

RAYTHEON  
LECTURESHIP IN  
BUSINESS ETHICS

# True North: Discover Your Authentic Leadership

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BUSINESS ETHICS

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**BENTLEY**

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**BENTLEY** is a national leader in business education. Centered on education and research in business and related professions, Bentley blends the breadth and technological strength of a university with the values and student focus of a small college. Our undergraduate curriculum combines business study with a strong foundation in the arts and sciences. A broad array of offerings at the McCallum Graduate School emphasize the impact of technology on business practice, including MBA and Master of Science programs, PhD programs in accountancy and in business, and selected executive programs. Enrolling approximately 4,000 full-time undergraduate, 250 adult part-time undergraduate, and 1,270 graduate students, Bentley is located in Waltham, Mass., minutes west of Boston.

The Center for Business Ethics at Bentley College is a nonprofit educational and consulting organization whose vision is a world in which all businesses contribute positively to society through their ethically sound and responsible operations. The center's mission is to give leadership in the creation of organizational cultures that align effective business performance with ethical business conduct. It endeavors to do so by the application of expertise, research, education and a collaborative approach to disseminating best practices. With a vast network of practitioners and scholars and an extensive multimedia library, the center provides an international forum for benchmarking and research in business ethics.

The center helps corporations and other organizations strengthen their ethical culture through educational programming such as the Raytheon Lectureship in Business Ethics.



It was an honor to welcome Bill George to Bentley as the eighth Raytheon Lecturer in Business Ethics. Mr. George, the former Chairman and CEO of Medtronic Inc., is known especially for his achievement in growing that company's market capitalization from \$1.1 billion to \$60 billion in the 10 years to 2002, averaging 35 percent per year. We were fortunate that, in his lecture, Mr. George shared not only his own invaluable insight into leading with integrity but also the ideas of some of the many corporate leaders he interviewed for his recent book, *True North: Discover Your Authentic Leadership*.

A commitment to ethics and social responsibility — in our scholarship, in the classroom, in student life, and in the way we do business — is central to the Bentley mission. We believe it is possible to teach ethics, but only if it becomes a way of life on campus. Our students and faculty live and breathe these issues through a host of pioneering programs, sponsored by the campus-wide Alliance for Ethics and Social Responsibility, comprising the Center for Business Ethics (CBE), Bentley Service-Learning Center, the CyberLaw Center, the Cronin International Center, and the Women's Leadership Institute, as well as initiatives focused on diversity, academic integrity and risk management research.

With CBE now in its 31st year, I continue to be amazed at how far the business ethics movement has come, but recognize there is more to do. Ethics may now have entered the mainstream of business, but not yet the bloodstream in many cases. Infusing Bentley students with the kind of ethical consciousness and commitment that will distinguish and inspire them as future business leaders is a critical part of our mission. The Raytheon Lectureship in Business Ethics series, founded and organized by CBE, is a hallmark of this Bentley-wide effort. With Raytheon's valued support, I am confident that our students and faculty will continue to draw inspiration, understanding and new insight from the dialogue created by the lectures.

*W. Michael Hoffman*

Executive Director, Center for Business Ethics, and  
Hieken Professor of Business and Professional Ethics, Bentley College

**The Raytheon Lectureship in Business Ethics at Bentley College is made possible through the generous support of the Raytheon Company. Raytheon is an industry leader in defense and government electronics, space, information technology, technical services, business aviation and special mission aircraft, with annual revenues of \$20.3 billion. The company employs 71,351 people worldwide. Raytheon aspires to be the most admired defense and aerospace systems supplier, through its world-class people and technology. It has built a reputation for adhering to the highest ethical standards in the industry. The lectureship series aims to illuminate and promote ethical values and conduct in business, highlighting best practices in corporations throughout the United States.**

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Ethics in business is about so much more than just following rules. Fundamentally, it is a matter of creating the right culture in our organizations, so that people have the ability and support to make decisions that are not only effective, but consistent with the values and principles we hold dear. Raytheon has worked very hard in establishing an ethical business culture that is accepted by our employees and woven into the fabric of the ways in which we work. Our continued growth and profitability depend on it.

Raytheon has supported the Center for Business Ethics at Bentley College for many years, and our sponsorship of its Lectureship in Business Ethics is an important commitment for the company. We recognize the enormous value of the leadership given by the center for more than 30 years, to promote ethical business practices and cultures in the United States and around the world. And ethical leadership — illuminating and inspiring conduct that is instinctively ethical — is what the Raytheon Lectureship in Business Ethics is about. I'm proud that Raytheon can play a part in bringing to the Bentley campus highly respected leaders of companies that have a manifest and deep-rooted commitment to doing business in the right way. Their insights contribute much to an important discourse on how the business community can and should achieve ethical excellence.

*William H. Swanson*  
Chairman and Chief Executive Officer  
Raytheon Company



Mike Hoffman (right), founding Executive Director of the Center for Business Ethics and Hieken Professor of Business and Professional Ethics at Bentley College, with (from left): Andrew McLean, Director, Authentic Leadership Institute; Bill George, former Chairman and CEO, Medtronic Inc; and Patricia Ellis, Vice President, Business Ethics and Compliance, Raytheon Company.

