

The former Medtronic CEO and current
Professor of Management Practice at Harvard
describes the importance of following your True North.

Thought Leader Interview:

Bill George

by Karen Christensen

You have said that an ‘enormous vacuum’ exists in leadership today. Please explain.

I refer to the last 10 years as ‘leadership’s lost decade’. It all started with **Enron** and **Worldcom**, two of the first large companies to have, shall we say, ‘ethical lapses’; then we hit the crisis of 2008, where countless leaders seemingly put their heads down and focused on personal gain, not bothering to think about the bigger picture. As a result of all this, public trust in business is at its lowest level in 50 years; and in business, trust is *everything*.

I think a lot of the bad behaviour emerged from having the wrong definition of leadership – an image of the all-powerful leader at the top of an organization, and a top-down, hierarchical approach. These qualities have not served us well. On the bright side, leadership appears to be bouncing back on some levels, at least in terms of high-calibre corporate CEOs. I’m not as sure about Wall Street, but the pump is primed, and the need is there for a new generation of leaders to step forward that are much more collaborative and can align people on mission and values.

How do you define a leader’s ‘True North’?

For the book, we interviewed 125 individuals of all ages to see how they had developed themselves as authentic leaders. These people were chosen based on their stellar reputations and our personal knowledge of them. None of them was able to identify a particular trait or characteristic that made them successful, but they did continually mention a sort of ‘fidelity to their inner beliefs’ – their inner core. Some of them used the phrase ‘True North’, so we adopted that term to capture the idea of peoples’ most deeply-held values, beliefs and the principles they live and lead by.

The basis for your True North is whatever is most important to you: your most cherished values, your passions and motivations, the sources of satisfaction in your life. Just as a compass points towards a magnetic pole, your True North directs you to the purpose of your leadership. When you follow this ‘internal compass’, your leadership is authentic and people naturally want to associate with you. Discovering your True North takes a



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lifetime of commitment and learning. Each day, as you are tested in the world, you have to be able to look at yourself in the mirror and respect the person you see and the life you are leading. Of course, some days are better than others, but as long as you are true to who you are, you can cope with the most difficult circumstances that life presents.

The question to ask is, What is most important to you? Is it maintaining your integrity? Making a difference? Helping others? Devoting yourself to your family? There is no one right answer, and only you can decide. Once you do, you have the potential to become an authentic leader, which means being who you are – not trying to adapt to a role or emulate someone else, knowing the purpose of your leadership and practicing your values every day. Only authentic leaders can build long-term relationships with people, and work towards that powerful ‘sweet spot’ of their motivations and capabilities.

I think most people have a sense of their True North. What happens is, many get pulled off course by the pressures of leadership or they get seduced by money, fame or power.

Can you give an example of someone who lost sight of their True North?

A recent example would be **Philip Purcell**, the former CEO of **Morgan Stanley**. He accomplished a great deal in his career and did nothing illegal or unethical, but he lost his way. Throughout his career he was a star – from finishing at the head of his class at the University of Chicago School of Business to his successes at **McKinsey, Sears and Dean Witter**.

When Purcell led the merger of Dean Witter with Morgan Stanley and wound up as its CEO, he appeared to be on top of the world. His primary challenge was to create a financial services powerhouse by integrating the investment bank with the brokerage business. However, instead of spending time with the money managers and traders – the firm’s big earners – and with his customers in this most client-centric of businesses, he focused on building his power base by maneuvering the merged board. Purcell also pushed out many capable executives who challenged his leadership. The criterion for promotion shifted from a performance-based meritocracy to loyalty to Purcell.

He reportedly reneged on his promise to turn over the CEO position after three years to former CEO **John Mack**, and as

frustration with his leadership grew, so did the departures of talented people. In 2005, things got so bad that former executives formed a ‘Gang of Eight’ to lobby the board for Purcell’s removal. As the departures accelerated and pressure for action from Wall Street mounted, the board finally recognized that it had to choose between saving Purcell and saving the firm. It chose the firm, and he was forced to resign. The board persuaded Mack to return to restore Morgan Stanley, which he succeeded in doing prior to his retirement in early 2010. Unfortunately, Purcell is not at all unique: he is just one of several dozen well-known leaders who have lost their way in recent years.

Why do so many people with excellent potential get derailed?

