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Leadership—What Is It?

CEOs tell us that their most pressing need is for more leaders in their organizations—not the consummate role-players who seem to surround them.

—Rob Goffee and Gareth Jones

Gary Yukl (2006) defines leadership as "the process of influencing others to understand and agree about what needs to be done and how to do it, and the process of facilitating individual and collective efforts to accomplish shared objectives" (p. 8). Peter Northouse (2007) defines leadership as "a process whereby an individual influences a group of individuals to achieve a common goal." These definitions suggest several components central to the phenomenon of leadership. Some of them are as follows: (a) Leadership is a process, (b) leadership involves influencing others, (c) leadership happens within the context of a group, (d) leadership involves goal attainment, and (e) these goals are shared by leaders and their followers. The very act of defining leadership as a process suggests that leadership is not a characteristic or trait with which only a few, certain people are endowed with at birth. Defining leadership as a process means that leadership is a transactional event that happens between leaders and their followers.

Viewing leadership as a process means that leaders affect and are affected by their followers either positively or negatively. It stresses that leadership is a two-way, interactive event between leaders and followers rather than a linear, one-way event in which the leader only affects the followers. Defining leadership as a process makes it available to everyone—not just a select few who *are born with it.* More important, it means that leadership is not restricted to just the one person in a group who has formal position power (i.e., the formally appointed leader).

Leadership is about influence—the ability to influence your subordinates, your peers, and your bosses in a work or organizational context. Without influence, it is impossible to be a leader. Of course, having influence means that there is a greater need on the part of leaders to exercise their influence ethically.

Leadership operates in groups. This means that leadership is about influencing a group of people who are engaged in a common goal or purpose. This can be a small Center for

Management Development in a business school with a staff of four, a naval ship with a ship's company of 300 (a destroyer) or 6,000 (an aircraft carrier), or a multinational enterprise such as Starbucks with more than 10,500 stores worldwide and in excess of 100,000 partners (employees). This definition of leadership precludes the inclusion of leadership training programs that teach people to lead themselves.

Leadership includes the achievement of goals. Therefore, leadership is about directing a group of people toward the accomplishment of a task or the reaching of an endpoint through various, ethically based means. Leaders direct their energies and the energies of their followers to the achievement of something together—for example, hockey coaches working with their players to win a championship, to win their conference, to have a winning (better than 0.500) season, or to have a better won-lost percentage than last season. Thus, leadership occurs, as well as affects, in contexts where people are moving in the direction of a goal.

Leaders and followers share objectives. Leadership means that leaders work with their followers to achieve objectives that they all share. Establishing shared objectives that leaders and followers can coalesce around is difficult but worth the effort. Leaders who are willing to expend time and effort in determining appropriate goals will find these goals achieved more effectively and easily if followers and leaders work together. Leader-imposed goals are generally harder and less effectively achieved than goals developed together.

In this casebook, those who exercise leadership will be referred to as leaders, while those toward whom leadership is exercised will be referred to as followers. Both are required for there to be a leadership process. Within this process, both leaders and followers have an ethical responsibility to attend to the needs and concerns of each other; however, because this casebook is about leadership, we will focus more on the ethical responsibility of leaders toward their followers. Finally, it needs to be said that leaders are not better than followers, nor are they above followers. On the contrary, leaders and followers are intertwined in a way that requires them to be understood in their relationship with each other and as a collective body of two or more people (Burns, 1978; Dubrin, 2007; Hollander, 1992).

In the previous paragraphs, leadership has been defined, and the definitional aspects of leadership have been discussed. In the next few paragraphs, several other issues related to the nature of leadership will be discussed: how trait leadership is different from leadership as a process, how emergent and appointed leadership are different, and how coercion, power, and management are different from leadership.

Trait Versus Process

Statements such as "She is a born leader" and "He was born to lead" imply a perspective toward leadership that is trait based. Yukl (2006) states that the trait approach "emphasizes leaders' attributes such as personality, motives, values, and skills. Underlying this approach was the assumption that some people are natural leaders, endowed with certain traits not possessed by other people" (p. 13). This is very different from describing leadership as a process. In essence, the trait viewpoint suggests that leadership is inherent in a few, select people and that leadership is restricted to only those few who have special talents with which they are born (Yukl, 2006). Some examples of traits are the ability to speak well, an extroverted personality, or unique physical characteristics such as height (Bryman, 1992). Viewing leadership as a process implies that leadership is a phenomenon that is contextual and suggests that everyone is capable of exercising leadership. This suggests that leadership can be learned and that leadership is observable through what leaders do or how they behave (Daft, 2005; Jago, 1982; Northouse, 2007).

Assigned Versus Emergent

Assigned leadership is the appointment of people to formal positions of authority within an organization. Emergent leadership is the exercise of leadership by one group member because of the manner in which other group members react to him or her. Examples of assigned leadership are general managers of sports teams, vice presidents of universities, plant managers, the CEOs of hospitals, and the executive directors of nonprofit organizations. In some settings, it is possible that the person assigned to a formal leadership position may not be the person that others in the group look to for leadership.

Emergent leadership is exhibited when others perceive a person to be the most influential member of their group or organization, regardless of the person's assigned formal position. Emergent leadership is being exercised by a person when other people in the organization support, accept, and encourage that person's behavior. This way of leading does not occur because a person is appointed to a formal position but emerges over time through positive communication behaviors. Fisher (1974) suggested that some communication behaviors that explain emergent leadership are verbal involvement, keeping well informed, asking other group members for their opinions, being firm but not rigid, and the initiation of new and compelling ideas (Fisher, 1974; Northouse, 2007).

The material in this casebook is designed to apply equally to emergent and assigned leadership. This is appropriate since whether a person emerged as a leader or was assigned to be a leader, that person is exercising leadership. Consequently, this casebook uses cases that focus on the leader's "ability to inspire confidence and support among the people who are needed to achieve organizational goals" (Dubrin, 2007, p. 2).

Leadership and Power

Power is related to but different from leadership. It is related to leadership because it is an integral part of the ability to influence others. Power is defined as the potential or capacity to influence others to bring about desired outcomes. We have influence when we can affect others' beliefs, attitudes, and behavior. While there are different kinds of power, in organizations, we consider two kinds of power—position power and personal power. Position power is that power that comes from holding a particular office, position, or rank in an organization (Daft, 2005). A university president has more power than a dean of a business school, but they both have formal power.

Personal power is the capacity to influence that comes from being viewed as knowledgeable and likable by followers. It is power that derives from the interpersonal relationships that leaders develop with followers (Yukl, 2006). I would argue that when leaders have both position and personal power, they should use personal power a vast majority of the time. Overuse of position power may erode the ability of a leader to influence people. Of course, it is important to know when it is most appropriate to use position power and to be able and willing to use it (Daft, 2005).

Power can be two-faced. One face is the use of power within an organization to achieve one's personal goals to the detriment of others in the organization. The other face is that power that works to achieve the collective goals of all members of the organization, sometimes even at the expense of the leader's personal goals.

Leadership and Coercion

Related to power is a specific kind of power called coercion. Coercive leaders use force to cause change. These leaders influence others through the use of penalties, rewards, threats, punishment, and negative reward schedules (Daft, 2005). Coercion is different from leadership, and it is important to distinguish between the two. In this casebook, it is important for you to distinguish between those who are being coercive versus those who are influencing a group of people toward a common goal. Using coercion is counter to influencing others to achieve a shared goal and may have unintended, negative consequences (Dubrin, 2007; Yukl, 2006).

Leadership and Management

Leadership is similar to, and different from, management. They both involve influencing people. They both require working with people. Both are concerned with the achievement of common goals. However, leadership and management are different on more dimensions than they are similar.

