

Bill George: The Thought Leader Interview by Amy Bernstein

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Photograph by Steven Edson

The Thought Leader Interview: Bill George

There's no single path to authentic leadership, says the former Medtronic chief executive. We must all discover our own.

by Amy Bernstein

Back in 2003 — in the wake of the Enron, WorldCom, Arthur Andersen, and Tyco scandals, when the corporate world was swept up in protracted anxiety about its ethics and potential punishment for transgressions — Bill George put forth a message of optimism. In his bestseller *Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value* (Jossey-Bass, 2003), the former CEO and chairman of Medtronic Inc., the Minneapolis medical technology giant, laid out five essential characteristics of effective leaders: They pursue purpose with passion; they practice solid values; they lead with their hearts; they establish enduring relationships; and, finally, they demonstrate self-discipline. Possessed of those traits, he argued, individuals can foster healthy organizations for the long haul.

In his latest bestseller, *True North: Discover Your Authentic Leadership* (Jossey-Bass, 2007), George, who is currently professor of management practice at Harvard Business School, expands upon this theme by drawing out examples of effective senior executives in contemporary corporations. “An enormous vacuum in leadership exists

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today,” he writes in the introduction. “Yet there is no shortage of people with the capacity for leadership. The problem is that we have a wrongheaded notion of what constitutes a leader.”

This view emerged from interviews that George, with coauthor Peter Sims and colleague Diana Mayer, conducted with 125 executives of corporations, nonprofit institutes, and foundations. The interviewees form a diverse and exceptionally accomplished group that includes Andrea Jung, chairman and CEO of Avon Products; Richard Kovacevich, chairman of Wells Fargo & Company; Kevin Sharer, CEO and chairman of Amgen, the biotech leader; Donna Dubinsky, cofounder of Palm Inc.; Jeffrey Immelt, chairman and CEO of General Electric; and television talk show host and producer Oprah Winfrey. George concluded that great leaders don’t gain their capabilities by accident, but by coming to terms with the often painful facts of their own lives. They are “defined by their unique life stories and the way they frame their stories to discover their passions and the purpose of their leadership,” the authors write.

Each of the leaders in this book came to embrace a set of values that served as a kind of lifelong personal compass. This, in turn, helped keep them from being blown off course by the extraordinary pressures that come to bear on the person in charge of any organization. In the corporate sphere those pressures come from investors, board members, and other stakeholders, whose priorities often contradict one another or undermine the long-term good of the enterprise. Many of the leaders interviewed had at one point found themselves in situations that left them feeling dissatisfied and frustrated. It was this discomfort that led them to take the time to look inward to figure out what mattered most to them.

Knowing what matters — your “true north” — doesn’t guarantee that you’ll stay on course, says George. “I don’t want to suggest that all authentic leaders have achieved some level of perfection that’s beyond the reach of most human beings,” he told *strategy+business* in a conversation last May at his lakeside home office in Minneapolis. “On the contrary, everyone is capable of deviating from what they believe. You get

pulled off course and you need a compass to help guide you back.”

S+B: You’re adamant that there’s no single definition of the archetypal “great leader.”

GEORGE: That’s actually very good news. Think about it: If there were a definitive role model for a leader, we’d all be trying to emulate it. You and I are totally different people. We can’t emulate something we’re not. In fact, if we do, we’re being inauthentic. If you try to emulate a great leader like Jack Welch, you’ll be phony, because you’re not Jack Welch. You’ve got to be who you are.

But that left our team with a problem in putting the book together. As we went through the 3,000 pages of interview transcripts, I worried that we were going to find a lot of interesting anecdotes and nothing more. But finally, the insight jumped out at us: An individual’s leadership is defined by his or her life story. In the 125 interviews we conducted, each person kept going back to their life stories as defining for them. From those life stories, you could see the clear link to their passions.

Their leadership may have gone

chief executive had been terminated). She performed so well that eventually she convinced the board to make her permanent. She was able to connect back to those early activities and bring huge passion to her work. You can see that her life story was formative.

S+B: Everyone has a life story, but that doesn't make everyone a leader. Help us understand how people can use their personal narratives to shape their leadership.

GEORGE: John Barth wrote, "The story of your life is not your life. It is your story." It means that the important thing is not the actual facts of your life. How does Oprah Winfrey define her story? Her demons had haunted her for years. Until she was 36, she defined herself as a bad girl. She had been raped as a young girl and then as a teenager had become sexually promiscuous and had gotten pregnant. She believed she was responsible for all that trouble.