**Medtronic Inc. (NYSE: MDT) is the global leader in medical technology — alleviating pain, restoring health, and extending life for millions of people around the world. Medtronic develops and manufactures a wide range of products and therapies with emphasis on providing a complete continuum of care to diagnose, prevent and monitor chronic conditions. Every five seconds, somewhere in the world, a person’s life is saved or improved by a Medtronic product or therapy. The company was founded in 1949 in Minneapolis, Minnesota, by Earl E. Bakken and Palmer J. Hermundslie. Medtronic’s revenue for the year ending April 27, 2007, was \$12.3 billion.**



## **WILLIAM W. GEORGE**

Bill George is a Professor of Management Practice at Harvard Business School, where he is teaching leadership and leadership development, and is the Henry B. Arthur Fellow of Ethics. His new book, *True North: Discover Your Authentic Leadership*, immediately became a Wall Street Journal best seller after its initial publication in March of 2007. His earlier book, *Authentic Leadership*, was also a best seller.

Mr. George is the former Chairman and Chief Executive Officer of Medtronic. He joined Medtronic in 1989 as President and Chief Operating Officer, was elected Chief Executive Officer in 1991 and served in that capacity through 2001. He was Chairman of the Board from 1996 to 2002. Under his leadership, Medtronic's market capitalization grew from \$1.1 billion to \$60 billion, averaging a 35 percent increase each year.

Mr. George currently serves as a director of ExxonMobil, Goldman Sachs, and Novartis, as well as the Carnegie Endowment for International Peace and the World Economic Forum USA.

Prior to joining Medtronic, Mr. George spent 10 years each as a senior executive with Honeywell and Litton Industries. During 2002-2003, he was professor at IMD International and Ecole Polytechnique, both in Lausanne, Switzerland; and he also taught at the Yale School of Management.

Mr. George received his BSIE with high honors from Georgia Tech, his MBA with high distinction from Harvard University where he was a Baker Scholar, and an Honorary Doctorate of Business Administration from Bryant University. Mr. George was named Executive of the Year by the Academy of Management (2001) and Director of the Year by the National Association of Corporate Directors (NACD) (2001-2002). In 2004, Mr. George was selected as one of "The 25 Most Influential Business People of the Last 25 Years" by *PBS Nightly News*.

He and his wife, Penny, reside in Minnesota.

# True North: Discover Your Authentic Leadership

THE RAYTHEON LECTURESHIP IN BUSINESS ETHICS  
AT BENTLEY COLLEGE

Wednesday, March 28, 2007

## **William W. George**

Professor, Harvard Business School; Former Chairman and Chief Executive Officer, Medtronic Inc.

It is a particular privilege to be here at Bentley today to deliver the Raytheon Lecture in Business Ethics. One of my role models was Tom Phillips, then head of Raytheon, who was such an ethical and values-driven leader. A number of exceptional leaders have spoken in this series previously, including Anne Mulcahy of Xerox, who is one of the leaders we've written about in my new book, *True North: Discover Your Authentic Leadership*.<sup>1</sup>

I'd like to talk today about your "True North" and how you discover your authentic leadership. In other words, how do you become a truly authentic leader, who can be true to what you believe in throughout your life and be highly successful in the business world, the nonprofit world or whatever area of leadership you choose to go into.

When I was elected CEO of Medtronic back in 1991, I told the board that I should serve no more than 10 years. I set that outside time limit on my tenure because I felt that CEOs in those days were serving for too long. I was in my 50s when I concluded this time and thought, "What am I going to do now? I'm obviously not going to retire at this age." So I moved to Switzerland with my wife, Penny, and spent a working sabbatical, teaching at IMD, the business school, and EPFL, the Swiss Federal Polytechnic Institute, to find out if I liked teaching. I found out that I loved it, especially working with young people on the cusp of their hopes and dreams.

At that time I also started getting a lot of calls from the media wanting my thoughts on why Enron, WorldCom, Tyco and other companies were going bankrupt and their executives being led off in handcuffs. I asked why they were calling *me*, and they said, "Because none of the other CEOs will talk to us." That's why I wrote my first book.<sup>2</sup>

Then, Kim Clark, the Dean of Harvard Business School, invited me to come and teach there. So, since 2004, I have been teaching leadership and leadership development at the Harvard Business School, and studying how to develop a new generation of authentic leaders to run our corporations, thus avoiding a repeat of the multiple ethical lapses and destructive actions that many leaders in my generation engaged in.

### **The Leadership Crisis in America**

America today faces a major crisis in leadership that spans the fields of politics, government, business, nonprofits, education and religion. Confidence in our leaders, especially in business and politics, has fallen to an all-time low. Recent surveys by the Gallup poll show that only 22 percent of Americans trust our business leaders, and even fewer trust our political leaders. That's not just a problem — it represents the potential for disaster.

In part, the problem comes from a misguided notion of what constitutes a leader, driven by an obsession with leaders at the top. In far too many cases, we have selected the wrong people to lead and given them far too much power, which they have frequently abused. As President Abraham Lincoln once said, “If you want to find out what a man is made of, give him unlimited power and watch how he uses it.” In many cases, our leaders have abused their power to serve themselves, instead of serving the people to whom they are responsible.