We have identified five types who lose sight of their True North. One of the most common types is the ‘imposter’. These are people who rise through the ranks through a combination of cunning and aggression. They understand the politics of getting ahead, and they let no one stand in their way. These people usually have very little appetite for self-reflection or for developing self-awareness. Inside of them lies a deep level of insecurity, so when they get to the top, they are often beset with doubts about handling their responsibilities. Their inaction often leads to poor results and challenges, and they then attack their critics and cut themselves off from internal feedback.

A second type that gets derailed is the ‘glory seeker’ – those ‘golden’ girls or boys who have always had everything go their way in life and have never dealt with failure. They have never coped with ‘crucibles’ – difficult periods at work or at home that test them to the core – that would have helped them understand who they are, and this becomes a factor when they *do* hit difficult times, because often they can’t handle the situation and they flee.

The third type of leader that gets derailed is the ‘shooting star’ – those perpetual-motion machines whose lives centre entirely on their careers. Always on the go and traveling incessantly, they rarely make time for family, friendships, their communities, or even themselves, and as they run ever faster, their stress level mounts. One day they find themselves at the top, overwhelmed by an intractable set of problems. At this point, they are highly prone to irrational decisions.

The fourth type are the ‘rationalizers’, who never see their actions as violating their values or anyone else’s. They are able to

rationalize their own failings, and they tend to blame other people rather than taking responsibility. They have very 'situational ethics'.

Last but not least are the 'loners' – leaders who are very superficial in their relationships. They fail to build a solid core of people around them, so when times get tough, they turn inwards – they retreat and don't listen to anyone or take advice. Somebody like **Dick Fuld** of **Lehman Brothers** would certainly fit that mold.

How can a leader ensure that he/she never loses the capacity for honest dialogue?

Honest dialogue is so important, but sadly, many people just aren't having it. They reject the honest critic who holds a mirror to their face, and instead, surround themselves with supporters who tell them what they want to hear. They tell people how well things are going when they're actually *not* going well, or they tell someone how well he is performing when he isn't actually doing much good. The fact is, in many performance reviews there is absolutely no honest feedback, and people are put at risk because no one will get them to confront their weaknesses and shortcomings.

The result of dishonest dialogue is blaming others: 'I'm not really responsible; the economy took me down with it'; we certainly heard that from **Rick Wagner**. The man was responsible for the bankruptcy of **General Motors**, but in his eyes it was just a bad time for the automobile industry. Not being truly honest with oneself and others is an all-too-common state of being. We have to tell each other what we really think – in a respectful, non-hurtful way, of course – but we have to be honest and not just try to impress people with how smart we are.

You believe the difference with authentic leaders lies in the way they frame their stories. Please explain.

The most significant thing that came out of our interviews was a sense of fidelity to one's story. If there are seven billion people on the planet, what makes you special? Do you really understand where you've come from and what makes you unique? What is your purpose? If you aren't leading with a purpose in mind, how can you possibly lead? In looking back at your life story, do you see yourself as a victim – of abuse, health problems, poverty or difficult times? Or do you look at yourself as being able to cope with these crucibles? It all has to do with understanding your life story, accepting who you are and not trying to be something you're not.

One great example is **Howard Schultz**, founder and CEO of **Starbucks**. As a seven year old, he was out playing with his friends. His mother called him in to their apartment in the federally-subsidized Bayview Housing Projects in Brooklyn, where he found his father sprawled on the sofa in a full-leg cast: he had fallen on a sheet of ice and broken his ankle, and as a result, he lost his job – and the family's health care benefits. Worker's compensation didn't yet exist, and Schultz's mother was seven months pregnant.

The family had nothing to fall back on; Howard recalls listening to his parents arguing incessantly about how much money they needed to borrow and from whom. Schultz vowed he would do things differently if he had the opportunity. He dreamed of building a company that treated its employees well. Little did he realize that one day he would be responsible for 140,000 employees working in 11,000 stores worldwide. Memories of his father's lack of health care led him to make Starbucks the first American company to provide access to health coverage for qualified employees who work as few as 20 hours per week. He told us, "I wanted to build the kind of company my father never had a chance to work for, where you would be valued and respected, no matter where you came from. Offering health care was a transforming event in the equity of the Starbucks brand that created unbelievable trust with our people."