Zaleznik (1977) believes that managers and leaders are very distinct, and being one precludes being the other. He argues that managers are reactive, and while they are willing to work with people to solve problems, they do so with minimal emotional involvement. On the other hand, leaders are emotionally involved and seek to shape ideas instead of reacting to others' ideas. Managers limit choice, while leaders work to expand the number of alternatives to problems that have plagued an organization for a long period of time. Leaders change people's attitudes, while managers only change their behavior.

Mintzberg (1998) contends that managers lead by using a cerebral face. This face stresses calculation, views an organization as components of a portfolio, and operates with words and numbers of rationality. He suggests that leaders lead by using an insightful face. This face stresses commitment, views organizations with an integrative perspective, and is rooted in the images and feel of integrity. He argues that managers need to be two-faced. They need to simultaneously be a manager and a leader.

Kotter (1998) argues that organizations are overmanaged and underled. However, strong leadership with weak management is no better and may be worse. He suggests that organizations need strong leadership and strong management. Managers are needed to handle complexity by instituting planning and budgeting, organizing and staffing, and controlling and problem solving. Leaders are needed to handle change through setting a direction, aligning people, and motivating and inspiring people. He argues that organizations need people who can do both—they need leader-managers.

Rowe (2001) contends that leaders and managers are different and suggests that one aspect of the difference may be philosophical. Managers believe that the decisions they make are determined for them by the organizations they work for and that the organizations they work for conduct themselves in a manner that is determined by the industry or environment in which they operate. In other words, managers are deterministic in their belief system. Leaders believe that the choices they make will affect their organizations and that their organizations will affect or shape the industries or environments in which they operate. In other words, the belief systems of leaders are more aligned with a philosophical perspective of free will.

Organizations with strong management but weak or no leadership will stifle creativity and innovation and be very bureaucratic. Conversely, an organization with strong leadership and weak or nonexistent management can become involved in change for the sake of change—change that is misdirected or meaningless and has a negative effect on the organization. Bennis and Nanus (1985) expressed the differences between managers and leaders very clearly in their often quoted phrase: "Managers are people who do things right and leaders are people who do the right thing" (p. 221). Implicit in this statement is that organizations need people who do the right thing and who do the "right things right."

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The Cases

Food Terminal (A)

In this case, a recently appointed store manager at a wholesale food company must make some decisions regarding management and leadership. The store is losing $10,000 per week, sales are spiraling downward, the key people in the company do not want him there, and employee morale is terrible.

AmeriChem, Inc.

An AmeriChem, Inc. plant was maligned at a corporate board meeting with accusations of general abuse of alcohol and drunkenness on the job. The health and safety manager knew that the groundless claims could completely destroy the plant's already doubtful reputation, and he had to decide whether to respond and how. The problems are analytically challenging and not clearly defined; they concern the difference between the interrelation of individual and collective interests.

The Reading

Are YOU a Leader-Breeder?

Will you be a leader-breeder or a leader-blocker? In this reading, one leadership expert describes the behaviors of a leader-breeder and briefly contrasts them with the behaviors of leader-blockers. This expert argues that leader-breeders hire and mentor high-potential individuals. In addition, they attract, retain, and develop talented people irrespective of their academic background. Leader-blockers hire easy-to-manage people and do not mentor or coach effectively.

The Food Terminal (A)

Prepared by Leo J. Klus under the supervision of John F. Graham

 Version: (A) 2001-08-10

In July 1991, three months after graduating from the Western Business School, 23-year-old Mike Bellafacia knew that he was in for a rough ride.

> When I arrived at the store, the staff morale was terrible. The previous manager had made a mess of things, the recession was hitting home, sales were spiralling downward quickly, and my store was losing $10,000 per week. To make matters worse, most of the key people in the company felt that I didn't deserve the store manager's position.

As the recently appointed store manager of the newest Foodco location in St. Catharines, Ontario, Mike knew that he had to turn the store around by improving its financial performance and the employee morale. He also knew that something had to be done immediately because the losses at this store were seriously affecting the entire company.

Foodco Ltd.

Foodco Ltd. (FC), with its head office located in St. Catharines, Ontario, was a large player in the Niagara Peninsula grocery retailing industry. FC, a retailer in this market since 1962, was currently made up of seven stores: three St. Catharines locations, one Welland location, one Port Colborne location, and two Lincoln locations. Most of the ownership and key management positions were held by Frank Bellafacia, Tony Bellafacia, and Rocco Bellafacia, as shown in Exhibit 1. Selected financial ratios for FC are shown in Exhibit 2.

FC had created a powerful presence in this industry by developing and refining a strategy that worked. Their product offering was that of any typical supermarket: groceries, meats, bakery and dairy items, packaged foods, and nonfood items. Each store carried eight to ten thousand

