very quickly here is what we learned from the US Marine Corps. As we watch the officers and the officer candidate school train future Marine Corps officers, the teaching method is for people to get out, act, experience, succeed and fail, and then conduct what they call the "After Action Review." To take it apart -- what went well? What did not go well? And that is, in my view, one of the great avenues for leadership development -- which is to take apart your last day or your last week and reflect on it. After a couple years of doing those "after action reviews," you can say correctly with confidence, "My intuition tells me right now that we ought to be going in this direction and not that direction."

Knowledge@Wharton: So that's informed intuition?

Useem: Yes, informed intuition ... informed by your own and other's experiences.

Knowledge@Wharton: So what is the biggest challenge that our leaders face today?

Useem: It's a really important question because it gets at whether leadership -- and getting your leadership formula right -- is really important. So here's the argument. For people in positions of responsibility organizationally, one of the best predictors of how much impact a given leader will have -- a college president, a corporate manager, a country prime minister -- is the extent to which the company, the university or the country is facing changing or non-changing circumstances, and the extent to which the future is discernable and predictable or not. So, to make that more affirmative and to put it simply: If life looks like it's going to be more uncertain going ahead, you really want to get your leadership formula right. Think Greece as we speak, think companies in some of these tough telecom markets, think the globalization of firms now trying to get into the China or India market. If you're a leader of any of the above, you're facing, in the next five or 10 years, arguably more uncertain and more changing circumstances. If so, it's more critical than ever to get your leadership right. And what does it mean to get it right? You have to apply all 15 principles of the Leader's Checklist. One or five won't do it.

Knowledge@Wharton: What is the 16th principle?

Useem: The one that's not in there.

Knowledge@Wharton: The one that got away.

Useem: This is not meant to dodge your question, but I'm going to answer it in kind of a sideways fashion. As soon as you sit down and look at these 15, it's obvious. There's definitely no rocket science here. If you're going to lead, let's say as a mid-level manager at Google or at GE, you need a 16th and a 17th and an 18th principle, ones that apply to those particular settings. So in the case of GE, it's that unrelenting focus on getting results quarter in and quarter out. You just have to do it. You've got to be really good at that. At Google, it is sustaining intellectual energy and excitement about projects. I wouldn't make those universal, because at some organizations they are not vital. If you operate in India, it's going to be different ones than if you are operating in China.

Knowledge@Wharton: Thanks very much, Mike. It's been great talking with you.

Useem: Thanks to you as well.