

MANAGEMENT

A FOCUS ON LEADERS

SECOND EDITION

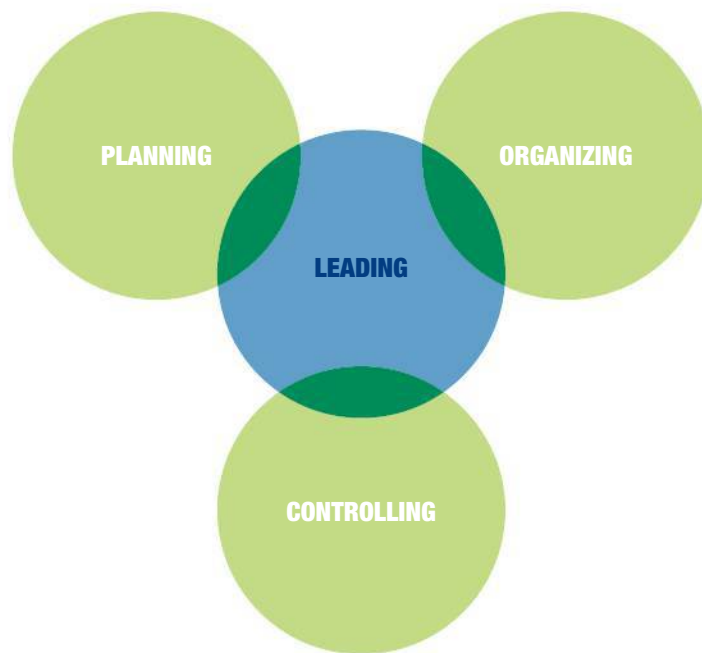
Annie McKee



Management

A Focus on Leaders

Second Edition



Annie McKee

The University of Pennsylvania
and Teleos Leadership Institute

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Library of Congress Cataloging-in-Publication Data

McKee, Annie

Management : a focus on leaders/Annie McKee.—2nd ed.

p. cm.

ISBN-13: 978-0-13-307754-4

ISBN-10: 0-13-307754-3

1. Leadership. 2. Management. I. Title.

HD57.7.M3959 2014

658.4—dc23

2012042480

10 9 8 7 6 5 4 3 2 1

PEARSON

ISBN 10: 0-13-307754-3
ISBN 13: 978-0-13-307754-4

To salute wisdom and new beginnings, this book is
dedicated to
Murray Wigsten
and
Benjamin Renio

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New to This Edition

Management: A Focus on Leaders has received high marks for writing style, up-to-date content, and existing and engaging treatment of current events. The author has also set a new bar and higher standards for sharing both original and new, innovative research, and high standards around sharing theories, and models. In this edition, enhanced these distinctive strengths by focusing even more deliberately on new knowledge and management practices. We have sought out the most current thinking and thinkers in the academy, business, government and not-for-profits and incorporated their research, views, and opinions throughout.

Students will find this book easy to read, easy to study, and enjoyable. Most importantly, they will find that the information, research, and engaging stories make it easy to *learn* from reading this book, engaging the discussion questions posed throughout, and doing the end-of-chapter exercises. The writing style invites them to explore all of the key concepts related to management while developing their own leadership skills and learning how to apply concepts to real-world situations.

Faculty will find seminal research—ideas, models, and concepts that all students of management should be exposed to—as well as the world’s foremost business and thought leaders’ best new ideas and research. Faculty will also find it easy to help students become educated consumers of knowledge: treatment of research, models, and management practices encourages critical thinking. Faculty will also be able to use the text to foster deep thinking about today’s biggest opportunities and challenges, especially those related to ethics, globalization, diversity and inclusion and of course, what it means to be an outstanding leader today.

Both students and faculty will find that the way the book is written and the choice of content brings the study of management into the twenty-first century. This edition is packed with revisions that support ease-of-reading and new research, current events, and management practices. Students’ learning and development is also enhanced through a variety of new tools, including provocative questions in the exhibits, reflection and discussion questions at the end of each section in each chapter, and creative, thought-provoking and fun individual and group exercises at the end of every chapter.

Features and content that have been strengthened and added to the second edition include:

- Key current events and thought provoking discussions about their impact on businesses, managers, and leaders;
- Brand new Leadership Perspectives that incorporate powerful guidance and wisdom on what it means to lead today’s top organizations and institutions. All of the Perspectives are based on personal interviews conducted by the author;
- New interviews were conducted by the author with leaders who contributed to the Leadership Perspectives in the first edition. The updated Perspectives reflect these leaders’ new thinking as the world has changed quite dramatically in the last year or two;
- New and updated examples of real leaders facing real opportunities and challenges in organizations today. These examples have been created as a result of the author’s work with leaders around the world;

- Streamlined and updated section in each chapter on how human resources can impact chapter topic areas, as well as how the function can support leadership development and smoothly running businesses and institutions;
- Streamlined and updated section in each chapter on how all of us can become outstanding and ethical leaders;
- Clear, compelling learning objectives are tied directly to each major heading in each chapter;
- Pictures in the text are now accompanied by provocative and interesting questions to spark critical thinking;
- Discussion questions at the end of each major heading have been strengthened, streamlined, and updated;
- Major topics of our day, including globalization, the impact of technology, ethics, diversity and inclusion, ethics, and the need for emotional and social intelligence in leadership today are woven throughout the text in a powerful and even more thought provoking manner;
- A brand new section at the end of each chapter includes creative, fun learning experiences that students can do on their own and/or faculty can use as assignments. These exercises are designed to be fun as well as impactful learning experiences!

VISUAL Walk-Through

Leadership Perspective Each chapter contains at least one powerful and personal interview with a business leader, conducted by Annie McKee. These leaders offer their unique perspective and insights on today's challenging business environment.

Business Case Each chapter contains at least one case study about business challenges and leadership.

30 ■ PART 1 Leading and Managing for Today and the Future

Leadership Perspective

Dan Nowlin is senior vice president, North America Store Operations and president, Sunglass Hut Global Culture. Throughout his career, Dan has focused on people: who they are, what they need, and how he can help them achieve personal and professional goals. When Dan walks into a store (which he does all the time), employees flock to him. He knows their names, when they started with the company, and personal details like their birthdays, their kids' names and whether the employee has decided to pursue a degree (and if not, he encourages them). As he puts it, "Little things don't mean a lot, they mean everything." Here's what else he has to say about leading people:

As a leader, you have choices to make: how you spend your time, what you say to people, how you communicate your ideas and your vision. How do you know what to do, when everything is complex and changing all the time? You need to be smart—but smart might not mean what you think it does.

There are at least three kinds of intelligence that matter today. You need intellect, of course. We measure intellect with things like SAT tests, final exams, and IQ. These might have their place, but they don't measure the kind of intelligence that is really needed in today's organizations. That's because in most jobs, you don't need to be a genius. You need enough brain power to understand that the world is changing and you have to change with it. You need to think strategically and you need to make sense of what is going on now, so you can have a vision of tomorrow. All of these require keen intellect. But this is only a starting point.