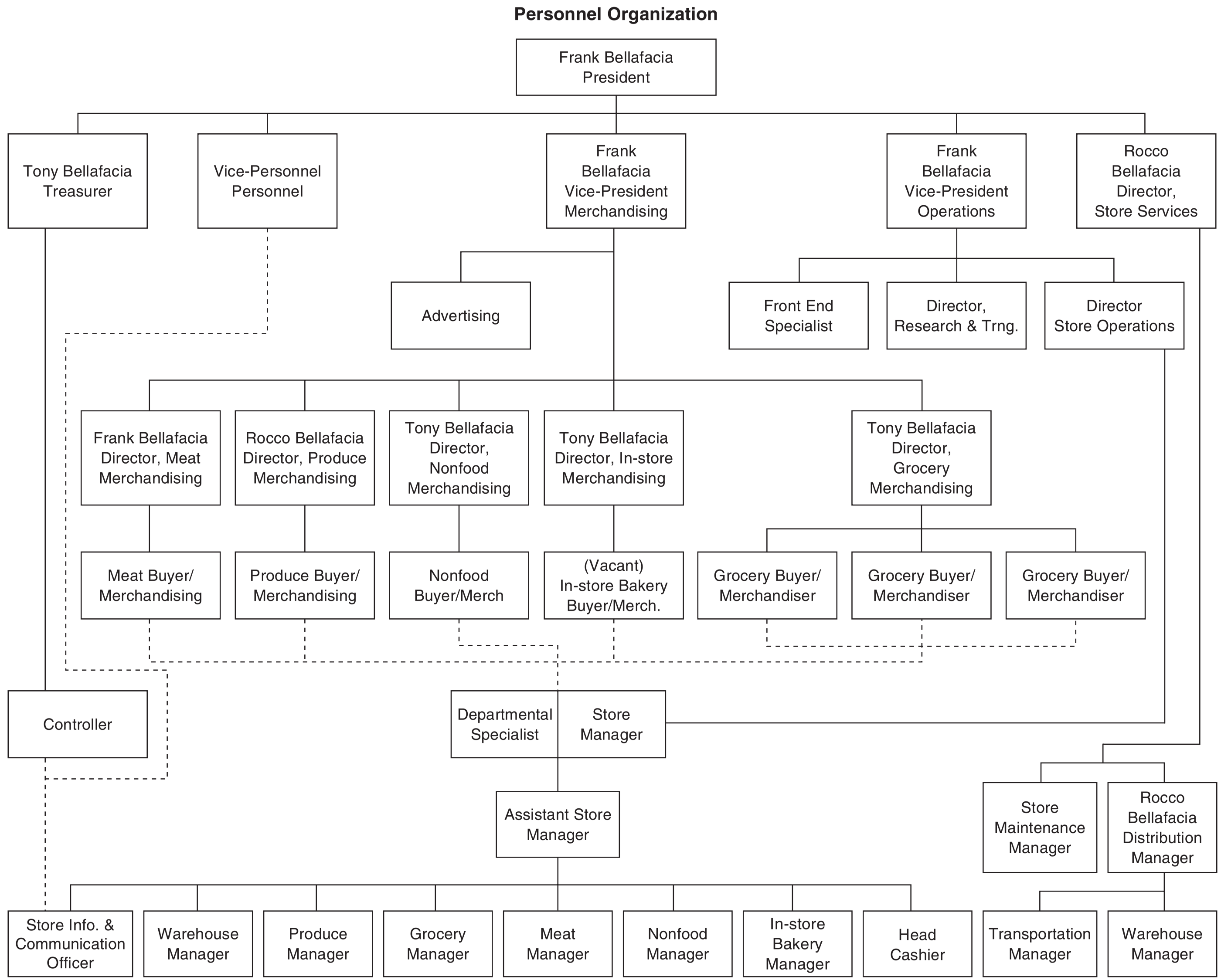

Exhibit 1 Personnel Organization Chart

	1986	1987	1988	1989	1990
PROFITABILITY					
Cost of goods sold	81.2%	80.2%	79.7%	78.7%	78.3%
Operating expenses	19.4%	18.7%	19.1%	19.6%	19.8%
Net income before tax	–1.1%	0.5%	0.3%	0.7%	0.7%
RETURN					
After-tax return on equity	0.0%	715.0%	n/a	725.0%	94.2%
STABILITY					
Interest coverage*	1.28x	1.36x	1.05x	1.19x	2.37x
LIQUIDITY					
Net working capital ($000)*	(1,447)	(2,051)	(13)	(316)	(243)
GROWTH					
Sales		26.0%	10.7%	14.1%	15.5%
Assets*		16.7%	3.8%	11.2%	9.6%
Equity*		–0.3%	1.2%	4.9%	19.5%

Exhibit 2 Selected Financial Ratios

*Denotes a ratio calculated from the statements of Bellafacia's Consolidated Holdings Inc.

different items. FC planned to widen the selection available by adding more lines and to follow a general trend in consumer preferences toward an increased percentage of nonfood items in the product mix. Central to FC's strategy was a well-managed marketing effort. Weekly flyers were distributed that highlighted five or six items. FC priced these items below cost to draw customers. The rest of the flyers' products were representative of all the product groups. FC's ability to differentiate itself from the other competitors centred on its corporate vision: low food prices and fast, friendly service. Central to the FC competitive strategy was the mandate to be the low-price leader among conventional supermarkets, during good and bad economic times. Mike Bellafacia stated: "This is a no frills and low price store for a no frills and low price clientele. Most markets are shifting in this direction." FC had developed aggressive expansion plans with six stores being considered for development.

The Retail Grocery Industry

The job of managing the store and the staff became crucial to the overall success of FC given the demanding challenges in the industry. The industry was shifting from a simple mass market to a spectrum of distinct, serviceable segments. A recent statistic stated that 30 percent of consumers switch stores every year. Moreover, a new Food Marketing Institute study found that consumers buy on the basis of the following criteria (ranked in decreasing priority): service, quality products, variety, and low prices. Thus, there was now more opportunity for competitive differentiation based on service and on quality than on price alone.

There were tremendous opportunities for niche players to enter the market, and such entrants had been observed. Health and organic food stores, fruit markets, and independent single-commodity stores (i.e., pet food stores)

Exhibit 3 Front Page of the Weekly Flyer

emerged and were servicing their target segments more effectively than the supermarkets were willing or able to do. Consumer demands varied from region to region, and many small independent retail grocers emerged to meet these demands both in the Niagara Peninsula and across all of Ontario. These independents managed not only to survive, but to take sizable portions of market share from the major chains. This shift toward niche marketing and catering to the local market outlined the need to employ store managers who understood how to please and retain the local customer.

The Role of the Store Manager

The success of FC depended upon each of the seven store managers operating his/her store consistently with the corporate strategy. Traditionally, the road to store manager (SM) began within one of the stores at a lower management position. The family culture within each Food Terminal location was very important to FC management. Thus, store managers were selected from within the company to ensure a leader who understood the FC vision and values. Five managers reported directly to the SM, as shown in Exhibit 4, and their development was an important job for the SM. The SM position became increasingly more important at FC. Many of the current SM functions that used to be handled by the head office were delegated downward to the store level to allow head office to focus on overall company strategy. The stores were now more attuned to the local market they serve. An SM was responsible for the following:

1. Ensuring that merchandising skills were strong among all department managers;
2. Monitoring local market information;
3. Focusing staff on organizational goals (such as sales, gross margin, and profit goals);
4. Organizing weekly staff meetings;
5. Developing all employees and encouraging staff training;
6. Generating and producing sales, gross margin, and profit objectives;
7. Meeting cost objectives (motivating the staff to be cost conscious);
8. Analyzing the performance of each inter-store department; and
9. Attending FC "Top Management Meetings" (TMMs).

Mike Bellafacia's Background

Mike Bellafacia graduated from The University of Western Ontario with an Honors Business Administration degree (HBA). During his summers at university, he was assigned special projects from his father that focused on a variety of company problems. Mike would combine the analytical skills developed in the business school with his knowledge of the family business to address these issues. In his last year in the HBA program, Mike and a team of student consultants spent the year focusing on the long-term strategy and competitive advantage of FC. They examined every aspect of the company and developed many strategic recommendations for the top management at FC.

Upon graduation, Mike decided to work for FC. He planned to start off working in some of the various departments (i.e., the produce department) and at different stores within FC to work his way up in order to get the experience he needed to manage a store. This would have allowed him the opportunity to work under some of the most knowledgeable managers in the company. He didn't expect to be store manager so soon.

The Scott & Vine Location: The First Month

Mike's career at FC was supposed to begin in one of the departments in the company. Both Mike and FC management felt strongly about that. However, while Mike was on vacation in May, FC management made a chancy decision. As of June 1, 1991, Mike Bellafacia would take over the SM position at the Scott and Vine location from the existing SM. The store's performance was deteriorating, and Mike was expected to change things. Mike reflected on the first week at the three-month old location:

> When I first started I was extremely nervous. The district supervisor brought me to the store to have a meeting with the department managers, and I could see the look of disappointment in their eyes. Most of these managers had been forced to move to this new store from other locations. The staff morale was definitely low to begin with. Combined