Our system of capitalism, in which I believe so fervently, is based on trust — trust in the corporations and institutions that serve us and in their leaders. Through our legal system, society has granted corporations enormous freedom and power to make money for its owners while serving its constituencies and benefiting society as a whole. If we in the business community violate that trust, we risk losing those privileges and destroying the very system that has made the American economy the most vibrant and enduring in the history of the world. Witness the 2002 Sarbanes-Oxley Act, hastily passed by the U. S. Congress in 31 days in response to the crisis of confidence created by the fall of Enron and other companies. Violating the public trust risks the loss of capitalism's freedoms.

For business leaders, trust is the vital fuel that makes our system function effectively. If our customers do not trust us, why would they buy our products? Physicians implanting life-saving Medtronic defibrillators in their patients have no idea of whether these products will work perfectly to save their patients' lives, so they have to trust Medtronic to ensure their quality. Employees trust their corporate

leaders to build successful businesses that will provide good jobs and sound benefits, like health care and retirement plans. Investors trust corporate leaders to provide fair returns on their investments. And the public trusts corporations to act in the public interest. When leaders violate that trust, they put our entire system of capitalism at risk, as well as the lives and livelihood of their customers, employees, and investors.

### **Learning from Authentic Leaders**

Our study included 125 leaders whom we interviewed. They provided us with some brilliant insights into what has enabled them to be successful and how they developed into authentic leaders. They were remarkably open and candid in sharing their life stories, personal struggles, failures, and triumphs. Our field study represents the largest in-depth research ever undertaken about how business leaders develop.

These 125 leaders are a diverse group of women and men from a wide array of racial, religious, socioeconomic backgrounds and nationalities. They cover the full spectrum of leaders' life spans, ranging in age from 23 to 93. Within the group, 28 percent are females, 8 percent are racial minorities, and 12 percent are international citizens. Half of them are CEOs, and the other half includes an array of non-profit leaders, mid-career leaders, and young leaders just starting on their journeys.

In the past 50 years, leadership scholars have conducted more than one thousand studies attempting to determine the definitive leadership styles, characteristics, or personality traits of successful leaders. None of these studies has produced a definitive profile of the ideal leader. Thank goodness. If scholars had produced a cookie-cutter leadership style, people would be forever trying to emulate it. That alone would make them into personas.

Kevin Sharer, who is currently chairman and CEO of Amgen, saw the downside of GE's cult of personality in the 1980s, while working as Jack Welch's assistant. As he said, "Everyone wanted to be like Jack, but leadership has many voices. You need to be who you are, not try to emulate somebody else."

The reality is that *no one can be authentic by trying to be like someone else*. There is no doubt that you can learn from the experiences of others, but there is no way you can be successful trying to be like them. People trust you when you are genuine and authentic, not an imitation.

After interviewing these leaders, we believe we understand why previous studies have not been successful: *Leaders are highly complex human beings, who have distinctive qualities that cannot be sufficiently described by lists of traits or characteristics.*

### **Your Leadership Emerges from Your Life Story**

In reading the 3,000 pages of transcripts from these interviews, we were startled to see that these leaders did not identify any characteristics, traits, skills or styles that led to their success. Rather, they believed their leadership emerged from their life stories. By constantly testing themselves through real-world experiences, and by reframing their life stories to understand who they are, they unleashed their passions and discovered the purpose of their leadership.

I vividly recall my interview with Dick Kovacevich, CEO of Wells Fargo, who has established the most successful track record of any commercial banker for the past 20 years. When I asked Dick what made him so successful, he surprised me with his answer. Instead of lauding the bank's success, he spent 20 minutes telling what it was like growing up in a small sawmill town in western Washington, where no one had ever gone to college. Dick said he learned to lead not at Stanford Business School, where he graduated at the top of his class, but on his hometown athletic fields and at the corner grocery store where he worked from age 11 to 18. Every day Dick played sports for three hours, raced home to grab a sandwich, and then worked three hours in the grocery store. Sports taught him that "a group of people can perform so much better as a team than as the sum of their individual talents."

In Wells Fargo, he has attempted to recreate the local bank from his hometown, making Wells Fargo the most client-friendly bank wherever it operates. At the corporate level, he has surrounded himself with talented executives who build the bank's individual businesses, while he acts as quarterback of the team, much like he did as an all-state football player.

Dick Kovacevich's story is just one of hundreds we heard from our interviewees. The stories covered the full gamut of life's experiences. One of the most powerful came from Starbucks' founder Howard Schultz, whose father's loss of his job and health care benefits from slipping on the ice led Schultz to create a company like Starbucks where his father would have been proud to work. For Schultz, Starbucks is about a creating a community of empowered employees and satisfied customers.

Chinese-American Andrea Jung, now CEO of Avon Products, was a rising star at Neiman-Marcus, as executive VP in her early 30s. She decided she did not want to spend her life selling high-fashion designs to upper-class women, so she resigned without another job. Joining Avon Products and later becoming CEO, she changed the mission of the company from selling cosmetics to the empowerment of women. Under her leadership, Avon has gone from 1.5 million to 5.5 million people working for the company and achieving economic independence and success through their efforts. She and Schultz have remained true to their life stories to fulfill their personal missions and enhance the lives of tens of millions of people.