The second kind of intelligence is common sense. This includes the basics: treat people the way you want to be treated; if you're mean, you'll get mean back, and if you're nice, you'll get nice back; if you choose to live a life of giving rather than getting, you will get more than you can possibly imagine. You also need to get out in front—if you want people to do something or act a certain way, do it yourself. You need to value each and every person equally. Diversity and inclusion is a hugely important strategy today. So, you need to learn about other people's views, cultures, and beliefs. You need to value them for who they are, not who you want them to be. These lessons look simple, but they aren't. And they certainly aren't "common" enough in our organizations.

The third kind of intelligence you need is emotional. You need empathy. You need compassion. People work for peo-

ple—that means that the people who work for you are going to be watching you. They want to know whether you are authentic and real. They will be checking to see if you care about the company, about your work, and especially about them. When they see you care, they care too.

Emotions matter. Your mood affects everyone. I used to work in a big department store, and by the time I got to my office on the third floor, every single person knew what kind of mood I was in. If I was happy, they were more likely to be happy. And if I was in a bad mood, they got there too. When people see their bosses in a bad mood, they can become scared or angry, and they don't focus on their jobs. They try to figure out how to deal with you—a waste of time and energy. But if they see that you are excited to be there, happy and ready to go, they pick up that state of mind and take it into everything they do.

Another thing about emotions: When people live in fear or anger they hold back. This goes for you, too. Your emotions impact what you and others contribute and where you can go in your life and as a leader. There are some things to learn here.

First, love what you do. Find meaning in your company's mission and what it does for the world. We love what we do at Sunglass Hut. We sell sunglasses which are practical and helpful, and sunglasses help people feel good about themselves. We also help the world through OneSight, a nonprofit organization which delivers vision care for people who could never afford it on their own. This program makes all of us feel good about our company.

Finally, no matter how much you love your job, never put it above your family, friends, or your health. When all is said and done, work is a part of life, not the other way around.

● **Dan Nowlin**
Senior Vice President,
North American Store
Operations and Presi-
dent, Sunglass Hut
Global Culture
"Little things don't mean a lot, they mean everything."

Source: Personal interview with Dan Nowlin conducted by Annie McKee, 2012.

BUSINESS CASE

Transformation for Sustainability

Unilever's web site proudly states that "160 million times a day, someone somewhere uses a Unilever product."¹ You may be wondering what those products are, as Unilever is not yet a household name. For many years, it was a corporate name behind over 400 extremely well-known brands including household favorites like Axe, Dove, Lipton, Hellman's, Bertolli, Vaseline, Surf, and many more. Over the years, many of these brands have changed, and many haven't—both of which are equally important ingredients for success.

Some companies never change, and some change too much or in the wrong direction. Over the years, Unilever has gotten the equation right. The company's leaders read the local and global markets and respond fast and appropriately. What's as—if not more—impressive is that Unilever listens to more than just what customers and stakeholders want. They have mastered the local-global debate by providing products that local customers want while maximizing efficiency in their research, production, and supply chain processes.

Moreover, the company's leaders and all employees don't just blindly create new products based on fads: They seek to find out why customers and other interested parties want something new or different. Then, they go about trying to balance the multiple demands of many stakeholders and do the right thing.

Doing the right thing in business isn't always easy. This is because different constituencies often have different needs and place different demands on a business. For example, investors want growth and profits. Consumers want new, exciting products. And community groups want a business to behave in a responsible manner when it comes to jobs and the environment. These conflicting demands were exactly what Unilever and many other companies have faced in the past two decades. Unlike many other companies, however, Unilever has found a path to success. A path to success in today's complex business environment starts with transformational thinking. And transformational thinking starts with refusing to see traditional conflicts in traditional ways. Transformational thinking means looking for solutions in new places and not falling prey to a win-lose mind-set.

In recent years, former chairman Niall FitzGerald and Antony Burgmans engaged the entire company in transformational thinking as they streamlined their brands in the early 2000s. They also launched a tidal wave of passion and engagement in the company for examining how Unilever was impacting the environment—and making changes. This effort was expanded by the next generation of leaders, as was a complete overhaul of the supply chain. These actions are revolutionary in a business, and they are the outcomes of transformational leadership.

As CEO Paul Polman says, "The great challenge of the twenty-first century is to provide good standards of living for 7 billion people without depleting the earth's resources or running up massive levels of public debt. To achieve this, government and business alike will need to find new models of growth which are in both environmental and economic balance." He goes on to say, "In Unilever we believe that business must be part of the solution. But to be so, business will have to change. It will have to get off the treadmill of quarterly reporting and operate for the long term. It will have to see itself as part of society, not separate from it. And it will have to recognize that the needs of citizens and communities carry the same weight as the demands of shareholders."

This may not seem revolutionary to you, but it is. Many businesses have put the needs of one or two constituencies above all others. Unilever is not doing that. The challenges are not simple, of course. The company, like all responsible companies, is still struggling with answers to the complex questions around sustainability and success; at least they are boldly taking a stand. Unilever is paving a way to the creation of a new way of doing business that, the company's leaders and employees believe, will lead to happy, loyal customers, satisfied investors, safer workplaces, healthier communities, and sustainable environmental practices.

Clear, compelling Learning Objectives are tied to all main headings.

64 ■ PART 1 Leading and Managing for Today and the Future

Objective 3.1
Define motivation.

1. What Is Motivation?

We spend almost a third of our lives working. We work as students, employees, carpenters, dancers, musicians, electricians, small business owners, artists, professional athletes, farmers, consultants, accountants, caregivers—you name it. We all work, and we work a lot. Including school, most of us will spend an astounding 60 years or more working during our lives. That's a good reason to understand what motivates us to do our best and find meaning and satisfaction in work. And if you happen to be a teacher, a parent, a manager, or a leader, it is essential to understand what motivates other people to contribute their very best to their families, teams, or organizations.

What, exactly, is motivation? **Motivation** is the result of a complex set of psychological and external factors or conditions that cause a person to behave a certain way while maintaining effort and persistence.¹ For example, consider yourself right now—you are reading this chapter and preparing for class. You may be slightly motivated because you have been told you must read. Perhaps you are cramming for a test, and you are motivated by a desire to achieve a good grade. Or, maybe you enjoy the class and are curious about management and leadership. These examples illustrate that you feel motivated to study—or not—based on what you believe others expect of you, your self-image, a desire for certain outcomes and/or because of how you feel about what you are doing.

Motivation
The result of a complex set of psychological influences and external factors or conditions that cause a person to behave in a certain way while maintaining a certain level of effort and persistence.

Key Terms are in the margin when the term is first mentioned and listed at the end of the chapter.



Visual Models We have created special visual models that we use throughout the book to support our most important concepts. For example, we have created an icon that reminds students of the importance of social and emotional intelligence, a key component of great leadership in our complex and global business world.



Visual Summary Each chapter ends with an engaging visual journey that highlights key points.

PART 1 Leading and Managing for Today and the Future

CHAPTER 4 Visual Summary

CHAPTER 4 Communication: The Key to Resonant Relationships ■ 141

1. Why Is Communication Central to Effective Relationships at Work? (pp. 102–103)

Objective: Explain why communication is key to fostering effective relationships.

Summary: Communication forms the basis for relationships in all aspects of your life and is at the heart of working effectively with other people. Successful leaders and employees understand this and pay attention to what information they share and how they share it. This enables them to build resonant relationships that foster respect and lead to positive resolutions when conflicts arise.

2. How Do Humans Communicate? (pp. 104–108)

Objective: Explain how humans communicate.