Her personal narrative and her career totally changed the day that she interviewed Truddi Chase, a writer with multiple personality disorder, who had been sexually abused as a child. Oprah says she was overcome with emotion as Chase's story triggered a cascade of memories. "That was the first day I recognized that I was not to blame," she said. That moment was her crucible. She had an epiphany, and reframed her narrative to say, "Maybe I wasn't a bad girl." From there she found her mission, to deliver the message that "You're responsible for your life. You don't have to let people take advantage of you, physically or otherwise. You can see yourself as a victim, like I did, or you can overcome that and use your experience to help others."

off in different directions before their aspirations really crystallized for them. Ellen Breyer, the head of the Hazelden Foundation, the leading organization for research on and treatment of chemical dependency, is an example of this. Ellen was a student radical in the 1960s. She marched against the Vietnam War, did voter registration among the poor, and was a civil rights worker. The Nixon administration put her on its enemies list when she was 20 or 21 years old and pulled her student loans.

Unable to pay for graduate school, she got married, got into business, and rose to director of corporate marketing at Godiva. But that never impassioned her the way her activism had.

When her youngest son left for college and she realized that she was the same age that her father had been when he died of alcoholism, she became traumatized. So she took a sabbatical, and during this period, she realized that she was much more passionate about her nonprofit activities — including her work on the board of Hazelden — than her for-profit career. So she quit her job and became interim CEO of Hazelden (the previous

My wife, Penny George, was in her 50s when it happened to her. Her mother had taught her that "girls are not leaders. In fact, if you were a leader, you might embarrass the family." So in rebellion, Penny became a great independent professional, a consulting psychologist, and an executive evaluation team builder. After she got her doctorate in her early 50s, she was setting up her own practice, and was very excited about her work. One day, she picked up a message on her answering machine: "Mrs. George, you have breast cancer. Please call a surgeon."

Can you imagine the coldness of this voice mail from some stranger? "Have a nice day. You have breast cancer." It was extremely traumatic for her to face this. That trauma was her crucible and led to her epiphany. She said, "Of course, they removed my breast, but I hope I'm more than just a one-breasted woman. I need to be whole in mind, body, heart, and spirit, not just physically whole." Today she's a true leader in the field of integrative medicine, combining the best of Western medicine with complementary therapies. She formed the Bravewell Collaborative, a group of 25 foundations that pool their funds to support the integrative transformation of medicine.

S+B: What do you say to someone who sees his life as his CV, as many future leaders do, and who has never really thought in terms of his crucible? How do you force the epiphany that helps you to write the narrative of your life?

GEORGE: You can't force it, and you can't prevent it.

I was once my resume: Bill George, 23 years old and on my

way, destined to be a CEO. My father had told me when I was 7, “Son, I failed. Don’t be like me. You can be CEO of a major company,” and even made specific suggestions: Coca-Cola, P&G, IBM.

That’s a pretty heavy trip for a little kid and one you don’t escape as you get older, because it gets implanted in your brain. From the time I graduated from Harvard Business School, I was convinced that I was on a straight line to the top and that nothing would get me offtrack. I was on the way, working for Honeywell here in Minneapolis, and believed I would eventually run that company.

But one day, driving home around the lake over there, I looked at myself in the rearview mirror and realized I was miserable. I wasn’t passionate about the business. The company was changing me. I was becoming more political. It was affecting how I dressed, how I acted around board members — a lot of stuff I am very uncomfortable with. I came home and talked to my wife, and she said, “I’ve been trying to tell you that for a year.” It was very painful for me to face that.

As I thought about it, I realized there was another option. Medtronic, which is a local company, had asked me three times to be its president and chief operating officer, and I had turned them down because it was too small. Having had my epiphany, I called Medtronic back, and asked if the job was still open. I’ll never forget the day I walked through Medtronic’s door. It was like I was coming home.

You can have these epiphanies in many ways. Sometimes it’s as simple as getting 360-degree feedback. Your subordinates tell you you’re not as great as you think you

are. Doug Baker, who’s now CEO of Ecolab, the cleaning supply company in St. Paul, says that when he got really negative feedback, “It was horrifying to see myself that way.” He was humbled.

Humbling is a big part of the epiphany. It starts when you wonder, “If I am my resume, why aren’t others impressed with me?” The epiphany takes place when people distinguish between their real selves and their idealized selves.

The 21st-Century Leader

S+B: You write about balancing the “I” with the “we.” Why is that important?

GEORGE: External measures — getting into Princeton or landing a plum job — are not indices of leadership. Rather, they reflect others’ view of you as a great individual contributor. Yet in those roles that confer great status, it’s easy to think, “I’ve proved I can make it. I can be a star.” As Joseph Conrad might put it, “I’m the hero of my own journey. I’m questing on.” In my case, it took the form of, “I’m Bill George, age 23, and I just have to decide which company’s good enough to have me as CEO.”

The 21st-century definition of leadership has to be different from what we understood it to be in the 20th century. In the 20th century, we were influenced by two world wars and the Depression. “Follow the great man over the hill.” We should all be like Alfred Sloan running General Motors.

