

N A K E D L E A D E R S H I P


L E A D T O W I N H E A R T S & M I N D S

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The topic of effective leadership has probably been addressed in more books, articles, white papers, and other studies than any other management issue. Yet, despite all of the work and inquiry into the subject, we seem to be creating more organizations where leaders are disconnected from the people who they are supposed to serve. To this point, trust in leadership is at an all-time low. New research indicates less than half of the workforce - 48% - say they trust the people at the top of their organizations. Even worse: 28% actively distrust leaders.¹

This leadership disconnect is an epidemic that is not exclusive to the private or public sector. It is also evident in faith-based communities, education, and not-for-profit entities. With the availability of research on the topic of leadership, one would think that leadership deficiencies can be easily remedied. Obviously, this is not the case. As is typically the situation with organizational performance issues, whether they manifest themselves in poor or inconsistent quality, lack of engagement, inability to innovate, stifled execution capabilities, poor collaboration, or antisocial conduct, the root causes can be traced back to the values and behavior of leadership. Most often, when an organization is in trouble, for a variety of reasons it reverts to process-oriented approaches to solving issues. This approach is sensible and essential. In fact, my company has established a strong and successful business redesigning work processes to improve organizational efficiencies and overall performance.

However, based on my experience and the extended experience of our company's work with hundreds of organizations on thousands of projects, for any solution to be sustainable, the cultural influences need to be understood. Cultural elements hampering positive change need to be addressed and enablers nurtured. In addressing organizational performance, the real challenge lies in evolving the culture, for this involves investing greatly in engaging employees' hearts.

 **So**, how do organizations engage the hearts of their members? And, what does this have to do with naked leadership?



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CULTURE BY DESIGN OR DEFAULT?

Cultures are the direct result of leadership. Cultures develop both by design and by default. A culture that develops by design is one where the values intended to guide the organization are defined, communicated, understood, and consistently applied. Most organizational leaders know this; it is referenced in business books and case studies, and fairly easy to develop and implement: draft the core values, issue the declaration, survey constituents to ensure understanding, and establish metrics to assess compliance. While all of these tactics are good, the approach is insufficient and falls short.

Everything I noted above can be accomplished through processes. The truth is that too many leaders are more than content to point to the process and conclude, “Therefore it is.” Not only is this naïve, but it is not accurate.

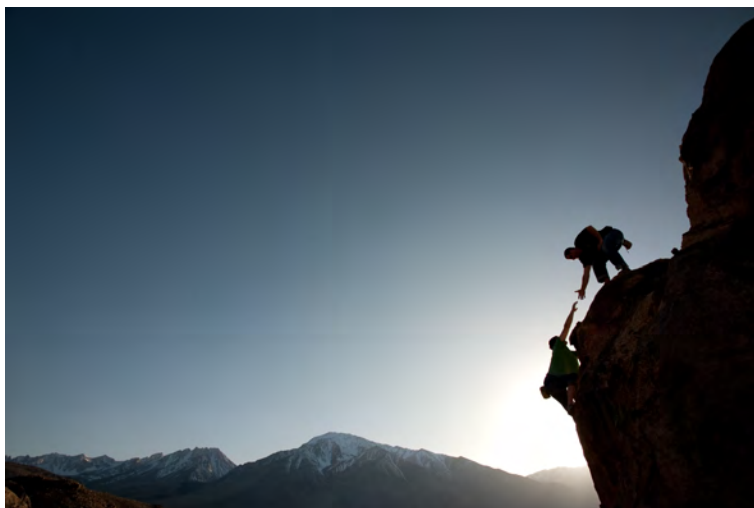
Leaders have developed a mentality of compliance rather than adoption: compliance indicates that you are following or adhering to the established rules; adoption indicates that you believe and are applying principles by choice and integrating these as a natural tendency in considering decisions, establishing direction, performing tasks, and exhibiting behavior. In order to transform an organization from a compliance mentality to one of adoption, leaders must be willing to invest their persons, not their titles, and become “naked” to the organization. I will address what this means in much greater detail and what is required later. However, I first want to revisit the statement above, that is, cultures are developed both by design and by default.

I will go out on a limb and say most organizational cultures today exist by default. Some may have initially been created by design and sustained for some period of time. I can also make a case that organizations that have sustained for many years (75 to 100 and beyond) have, or had at one time, a culture of values that were absolutely defined and constantly applied, reinforced, and promoted.