Summary: Communication can take on several different forms. Verbal communication is made up of words and may be spoken, signed, or written. It is affected by both the actual meaning of the words and their connotations. Nonverbal communication is made up of gestures, facial expressions, and voice qualities that are far harder to consciously control and are more nuanced than verbal communication. Learning to control and align verbal and nonverbal communication will make your message more likely to be received correctly and believed.

3. How Do We Communicate and Interpret Sophisticated Information? (pp. 108–113)

Objective: Analyze how we communicate and interpret sophisticated information.

Summary: Much of what is shared between and among people is emotional, and these emotions have a tremendous impact on your communication and your ability to maintain healthy relationships. Good communicators are masters at managing emotion in the communication process, recognize that we are constantly communicating an image to others, and understand that saving face is important in relationships. Good communicators also treat information in a sophisticated manner, categorizing it as relevant to the individual or a group, and recognizing whether it is subjective or objective.

4. What Is the Interpersonal Communication Process? (pp. 113–117)

Objective: Define the interpersonal communication process.

Summary: In its most basic form, communication involves a sender conveying an encoded message via a communication channel to a receiver who decodes it and provides feedback to the sender. Several models have been developed to analyze this process and explain why messages are sometimes misinterpreted, including the Shannon-Weaver model, the Schramm model, and the Berlo model. Regardless of the model used to analyze the process, the effectiveness and efficiency of communication are important factors to consider when crafting messages, and should inform whether a message is sent via a rich or a lean communication channel. The richer the channel, the less likely the message is to be misinterpreted.

5. What Can HR Do to Ensure Effective Communication and Resonant Relationships in Organizations? (pp. 132–134)

Objective: Outline the steps HR can take to ensure effective communication and resonant relationships.

Summary: In most organizations, HR plays an important role in communicating important information about labor laws, workforce data, and a variety of other issues related to people. Beyond simply informing people about these issues, HR is responsible for ensuring that people understand and apply the information they receive. HR also is responsible for assessing employee morale and engagement and serves as a research hub for these areas.

6. What Are Common Barriers to Effective Communication? (pp. 120–124)

Objective: Define the common barriers to effective communication.

Summary: Even when people have the best intentions there are many barriers to communication. One of these barriers is language; even when speakers all use the same language, they may do so with different dialects, accents, and jargon that create problems. Another common barrier is poor communication skills on the part of the sender and the receiver of a message. Barriers such as selective perception, stereotypes, and prejudice can also harm communication, as can unexamined power relationships.

7. Why Is It Challenging to Communicate in a Socially Diverse World? (pp. 124–127)

Objective: Analyze the challenges in communicating in a socially diverse society.

Summary: It can be difficult to communicate effectively with individuals different from yourself because each person develops communication skills within his or her own culture. Language can get in the way, as can different expectations about nonverbal behavior. The strength of group identity also affects communication, as do gender and age. All of these factors affect what is communicated and how. With all these differences, however, it's important to recognize that communication is learned, and you can improve your skills.

8. What Is Organizational Communication? (pp. 127–132)

Objective: Define organizational communication.

Summary: Organizational communication can be top-down, bottom-up, and/or horizontal. Organizational communication involves several types of communication networks, including wheel networks, chain networks, and all-channel networks. Both formal and informal communication regularly take place within an organization, and the grapevine is a powerful communication tool. Storytelling is an effective tool that many leaders and managers are increasingly relying on to share messages within organizations.

9. How Do We Use Information Technology to Communicate at Work? (pp. 117–119)

Objective: Describe how people use information technology to communicate at work.

Summary: Technology has expanded the communication channels available to us (e.g., e-mail, text, web or video conferencing). This is good from the perspective that information can be shared more quickly and easily than ever before. However, technology adds complexity because of the challenges it presents when it comes to communicating emotions, providing complete and understandable messages, and managing the volume of messages that come and go via e-mail and other technologies.



NEW!

End-of-Chapter Exercises Students, like all adults, learn by reflecting, engaging in dialogue, creatively applying concepts, and DOING. The all-new individual and group exercises at the end of each chapter are powerful ways to engage students in developing their own leadership skills while deepening their understanding of the most relevant management concepts, ideas, and theories. These exercises can be done in class or assigned.

NEW!

Leading in a Global World At the end of every chapter are exercises and activities on how the leadership principles discussed in that particular chapter can be applied to the challenges of globalization.

NEW!

Ethical Leadership At the end of every chapter are exercises and activities that require the student to examine personal ethics, organizational ethics, and societal ethics when facing an ethical dilemma.

CHAPTER 5 Planning and Strategy: Bringing the Vision to Life 177

EXPERIENCING Leadership

LEADING IN A GLOBAL WORLD
Modular Planning on a Global Scale

These days, few companies don't have some kind of global presence. Planning and setting global strategy in uncertain times takes insight, coordination, and flexibility. In a highly competitive global marketplace, an organization must be able to change its strategy, or components of its strategy, quickly and effectively.

Today, there is much political, economic, and environmental instability that directly affects an organization's profitability and survival. For example, consider the problems Japanese businesses encountered following the 2011 earthquake and tsunami. How quickly these businesses recovered and resumed operations was partially determined by their disaster plans and the degree to which plans were modularized.

Select one of the global companies below and discuss how they can benefit from employing a modular planning approach to assist in quick strategic adjustments or changes. Be sure to include scenario planning as a key strategic element in identifying what a company can do to be prepared for natural disasters or political upheaval.

- Toyota
- GE
- Facebook
- Philips
- Siemens
- LG Corp

LEADING WITH EMOTIONAL INTELLIGENCE
SWOT You

A SWOT analysis is a useful tool for assessing what is going on both inside and outside an organization. Internally, a company can evaluate its strengths, such as excellent customer service, and its weaknesses, such as backlogged inventory. Externally, there may be opportunities, such as untapped markets, as well as threats, such as strong competition. If done thoroughly, a SWOT analysis can provide useful data for guiding a company's mission and vision toward success.

You, too, can be viewed as an organization: YOU, Inc. Your success as a student depends on both internal and external forces. For instance, if your strengths include self-awareness and self-management skills, the pressures of a rigorous course load may have little

ETHICAL LEADERSHIP
Planning for Disaster

What does a company do when it is involved in a major environmental and public relations catastrophe? When the Deepwater Horizon oil platform exploded in 2010 killing 11 men and injuring 17 others, BP found itself in this situation.

Over the course of three months, five million barrels of crude oil gushed from the ruptured pipe in the Gulf of Mexico. A government commission determined that BP and its partners were to blame for cost-cutting decisions that impacted well safety. After the spill, BP did major damage control of its image and revised its strategic plan.

Review the six steps in the strategic planning process and think about different ways that BP could rebuild its strategy in order to regain trust and credibility in the global community. Consider these questions:

1. What does BP need to do in relation to its mission, vision, goals, and strategies to reestablish its reputation?
2. What information does BP need to analyze in regards to its internal business processes and its ongoing partnerships?
3. What strategies could BP craft to move the company forward and away from its legal and ethical problems?