That attitude led us into a couple of dangerous areas. We dichotomized workers and managers. The managers were the leader class and the workers were a cost of doing business. We then got caught

up at the end of the century in the idea of a charismatic, all-powerful leader who could leap tall buildings in a single bound and transform the company overnight. In today’s context, this is nonsense.

Even at Medtronic, I had to make this transformation myself. Just because the leader gets most of the publicity for Medtronic’s achievements doesn’t mean that he is the one creating the great innovation, the great product, the breakthroughs. Great organizations are made up of people empowered at all levels. It is leadership that makes the greatness sustainable. It’s the Howard Schultz formula at Starbucks. It’s the Target formula.

The leader’s job today, in 21st-century terms, is not about gaining followership. Followership is an outmoded notion. Leadership starts with gaining alignment with the mission and values of the organization: What are we about? What do we believe as a group? Goldman Sachs, where I serve on the board, has achieved solid alignment around its mission: “The clients’ interests always come first.” At Medtronic, we aligned around the idea of “alleviating pain, restoring health, and extending life.” It was clear that

“The leader’s job today is not about gaining followership. It’s about gaining alignment with the mission and values of the organization.”

anyone who didn’t buy into that could work somewhere else.

Once we’ve achieved that alignment, we can be empowered to lead in our own way to fulfill the mission of the company. If you are a factory line worker in our Irvine, Calif., plant, that may mean that you set such a high-quality standard making heart valves that all your co-workers on the line emulate what you do. You may have no direct reports, but you’re a leader all the same.

An attitude that leaders serve customers first is especially vital to sustaining success. Employees are only empowered by serving customers. They’re not motivated by getting the stock price up, cutting the budget, or increasing the earnings. They don’t see tangible rewards from succeeding by those metrics, even if you make them shareholders. They get turned on about customers. In a Starbucks store, the barista gets excited about creating an environment that’s fun for the customer. I was at Starbucks earlier this morning and saw a barista greet a customer by saying, “Oh, Rick, nice to see you. Do you want the Rick special?” Rick comes there every morning because

he has a relationship with that Starbucks employee.

S+B: So many values you describe seem to be timeless and not limited to business. Are values and business really so closely woven together?

GEORGE: They are, but we must recognize a few new realities. First, employees and organizations have changed. We don’t have an apprentice–craftsman model. Instead, we have knowledge workers who know more than their bosses.

Second, people have more options. When I was growing up, if you could just get a job with General Motors, you had it made for the rest of your life. Today, young people will work for seven or eight different companies during their lifetime. Instead of being viewed as hopping from job to job, they’re viewed as gaining great experience. Meanwhile, they want to step up and lead right now. They don’t want to wait 10 to 20 years to be a director or a vice president. That’s why so many people have formed their own companies.

My third observation is the one most overlooked by economists: People are looking for meaning and significance in their work. You

can offer that to a barista at Starbucks. You can offer that to a Target employee — I was on the board at Target for 12 years — who can delight a customer with fashion-forward merchandise or help create a clean store without boxes on the floor. Medtronic can offer it to employees who feel they play a role in saving lives. It can be offered in any context.

Humanity is timeless. In the 1980s and ’90s, we got so caught up with the short-term pot of gold that we lost sight of what we’re about. But great organizations, the ones that create lasting value for shareholders, tend to follow the kind of approach I’m describing over the long term.

Withstanding Outside Pressure

S+B: What do you tell CEOs of public companies in today’s hyper-demanding environment? How do you advise them to abide by their “true north” and not lose their heads?

GEORGE: Your “true north” cannot be redirected by external pressures. Once you start trying to satisfy one shareholder, you’ll have to deal with another shareholder with a dif-

ferent point of view. Same with board members and all your other constituencies. If you allow yourself to be pulled off course, you're going to destroy your enterprise.

You have to stay a step ahead. You have to say, "This is what we stand for. This is a long-term growth company. It will give you great long-term returns, because we perform very well. Are you interested? If you're not, you may want to put your investment somewhere else." I'm not saying that you have to dismiss your shareholders or your board. But you must remember who you are and what your company is.

And you have to remember the central importance of serving the customer. The companies that don't do that, lose it. Now, some good companies do hit the wall. Dell Inc. recently lost its grip on customer service. But it'll come back because it's reacquainting itself with what makes it, at its core, a fine company.

S+B: Who does this well? What public company leaders are, in your view, sticking to their "true north"?

GEORGE: I'm going to mention a leader who oversees one of the largest organizations in the world, with 5.5 million people associated with it. I'm talking about Andrea Jung, CEO of Avon Products, the cosmetics company, although she doesn't call it that. She calls it "the company for women."