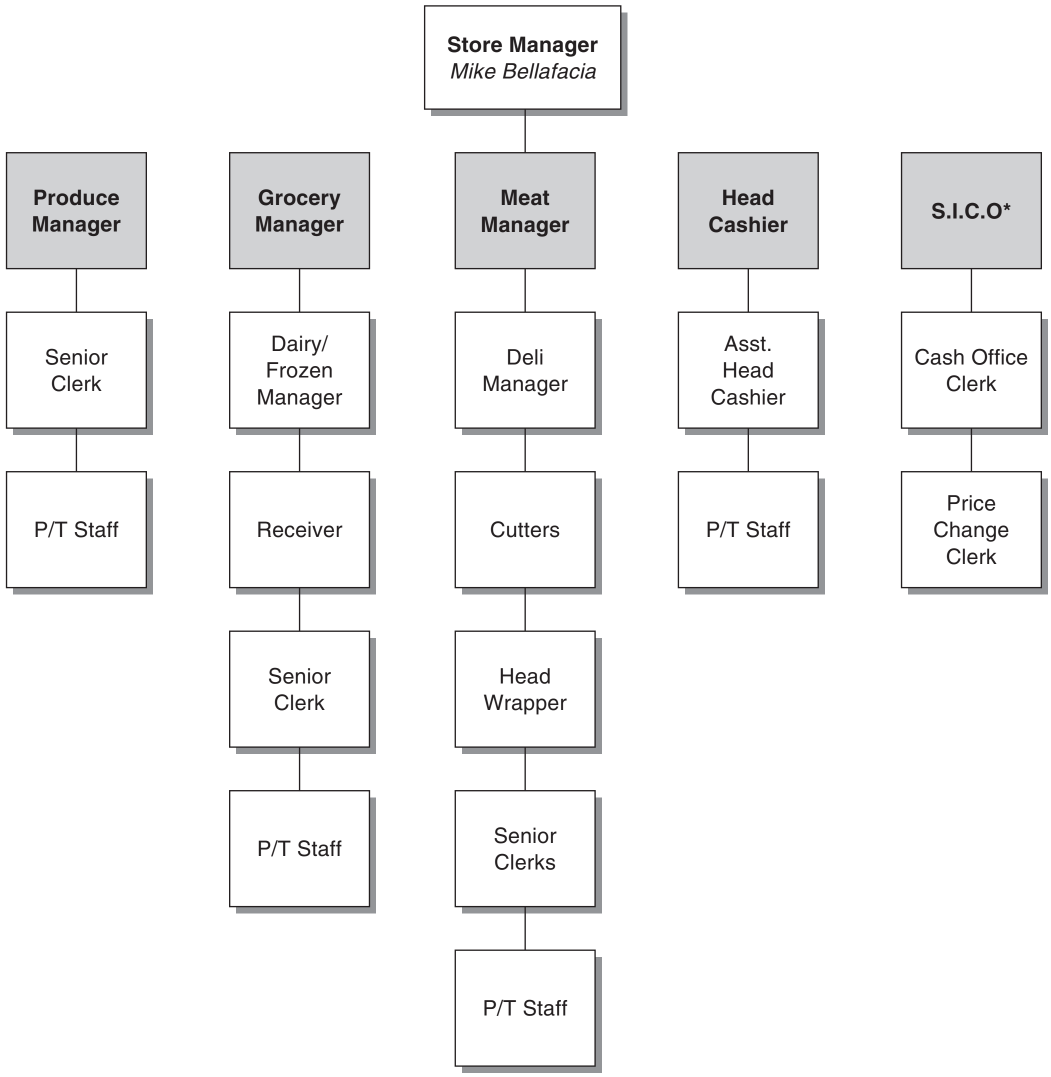

Exhibit 4 Scott & Vine Organizational Chart

*Store Information and Communications Officer. Responsible for maintaining the lines of communication between the store and head office.

> with the fact that I am the boss's son, they probably assumed that I was sent to check on them.

After getting settled in, Mike began to realize that something was terribly wrong at the Scott and Vine food terminal. The store was not producing a bottom line, and many of the 95 employees were not performing well. Mike commented:

> This building used to be a Food City that was on the verge of closing down. We acquired it and

> picked up where they left off. The task I had was to get above average performance from an average staff. They were just not driven to succeed, were poorly trained, and many of them, especially the managers, didn't want to be there.

The previous manager had performed poorly by FC standards. Although he had been an SM at other grocery stores, he was unable to create a productive atmosphere at this one. When this location opened, the sales level was $160,000 per week, but by Mike's first month it had dropped by 17 percent. FC management expected this location to be operating at over $200,000 per week. The other St. Catharines stores were operating at over $350,000 per week. They had a long way to go.

What took place at the Scott and Vine location was a symptom of a more serious problem: the performance of FC as a whole. Mike explained the situation:

> Some of what was happening here can be attributed to FC. They became fat cats and, in the process, they lost touch with the customers. Pricing had gone way out of line, cross-border shopping was cutting into our bottom line, and our marketing efforts were poor. The weekly ads that are developed by head office for all the stores were not drawing in customers like they used to. As a result, we had no word-of-mouth advertising which is so essential to a retail outlet. When our sales across the board went down, we had only ourselves to blame.

Sorting Through the Disorder

The job of managing the Food Terminal was overwhelming, and the problems were endless. Some of the more prevalent problems are listed below:

1. Product rotation (a job monitored by department managers and very important for customer satisfaction) was handled improperly.
2. It was not uncommon to find empty counters and shelves.
3. The staff paid very little attention to cleanliness. (Customers complained about this.)
4. Customers were not treated with respect by those employees who had frequent contact with them.
5. Department managers were doing a poor job of managing and motivating the employees in their departments.
6. Department sales and gross profit results were poor. (See Exhibit 5 for a breakdown of departmental sales and gross profit figures.)

Difficulties arose within the staff that made the SM job even more strenuous. Mike described the situation:

> There were a lot of people problems that I had to face. The weekly staff meetings we had together were a joke. Instead of a time to interact and solve problems together, it was just a waste of time. As well, the entire staff was demoralized due to the continual failure to meet monthly performance goals since the store opened. We had the worst performance in the FC organization. The controller of the company told me that the Scott & Vine location was hurting the entire company. I felt as though head office was blaming me for the store's poor performance, and I knew that I had to set some goals that we could all rally behind.
>
> For the first month I was very autocratic. I had to be! I replaced all the cashiers that month, because of the numerous customer complaints about their attitude, but that was just the beginning of my problems. The part-time staff were continually standing around doing nothing. The receiver was not handling the deliveries very well. I found it tough to get along with the department managers. My worst employee problems came from the produce and meat managers. They just were not doing their jobs well. I tried going over the product orders with them, developing schedules, and assisting with their product display plans. I even brought in some of FC's department experts to go over things with them. They would not listen to any of my suggestions. Even though I had some problems with my grocery manager, I began to see that he had real potential for managing. There was some resentment toward me for being a family member and getting the SM position so young, and as a result, people would not open up to me. I also knew that some of the other SMs at other locations didn't want me to succeed, and I found myself conveniently left out of important SM meetings. To make

Departmental Performance

DEPARTMENT	SALES ($)	GROSS PROFIT ($)	% OF SALES
Produce	22,677	4,602	20.3
Grocery	77,363	12,467	16.1
Meat	32,963	7,629	23.1
Non-Food	4,784	1,228	25.7
IS-Bakery	2,337	934	40.0
TOTAL	140,124	28,860	19.2

Overall Store Performance (One Week)

WEEKLY INDICATORS	BUDGET ($)	ACTUAL ($)
SALES	155,000	140,124
GROSS PROFIT	33,683	26,860
EXPENSES:		
Wages	16,483	19,600
Supplies	1,895	1,410
Other Expenses	17,091	16,257
TOTAL EXPENSES	35,469	37,267
NET INCOME	(1,786)	(10,407)
# OF CUSTOMERS	7,723/WEEK	

Exhibit 5 Selected Financial Indicators – Scott & Vine Location

> matters worse, after two months here, the general manager of FC made it known that I should be pulled out of this job.

Facing the Future

It was a tough season to compete in the retail grocery business. Mike Bellafacia found this out after only two months at the Food Terminal and the situation was now grave. The Scott and Vine location was losing over $10,000 per week and the sales level was stagnant. The staff morale had changed very little. Customers were not responding to advertisement efforts, and things looked as if they were going to worsen. Mike reflected on what had happened during these last two months and where things were going. He wondered if he was responsible for the mess the store was in—had he mismanaged his managers, thereby making the situation worse? Had FC made a big mistake putting him in the position of SM? Thinking back on his education, Mike commented:

> The business school helped me understand the decision-making process. I'm not afraid to make decisions, do analysis and pin-point problem areas. But it didn't teach me how to get the job done, the execution of a decision. More importantly, I was not prepared to deal with people who didn't have the training I did, or the desire to succeed as I did.

Although he was unsure about these issues, he focused on what he should do to get the Scott and Vine food terminal operating profitably, with good management and with a growing customer base. As he looked over the financial data, he wondered if he should lay off some employees to bring the wages expense down. Mike reflected on this: "We didn't have the sales to support the exorbitant number of employees we had at the store." He was concerned about how he would handle these layoffs. He also thought about the serious morale problem. Many of the employees were lazy and demotivated, and customers complained regularly about cleanliness and service. He wondered if there was a way to use the weekly meetings to his advantage. Things seemed just as complicated as they did in June.

AmeriChem, Inc.