KEY TERMS

Planning, p. 146	Retrenchment strategy, p. 162	SWOT analysis, p. 169
Goal-oriented planning, p. 145/7	Divestiture strategy, p. 162	Strength, p. 169
Directional planning, p. 147	Differentiation, p. 162	Weakness, p. 169
Action orientation, p. 147	Core competency, p. 162	Opportunity, p. 169
Scenario planning, p. 152	Cost leadership, p. 162	Threat, p. 169
Mission statement, p. 153	Niche strategy, p. 162	Diversified company, p. 170
Competitive advantage, p. 154	Vertical integration, p. 163	BCG matrix, p. 170
Vision, p. 154	Supply chain, p. 163	Market share, p. 170
Vision statement, p. 154	Functional strategies, p. 163	Market growth rate, p. 170
Strategy, p. 157	Strategic planning, p. 163	Layout, p. 172
Growth strategy, p. 159	Environmental scanning, p. 163	For-cause termination, p. 173
Acquisition strategy, p. 160	Industry, p. 165	Succession plan, p. 173
Joint ventures, p. 160	Stakeholder, p. 167	Recruiting, p. 173
Stability strategy, p. 161	Stakeholder analysis, p. 167	Selection, p. 174

LEADING WITH CRITICAL THINKING SKILLS
Stereotypes and Sustainability

As sustainability movements gain momentum worldwide, more companies are revising their mission and vision statements to address environmental and social issues. Some companies are "going green" because it is fashionable and profitable to care about the environment and social injustice.

When it comes to sustainability and strategic planning, some industries face a bigger challenge than others. Chemical companies, for instance, tend to be associated with pollution, poison, and profits. Modern chemical companies may engage in safe, responsible practices, but the industry's checkered past has led to this negative stereotyping. So how do companies like DuPont or Dow Chemical strategically position themselves in a world that demands increasing accountability from businesses?

In a group or individually, choose two of the four major chemical companies (Dow, DuPont, BASF, and Union Carbide) and research their current market strategy. As you conduct your research, be sure to do the following:

1. Identify the mission, vision, stakeholders, and long-term and short-term strategic goals of the companies.
2. Determine how the companies address environmental sustainability in their mission and vision.
3. Describe any social components of the companies' strategies.
4. Outline any particular areas that these companies should focus on when doing environmental scanning as part of the strategic planning process.

MyManagementLab

Go to mymanagementlab.com for Auto-graded writing questions as well as the following Assisted-graded writing questions:

5-1. Choose a company that you respect. Perhaps it is one you buy from repeatedly or one whose products you have always dreamed of buying. What do you see as that company's competitive advantage?

5-2. How often do you think an organization should develop a strategic plan? What might cause an organization to change strategies?

5-3. Mymanagementlab Only — comprehensive writing assignment for this chapter.

NEW!

Leading with Emotional Intelligence At the end of every chapter are exercises and activities on how one can use emotional intelligence to navigate today's leadership challenges.

NEW!

Leading with Critical Thinking Skills At the end of every chapter are exercises and activities that require the student to think critically about how to handle opportunities and challenges within the workplace.

NEW! Writing Space in MyManagementLab

Auto-graded writing assignments use Pearson's Intelligent Essay Assessor to automatically score the quality of your students' written assignments. Students write and submit their work directly in the MyLab and get immediate contextual feedback.

The screenshot displays the MyManagementLab interface for a writing assignment titled "Writing Assignment: MGMT 1: Management Skills". The interface includes a navigation sidebar on the left with options like "Course Home", "Assignment Calendar", "Performance Reporting", "Gradebook", "eText", "Chapter Content", "Communication Tools", and "Writing Space". The main content area shows the assignment details, including a due date of 10/2, a status of "Coming Soon", and a "Start Writing" button. Below the assignment details, there are "Instructions" and a "Tools" section with links to "Sample Documents", "Assignment Instructions", "Assignment Resources", "Checklist", "Writing Tips & Tutorials", and "Dictionaries & Thesaurus".

NEW! Assisted-Graded Questions

At the end of every chapter, you have the power to easily manage and assess your course using built-in content-specific rubrics to grade written assignment submissions in the gradebook.

The screenshot displays the MyManagementLab interface for a writing assignment titled "Writing Assignment: 1-2 Success". The interface includes a navigation sidebar on the left with options like "Study Plan", "Flashcards", "Video Exercise", "Simulation Exercise", "Critical Thinking Exercise", "End of Chapter: Assisted-graded Writing Exercises", "1-1 Managerial Functions", "1-2 Success", "1-3 Mastery Essay", and "Comprehensive Exam". The main content area shows the assignment details, including a due date of 10/3, a status of "Coming Soon", and a "Start Writing" button. Below the assignment details, there are "Instructions" and a "Tools" section with links to "Sample Documents", "Assignment Instructions", "Assignment Resources", "Checklist", "Writing Tips & Tutorials", and "Dictionaries & Thesaurus".



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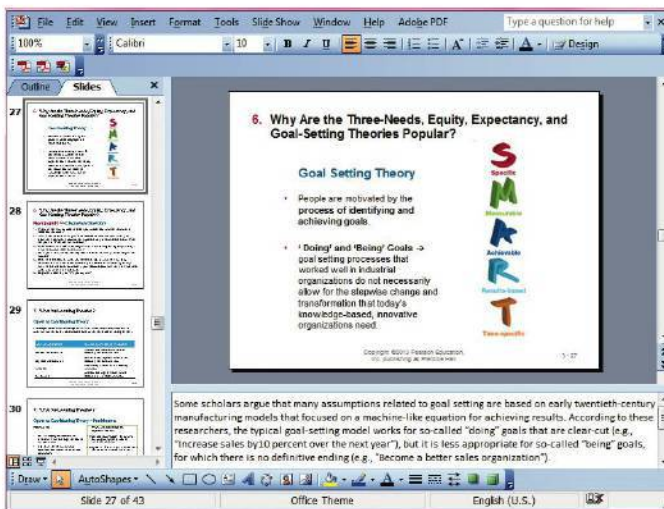
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- Test Bank
- TestGen® Computerized Test Bank
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Contact your local Pearson representative to request access to either format.



Acknowledgments

I would like to express my deepest gratitude to the many wonderful people who have helped create this book. Your contributions helped shape our vision at every step of the way, and your ideas, insights, expertise, enthusiasm, and support have been tremendously valuable—thank you. Most of all, thank you for your passion for learning and education, for your dedication to creating and sharing knowledge that will truly support the leaders of the future, and for your commitment to making a difference in the world.

To my **editorial team**, Laura Town, Chris Allen Thomas, Jim LoPresti, and Christina Yerkes: Your creativity and tireless commitment to excellence are inspiring. I am deeply grateful to all of you for your incredible writing, editing, research, ideas, passion, and good humor, and for helping shape our vision and this book at every step of the way. Thank you so very much.



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Special thanks also to Spenser Wigsten. I would also like to thank the team at **Williams Town Communications** for your professionalism and outstanding work on this book. To Rachael Mann, Amanda Boyle, and Sam Clapp, thank you!