Andrea got to her current position by a circuitous route. She had been a superstar at Bloomingdale's and then at Neiman Marcus, where she was an executive vice president at 31. At 35, when she was clearly on her way to becoming CEO, she stepped down from retailing, without a new job. When

she came to my Harvard Business School class, I asked her why she quit. She said, "I didn't want to spend the rest of my life making luxury goods for the upper class."

Nine months later, she landed an executive position at Avon and did great work for five years. But then she got passed over for the CEO job. At that point, a board member, Ann Moore of Time Inc., gave her very penetrating advice: "Andrea, follow your compass and not your clock." In other words, "It's not important that you're CEO by 40. Life is long. You need to make sure this is the company you want to be at. You can be CEO somewhere else just like that. Call up Bloomingdale's and tell them you'll come back. Is that what you want?" And she said, "No, I'll follow my compass. I'll stay on course with what I believe."

Twenty months later, in 2000, she was appointed CEO. She implemented her vision of Avon as a company that empowers women — both employees and customers — and had a great five years.

Then, in the fall of 2005, the company faltered. Revenues grew just 5 percent that year, and earnings were flat. Andrea had to look inside herself to figure out how to make her passion for empowering women become a more profitable business for Avon. She changed the whole structure, took out US\$300 million in costs — much of it by flattening the organization and reducing management by 25 percent. She then told the stock market that she was investing in growth and putting none of those savings toward the bottom line in the near term and that she was going to suspend earnings guidance. The stock plummeted 30 percent, and the

shareholders were not happy. But her board bought into her vision and supported her as she stayed true to what she believed.

Andrea has put another million representatives out there, including 300,000 in China. She has boosted advertising, realigned manufacturing, and outsourced a number of functions. Avon's results indicate her strategy is working; the stock has increased 40 percent from its 2005 low point.

S+B: What happens when a leader gets derailed? How do you get back?

GEORGE: You come back the way Kevin Sharer did. Sharer had run GE's satellite business and then went to MCI as marketing chief, thinking he had a straight shot to the CEO's desk. Six weeks into his tenure, he marched into the chairman's office with a plan for reorganizing the global marketing group. That arrogance earned him nothing but scorn from his colleagues, who had put years into building the company.

Kevin spent two miserable years at MCI that nearly brought him to his knees. During that period he had to face his own demons, his own arrogance, and say, "You know,

“Sam Palmisano transformed IBM from an organization managed by goals to one led by values, which employees themselves identified.”

being a leader is not being a star.” When he got the opportunity to move over to Amgen, the biotech company, he got a biologist to teach him the science and became a true student of the business. He did not go in and pronounce what the company should do. He took seven years understudying the CEO, working in the labs, visiting competitors’ labs, riding around with salespeople.

When he became CEO, his first move was to meet with the top 150 people at Amgen and ask, “What do you think we should do?” That probing gave him a mandate, he says. He had a great run for seven years, but he’s now facing more difficult times with a challenge to one of Amgen’s drugs. That’s the ebb and flow of business. Kevin is a solid leader, and he will step up to these challenges as Andrea Jung did.

S+B: You’re saying that the difference between his MCI and Amgen experiences was the humility to recognize the business’s context.

GEORGE: Not just the business, but also the personal context, including other people in the company, and the broader societal context. Sam Palmisano, the CEO of IBM, says that in the 1990s we

saw leaders who set themselves off from others, who were autonomous, and who tried to achieve greatness by doing everything themselves. Today, we need a much more collaborative model.

Sam’s a great example of the importance of context. For IBM to succeed, it has to collaborate with governments, nongovernmental organizations, and other companies. He’s transformed IBM from a task-oriented organization managed by goals into one led by values, which the employees themselves helped identify. They came out of a “values jam” that IBM held with its employees over the company Intranet in 2003. For three days, tens of thousands of people worked together to hone the values down to three: dedication to every client’s success; innovation that matters, for the company and for the world; trust and personal responsibility in all relationships.

IBM hasn’t given up the goals, but the values are premier. Sam has gone around the world teaching them. Whether you work for IBM in Greece, South Africa, Indonesia, or Alabama, you know the values well enough to carry them out in your own context.

S+B: What worries you about the next generation of leaders?

GEORGE: A lot of young people are going up the staff route and not getting the experience of leadership early on. Many of the best leaders in my classroom are military leaders, because they’ve had real experience on two or three tours of duty in Iraq. They can recognize the times when you have to violate the rules to adapt to the circumstance.

Emotional intelligence also matters. As Dick Kovacevich of Wells Fargo says, “Above the 99th percentile of intelligence, there is an inverse correlation between leadership and intelligence.” In other words, many exceptionally intelligent leaders try to be the smartest person in the room and impose their views. They don’t get the best out of their people. Leadership is about much more than IQ, and requires you to develop yourself through the mosaic of all your experiences. +

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