Most of the leaders we interviewed have been profoundly shaped by crucibles in their lives. These traumatic experiences enabled them to realize that leadership was *not* about their success or gratification, but rather about serving other people and empowering them to lead. In my experience — perhaps oversimplified — you can separate all leaders into two categories: those for whom leadership is about their success and those who are leading to serve others. The latter group finds inspiration in their life stories and the crucibles of their lives to make the transformation from “I” to “We.” The former group never makes that transition. Although many of them disguise their intentions with “we” language, their actions under pressure often reveal they are out for themselves.

One of the most moving crucible stories came from Novartis Chairman and CEO Dan Vasella, whose early life traumas of spending a year in a sanatorium at age eight, and the subsequent deaths of his sister and his father, motivated him to become a compassionate physician who would lead a global healthcare company that could help millions of people every year. Oprah Winfrey talked openly about her experiences of being sexually abused, starting at 9 years old. Reframing her experiences enabled her to become not just a television celebrity, but a caring leader whose mission is to help people take responsibility for their lives.

In my case, it took a series of crucibles before I learned that my mission was not to become CEO of a global company, but to build an organization that could help other people through its life-saving products. In my teenage years, I was trying so hard to be a leader that I lost seven elections in a row. Thanks to a caring group in my college fraternity, I learned that my ambitions and selfish ways were blocking my ability to use my leadership gifts. Understanding that was the easy part; much more difficult was developing into a leader who truly cared about serving other people. In my mid-20s the back-to-back deaths of my mother and my fiancée brought me to the depth of loneliness that caused me to explore deeply what life is all about. But it was not until I “hit the wall” in my career at Honeywell in my

mid-40s that I finally recognized the deeper purpose of my leadership. It was not just to be CEO, but to join a unique company like Medtronic whose mission was to restore people to full life and health. Had it not been for the counsel and advice of my wife, Penny; my close friend Doug Baker; my men's group; and my couple's group, I might never have come to that realization.

### **New Leadership for the 21st Century**

All of these very human stories lead to the unmistakable conclusion that we need a new kind of leader to lead our institutions in the 21st century — a leader who can empower and inspire others to lead. The 20th-century vision of a leader who commands the troops to follow him over the hill to build his glory is dead — or it should be!

Coming out of two world wars in the 1950s, we idolized all-powerful leaders like General George Patton, in spite of their evident flaws and abusive tendencies. We dichotomized leaders and workers, with the latter being mere cogs in the wheels of production. As a 19-year-old industrial engineering student in the 1960s, I used my stopwatch to study the motions of 55-year-old machine tool workers. Then I gratuitously advised them on how to become more efficient, without ever asking them how to make their work more effective and meaningful. That was the nature of the assembly line in those days. In the last two decades of the 20th century, we developed a national obsession with the all-powerful charismatic leader at the top.

It is high time that we cast off these images of the all-powerful leaders on top, who dominate their subordinates with power, intimidation, and a directive style. We do not need leaders who treat the people as a cost of doing business rather than the basis for the business' success. No longer can we tolerate leaders who increase earnings by eliminating what has made the organization successful, while they personally reap hundreds of millions in compensation. Employees, customers, investors, and the public at large have every reason *not* to trust these vestiges of failed 20th-century leadership.

Leadership in this new century *must* change precisely because the nature of people in organizations has changed. People today are more knowledgeable about their jobs than their bosses are. They are demanding meaning and significance from their work, and are not willing to toil away just for someone else's benefit. They want to lead now, not wait in line for 10 to 20 years until they are tapped for a leadership role.

Why shouldn't they expect and demand this level of respect and meaning? Why shouldn't you?

- You can discover your authentic leadership right now.
- You do not have to be born with the characteristics or traits of a leader.
- You do not have to wait for a tap on the shoulder.
- You can step up to lead at any point in your life.
- You are never too young — or too old.
- As Stephen Covey has said, “Leadership is your choice, not your title.”

I would like to offer a new definition of successful 21st century leaders. They are *authentic leaders who bring people together around a shared mission and values and empower them to lead, in order to serve their customers while creating value for all their stakeholders.*

From reading the press these days, one gets the impression that most of our leaders are greedy people who are out to feather their own nests. For all the negative publicity they generate, I am pleased to say such leaders these days are the exception, *not* the rule. There is an entirely new generation of authentic leaders stepping up to lead our organizations. These leaders recognize the value of bringing people together around a shared mission and values and empowering leaders at all levels. In particular, I am impressed with the group of leaders that have stepped into top roles since the fall of Enron, such as Jeff Immelt of GE, Anne Mulcahy of Xerox, A. G. Lafley of Procter & Gamble, Sam Palmisano of IBM, Andrea Jung of Avon, Kevin Sharer of Amgen, and Ann Fudge of Young & Rubicam, as well as nonprofit leaders like Wendy Kopp of Teach For America and Nancy Barry of Women's World Bank.

Let me make this prediction: successful organizations in the 21st century will be those that get the best out of people by motivating them with an inspiring mission and empower people at all levels of the organization. This is why for-profit organizations like Target, P&G, Best Buy, J&J, GE, Wells Fargo, Amgen, and PepsiCo are so successful and are able to sustain their success, year after year.