To our **editorial review board**: You have each contributed to the vision of this book in so many ways, and your writing, research, editing, guidance, feedback, and advice have been outstanding. I appreciate all that you have done, and I feel honored to know you and to have worked with you on this book. Thank you. In addition to our core editorial review board, special thanks also to my editorial support team. Your talents, knowledge, and enthusiasm are much appreciated: Stephen Adams, *Salisbury University*; Gabriela Albescu, *Academy of Economic Studies in Foreign Languages, Bucharest, Romania*; Bella L. Galperin, *University of Tampa*; Ondrej Gandel, *University of Economics, Prague, Czech Republic*; Alumni of *AIESEC International*; Martha A. Hunt, *New Hampshire Technical Institute*; Mary Jo Jackson, *University of South Florida, St. Petersburg*; William T. Jackson, *University of South Florida, St. Petersburg*; Frances Johnston, *Teleos Leadership Institute*; Mary Beth Kerly, *Hillsborough Community College*; Jim LoPresti, *University of Colorado at Boulder*; Delores Mason, *2YourWell-Being*; Eddy Mwelwa, *Teleos Leadership Institute*; Bobbie Nash, *Teleos Leadership Institute*; Clint Relyea, *Arkansas State University, Jonesboro*; Mike Shaner, *Saint Louis University*; Steven Austin Stovall, *Wilmington College*; Charlotte D. Sutton, *Auburn University*.

Thank you as well to our **editorial reviewer team**. Your feedback on each and every edition is extremely helpful. As a writer, I truly recognize the value of outside review.

The time, attention, and professionalism you gave to this process was outstanding. I am deeply grateful for your review and feedback—and I acted on it! Thank you very much to Jeffrey Aizenberg, *Creighton University*; Michael Alleruzzo, *Saint Joseph's University*; Susan L. Alvarez, *Indiana University, Indianapolis*; Ron Anderson, *University of Oklahoma*; Kenneth Anderson, *Mott Community College*; Dr. Steven Austin Stovall, *Wilmington College*; Gene Blackmun III, *Rio Hondo College*; Stephen Braccio, *Vaughn College*; Michael G. Brizek, *South Carolina State University*; Michael J. Campo, *Regis University*; Wendy J. Casper, *University of Texas at Arlington*; Frank T. Clements, Jr., *State College of Florida, Manatee-Sarasota*; Dr. Aleta L. Crawford, *The University of Mississippi, Tupelo Campus*; Kathleen Davis, *Temple University*; Janice Ferguson, *Bryant and Stratton College*; Chuck Foley, *Columbus State Community College*; Pat Galitz, *Southeast Community College*; Dan Hallock, *University of Northern Alabama*; David Hearst, *Florida Atlantic University*; Mary Jo Jackson, *University of Tampa*; Syed Kazmi, *Brown Mackie College—Fort Wayne*; Martha Spears, *Winthrop University*; Jim LoPresti, *University of Colorado at Boulder*; Kimberly Lukaszewski, *State University of New York at New Paltz*; Dr. James Marcin, *Methodist University*; Antonio Papuzza, *University of Colorado at Boulder*; Douglas Scott, *State College of Florida*; Dr. Joanna Shaw, *Tarleton State University*; Miles Smayling, *Minnesota State*; Dr. Ronda M. Smith-Nelson, *Fort Hays State University*; Mary Tucker, *Ohio University*; Pamela A. Weldon, *Lehigh Carbon Community College*; Deborah Windes, *University of Illinois*.

The team at **Pearson Education** has worked tirelessly to bring this vision to life. Thank you all so very much. I have great respect for all that you have contributed—your great ideas, knowledge, and expertise. Special thanks to Stephanie Wall, April Kalal Cole, Claudia Fernandes, Bernard Ollila, Kelly Warsak, Judy Leale, Kenny Beck, Brooks Hill-Wilton, and Steve Deitmer. A special thank you as well to Sally Yagan.

Thank you, too, to the entire team at **S4Carlisle Publishing Services**, especially Lori Bradshaw, Cathy Seckman, Michael Rossa, and Julie Lewis.

This book is meant to bring “real life” into the classroom. To all of the **resonant leaders** who contributed time, wisdom, guidance, and real-life experience through your stories, heartfelt thanks: Bonaventure Agata, CSL Behring; Dolores Bernardo, Google; Vittorio Colao, Vodafone Group; Niall FitzGerald, British Museum and Hakluyt; John Fry, president, Drexel University; Michael Gaines, CSL Behring; Jill Guindon-Nasir, Ritz-Carlton Hotel Company; Mark McCord-Amasis, GlaxoSmithKline; Mary McNevin, Rafidah Mohamad Noor, Malaysia; Luis Ottley, Gavin Patterson, British Telecom Group; Charles H. Ramsey, Philadelphia Police Department; Sheila Robinson, Diversity Woman; Chade-Meng Tan, Google; Ivor D’Souza, National Institutes of Health; Connie Wayne, Eaton; Dan Nowlin, Sunglass Hut; Sandy Cutler, Eaton; Litha Giza, Eastern Cape Provincial Government, South Africa; Gavin Kerr, Joan Snyder Kuhl, Forest Laboratories; Frances Hesselbein, Leader to Leader Institute; John Reid-Dodick, AOL; Cathy Casserly, Creative Commons; Fred Hassan, Bausch + Lomb; Jane Luciano, Bristol-Myers Squibb; Mukul Pandia, The Wharton School; Ninan Chacko, PR Newswire; Henry Moniz, Viacom; Annette Rincke, Eaton; Mary Ellen Joyce, The Brookings Institution; Angela Scalpello, PR Newswire; Stefano Bertuzzi, American Society for Cell Biology; David Sutphen, Brunswick Group; Litha Giza, Eastern Cape Provincial Government, South Africa; and Gavin Kerr, Inglis House.

To my **Teleos Leadership Institute colleagues**: Thank all of you for all that you do to help others be the very best they can be. Your commitment to great leadership and resonant teams, organizations, and communities is inspirational! Thank you to the core team and our wonderful associates: Eddy Mwelwa, Frances Johnston, Bobbie Nash, Marco Bertola, Alberto Castigliano, Lee Chalmers, Fiona Coffey, Kaye Craft, Delores Mason, Cordula Gibson, Shirley Gregoire McAlpine, Judy Issokson, Janet Jones, Jeff Kaplan, Hilary Lines, Jochen Lochmeier, Gianluca Lotti, Robert McDowell,

Michael McElhenie, Nosisa Mdutshane, Bill Palmer, Laura Peck, Linda Pittari, Gretchen Schmelzer, Felice Tilin, Kristin von Donop, Lothar Wüst, Chantelle Wyley, Christina Yerkes, Greg Yerkes, Amy Yoggev, Lindsey Bingaman, Makenzie Newman, Laurie Carrick, Paul Thallner, Jim LoPresti, and Margret Klinkhammer.