Prepared by Professor Carol Tattersall

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On April 18, 2000, Ben Hartnet, Health and Safety (HS) manager with AmeriChem, Inc., a subsidiary of Barco, Inc., was clearly distracted as he walked through the plant. Tom Mann, the technical director, had just phoned to let him know that some very damaging and defamatory comments about the AmeriChem plant had been made by Cassandra Seare at a board meeting at Toronto head office earlier in the day. She claimed to have heard that there was an ongoing problem with drinking on the job at AmeriChem, and that this had been the cause of an accident that had occurred there two weeks ago. Hartnet knew that the comments were entirely insupportable, but that they could destroy the reputation of the plant; yet, he was at a loss as to how to deal with such slander. Nevertheless, he knew that he must respond immediately.

AmeriChem Company Background

For more than a century, Barco, Inc., a large multinational company, had been manufacturing and marketing consumer products to the retail trade worldwide. In 1989, with a view to expanding their industrial and institutional operations and capturing a larger share of the North American market, the company acquired a plant in Windsor, Ontario, Canada, from an American competitor. The new subsidiary, CanChem, retained almost all of the plant personnel, including several in middle management, and became the head office for industrial and institutional business in North America. Over the next few years, due to some astute decisions in manufacturing, CanChem expanded and diversified.

In the mid-90s, Barco initiated various realignments within its North American business. This included three acquisitions over a period of four years. Each new acquisition necessitated a reorganization of management at every level, and a shift in corporate culture.

Barco first acquired an American company that operated a series of small plants in various locations in the southern United States. In this move, the existing president of CanChem was let go, the head office relocated to Tennessee and the president of the American concern became responsible for the new, merged company. The name CanChem, however, was retained.

Merger of CanChem and Ameritol

Barco's next move had greater repercussions. This time the company that Barco acquired, Ameritol, was much larger, and the merging of operations was further complicated by the fact that, because Ameritol's Canadian plant was just outside Toronto, the new company would now have two large plants in southwestern Ontario. After much deliberation, Barco decided to keep the CanChem plant in operation, close the Ameritol plant, but leave their Canadian head office in the Toronto location. The company name was also changed to AmeriChem.

While the fact that the original CanChem plant would remain open seemed encouraging, it soon became clear that management there would have little say in the actual running of operations. Over the first few months after the acquisition, almost all of the local management had been let go. Most positions disappeared, but those that remained were filled by Ameritol managers. The CanChem plant manager, who had also been vice-president of operations, was replaced by a manager from a smaller Ameritol plant in the midwestern United States, and the Canadian corporate offices were consolidated in the Toronto area.

In 1999, planning further to extend its market and manufacturing in the United States, Barco, Inc. acquired yet another small company, Chemco. This move led to another consolidation of sales and marketing and to several changes in product lines. Corporate AmeriChem decided that profit margins for certain of the Windsor plant's products were too small to justify continuing to manufacture those lines, and informed the management that they must reduce their operations from three to two shifts, and lay off one-third of the workers. With termination of operations in a large part of the factory, the corporate group decided to relocate all warehousing for the area to the vacant space.

By mid-2000, the plant that had been head office for North America had employed 40 managers from corporate to junior level and 180 factory personnel. It had accommodated manufacturing, warehousing, and a development lab and had been reduced to five managers and 110 workers. In the last year, the plant manager had been replaced by a recruit from an outside company. After only four months, the new manager resigned, and while a search was conducted for yet another plant manager, the position was filled by the local human resources manager, who had come to AmeriChem shortly after the latest merger.

Conflicting Corporate Cultures

After the buy-out of the small company in the southern United States, and the relocation of head office, middle management were discouraged by the loss of status, but they were still involved in, and enthusiastic about, the potential expansion into new areas. Little that affected the day-to-day running of the plant changed.

The merger with Ameritol was much more unsettling, especially for management. Under the new centralized system, decisions regarding all aspects of the plant's running were made at the corporate level. Changes were made rapidly, often suddenly, without any local input, and included all processes: reporting chains, financial operations and even computer systems. Although those managers from the original workforce who remained at the plant demonstrated co-operation and flexibility in adapting to the new methods, they found it more difficult to accept the dramatically different culture.

The CanChem factory had always fostered independence in its management, and in the years before the merger, had been developing strategies to move decision-making downward, offering more autonomy and responsibility to workers at all levels. The philosophy aimed to give all employees a sense of control of their own task area, and offered the extra motivation of profit sharing. Co-operation, information sharing and innovative thinking were encouraged, and good performance at any level would receive positive recognition.

The new AmeriChem management system was based on an entirely different model where decisions came from the top down, and involved little or no consultation with the parties involved. Independence was discouraged, and everything was done according to preset rules, and required documentation, usually on a predesignated form. Information, whether about budget, operations, personnel or any other issue was released only on a need-to-know basis, so that those at the plant had little sense of their role in the larger organization, or of future plans. Also, Rod Wall, the director of operations, would arrive, often without warning, and announce changes, cuts, etc. Clearly, the new AmeriChem management style and corporate culture clashed with the one that CanChem employees had come to expect, and a gap was developing between corporate and local management, who were uncomfortable about being expected simply to implement orders without explanation.

Wall, on the other hand, felt that the Windsor factory was inefficient, and that management needed to be more aggressive and make greater demands from the workers on the line. He had even reportedly referred to it as "The Windsor Country Club." While he had encountered no direct opposition, he sensed a resistance to his authority that he felt was undermining the attempts at corporate level to make this factory more productive. The Windsor management, on the other hand, were somewhat baffled and offended by Wall's apparent lack of respect for their experience and his refusal to offer explanations, or even to ask for their point of view. They strongly suspected that, for them, advancement in the new AmeriChem organization would be be difficult and very limited.

When the last acquisition took place, the workforce was reduced by one-third, and the management pared down to five, which included the various plant managers appointed by AmeriChem, the gap between the Windsor group and the corporate body became a definite rift. From the plant's point of view, the decisions made no sense: the cuts in manufacturing also undermined the infrastructure that supported all the other operations; the cuts to the workforce were too deep—those who were left were now having to work high-paid overtime hours. Eventually, several of the workers had to be called back, but they were given part-time contracts without benefits, causing even more insecurity and resentment among the line-workers.

From the perspective of the corporate management, and especially Wall, however, the Windsor plant was a thorn in the flesh. American head office had become convinced that both workers and management there were resistant to perfectly reasonable change, and were, consequently, unco-operative and unproductive. The remaining managers were viewed as, at best, recalcitrant and, at worst, subversive.

Meanwhile, the group in the Canadian head office, which had made all corporate decisions before the merger, was particularly disgruntled. They had stringently resisted the closing of the Ameritol plant outside Toronto, and took the "problems" at the Windsor plant as vindication of their view that Barco, Inc. had made a huge mistake in moving production to Windsor. Besides, they also resented that they were now responsible only for sales and marketing, and that the American head office seemed to be calling all the shots.

The Ameritol management had, however, fared somewhat better in the transition than the CanChem group: several had been moved to corporate positions and the previous plant manager, Tom Mann, was now the technical director. His approach to the management at Windsor was generally reasonable and respectful, and he was quite often willing to listen to their point of view. But while he was more approachable and positive than Wall, he unwittingly exasperated the Windsor group by frequently pointing out how much more efficient the Toronto area Ameritol factory had been than the Windsor plant.

Ben Hartnet, Health and Safety Manager

Ben Hartnet had joined Barco, Inc. straight from university and, for many years, had worked in various locations around Europe and Canada. He had come to CanChem from another division of the company. Although happy with his existing job and prospects, he felt that the move to head office of the new industrial division offered the possibility of a shift into the corporate sector. During the first four or five years he was involved in the negotiations and planning of expansion. He had been enjoying the challenge and rewards of his new position and was quite sure that he had made the right move.

With the first merger, although head office would no longer be in Windsor, he was still optimistic. He was very much involved in planning and strategy, and was travelling to the various sites in the United States to make recommendations about their viability for development or possible closure. Even in the massive disruption of the second merger, he was not entirely pessimistic; in several interviews with Wall he had been led to expect that prospects for advancement within the merged companies would be good.