### **True North: Discovering Your Authentic Leadership**

I wrote my new book, *True North*, to answer the question, “How do you become an authentic leader?” The answer is that it takes years of hard work and development. The key is knowing the “True North” of your internal compass, and then preparing to stay on course in spite of the challenges and seductions that cause so many leaders to go astray.

Your True North represents who you are as a human being at your deepest level. It is your orienting point — your fixed point in a spinning world — that helps you stay on track as a leader. Your True North is based on your most cherished values, your passions and motivations, and the sources of satisfaction in your life. When you follow your True North, your leadership will be authentic, and people will naturally want to associate with you.

Discovering your True North takes a lifetime of commitment and learning. Each day, as you are tested in the real world, you yearn to look at yourself in the mirror and respect the person you see and the life you have chosen to lead. As long as you are true to who you are, you can cope with the most difficult circumstances that life presents.

In reality, other people will have very different expectations for your leadership than you have for yourself. You will be pressured by external forces to respond to their needs and seduced by rewards for fulfilling them. These pressures and seductions may cause you to detour from your True North. When you get too far off course, your internal compass tells you something is wrong and you need to reorient yourself. It requires strength of character, courage and resolve to resist these constant pressures and take corrective action when necessary.

When you are aligned with who you are, you sense coherence between your life story and your leadership. As psychologist William James wrote a century ago, “The best way to define a person’s character is to seek out the time when he felt most deeply and intensively active and alive; when he could hear his inner voice saying, “This is the real me.”

Can you recall a time when you felt most intensely alive and could say with confidence, “This is the real me”? When you can, you are aligned with your True North and prepared to lead others authentically. In my own case I had that precise feeling the first time I walked into Medtronic in 1989, and felt I could be myself and be appreciated for who I was and what I could contribute.

### **Developing as an Authentic Leader**

Becoming an authentic leader is a long journey that takes hard work on your part, just as it does to become a virtuoso violin player or a champion athlete. As GE’s Jeff Immelt told us, “Leadership is one of those great journeys into your soul. It’s not like anyone can tell you how to do it.”

In studying leaders who have failed, I realized that their failure resulted from their inability to lead themselves. As we discerned from our interviews, *the hardest person you will ever have to lead is yourself*. When you can lead yourself through the challenges and difficulties, you will find that leading others becomes relatively straight-forward.

We learned that there are six principal areas required to lead yourself:

- Gaining self-awareness;
- Practicing your values and principles under pressure;
- Balancing your extrinsic and intrinsic motivations;
- Building your support team;
- Staying grounded by integrating your life; and
- Understanding your passions and purpose of your leadership.

### **Gaining Self-Awareness:**

It may take a lifetime to gain complete awareness of yourself, but your self-knowledge can be accelerated by honest feedback from others. In his mid-30s, Doug Baker Jr. was a rising star at Ecolab who had taken over the company's newly acquired subsidiary in North Carolina. Through his early success, Baker had become arrogant and self-centered. Then he got some tough feedback from his subordinates that told him all of this and more. Baker calls getting the unexpected criticism "a cathartic experience." He explained, "It was as if someone flashed a mirror in front of me at my absolute worst. What I saw was horrifying, but it was also a great lesson. After that, I did a lot of soul-searching about what kind of leader I was going to be, talked to everyone on my Ecolab team about what I had learned, and asked them for their help." Baker's self-awareness is a critical factor in the success he is realizing since becoming CEO of Ecolab nine years later.

### **Practicing Your Values:**

The key to your values is *not* what you say you believe in, or even how you behave when things are going well. You really find out what your values are when you are under pressure or things are not going your way.

Today, Jon Huntsman is the successful founder of Huntsman Chemical, leader of a 73-person family, and a bishop in his Mormon church. In 1973, he was a young staffer working for President Nixon's notoriously powerful chief of staff, Bob Haldeman. One day Haldeman directed Huntsman to carry out an undercover sting operation involving illegal immigrants designed to embarrass a Congressman opposing Nixon's initiatives. At first, Huntsman went along with the game, calling the plant manager to give him instructions. He recalled, "There are times when we

react too quickly and fail to realize immediately what is right and wrong. This was one of those times when I didn't think it through. After 15 minutes, my inner moral compass kicked in and I told the plant manager, 'Forget that I called. I don't want to play this game.'" Huntsman recognized that rejecting the orders of the second most powerful person in the country would be viewed as disloyal and his White House career would be over. "So be it," he said, "I quit in the next six months."

### **Balancing Your Motivations:**

It is not surprising that leaders like promotions, bonuses and pay increases, and recognition from their peers and the media. But if these motivations dominate their passions, they are at risk of derailing, sooner or later. Authentic leaders recognize their intrinsic motivations like helping others, making a difference in the world, and building organizations with purpose and meaning. The important thing is not to deny your extrinsic motivations, but to balance them with intrinsic motivations.