To the many **friends and colleagues** who have helped shape the ideas and research in this book, I trust I have honored your contributions. Special thanks to my friends Richard Boyatzis, Peter Cappelli, Daniel Goleman, Peter Kuriloff, Greg Shea, and Kenwyn Smith. Thank you, too, to all the colleagues near and far who have influenced my thinking about leadership: Darlyne Bailey, Ann Baker, Laura Mari Barrajon, Diana Bilimoria, Susan Case, Cary Cherniss, Judy Cocquio, Luigi Cocquio, Harlow Cohen, David Cooperrider, Charlie Davidson, Arne Dietrich, Christine Dreyfus, Charles E. Dwyer, Ella L. J. Edmondson, Rob Emmerling, Jim Fairfield-Sonn, Ingrid FitzGerald, Mary Francone, Ronald Fry, Jonno Hanafin, Hank Jonas, Lennox Joseph, Jeff Kehoe, Toni Denton King, David Kolb, Lezlie Lovett, Carolyn Lukensmeyer, Doug Lynch, Tom Malnight, Jacqueline McLemore, Cecilia McMillen, Mary Grace Neville, Ed Nevis, Roberto Nicasro, Eric Nielson, John Nkum, Dennis O'Connor, Asbjorn Osland, Joyce Osland, Arjan Overwater, William Pasmore, Mary Ann Rainey, Peter Reason, Leslie Reed, Ken Rhee, Craig Seal, Joe Selzer, Dorothy Siminovitch, David Smith, Melvin Smith, Gretchen Spreitzer, Sue Taft, Scott Taylor, Ram Tenkasi, Tojo Joseph Thachankary, Felice Tilin, Lechesa Tsenoli, Bill van Buskirk, Kees van der Graaf, Susan Wheelan, Jane Wheeler, Judith White, Stanton Wortham, Andy Porter, Carolyn Merritt, Mahlubandile Qwase, Ariel Fishman, Shanil Haricharan, Eileen Meyer, Jalajakshi Krishnappa, Michael Johanek, Arianna Huffington, Jenn Moyer, Dr. Alecia Monroe, Alessa English, Erica Mahady, and Alan Otsuki.

Finally, to **my family**, you inspire me! Heartfelt thanks to Eddy Mwelwa, Rebecca Renio, Sean Renio, Sarah Renio, Benjamin Renio, Andrew Murphy, Toby Nash, Murray R. Wigsten Sr., Carol Wigsten, Murray R. Wigsten Jr., Karen Wigsten, Matthew Wigsten, Camille Wigsten, Mark Wigsten, Joyce Wigsten, Lori Wigsten, Jeff Wigsten, Juliane Wigsten, Spenser Wigsten, Samantha Hagstrom, Erik Hagstrom, Bobbie Nash, Mildred Muyembe, Ginny Lindseth, Jon Lindseth, Rita MacDonald, Warren Wigsten, Betty Wigsten, Ellie Browning, and Buzz Browning.

About the Author



Annie McKee has coauthored three groundbreaking books on leadership: *Primal Leadership* (with Daniel Goleman and Richard Boyatzis), *Resonant Leadership* (also with Boyatzis), and *Becoming a Resonant Leader* (with Richard Boyatzis and Frances Johnston). She is a Senior Fellow at the University of Pennsylvania. She is a guest lecturer at the Wharton School's Aresty Institute of Executive Education and speaks on leadership at businesses and institutions around the globe. McKee is the founder of the Teleos Leadership Institute, a consultancy serving managers and leaders of businesses and not-for-profits all over the world. She received her doctorate in organizational behavior from Case Western Reserve University and her baccalaureate degree, summa cum laude, from Chaminade University in Honolulu. Her life's work has been to support individuals in reaching their full potential as people, employees, and leaders, as they contribute to their families, organizations, and communities. As she puts it, "Today, every one of us needs to be an outstanding and resonant leader. Whatever we do, and wherever we are, we are called upon to bring the best of ourselves to support one another, our organizations, and our communities. My hope is that this book will help you to realize your dreams, to become a resonant leader, and to contribute to our world in a positive and powerful way."

CHAPTER 1

Managing and Leading Today: The **New Rules**



PART 1 Leading and Managing for Today and the Future

- Chapter 1** Managing and Leading Today: The New Rules
- Chapter 2** The Leadership Imperative: It's Up to You
- Chapter 3** Motivation and Meaning: What Makes People Want to Work?
- Chapter 4** Communication: The Key to Resonant Relationships

PLANNING

ORGANIZING

LEADING
and Managing
for Today
and the Future
Chapters 1, 2, 3, 4

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Chapter Outline

1. Why Do Managers Have to Be Leaders? (pp. 4–7)
2. What Is the Difference between a Manager and a Leader? (pp. 7–11)
3. What Is the Other Side of the Leadership Coin? (pp. 11–13)
4. What Is HR's Role in Managing and Leading Today? (pp. 13–14)
5. What Can We All Do to Become Excellent Managers, Leaders, and Followers? (pp. 14–15)
6. A Final Word: Changing World, Changing Expectations of Managers and Leaders (pp. 15–16)

Chapter Objectives

- 1.1 Describe why managers must also be leaders.
- 1.2 Differentiate between managers and leaders.
- 1.3 Explain what is meant by the “other side” of the leadership coin.
- 1.4 Summarize HR's role in managing and leading.
- 1.5 Describe what we can do to become excellent managers, leaders, and followers.

Objective 1.1

Describe why managers must also be leaders.

1. Why Do Managers Have to Be Leaders?

In recent years environmental, technological, and social changes have had profound effects on individuals, families, communities, and governments everywhere. These changes have affected the ways in which businesses and organizations are designed, organized, managed, and led, as well as the ways in which people do their jobs and relate with one another at work. Along with these changes come new responsibilities for leaders, managers, and employees alike.

Today, Everyone Needs to Be a Leader

Today, *everyone needs to be a leader*. The challenges and opportunities we face in our businesses, organizations, and communities are huge. This means that we must contribute the best of who we are—our talents, skills, and creativity—so we can successfully make positive, ethical business decisions in the midst of our changing world.¹

Change is good, but it requires us to work and lead in different ways. Consider the following: More and more people around the world have access to information, technology, and a better way of life. Changes in global politics, economics, and societies demand that businesses be linked to social factors in ways never seen before. For example:

- The balance of world economic and political power is shifting from West to East, resulting in turmoil and uncertainty, as well as great hope.²
- Partly because of better access to food, clean water, and health care, the human population is growing at an unprecedented rate, as is the demand for resources such as land, water, education, and jobs (■ EXHIBIT 1.1).
- Open Educational Resources (OER) are rapidly expanding access to education and information around the world.³
- Rapidly expanding access to telecommunications means that people around the world are far more interconnected than in the past, but increased industrialization and globalization mean that environmental resources are at risk.
- Ongoing changes in the world's climate are cause for concern.
- Some groups and individuals continue to be left out of the advances and benefits that positive economic changes, computers, and advanced telecommunications can provide.
- Partly as a result of the Great Recession that began in 2007, capitalism itself is being challenged.⁴

■ EXHIBIT 1.1

What benefits and risks accompany global population growth?

Source: Bildagentur/Glow Images



The rapidly changing world we live in means that the days when some people led, some managed, and others just blindly followed orders are gone. In your career, you will be called on to do all three: lead, manage, and follow.

What Being a Leader Means for You

What do these changes mean for you at work? You will be called on to respond ethically, positively, and powerfully to the many transformations that are occurring in our world. This requires you to know your own values as well as your organization's ethical code and to make good decisions—often very quickly and without complete information. To do so, you

must engage in analytical thinking and rely on your intuition. You will also need to build strong, trusting relationships with others and communicate well with people at all levels of the organization. Developing your self-awareness, your capacity for empathy, and your ability to manage yourself well in stressful situations are key components for building these relationships. Understanding and managing your own and others' emotions are also invaluable in this endeavor. This is called emotional intelligence.⁵ Self-awareness, self-management, and empathy, among other skills, enable you to inspire people; build powerful and effective teams; deal with conflict; and guide, coach, and mentor others.⁶ People all over the world are working hard to understand what it means to be a great leader today.