Gradually, however, as the merger evolved and cuts were made at all levels, it became clear that it was extremely unlikely that anyone who had been part of the original CanChem team would be offered any real responsibility in the new organization. When the dust settled, only three of the original managers remained. In all of the reshuffling, Hartnet had been moved through a variety of positions, and was now HS manager. It had become clear to Hartnet that his best prospect for the future was not at AmeriChem, and he had had some promising offers from outside contacts, but a decision to leave was complicated by other considerations. Because he had come to Barco while still very young, he was, at 51, less than four years from being able to retire with full pension.

Hartnet's present position was not without challenge, and it also took him to the various other AmeriChem locations, allowing him some opportunity to observe their operations and meet new people. Although the atmosphere at the plant was inevitably tense and unsettled, Hartnet had always got along well with his colleagues, and enjoyed the respect of his co-workers at all levels. Although Hartnet's management style was obviously very different from that of Wall, he felt quite at ease with Mann, the technical director to whom he reported. Mann seemed to have a fairly realistic sense of what was happening at the AmeriChem plant, and accepted that the workforce there was committed to making the factory profitable and successful. Hartnet believed there was no malice in Mann's comments about the superiority of the defunct factory where he had been plant manager. But, while Hartnet felt that Mann was fair and reasonable, he also knew that Mann firmly supported and would not question the overall corporate strategy.

Meanwhile, Hartnet immersed himself in developing his knowledge and skills in HS. He started working towards a diploma in the area, took night courses, went to residential workshops and met frequently with the HS managers from the other AmeriChem sites. He soon decided that he might even enjoy the next few years, and emerge with a whole new set of skills and experience. There was always, however, the threat that even his position might be cut. His ultimate survival, of course, was to a large extent outside of his own control. He knew that Wall, in particular, thought him far too unagressive. In effect, they simply had different management styles. Indeed, Hartnet was known to be very assertive when he felt the situation demanded it.

An Accident in the Warehouse

In the middle of the afternoon of April 4, 2000, Hartnet was walking through the warehouse when he heard a skidding sound followed by loud crash and a yell from a man obviously in some pain. Hartnet rushed to the aisle from which the commotion was emanating and found Don Page, a forklift driver, hopping on one foot, holding the other and cursing fiercely. The truck was partly buried, supporting a shelf whose main post had been knocked out by the vehicle's back end. Hartnet quickly cleared the area, ordered that the damaged racking be inspected and made safe until it could be repaired, and at the same time made Page sit out of harm's way with his damaged foot raised.

While waiting for the ambulance, which he had asked another worker to call, Hartnet asked Page what had happened. The driver claimed that his stand-up truck had gone out of control while he was maneuvering with two drums on the forks, and had careened backwards into the racks. When he saw that a collision was inevitable, Page had tried to jump off, but had caught his foot between the upright post and the truck.

Once the injured man had been removed to hospital, Hartnet set about finding some eyewitnesses so that he could prepare a full account of the incident. It was clear that this would be a "lost-time accident" and he would therefore have to notify not only the AmeriChem Occupational Health and Safety Committee, but also the Ministry of Labour. The nearest observer had been one of the mechanics, Bill Paquette, who claimed that he thought Page had been driving quite a lot faster than he should have in that area, but no one had actually seen the collision happen.

Next, Hartnet took photographs of the scene and the damage, and when he had finished, sent the truck for a full inspection. Knowing that this was one of the vehicles that had arrived in the last few days from one of the warehouses that was being absorbed into the AmeriChem space, he also inquired whether it had undergone safety checks before being put into service. Apparently it had not, and was now found to have some minor mechanical flaws, but the maintenance person who found the faults assured Hartnet that they would not have affected the vehicle's efficient operation.

Hartnet also instructed the shift supervisor to prepare a separate report. Next, he phoned the hospital to make sure that Page was comfortable, and to establish the seriousness of his injuries, but no definite information was yet available. Later that evening, Hartnet learned that Page had broken three small bones in his foot. Hartnet was relieved that the damage was relatively minor; it could have been much worse.

Hartnet spent the following day gathering more material for his reports, such as the maintenance records of the truck from its former location, and Page's work records. Hartnet was not entirely surprised, in light of Paquette's earlier remarks, that over the past six years, Page had received two disciplinary notices for driving incidents and, in April, had been given a general warning by his supervisor about the need to drive slowly. He had also, in accordance with company policy, received training each year both in groups and one-on-one.

New Information Regarding the Incident

While Hartnet was beginning to do his write-up, the logistics manager, Dave Fisher, dropped by his office, looking a little uneasy. It seemed that one of the people who reported to Fisher had decided that, in everyone's best interests, he had to let him know that he had "smelled alcohol on Page's breath" when talking to him shortly before the accident. This was a new and very unwelcome twist, but Hartnet knew he must investigate further. He first decided to ask the warehouse workers about whether anyone had remarked on the possible inebriation. No one had, and one man who claimed to know Page well asserted "Page definitely had not been drinking. He was absolutely sober. I know what he's like even when he's only had a few."

Nevertheless, Page had to be asked directly and, fortunately, he was refreshingly honest. He had been out drinking until the early hours, but had been completely sober when he came to work on the afternoon shift—"not even hung-over." He had certainly not had a drink in the 12 hours before starting work. Hartnet believed Page, and was inclined to think that speeding was the most likely cause of the accident. By the end of the day, Hartnet felt he had enough information to write a basic report, but in the interests of future safety, he felt he needed to pursue the matter further.

On April 6, Hartnet completed his own inquiries and research, and filled in the report forms for the company (see Exhibit 1) and for the Ministry of Labour. Having collected all the necessary documentation, he also called a meeting for the next day, April 7, so that four members of the safety committee could conduct a full accident investigation. As HS manager, Hartnet felt the seriousness of the incident demanded a full inquiry, especially in its potential for having caused even more serious injury had the racking collapsed, or the truck run over Page or someone else. On April 13, they met again to try to determine the cause of the accident, but, perhaps more importantly, to establish some recommendations and guidelines to prevent any similar occurrence in the future.

Hartnet then wrote up the findings for the company records (see Exhibit 2). The incident had been unfortunate, but he felt that at least the accident response had been excellent: Page had received prompt attention, and further injury to others had been prevented. In the end, there were even some positive aspects: some weaknesses in the safety procedures had been revealed; new and more thorough processes had been implemented; the old regulations had been re-emphasized; and the workers had been made aware of the necessity of following all safety procedures at all times. AmeriChem's safety record was good, but even one accident was too many. Hartnet hoped everyone had learned from the experience, especially Page, about whom some decisions were still pending.

Some Unexpected Repercussions

In the midst of the inquiries about Page's accident, Hartnet was to have gone to a Health and Safety Trade Show in Toronto, but had decided, since he was needed on site, to send three members of the Joint Health and Safety Committee (JHSC) in his place. On their return, they mentioned having met Cassandra Seare, the HS manager for sales and marketing at head office, and that she seemed very interested in the forklift incident. Hartnet smiled to himself. He had met Seare several times, at workshops and other venues, and had noted her predilection for melodrama; he hardly even dared acknowledge the thought, however, knowing that it invoked certain stereotypes of the female that he himself found offensive; he felt her histrionics were harmless.

But Hartnet was about to discover that Seare's tendency to overdramatize could be far from harmless. On April 18, he received a call from Mann, who seemed suddenly very tense about the forklift incident and needed to talk and find out more details. During the call, Mann revealed that another Barco, Inc. subsidiary in the Toronto area had also had a recent forklift accident and the Barco Canadian management would face some embarrassment as to why two subsidiaries had had similar incidents, yet the CanChem group had never been notified of the first accident. Hartnet wished he had known this earlier, but made no comment. He merely inquired why the matter was being raised yet again, since he thought it had all been settled to everyone's satisfaction.