How do you define an 'integrated life'?

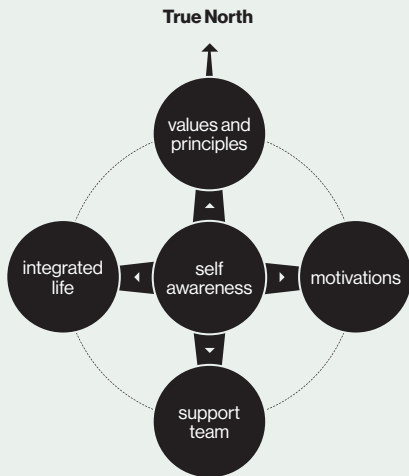
These days, the pace is such that it's nearly impossible to have a fully balanced life. Rather than talking about *balance*, I think we should focus on achieving *integrity* in our lives. By that I mean, the capacity to be the same person at home and at work – in your personal life, in your family and in your community. If you can maintain that sense of integrity, you can nurture each element of your life. Then it becomes about how you take care of yourself – mind, body and spirit – and what you do to nurture yourself as well as making sure that you're taking care of the people in your life who are important to you.

You believe that the last 30 years of a leader's journey can be the most productive and rewarding of all. How so?

The first 30 years of your career is the time to prepare for leadership. This is when character is formed and people become individual contributors or lead teams for the first time. The second

FIGURE ONE: A COMPASS FOR THE JOURNEY

When each part of your compass is well developed, you will be pointed towards your True North.



Self-Awareness: What is my story? What are my strengths and developmental needs?

Values: What are my most deeply-held values? What principles guide my leadership?

Motivations: What motivates me? How do I balance external and internal motivations?

Support Team: Who are the people I can count on to guide and support me along the way?

Integrated Life: How can I integrate all aspects of my life and find fulfillment?

phase begins with a rapid accumulation of leadership experiences and it culminates in your 50s, when people typically reach their peak leadership fitness. In between, most leaders go through a crucible or two, and the result is a transformation of their understanding of what leadership is all about.

Phase three begins at age 60 or thereabouts, and it's all about giving back. Many leaders now bypass retirement to share their experience with multiple organizations; they might serve on for-profit and non-profit boards, mentor young leaders, take up teaching, or coach newly-appointed CEOs. This is where I am at the moment. When I was 59, I had just left **Medtronic**, and my colleague **John Kotter** challenged me by saying, "Bill, think about all the things you've achieved in your first 30 years and in the last 30 years; now, you've got 30 years to go. How are you going to use them to make a difference?"

I got quite interested in this idea and I made a point of spending time with people at this career juncture – heads of

organizations, CEOs, deans of business schools – and asking them, "What are you going to do for the next 30 years?" I said to them, "Please don't retire from life." Today, it is a privilege for me to have a new mission, and that is to try to help to build and develop the next generation of leaders.

You have said the most vital step on the road to authentic leadership is the transformation in focus from I to we. Please discuss.

In our society, most people achieve success through individual performance. Doing well in school enables one to get into the 'right' university and graduate school; then in early work experience, people go into individual contributor roles in consulting or investment banking, where they're not leading teams, and consequently, they don't 'get it': they think it's all about them. Once they do have a team of people around them, they think it's the team's job to support them and make them look good – they don't understand that the essence of leadership is about building a team around you and giving credit to that team.

Some people at business schools pejoratively call all of this the 'soft side' of leadership. But honestly speaking, getting the numbers right is the *easy* side of leadership: the hardest part is getting alignment around a sense of purpose or a set of values. And this is so critical, because *only then* can you empower other people. If it's all about *you*, you're not going to empower anyone. When I see people taking a directive style and trying to exert power over others, I see that they don't understand the basic notion of leadership: leadership is about *servicing other people*; it's not about people serving you. The irony is that the more power one accumulates, the less it should be used. **R**

Bill George is a professor of Management Practice at Harvard Business School and the former chairman and CEO of Medtronic, the world's leading medical technology company. Under his leadership, Medtronic's market capitalization grew from US\$1.1 billion to \$60 billion, averaging 35 per cent a year. He is the author of five books, including *True North: Discover Your Authentic Leadership* (Warren Bennis Books, 2007), which he co-authored with Peter Sims.