Kevin Sharer was a rising star at General Electric at age 41, general manager of its satellite business, and on Jack Welch's "high potential list." When the search firms proposed to Kevin that he join MCI with a faster route to the top, he jumped at the opportunity, leaving Welch unhappy with his sudden departure. Once at MCI, Sharer learned quickly that the COO was in line for the top slot and didn't welcome the new hotshot from GE. His "know-it-all" attitude didn't help either, especially when he proposed reorganizing the company. Sharer's crucible at MCI proved invaluable to him: caught up in the glamour of being a rising star, he was brought down to reality and forced to recognize what really motivated him. When the opportunity to become COO of Amgen arose, a chastened Sharer recognized the importance of Amgen's work in saving lives. He earnestly studied biology and the biotech business for seven years before becoming CEO. By then, he was able to balance his extrinsic motivations with the intrinsic satisfactions that Amgen's mission provided him.

### **Building Your Support Team:**

An essential element of staying focused on your True North is to build a support team that can help you stay on track. Your team starts with having at least one person in your life with whom you can be completely open and honest. It could be your spouse, best friend, mentor, or therapist. In my case, that person is my wife, Penny, who is largely responsible for whatever success I have enjoyed. She keeps me on track, especially when I get caught up in selfish desires. Your family and your best friends also help you stay grounded, especially when you most need their help. Having a mentor who can give you straight feedback can be invaluable.

I also believe in having a support group of your peers with whom you can share openly and who will be there for you when you most need them. I have been blessed with having a men's group with whom I have been meeting every Wednesday morning for the last 30 years, as well as a couples group that Penny and I helped form 20 years ago. These two groups of people (most of whom are here today) have been there for me — and I hope I for them — when I most needed their support. When Penny was diagnosed with breast cancer 11 years ago, they were there to support both of us through the difficult times that followed.

The reality is you cannot wait to build your support team until you are facing difficulty. The time to do it is now, because long-term, deep relationships and shared life histories take decades to build.

### **Staying Grounded by Integrating Your Life:**

Every leader I know is facing the challenges of meeting all their commitments in life — their jobs, their families and their communities as well as preserving time for their personal life. I can assure you, this isn't getting any easier. The work week seems to be increasing, just as the demands of families, friends and communities are rising. How do you stay grounded with all the pressures coming at you? I think the key is maintaining your integrity by being the same person in all these environments, and not letting your leadership commitments at work pull you away from the fullness of life. This isn't easy, but it can be done by making choices and setting boundaries, and not selling your soul to your job. If you don't do these things, you may become a shooting star that burns out long before you have the opportunity to fulfill your leadership dreams.

### **Your Passions Reveal the Purpose of Your Leadership:**

Finally, when you understand the passions that emanate from your life story, you will discover the purpose of your leadership. In other words, your True North will become clear. I learned that when I made the decision to leave Honeywell and join Medtronic.

### **Empowering People to Lead:**

Developing yourself as these leaders have done is not an easy task. It is a marathon, not a sprint, to gain self-awareness, solidify your values, balance your motivations, build your support team, integrate your life, and understand the purpose of your leadership. As you do so, you will find that leading others is relatively straightforward. By being authentic and true to your beliefs, you can unite people around a common purpose and set of values and empower them to step up and lead. That's what the best 21st-century leaders are doing, and the reason why their organizations, over the long-term, far outperform organizations led by people still operating in the 20th-century mold.

An example of just such an empowering 21st-century leader is Marilyn Nelson, CEO of the Carlson Companies. When Nelson took over leadership from her father, she recognized the culture of Carlson had to change dramatically if it was going to succeed in this century. She decided to reinvent Carlson as a company that cared for customers by creating the most caring environment for its employees. To build the new culture, Nelson went on a personal crusade to bring her message of empowerment to Carlson employees around the world. In her personal interactions she carried with her the memories of her daughter's tragic death, in an automobile accident years before, as she vowed to "give back and make life better for people."

### **Your Call to Experience the Fulfillment of True North Leadership:**

When we examine organizations that are led by empowering leaders, we realize that we do not have a shortage of leaders after all. In every organization there are many, many leaders just waiting for the opportunity to lead.

My advice is, don't wait to be asked. You can step up and lead right now. Your organization will be far better off because you did. In thinking about whether to take on the leadership challenges, ask yourself these two simple questions: *If not me, then who? If not now, then when?*

Many people are hesitant to lead because they fear failure or criticism, or think they are not capable. My plea to you today is to overcome these fears, for there is nothing more fulfilling than leadership. You *are* capable of leading, and the experience is well worth any risks you may take or criticism you may endure.

As President Theodore Roosevelt said in his famous 1908 address,

*It is not the critic that counts. The credit belongs to the man who is actually in the arena, whose face is marred by dust and sweat and blood; who strives valiantly; who knows the great enthusiasms, the great devotions; who spends himself in a worthy cause; who at the best knows the triumph of high achievement and who if he fails, at least fails while daring greatly; so that his place shall never be with those cold and timid souls who neither know victory nor defeat.*

Are you prepared to enter that arena, to dare greatly, and to spend yourself in a worthy cause? If you are, in the end, you will know the triumph of high achievement and you will experience the fulfillment of leadership.

You will know the joy of working with a passionate group of people toward shared goals, of confronting challenges and overcoming barriers, and of leaving a legacy to the world through your leadership. There is no satisfaction in your professional life that can compare to this sense of fulfillment.