Some organizations, as time passes, begin to get distracted and lose sight of the profound impact that values have on the ability to sustain individual and collective engagement, attract and retain new affiliates, perform at an inspired high level, assure quality, and maintain a competitive edge. In other cases, the values become confused or diluted in an effort to not exclude individual thought and preference. (As noted earlier, these characteristics pertain

not only to the private and public sectors but to organizations across the spectrum of structured societal endeavors.)

Values inherently “force” individual choice; they are designed to do so. When we understand an organization’s values, we choose if we want to become a member of that group. If values do not drive deliberation and engage the moral and ethical conscience, I contend that they are ineffective at impacting cultural mores.



When values are not defined and integrated by design, or if they become diluted, members of the organization will respond to the values that seem apparent through the myriad of decisions and behaviors of those in leadership roles. We often refer to these as “political” or “understood” influences. These influences are often conflicting or, at best, confusing. What emerges in this situation is a host of micro-cultures, forcing members to continually consider ancillary and often unrelated factors and influences in addition to those that are cogent and should be integrated rationally and analytically.

EXERCISE SITUATIONAL LEADERSHIP

As a brief aside, I want to share an early career experience: As a first line supervisor, I observed managers receiving favors from vendors ranging from receiving substantial gifts to having services provided at their homes. This seemed to be the way business was conducted. It was fairly blatant. As a young person unfamiliar with company policy, I thought, “How great it must be to be a manager.” At the same time, I observed very different standards and policies being applied to others. The old adage “do as I say,

not as I do” was alive and well. I truly believe that for a period of time, I wasn’t sure what was appropriate or inappropriate. My personal values created a tension that led me to question why this conduct was considered acceptable. I can tell you that a few years later, this behavior was addressed and corporate policy was clarified with stronger language to prohibit this type of vendor relationship. However, this was not before a major issue surfaced that resulted in terminations.

When leadership's values are applied inconsistently or when the values are not clearly defined, people become overly preoccupied with second-guessing intentions or adjust their values to justify actions, as opposed to choosing actions that are true to organizational values. Regardless, the impacts are manifested in measurable inefficiencies. Within these environments, behaviors often range from positive and engaged to undermining and destructive.

The reluctance to address what may be deeply rooted cultural mores that inhibit collaboration, greater synergy, and high performance may be a function of:

- » Ignorance to the importance of culture,
- » A concern that the remedies require significant effort and time,
- » Leadership's trepidation that the fault and solution points to them,
- » Hesitancy to present solutions that are much less analytical and discrete than they are psychological, emotional, and affective.

In such organizations, it is not at all unusual for a plethora of projects to be developed to address, and more often than not re-address, symptoms. These symptoms are often easier to describe and attack than the root causes,

especially when these root causes are embedded in human attitude and disposition. It is, after all, the hearts and spirits of those who apply critical human intervention that determine whether the organizational organism functions well or is plagued with maladies. Much like a strong and otherwise healthy individual who is stricken with illness, organizations are easily debilitated by negative cultural influences and confused values. The strength and potential lies dormant. Leaders either provide the cure and nourishment or spread the disease.

It should be apparent that I hold leadership responsible for the culture of an organization whether it exists by design or by default. Organizations that exhibit incongruent values and multiple micro-cultures are reflecting the inconsistencies that exist among leaders at the top. You can bet on this! Within my own organization, I continually remind the management staff that even a slight degree of variation of values among us, as represented through our behavior, communication, and all other interactions, will lead to an erosion of our culture and the values that form its foundation. In no way does this imply that we always agree on all directions, decisions, strategies, and other elements of managing the business. Actually, it is our common and consistent values that allow us to freely and openly present our varying perspectives and opposing points of views to produce the best scenarios.

CHARACTERISTICS OF GREAT CULTURE

I've made many references to culture and the advantages of a values-based culture, but have not defined the characteristics of a great culture. It is virtually impossible to pursue an objective and have others passionately joined in the journey if the culture is not clearly defined. When I refer to a great culture, it is one that that is characterized by the following elements:

- » Truthful and honest internal and external interactions
- » Ethical and moral – doing what is socially responsible and just
- » Respectful – treating everyone with dignity
- » Transparent – sharing information openly
- » Continuously improving and learning
- » Collaborative – active teamwork
- » Friendly and fun
- » Selfless and caring – heartfelt obligation for others' well being
- » Nurturing – investing and developing others' potential
- » Innovative – welcoming, considering, and applying new ideas
- » Socially responsible



No organization can hope to achieve and sustain high performance without these attributes being continuously displayed and nurtured by its leaders. While it is beneficial to identify, define, and document an organization's values, this is only a small (and the easiest) part of what is required to build and sustain the culture. Too often leaders rely on messaging to get the job done when what is most important is leadership's example. Actions always speak louder than words!