You have choices about what you do, how you live your values, and how you influence others. You have opportunities all the time to *lead* other people, no matter what role you hold in an organization. Now, think about your own experience: Have you worked in a job where your manager directed *everything* you did every day? Were you also influenced by colleagues and your boss's boss? Did you manage *yourself* some of the time? It is highly unlikely that all your instruction and guidance came from your manager, and it's even less likely that you were influenced only by people above you, or that you yourself had no influence. Rather, you were guided by all the people around you, as they were by you.

Many dynamic young leaders understand that everyone needs to be a leader today. They lead—and live—in a way that inspires people. They help others succeed. Dolores Bernardo, leadership development manager at Google, is one such leader. Her wise and noteworthy advice is in the *Leadership Perspective* feature.

Just think about the implications of what Dolores Bernardo says. What if every one of us thought of ourselves as a leader? What if you decided to see yourself as a leader *now*, rather than waiting until you are more advanced in your career? What if



Leadership Perspective

Companies like Google truly understand that success depends on creating an environment where everyone can bring their best selves to work: their talents, their passions, and their leadership. Dolores Bernardo's mission is to bring this strategy to life and to ensure that Google's unique, diverse, and innovative culture enables every single person in the company to lead. Let's look at what she says about what it takes to be a great leader at work and in life today.

I think of leadership as a verb—it's about taking action. It's about inspiring others to come along with you. It's about taking the time to reflect. And it's about taking the time to build connections and relationships with people so they believe in what you are trying to do—and so they believe in you.

Anyone can be a leader at Google. That's the only way any of our companies will succeed today. If every single Googler feels empowered to innovate, to create new products and improve on existing ones, we'll not only keep up

with the changes that are happening around us, we'll be the change. Each one of us needs to think this way: we can't just respond to change, we have to lead change. Our success hinges on our ability to understand the needs of all Google's hundreds of millions of users. The unique perspective that each person brings to leadership is what makes Google's products serve our diverse user community.

Source: Personal interviews with Dolores Bernardo conducted by Annie McKee, 2009 and 2012.



● **Dolores Bernardo**
Leadership Development Manager at Google:
“I think of leadership as a verb...”

we all took seriously our responsibility to inspire others, reflect on our actions, and build positive, powerful relationships? If we all acted this way, we'd have a much better chance of harnessing the brain power we need to face the challenges and opportunities in our organizations, our communities, and the world.

Still, many people don't see themselves as leaders. Part of the reason for this is that from the time we were small, we have been taught that leadership and authority go hand in hand with certain roles: parent, school principal, business owner. It's true: All of these roles require leadership. What's different today is that we can't simply rely on others to lead. We all need to be leaders, no matter what position we hold.

Discussion Questions

1. Think about the groups you are part of, including groups associated with your family, friends, school, and work. Who looks to you for leadership in these groups? What do they expect from you? How do you inspire them to follow you?
2. Complete the "Whom Do You Lead" exercise to discover the ways that you are a leader (■ EXHIBIT 1.2).

■ EXHIBIT 1.2

Whom Do You Lead?



1. On the chart on the following pages, brainstorm and write a list of several of the groups you belong to. Break these groups down as much as you can (e.g., instead of writing "family," note the various branches and groups within your family; instead of writing "work," describe your immediate team, the organization around it, and groups that you touch or have some responsibility for). Be sure to also list groups in which your authority is informal, and your "title" isn't the only source of your power. Finally, consider other arenas where you guide, advise, and help people.
2. Next to each group, label or name your role (e.g., "sister" or "brother"; "oldest cousin"; "team leader"; etc).
3. For each position, formal and informal, describe your role (e.g., "I am the person everyone comes to when there is a conflict in the family"; "I am the one who knows the professor"; "I am the designated team leader").
4. For each of your roles, write who looks to you for guidance, help, and vision and describe what they look for from you. Be as specific as you can (e.g., "My family looks to me to resolve problems"; "My team looks to me to understand their needs, provide help, remove obstacles, and share information"; "My boss looks to me to deliver on my promises").

My groups	My role	Description of my role	People and groups who turn to me for help, guidance, or direction	What people look for from me

Continued on next page >>

My groups	My role	Description of my role	People and groups who turn to me for help, guidance, or direction	What people look for from me

Source: Adapted from Annie McKee, Richard Boyatzis, and Frances Johnston. 2008. *Becoming a resonant leader*. Boston: Harvard Business School Press.

EXHIBIT 1.2
Continued

2. What Is the Difference between a Manager and a Leader?

What’s the difference between a manager and a leader? Let’s first consider what each of the words means. The verb *manage* comes from the Italian *maneggiare* (to handle). Back in the 1500s, the word referred to the handling of horses. The root of *maneggiare* comes from the Latin word *manus* (hand). Notice that *handle*—meaning *to control*—has a similar origin, in this sense: A person’s hand is a tool for physically controlling the environment. The meanings of these words were eventually extended and are now used to refer to controlling and handling resources in organizations.

The word *leader* can be traced back to Old English *lædan* (to guide; to cause to go with one). It is also a form of *lian* (to travel). So, the word leader can be interpreted as someone who guides others on a journey. This way of looking at leadership is about *influencing* rather than forcing people to go in a particular direction.

So, a **manager** is an individual who makes plans; organizes and controls people, production, and services; and who regulates or deploys resources. A **leader** is a person who influences and inspires people to follow. There is no reason whatsoever that a manager can’t be a leader, or that a leader can’t manage. In fact, the political, social, and technological changes of recent years require all of us to do both (**EXHIBIT 1.3**).

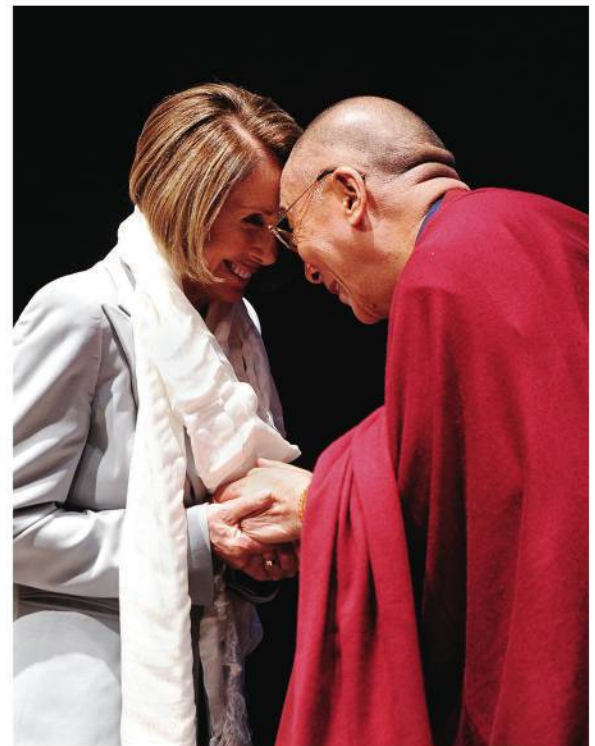
Some leaders really *get* this—and they work to hone the skills that will enable them to both lead and manage effectively as the world changes rapidly. This is important in all industries, but particularly so in those that are technology dependent and tied to changes in societies, such as media. Viacom, which includes brands such as MTV, BET, Nickelodeon, and Paramount, to name just a few, is one such company. Henry Moniz, Chief Compliance Officer, Chief Audit Officer, and Global Head of Strategic Business Practices, shows us exactly how important it is to manage and lead for today’s world, not yesterday’s, in the *Leadership Perspective* feature.