You will have the satisfaction of knowing that you followed your True North, you discovered your authentic leadership, and the world is a better place because of you. That is the fulfillment of being a True North leader.

## **References**

1 *True North: Discover Your Authentic Leadership*, San Francisco: Jossey-Bass, 2007

2 *Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value*, San Francisco: Jossey-Bass, 2003

**Below are the highlights of Bill George's question-and-answer session with Bentley students, faculty and invited guests.**

**Question**

How do you feel that college students, about to go into the business world, would best prepare to become moral leaders?

**Bill George**

I would say get engaged in leadership right here at Bentley. Don't wait, take the opportunity. I had some of my best leadership experiences early on in college. Once I'd gone into the business world, it took a little while to get those opportunities again because at the beginning of your career you're an individual contributor, an analyst or something like that. So take advantage of the opportunity here. Getting involved in leadership in service organizations outside the campus is also a great opportunity in learning how to lead; with volunteers, you really learn how to lead people, more than when you control people's livelihoods, their incomes and their bonuses. I got some of my best leadership experience from my college fraternity, probably because I was leading peers; the strongest feedback — a lot of that negative feedback I mentioned earlier — came from my peers. I spend a lot of time looking for an organization that can replicate the leadership experience in college. So I'd say step up and lead right now.

**Question**

You said that several people you interviewed for your book [*True North: Discover Your Authentic Leadership*] were international. Could you comment on whether there were any significant differences in the responses of, say, Asian, European and American leaders?

**Bill George**

I think there are significant cultural differences in leadership. One of the people we interviewed is Narayana Murthy, the recently retired CEO [and now Chairman of the Board] of Infosys, a global consulting and IT services company based in Bangalore, India. They do outsourcing of software services. When Mr. Murthy founded Infosys, he said he was going to create a different kind of company — he called it “compassionate capitalism.” In other words, the company would have compassion for the people they serve. It's not much different from what I'm advocating for this country. But I think in India and China — I was teaching Chinese executives — you see much more of that concern for other people. I think

the closer you get to Wall Street, the more you think in terms of transactions and numbers, and less of the human side of business. In India and China, they seem less taken with some of the theoretical economists who promote bottom-line short-term value.

The Europeans, I think, have a way to go to pull out of more tradition-bound, more hierarchical environments. It's harder for them sometimes, particularly in Germany, to open up to some of these ideas. I think you see in the smaller countries much more openness to the empowering style of leadership. I think that's why oftentimes the executives from countries like Switzerland, the Netherlands and Belgium, or the Scandinavian countries, do much better than the big country leaders, who tend to be more hierarchical; they're trained in that way.

Now, the Americans have a lot of freedom to be truly innovative. That's why Silicon Valley has done so unbelievably well; it's why Route 128 out here did so well. There are so many opportunities to be innovative. The freedom of the American system is something that a lot of other people around the world are trying to emulate right now. But don't underestimate their ability to emulate it. They may do it very, very well.

### **Question**

How did you feel when you made the move from Honeywell to Medtronic? Did the idea of being a bigger fish in a smaller pond appeal to you?

### **Bill George**

I became number two at Medtronic when I went there. The whole business was a third of the size of the one I was running at Honeywell, and about a ninth of the size of the overall company of Honeywell. So I felt like I was going to a much smaller company. We had to create a lot of the processes and procedures and, frankly, we had to improve the leadership. But, at the same time, it wasn't hide-bound with a lot of tradition and bureaucracy. I'm just someone who doesn't deal well with a lot of bureaucracy. I'm too impatient — it's one of my weaknesses. I just don't want to play the game. Honeywell had gotten quite political, and I don't like a political organization. So, as I'd watch people try to be political at Medtronic, I'd call them to my office and say, "Look, this is not how we're going to do things here, so knock it off."

Yes, we created systems at Medtronic, but I like freedom of action; the freedom to

create the kinds of products that can change cerebral palsy — which we did — or change Parkinson’s disease. It might take you 10 years, but people are so motivated to do that. By contrast, in Honeywell there was too much tradition and the mavericks were pushed out. In Medtronic we try to include them more. It’s not that bigger companies can’t be that way, but I think it’s more of a challenge for them.

### **Question**

In your opinion, here in the United States, who do you think are some of the best business leaders? Who are among the worst, and why?

### **Bill George**

I’ve mentioned many of the ones that I think are the best. People like Anne Mulcahy, Andrea Jung, Jeff Immelt and Sam Palmisano are terrific. But there are a lot of small company leaders who are just fantastic. I mentioned Doug Baker, CEO of Ecolab. Marilyn Carlson Nelson, who runs the Carlson Companies, is an awesome leader. We interviewed a lot of Silicon Valley leaders. John Donahoe, who is number two to Meg Whitman at eBay, is a fantastic leader. I think we’re seeing more people, in their 40s, sometimes their 30s, perhaps even younger, getting the opportunity to lead and really doing it well — not just in an authentic way but in a very dynamic way so that people really want to be associated with them.