"Well," Mann continued, "New details have come to light." He explained that at the board of management meeting at Canadian head office that day, the accident report was mentioned as part of the agenda, and Seare had dropped her bombshell. She said she'd met three of the Windsor people at a trade fair after the accident, and they had told her that the forklift driver was drunk. Also, she claimed that they had revealed that drinking on the job at the Windsor plant had been an ongoing problem, and with the stresses of job cuts, it had become much worse. Even more disturbing was the fact that the three had claimed they had reported the drunkenness to management, who simply indicated that nothing could be done. Persevering, they then raised it twice at the health and safety committee, to no avail.

Hartnet listened in disbelief. His first impulse was to roar with laughter at the sheer absurdity, but, clearly Mann was not amused. Instead Hartnet inquired, "Surely people there didn't give any credence to such ridiculous rumor-mongering?" Apparently, not only were they ready to believe the story, but others joined in the defamation, with comments such as "Well, we all know what Windsor's like." "The Toronto plant should never have been closed." "They don't even keep proper minutes." "Windsor's a disaster waiting to happen."

Hartnet was speechless. He took exception, particularly to the last two remarks. A representative from the Ministry of Labour, on a recent visit to the plant, had been so impressed with record keeping, communication, and the way business was conducted that he asked if they would be prepared to host a visit by the Minister of Labour. The Ministry wanted to use AmeriChem as an example of a plant with a good safety program. By this time, Hartnet had become used to the negative attitude of all parties towards the Windsor plant, and how impossible it seemed to dispel such perceptions, but this was almost surreal. The only response he was able to muster for Mann was to thank him for at least having the courtesy to let the Windsor group know what had happened.

As he walked out into the plant, Hartnet's mind was reeling as he contemplated the inevitable repercussions of Seare's histrionics, not only for him but for the whole plant. The integrity and what little credibility that AmeriChem, Windsor, still retained could be completely destroyed. What defence could there be against such charges, especially when Seare claimed they had been made by three of Hartnet's own committee members? Should he continue along the path of least resistance, and hope the whole thing would quickly fade, or should he respond, and if so, how? Normally a situation like this would call for a stiff drink, but clearly, in the circumstances, that would only help confirm the myths about the Windsor plant.

Raised by: Ben Hartnet		**Date: 6th April 2000**
Location: Windsor	**Country: Canada**	**Employee Group: Warehouse**
Name of person(s) involved: Don Page		

Full details of incident:

Don was operating a stand-up lift truck with two drums on a skid on the forks. He was travelling backwards and as he turned into an aisle he was unable to control the truck and the truck hit the upright post on the end rack, his foot was caught between the truck and the upright. He was transported to hospital by ambulance and has a broken bone in his foot.
A witness commented on the speed involved. Don had received recent fork truck training twice this year. An investigation is ongoing.

Nature of Incident Fork truck	**Date/time of Incident: 4th April / 3:40 p.m.**

Where treated (if applicable.)

At the location	Hospital: Grace Hospital

INCIDENT CLASSIFICATION	CODE		DESCRIPTION
AGENCY	AG	12	
TYPE OF INJURY	TI	06	
PART OF BODY	PB	09	
TYPE OF ACCIDENT	TA	06	

Generic Causes (please tick)			
OCCUPATIONAL HEALTH		**SAFETY**	
Musculo-Skeletal		Cuts / Bruises	
Noise-Induced Hearing Loss		Manual Handling / Ergonomics	
Respiratory		Burns	
Skin		Eye Injuries	
Other (please state)		Driving	
		Slips, Trips and Falls	
		Other (please state) caught between	X

RECORDABLE			
F	**LTA**	**RWA**	**MAA**
	X		

Serious Potential Incident

Exhibit 1 AmeriChem Inc. Occupational Health and Safety Incident Notification Form

Source: Company files.

Team members

- Ben Hartnet   Management Co-chair JHSC
- Susan Wong   Worker Co-chair JHSC
- Jim Sharp   Certified member (management) JHSC
- Mike Bentino   Certified member (worker) JHSC

The team members were all notified immediately following the accident and began their investigation. A follow up meeting was held on 7th April to review the documentation, interview witnesses and inspect the accident scene and the truck. A final meeting was held on 13th April.

Documentation

The following records and statements were available:

1. Employee Injury/Incident Investigation Form prepared by George Grant (Supervisor).
2. Occupational Health and Safety Incident Notification Form prepared by Ben Hartnet.
3. Notification of injury from Ben Hartnet to Mr. Smith (Ministry of Labour).
4. Statement given by Don Page to Ben Hartnet.
5. Statement from Joe Ouellette.
6. Eye witness report from Bill Paquette (mechanic).
7. Statement from Ben Hartnet.
8. Copies of maintenance reports on the truck involved from Truck Rite.
9. Photographs of the accident scene taken by Ben Hartnet.
10. Training records, forklift permit and driving infractions for Don Page.
11. Report from DT Lift on the condition of the truck after the accident.
12. Statement from John Ward (coworker).

Investigation

The team reviewed all the documentation, inspected the accident site, the damaged section of rack and the truck.

The team met with Bill Paquette who provided an eye witness account of the accident. He saw Don Page driving the truck backwards at a speed that Bill considered fast. Bill did not see Don slowing down and did not see the skid of lights that Don described; there was a bunk at the next aisle approx. 20 feet away. Bill knew that Don was going to hit the rack and did not think that the condition of the truck affected the outcome.

The inspection of the area and discussions with those present at the time of the accident indicate that conditions in the area were good. Lighting is excellent, the floor was dry and free of any debris. No skid of lights (as mentioned by Don Page) could be found and the nearest obstacle was the bunk (mentioned by Bill Paquette) which was some distance away, could easily be avoided and was clearly visible. The aisles are narrower than in the past but this section has been in use for several months by all drivers including Don Page and are sufficient for the trucks being used. The rack support hit by the truck had been bent through ninety degrees and indicated a high energy impact.

The report on the condition of the truck by DT Lift indicates that there were problems with both the plugging (forward/reverse) and the brakes. The mechanic clarified that the plugging fault would not have affected the ability to slow and reverse the truck. The mechanic's recommendation was that the truck be taken out of service. The maintenance records from Truck Rite show that the truck has been worked on six times in the past year; the most recent work was to the dead man pedal, linkage and micro-switches on 15th Feb. 2000. The day of the accident was the first day the truck had been on site and it had not been checked by the AmeriChem maintenance department prior to use, it had, however, been maintained by Truck Rite as indicated above.

Exhibit 2 Accident Investigation - Don Page 4th April 2000

Don Page's driving record shows that he had received training on 13th May 1999, one on one training on 28th March 2000 and a general warning from his supervisor on 1st April on the need to drive slowly. Over the past six years Don has received two disciplinary notices for driving incidents, the most recent was 11th Sept. 1997. 4th April was Don's ninth consecutive day at work and following the warehouse move the number of orders to be picked was high. Don states that he had not been drinking alcohol in the twelve hours prior to his shift commencing.

Conclusions

1. The team is unanimous that the primary cause of the accident was excessive speed.
2. Alcohol consumption on the day of the accident was probably not a factor.
3. The truck was in poor condition and should have been checked by AmeriChem prior to use.
4. The presence of an obstruction some distance away may not have directly caused the accident, but should have been removed.
5. Employee training had been frequent and adequate.
6. Other secondary factors which may have played a role include: new warehouse layout, narrower aisles than accustomed, different type of truck, hours of work, volume of work and different type of work.
7. Daily truck safety checks were being performed by the drivers but are not always documented.