In concert with leadership's example is leadership's responsibility to continually support values through reinforcement, promotion, assessment, and accountability. Like other key performance metrics, values conformance must be integrated into the organizational performance evaluation process, both on an individual and collective basis.

Most organizations display one or several of the above-noted values. It is not important that leadership chooses all of those that I have identified, as these reflect my personal choices. What is important is that the values which will apply to all interactions and transactions be clearly defined and understood.

It also is true that some organizations have achieved significant success without a values-based culture. I contend that these organizations have relied upon other motivators to catalyze members' engagement. These include: individual rewards and recognition, the opportunity to work toward an exciting strategic objective, and a variety of other effective engagement influences. While these are important, I maintain that individual and collective engagement and performance will eventually erode in the absence of a values-based culture. However, applying critical motivators with a living or actualized values-based culture results in sustainable performance. Individuals understand and appreciate that there is no absolute end, rather a journey designed to continually provide meaning and serve the greater good and purpose.

Leaders seeking to establish a values-based culture and legacy of continued organizational success and contribution to the greater good must accept that the essential requirement is trust. A leader's highest priority should be gaining the trust of his/her members. Without trust, the leader is a person in a role of authority, not influence. Authority may be effective, but it is also short-lived. Trust, on the other hand, creates the possibility of loyalty and, loyalty earned is the greatest testament to a leader's ability to guide. Loyalty is an engagement of the heart as well as the intellect, which is the reason it is so powerful.

An organization that commits its hearts and talents is unstoppable! This has been proven time and time again. The act of personal commitment unlocks tremendous potential and represents a powerful organizational force that can be applied to the strategic intents of the organization. However, loyalty as a leadership pursuit is akin to reputation, that is, it is never complete and secure. It must be earned and re-earned on a continuum. Great leaders understand and accept this challenge willingly.

Oftentimes, leaders expect to be trusted by default. They assume that by moving into a leadership role within the organization, they will naturally be trusted. After all, there is no precedent for judgment. This is simply not the case -quite the contrary. Like it or not, when we move into a leadership role, we inherit the good and bad reputations of those who preceded us.



A LEADER'S HIGHEST PRIORITY SHOULD BE GAINING THE TRUST OF HIS/HER MEMBERS

I learned this hard reality early in my career when I moved into a managerial position. I represented management and therefore was "inheriting" its brand or reputation. This brand was developed through the actions and behavior of other members of management, past and present. I readily recount the numerous times when I had to remind people in my organization that while I was a member of management, I expected to be held accountable for my decisions, actions, and behaviors. I will also share that with each group that I was privileged to lead, it took time and consistent behavior and actions to shed the brand that was passed on to me and establish my own.

Establishing a leadership brand or a personal brand is not a "one and done" project; it is a lifetime venture that relies on consistency in action and behavior. Leaders' values should be consistent and at the core of our brand. While our experiences add dimensions to our brand, the core remains consistent. The same should hold true for an organization. The organization's products and services will likely change as the environment and customers drive evolving needs. However, the core elements of the brand, or the soul of the brand, as defined by organizational values, should be consistent and timeless. Consider the powerful marketing advantage of an organization that has earned the trust and confidence of consumers or stakeholders. This trust and confidence is not attainable without a leader's obsession with earning the trust of his or her organization.

We live in times of unprecedented mistrust for leaders. Half of Americans don't vote in presidential elections, many because they believe no politician can be trusted. My home state, Illinois, has developed a reputation as one of the most corrupt in the United States, and for good reasons. Companies, once powerful competitive forces, have been devastated by dishonest leaders with a ravenous thirst for wealth and power. Religious institutions

choose issue avoidance and protectionism rather than truth and adherence to doctrine. Not-for-profits once lauded for great contributions to society and the less fortunate are exposed for fraud and financial misappropriation of funds. It is clear that lapses in honesty and ethical disposition are not exclusive to leaders in any particular segment of our society.

"NAKED" LEADERSHIP DEFINED

At no time in our history have we needed naked leaders more than at present. These are individuals in leadership roles who live and broadcast their values in all situations through words, action, and behavior. They also insist that their core values govern the conduct of the entire organization, thereby establishing a code that drives deliberation.