So I’m very cynical about people getting paid to fail. It’s another thing when they’re making a lot of money if they’re succeeding — that’s the American way. Howard Schultz [Starbucks] makes a lot of money but he earns it — and he put in his own money, his own sweat and equity. I think Bill Gates is fantastic; look how he’s giving his money back right now. Warren Buffett, a great human being, is also giving his money back. He said, “I don’t know how to give it away, so I’ll let Gates give it away.” These are the kind of people that I hold up as role models for all of us, as people who are really in it to give back. I resent the idea that we pay people outrageous sums of money that fail. They should walk away with nothing, they really should. CEOs should be the most at risk. Why should we put the first-line workers at risk? They’re the ones that lose their jobs while CEOs walk away with these payoffs for failing — I think it’s wrong. In fact, I don’t think CEOs should get contracts; they should be at risk. Why not? They have the most control, the most freedom and the opportunity to make the most. It’s got to work both ways; it can’t be a one-way street. If we don’t correct this problem, we’re going to end up with laws being passed that restrict what people can make, and I don’t think that’s right either.

## **Question**

How do you measure the success of a leader while the leader is in the making? Clearly, meeting the analyst estimates of increasing market cap is not a good guide.

## **Bill George**

I bet I can sit with most people in this room for half an hour and tell you whether they'll be leaders. You see if they have that spark, that passion. Are they real or are they still working on it? Some of you may still be working issues through; you might not come across as a leader now, but you may emerge as a great leader in five or 10 years because you've worked through some difficult issues.

I think you measure leaders on how people in the organization feel. That's a sign of good leadership — people feel they can really make a difference in their organization. An organization of empowered people is what you want to have. I test how the subordinates feel. I used to get trapped by people who are very impressive, who make a great presentation. They look good, they look sharp, they always have the right answer, and are really quick. And sometimes you promote them and then ask, "Why did I promote *that* guy? He's terrible." So I've learned you should never promote anyone until you find out what their subordinates think. They'll tell you. Or do a 360 feedback, like Doug Baker. That's when you find out whether you're a good leader or not.

I think people in an organization know whether leaders are good. People know what's going on. The formal organization sometimes promotes the wrong people for the wrong reasons because they put short-term numbers on the bottom line, but they may be destroying organizations while they're doing it. Those are the leaders you have to watch out for because they'll destroy your company. It'll be like a cancer spreading throughout the company because everyone else will think, "We have to be like *that* guy? He's getting ahead. What does that say about me being the way I am?" And this can be very destructive in organizations.

### **Question**

I was interested to hear you say that you had been a turnaround manager, and that eventually it made you miserable. I wonder if you could talk a little bit about being a turnaround manager because they are a certain type. I think the stereotype is that they have to do things to the organization that some people would even say are unethical, that they cause pain and cause harm — sort of being cruel to be kind to bring an organization back. Could you elaborate on that?

### **Bill George**

Business is faced with a lot of tough decisions. And, actually, I think terminating people who aren't doing well on their job, or moving them to a job where they can do better, is doing them a favor. At the time, they don't feel like that. They feel like you've betrayed them because they don't like being booted out. But a lot of times you're doing them a *huge* favor. In turnarounds, you often have to lay people off. It's like when you want to get your body healthy again, you have to take some pain to do that. But that's the only way you can get healthy, so I am very much in favor of that. I believe you have to stay competitive. Aaron Feuerstein in Malden Mills never kept his company competitive because he wouldn't outsource. We outsourced at Medtronic and the company employment in the U.S. kept growing because we gained market share as we became more competitive. We brought out lots of products and hired everyone other than pure production workers. I think some pain is very important in organizations right now. Trimming out the fat in organizations is very important. I don't like just being a turnaround specialist who goes from one to the next to the next because I see myself as a builder. There are people who do that and are very good at it. But that's not how I want to spend my life, and that's what I was facing. I was becoming known as a turnaround specialist because it's not how I see myself. I also think as you're growing, sometimes you should take a step back and lose a little weight, trim up a little bit.

## **Question**

You've said a lot about how as an individual, you have to find your "True North" and, as a leader, help others to find theirs. How do you go beyond that as a leader, to help organizations to find their "True North"? I'm thinking in terms of the focus, in the last few years, on corporate culture and how that, besides individual character flaws, has been responsible for much of the trouble we've seen.

## **Bill George**

I think you need to gain an alignment around the purpose of the organization — whether it's Johnson & Johnson's credo, the Medtronic mission, Starbucks' idea of creating a great place to be, or Target's vision of fashion-forward merchandise and great value. You need to create alignment around a sense of purpose for people. People need to know that's the purpose of the organization — let's come together around that. People need to be clear about what the values are. If we're not going to pay bribes, then that means we don't pay bribes period. We don't do it to get a big contract in Saudi Arabia; we just don't do it — that's the way we behave. Getting that alignment is how you build a healthy organization. You can get that level of commitment to the organization. You can foster pride in the organization, that sense of building the organization's reputation and getting everyone moving together in the same direction. Then people can have the freedom to go out and take the creative actions. They know they won't get fired because they had a little failure, and can take action to build a great organization. But I think it's only through that alignment that you empower the people within the organization. It's not just anarchy, where everyone is going off in different directions. It's that they're brought together by that common vision and common set of values.





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