As Henry Moniz points out, there are a number of skills that cross the boundaries between management and leadership: authenticity, vision, openness, and embracing change, to name just a few. These skills can’t be reserved for leaders anymore.

Objective 1.2
Differentiate between managers and leaders.

EXHIBIT 1.3
What responsibilities does the Dalai Lama, the spiritual leader of Tibet, share with Nancy Pelosi, the first female speaker of the U.S. House of Representatives?

Source: Oliver Douliery/Abaca Press/MCT/Newscom





Leadership Perspective

Henry Moniz is a remarkable man and an outstanding leader. His story is anything but ordinary, and he is dedicated to bringing what he learns from his life to his career. Here's what he has to say about being a great leader and manager:

“Great leadership starts with being authentic. If you aren't, and you don't really believe in what you are trying to accomplish, then no one will follow you. Position alone no longer confers authority. And staying authentic can be a challenge as you and your function and/or company evolve. If you lose sight of what you are and what really matters to you, and how that all relates to your pursuit of the broader goals, you can become perilously untethered.

At the same time that you are continually refining how to embody and inhabit those grander goals, you must also be able to communicate your vision in a clear way—even if it is not entirely clear as yet how you will realize it. In fact, it's impossible to predict all of the components you will need to achieve your big picture goals, but if you aren't authentic and your teams do not believe in you and understand and believe in your vision, they can't help you and you won't go anywhere good.

A key skill for executing against your vision is deciphering the context in which you are operating; that is, understanding the situation—in all its complexity—around you, your team, goals, company, industry, the market, relevant economies, etc. Understanding the context is critical to giving proper weight to the loads of information pouring over your desk and isolating the “relevant” pieces. This enables you to eliminate spurious variables and avoid being overwhelmed. It also takes a great deal of mental agility to be able to see things from many perspectives without getting lost. Can you stay open to new approaches, information and ideas without being side tracked by extraneous ones, and then go back and alter your assumptions even as you continually assimilate new data points? This is particularly relevant if you operate in diverse geographies, with people who are very different from you. In today's global markets, different people approach

work, rules, problem-solving, etc., very differently. For example, in some cultures one must have lunch, tea, and/or dinner many times before you even think of doing business, developing the relationship is key. In U.S. business culture, we tend to jump right in, and can become impatient in situations like those, much to our detriment ultimately.

While this all seems logical, it is of course, useless without the ability to drive people to work together on common goals. People often take positions which at first blush may seem to be at odds. When those positions are not aligned with the larger interests of the organization, the leader must step in to correct the distortions. Do you have the strong, core sense of self, confidence and patience required to confront others who are being excessively and perhaps, needlessly, oppositional, rigid and closed minded?

Finally, to be a great leader, manager and follower, you need to learn to embrace change, which is inevitable in this increasingly dynamic world. It has become a cliché, but too few people actually do it. It starts, of course, with a mindset of change representing opportunities, getting comfortable with taking calculated risks and accepting that you won't always succeed (at least not on the first try any way). But without risk, there is no real growth, or true success, in life or at work.



● **Henry Moniz**
Chief Compliance Officer, Chief Audit Officer, and Global Head of Strategic Business Practices at Viacom: “. . . if you aren't authentic and you don't have a vision, you won't go anywhere.”

Source: Personal interview with Henry Moniz conducted by Annie McKee, 2012.

Manager

An individual who makes plans; organizes and controls people, production, and services; and who regulates or deploys resources.

Leader

A person who is out in front, influencing and inspiring people to follow.

We all need to manage *and* lead. However, historical views and much of the research have separated management and leadership and assumed that people are either one or the other. This type of differentiation between management and leadership is not useful in our complex organizations.

Let's look at the early research and perspectives on which this differentiation between management and leadership was based. Once we understand these assumptions, we can begin to adjust them to fit today's world.

Traditional Views of Managers and Leaders

Managers have been encouraged to focus their energies on problem solving and controlling resources, while leaders have been encouraged to focus on vision, inspiration,

and the wider environment. Managers have been taught to see the *independence* of their tasks and responsibilities in relation to their division or functional unit, whereas leaders have been encouraged to view and oversee the *interdependence* of all tasks, people, and functions in the organization, rather than picturing them as isolated, self-contained “silos.”

Managers are expected to be tactical, implementing the strategic vision of their leaders like good soldiers. Managers are tasked with establishing and administering order and control to reduce complexity. In contrast, a leader is expected to thrive on chaos and possess a unique vision for the organization. Research has sought to articulate these perceived differences, as shown in **EXHIBIT 1.4**.

In summary, one could say that managers have traditionally been expected to occupy themselves with the status quo. Leaders, on the other hand, have been called on to ask important questions about the organization’s future: “Where are we going?” “How are we going to get there?” “What if?” Also, whereas a manager has historically been seen as someone who does things “right,” a leader is more often pictured as someone who can be called on to “do the right thing.”

EXHIBIT 1.4

A Traditional View of What Managers and Leaders Do	
Managers Tend to . . .	Leaders Tend to . . .
<ul style="list-style-type: none"> • Control resources. • Be problem solvers. • Seek efficiency. • Be comfortable with order. • Be concerned with how things get done. • Play for time and delay major decisions. • Seek compromises. • Identify goals that arise out of necessity. • Adopt impersonal attitudes toward goals. • Coordinate and balance opposing views. • Avoid solitary activities. • Work from low-risk positions. • Avoid displaying empathy. 	<ul style="list-style-type: none"> • Create and provide resources through motivation. • Be comfortable with uncertainty. • Function well in chaotic environments. • Be concerned with what events and decisions mean to people. • Seek solutions that do not require compromise. • Take highly personal attitudes toward goals. • Identify goals that arise out of desire. • Inspire strong emotions. • Be comfortable with solitude. • Work from or seek out high-risk activities. • Have meaningful, highly personal mentorship relationships. • Be empathic and actively read others’ emotional signals.

Source: Adapted from Zalesnik, Abraham, 1992. Managers and leaders: Are they different? *Harvard Business Review* (March–April): 126–35.

What Managers Actually Do

So what exactly does a manager do? Noted scholar Henry Mintzberg decided to answer that question by following managers on the job and recording their daily activities. Despite the fact that this research was conducted many years ago, Mintzberg’s findings are important and continue to be relevant today. This is because we still have a mistaken image that managers spend their time on an orderly set of planning and organizing activities. In fact, as Mintzberg discovered, a manager’s work is fraught with meetings, pressure to deliver performance results, and a great deal of “fire fighting,” or constantly addressing unexpected issues. Managers, according to Mintzberg, put in long work hours and work at an intense pace.⁷

Based on this research, Mintzberg came up with a solid outline for a manager’s “job description” as described in **EXHIBIT 1.5**. Each of the three broad categories—informational, interpersonal, and decisional—is a category into which multiple roles