If you were to conduct a survey in your organization and ask some basic questions of the respondents about your values, are you confident the responses will be what you anticipate and desire?

Naked leaders possess the following characteristics that form the core of their brands:

- » Uncompromising honesty and integrity
- » Cannot be "bought"
- » Have a heartfelt concern for the well-being of others
- » Are giving
- » Extend trust to earn trust and loyalty
- » Measure self-worth through positive influence
- » Comfortable expressing emotions and displaying vulnerability
- » Love to interact and communicate
- » Treat everyone with respect and dignity
- » Strive to establish long-term organizational health
- » Desire to leave a positive legacy and work with purpose
- » Courageous when values are tested
- » For them, business is personal

Naked leaders, more than anything else, are authentic. What you see is what you get. They view leadership as an awesome privilege and opportunity to serve and influence. While we've never needed naked leaders more than today, it has never been more difficult to fulfill the role.

Our modern society creates expectations for immediate gratification. We are inundated with propaganda that tries to convince us that we deserve whatever we want and should expect to have it now. Possessions and power are thought to be validations of success. It is sad when leaders (or anyone for that matter) use these metrics to define themselves and their levels of success, because they buy into a quest that is insatiable. This is the only explanation for the significant greed and corruption precipitated by individuals who, by any standard, are or were already considered wealthy and/or powerful (e.g., Bernard Madoff, Rajat Gupta (Goldman Sachs), Martha Stewart, Dennis Kozlowski (Tyco), Tony Rezko, Rod Blagojevich, Susan J. Komen For the Cure organization). The old adage, "power corrupts and absolute power absolutely corrupts" is being repeatedly proven.



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In the City of Chicago and the County of Cook, one can surely argue that we no longer enjoy a multiple party system for electing local officials. So many jobs are being controlled by the established party that it is becoming almost impossible for anyone to challenge an incumbent or "machine endorsed" candidate. The corruption will continue until the system implodes, more people are impacted directly and revolt, or a very brave leader willing to be exposed to threats and intimidation inspires others to take a stand.

Unfortunately, politicians, who have had dramatic impact on our lives, are now the least trusted. A New York Times/CBS poll finds that distrust of government is at its highest level ever, with 89% of Americans saying they distrust government to do the right thing, 74% saying the country is on the wrong track, and 84% saying they disapprove of Congress.²

In order for leaders not to fall prey to the intoxication of power and possessions and all of the pleasures that seemingly go hand in hand, there must be a more powerful counterforce and influence that drives righteousness, regardless of the temptations. We refer to this counterforce as our moral conscience or moral compass. In our world of relativity, it is becoming increasingly difficult to apply absolute standards. Relativity has, by design, confused even what we once held as basic truths. Unfortunately,

relativity has allowed some leaders to rationalize and justify unethical conduct. This justification makes it increasingly imperative for naked leaders to clearly express the values and philosophies that will govern organizational conduct and highlight those values that are considered absolute. In other words, infractions

will be faced with a zero tolerance disposition. In my organization, we go to significant lengths to describe our culture during the interview process. Our goal is to ensure candidates understand our expectations for conduct. We explain that lying, even once, results in termination. We also describe other attributes of our culture and our intent to preserve and strengthen it as the business grows. Lastly, we ask candidates to reject our offer if they are not aligned with our values because we have no intention of accommodating a different set of values. By being honest and transparent with our candidates, we afford them the opportunity to decide whether they want to be a member of our professional family. Getting the right people on board is critical to sustaining the culture. The interviewing and hiring processes are critical to growing the organization right, and we as leaders and managers are significantly invested in this process. When it comes to hiring, even with the greatest amount of deliberation and scrutiny, there is no guarantee of success. Leadership has a responsibility to respond when it has determined that an individ-



ual's conduct violates or is subversive to the organization's values. Leaders who allow misaligned conduct lose credibility, just as they do for tolerating poor performance. Too often, leaders rationalize that because individuals may be talented and provide value it is acceptable that they do not "play well" with the team. Tolerating any behavior that conflicts with an organization's values is a dangerous and slippery slope. It is a direct reflection on the leader's credibility and commitment to the values. As a result, trust is diminished.

Naked leaders understand that they are under surveillance seven days a week, 24 hours a day. They don't have one set of standards that govern their personal lives and another that governs their professional lives. We have many examples of individuals who attempted to play that game. Truth is self-evident and is eventually manifested;

sometimes it takes years or decades. Conversely, deception and lies cannot be sustained for they are illusions lacking essence and substance. What does not exist cannot be made to exist by perception.

