

Authentic Leaders

What a difference they make!



by Bill George

IT IS FASHIONABLE THESE days to vilify leaders, from BP's Tony Hayward

to Wall Street bankers. When a problem arises, we look for the villain who caused it. Then we search for *the perfect leader* to guide us—only to find they have feet of clay.

Instead we need *authentic leaders*—people who own their mistakes, acknowledge their faults, and always put the interests of their organizations ahead of self-interests. Young leaders need role models whose actions provide guidance for their leadership.

Example 1: GM's Ed Whitacre

Only a year ago, General Motors emerged from bankruptcy. What a difference a year has made! GM is now solidly profitable, growing its revenues once again, retooling its lineup of automobiles, and enabling the U.S. government to recoup its bailout investment.

GM's fall into bankruptcy was more like a steady decline over 50 years. When the end came in early 2009, President Obama had the courage to finance the company to bring it out of bankruptcy. And, he appointed a highly successful board chair in *Ed Whitacre*, who became CEO four months later.

Whitacre was a successful telecommunications executive, chair and CEO of SBC who saved ATT from its demise.

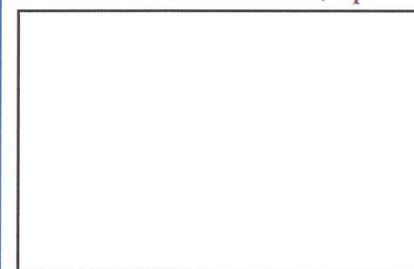
Ed Whitacre's remarkable leadership rapidly turned around GM. His one-year tenure marked a dramatic shift in the old way of doing business, as the days of redundant bureaucracy and disjointed innovation quickly ceased. Whitacre abandoned GM's moribund committee system that protected executives from being accountable for results, and made clear, decisive decisions while challenging people to move much faster.

Whitacre even appeared in GM ads, heralding the new GM and challenging customers to give GM cars a try while offering them their money back if they weren't satisfied. He got a break when Toyota ran into quality problems, but he moved quickly to take advantage of it by ramping up production rates and sales and marketing efforts.

Since turning over the CEO reins to successor Dan Akerson, Whitacre has received undeserved criticism for stepping down. But this was his intention. He noted, "It was my plan—to help return this company to greatness—and not stay a day beyond that." He's a man of his word, and he delivered on every promise and commitment he made.

Example 2: Win Wallin

Another role model is *Winston Wallin*. Now in his mid-80s, Win is former CEO of Medtronic and my ex-boss. He had three distinguished careers—at Pillsbury, Medtronic, and the University of Minnesota. As a board member, Win made major contributions to the success of Cargill and Norwest Bank (now Wells Fargo). But his greatest legacy may be the Wallin Education Scholars, a pro-



gram that enables thousands of high school students to attend colleges.

After graduating from UM, Win joined Pillsbury, where he spent 37 years, rising to president/COO. The Pillsbury board made a *grievous error* in not choosing him to succeed Bill Spoor as CEO.

Pillsbury's loss was Medtronic's gain. Win accepted the board's request to be CEO in 1985. Medtronic was floundering, and Win soon recognized *Medtronic's future was at risk*: Medtronic was blocked from entering the nascent *implantable defibrillator market* by a pioneering patent held by archrival Eli Lilly.

Win's first act was to ask Medtronic pacemaker chief Bobby Griffin to launch a massive R&D effort to get Medtronic into the defibrillator business. Win also recognized that the company was too reliant on pacemakers, in part due to several failed attempts at diversification. So he hired Dr. Glen Nelson as vice chairman in 1986; together they began to diversify Medtronic's business.

When I joined Medtronic as president in 1989, it was the best move of my

career. My first week on the job, Win told me, "Bill, don't worry about the numbers for six months. Get out and learn the business from the top doctors." That sent me on a quest to work with some of the world's finest physicians by watching them implant everything from pacemakers to defibrillators.

Win retired from Medtronic in 1991, but he certainly didn't retire from life. In addition to chairing Medtronic's board, he joined five corporate boards where he provided invaluable advice. He also answered UM President Nils Hasselmo's request to help turn around its struggling health sciences area.

In the 1990s, Win and his wife, Maxine, formed the Wallin Foundation, setting aside a major proportion of their gains from Medtronic stock. More than 3,000 students have benefitted from \$26 million in scholarships.

Aspiring young leaders would do well to look to Win Wallin for a model of *authentic leader and sustainable success*.

Leadership Ethics

Today's leaders need to be asking questions: How do we do business? What happens when you get asked for favors? You need to trust but you also need a *verification and compliance system*.

When there are any deviations, it should be a zero-tolerance policy, with no second chance. If you make *mistakes*, you should get a second chance. But on questions of company values, there is no second chance. Everybody needs to know that. We need to vet, not just criticize, people who violate ethical standards. We also need to uphold leaders who seek to make a difference.

To get through a crisis, leaders need an outside team. *It starts with having one person with whom you can be entirely open.* That person for me is my wife, Penny. If I get too high on myself, she pulls me back down; and if I get down, she gives me a practical view of things. I also meet with a men's group weekly to talk about issues and challenges. And when I have tough questions, I have mentors like Warren Bennis and David Gergen who I can call up.

It's easy to fall into group think. You tend to all talk about the same issues, and tend to think about them the same way. It's vital to have outside exposure, an external team that brings *perspective*.

Leading with ethics and values is the best way to build an organization and the right way to sustain success. LE

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ACTION: Model authentic leadership.