The popular notion that perception is reality is simply not true; the more accurate statement is that perception may be reality for the perceiver. John Edwards, one of our recent presidential candidates, did a great job creating the image of a caring, family-oriented, devoted husband. This created a perception that many loyal supporters believed. It was not real. During the Enron debacle, President and COO Jeffery Skilling created the perception that the company was fiscally sound. Employees, many of whom were stock holders, believed this perception; it wasn't reality and many lost their entire retirement savings. We have political leaders who have invested a lifetime in office creating a perception that they are crusaders for the working class while their political tactics have increased dependency on government. We have leaders of religious institutions burying the truth rather than facing the fact that clergy are human beings, both vulnerable and corruptible. I could go on and on citing literally hundreds of moral and ethical lapses within the ranks of leaders. There is hardly a group that has been exempt of infractions.

What we have created is a general mindset that no one, or at best a very few, deserves our trust. This establishes a huge challenge for leaders who choose not be subjected to this premise or perception. Those who accept the challenge require great fortitude. These naked leaders develop, out of necessity, an obsession for swimming upstream. They know that truth is powerful and that once they earn the trust of their constituents, it enables them to

the organization.

Naked leadership and a strong, positive, values-based culture in and of themselves do not guarantee the success of an enterprise. Other factors and influences that involve markets, services, products, finance management, and a host of other influences are also critically important. Nonetheless, the most difficult competitive advantage to replicate is culture. It cannot be created overnight.



LIFE AND PROFESSION ARE MUCH MORE FUN, REWARDING, AND PRODUCTIVE WHEN YOU TRUST AND ARE TRUSTED.

unlock great potential. This is the potential that resides within individuals to commit to a cause and greater purpose. With trust, leaders are able to instill organizational values that become real and a source of organizational unity, in good times and it bad. Living (recognized and consistently applied) organizational values creates a great sense of security for its members. From a practical standpoint, values are essential to creating organizational alignment and cohesion. Pick up any business text on organizational design and strategy and you will see reference to the need to define vision and values. Unfortunately, as I noted earlier, most organizations understand this but fall short of full integration.

Naked leaders are motivated by possibilities unleashed when a strong, cohesive organizational culture is established. They also realize that in order for the culture to be perpetuated, those considered for managerial roles must exhibit a consistent application of and dedication to the organization's values. They too have to become naked to

Insightful leaders understand this and invest greatly in nurturing their cultures. Prior competitive advantages have or are evaporating. More intellectual property is available for sale, technology can be purchased and applied, market boundaries are no longer barriers, derivative ideas can be quickly developed to defeat patents, and human resources can be acquired with better compensation packages.

In my experience, the best cultures I have observed are within privately held companies. It certainly is a reasonable assertion considering the fact that publically traded companies have, for the most part, developed a short-term (quarter-to-quarter) mentality.

If you have aspirations of making a profound and sustaining positive influence in your organization, I challenge you to become a naked leader and get others naked along the way. Life and profession are much more fun, rewarding, and productive when you trust and are trusted.

About the Author

C. Richard Panico is the founder, president, and CEO of the project management consulting firm Integrated Project Management Company, Inc. (IPM). From 2001 to 2007, Rich served as chair of Chicago's DePaul University Institute for Business and Professional Ethics and continues to be an active member of its board of directors. He is actively recruited by organizations to present his philosophies on ethical conduct in the corporate world. IPM was the subject of a study for a book entitled, "It's My Company Too," which examined the culture of several successful companies that share a common thread of employee "entanglement." Additionally, IPM was the subject of a year-long study published by Benedictine University's

Center for Values-Driven Leadership that correlates a values-driven culture with financial success. In 2014, IPM's CEO's writings were published as a chapter of a book espousing the benefits of values-based leadership entitled, "Leadership...It's Always Personal" in the book entitled, "Lenses of Leadership."

Founded in 1988, IPM has served over 300 clients across 3,600 projects, delivering measurable results. The company is headquartered in Chicago and has regional offices in Boston, Los Angeles, Minneapolis, New Jersey, San Francisco, and St. Louis. For further information, visit www.ipmcinc.com or call 630-789-8600.

¹"Is Lack of Trust in Leadership Causing People to Jump Ship?" www.hrmorning.com, Tim Gould, October 21, 2011

²"New Poll Finds a Deep Distrust of Government," *New York Times*, Jeff Zeleny and Megan Thee-Brenan, October 25, 2011