Recommendations

1. Don Page not be allowed to drive a forklift until he has completed retraining and been successfully retested.
2. That Don Page undergo medical evaluation by the company doctor to confirm his fitness to return to work.
3. The possibility of fitting speed governors on all forklifts to be investigated.
4. No new or refurbished equipment to be put into service unless it has been checked and approved for use.
5. All forklift drivers to be reminded of the dangers of speed, to report and not use defective equipment, to stay inside their truck during an incident, and to complete the daily checklist for the truck safety systems.
6. The current practice of keeping aisles clear to be reinforced.

AmeriChem maintenance records for all forklifts to be reviewed to identify any potentially problematic trucks.

ARE YOU A LEADER-BREEDER?

Prepared by Jeffrey Gandz

One trait that makes a leader great is his or her ability to hire and mentor high-potential individuals. Enter the leader-breeder, who, unlike the leader-blocker, has the emotional intelligence and uncanny sense required to attract, develop and retain talent, regardless of their academic background. This Ivey professor and leadership expert describes who these leader-breeders are and how they contribute to high-performing organizations.

—Jeffrey Gandz

Increasing attention is being paid to how well executives develop tomorrow's leaders. Put simply, the executive who is a leader-breeder is much more valuable than one who is a leader-blocker. So, what is it that these "leader-breeders" actually do? This article will answer this important question.

Recruit High Potentials

Leader breeders recruit high potentials, even if they are hard to handle. They don't go for the safe, conventional hires. McKinsey & Co., for example, will hire people with first-class degrees from top universities, whether or not they have degrees in business. These people are unlikely to have the same thought processes as MBAs, something that will probably lead to longer meetings, greater difficulty in achieving consensus, and require more training and development. However, it will pay off in greater diversity of thought and higher quality solutions—which is the McKinsey product.

In order to recruit high potentials consistently, leaders must know the aptitudes—the inherent, natural characteristics of individuals—that correlate with high performance. These may be cognitive characteristics, dimensions of personality, or other natural talents that will become extraordinary ability with the right kind of developmental experiences. But they must also know the kinds of rewards that candidates are looking for and whether or not they can realistically provide them. Over time, good leaders will find out where to search for such people, how to attract them, how to sort out the true high potentials from those who have learned to deceive an interviewer or fake-out some simple paper-and-pencil test.

A leader-breeder is not put off by energetic, creative, talented people who don't look like everyone else or think along conventional lines or speak in conventionally polite forms. Naivety doesn't bother them, neither does lack of conformity, or even some arrogance. Naivety is often associated with clear thinking, non-conformity with creativity and arrogance with self-confidence. Each can be worked on if the leader is prepared to mentor and coach the acolyte.

Coach for Competencies

Leader-breeders know the essential competencies that high-potentials need to be effective in their roles and get ahead in the organization. There are many generic leadership competencies and even more that may be specific to an organization, role or corporate culture. They model those behaviors themselves or, if they lack them, are willing to 'fess up to their own deficiencies, emphasize the need for them, and either try to acquire them or build compensating mechanisms through the composition of their teams. The leader-breeder generally has some degree of humility and self-awareness and yet the confidence to coach others. They are more than willing to link high-potentials to other leaders who exhibit the required competencies. The coach does not have to dominate the relationship.

This coaching is ongoing, not just in formal performance-management sessions; also, it is true coaching not teaching or training. These coaches know what competencies are needed for success. They keenly observe their people, learn what turns them on and turns them off, look for their natural strengths and weaknesses, work on the former so that strengths lead to excellence and on weaknesses so that they become adequate, and encourage them to strive for personal bests.

Great coaches are great sensors. They understand what makes the person tick, what their natural aptitudes are and what needs to be taught. They understand that they must motivate people with high natural ability in order to get high performance and that such performance will not come without a clear sense of direction and the resources to enable it. They understand that the task of the coach is often to "round the edges" of assertive high-potentials, without dulling them.

Mentor for Career Development

Leader breeders are mentors. While competencies are critical to performance in a role, more is needed to help people advance in their careers. Most organizations have key values that they expect their leaders to exhibit and have a keen sense about what behaviors are appropriate under different circumstances.

There are taboos in organizations, and potential leaders must know what they are and when they are transgressing. There are highly political issues that must be handled very delicately, without appearing to be a political animal, just as there are unwritten rules and regulations that people need to know about. The fact that a chairman of a certain bank was the only one who used a red pencil, whereas the president used a green one, was not known to the young leader-wannabe who marked up a document for onward transmission in one of the reserved colours. The young executive who transgressed by telling off-colour stories at a management meeting, who was involved in a personal relationship with an assistant in an organization which frowned on such relationships, who used inappropriate language, who was not deferential to status-conscious colleagues . . . may sound like small potatoes. But the fact is that all of these behaviours impaired the effectiveness of these leadership neophytes. The mentor spots these missteps and brings them to the attention of the leader-to-be so that they can be addressed.

Mentors are people to whom the unsure, the inexperienced, the perplexed or the puzzled can turn for advice, interpretations and guidance. There may be an issue where someone needs to talk over some ethical concerns, the offer of a job positing or career move where someone is unsure whether it is right for them, or some uncertainty about the way ahead.

Mentoring can be initiated and requested by either someone requiring it or someone who offers it when she or he thinks that it is needed. But it can seldom be forced on either the giver or the receiver. Mentoring requires the establishment of a trusting relationship—the mentor will be seen as someone genuinely wanting to help the less experienced person while he or she, in turn, will be genuinely seeking advice and assistance.

Give Candid Feedback

Leader-breeders give candid feedback. They don't round corners or try to cushion critical feedback by wrapping it up in vague comments about how good the performance has been in the past or in dimensions other than the one that is being focused on. They don't follow some of the accepted wisdoms such as bracketing negative feedback with positive comments, using only positive reinforcement, and so on.

Those leaders who do this are not afraid that they will disable the performance of those to whom they give candid feedback; nor are they concerned that those to whom they give great feedback will somehow become less effective because of it. This is because this feedback is accompanied by coaching and mentoring and, as described below, sincere efforts to learn from failure. Swell-headedness can usually be controlled by reminding high potentials that the one sure way to fail to achieve the high potential is by behaving as if you are one!

Candid feedback does not have to be cruel feedback. Where it addresses basic aptitude deficiencies, people sometimes worry that it may be perceived as an attack on the person. As a result, they would rather not have this direct, difficult conversation. But, when the effort is accompanied by a genuine desire to see the person succeed at something which is more compatible with their basic inherent capabilities, giving the feedback can be constructive. I hold no rancor towards the professor who failed me out of medical school some 40 years ago, thereby doing a favor to the human race and redirecting me toward something for which I was better suited.

Create Stretch Assignments

Good leaders encourage people to stretch themselves. You don't get the most from people by putting them on the rack and stretching them . . . you get more when they raise their own aspirations and use their own energy and frustration as drivers of increased performance.

Many organizations stretch people, sometimes to the point of breaking them. Even if they fall short of this, they may take some pleasure in forcing them to set unattainable targets in the belief that they will somehow do better if they chased the impossible dream. Many times this sort of pressure results in totally inappropriate behavior—the decision to book revenue when it is not certain, to postpone safety-related maintenance rather than incur a cost in a certain accounting period, to dump waste rather than have it recycled, or to put pressure on your people to the point where they start to disengage from the organization even while they appear to be pursuing stretch goals.

Good leaders just don't do this. They recognize that inexperienced high-potentials will tend toward establishing unrealistic targets and may lose perspective as they strive to achieve them. They are there—as coaches and mentors—to help them recognize these dangers and exercise the appropriate degree of self-control. This is the process whereby many high-potentials develop that critical dimension of executive performance . . . judgment.

This stretch may come at some risk to the leader who encourages it. I remember vividly the two product managers who were determined to develop and present their own product plans and, three days before the due date, did not have them done. I would have taken the responsibility for "mission not accomplished" and I admit, belatedly and a little shamefacedly, to having had a contingency plan in place in the form of my own draft plans to be used in the event that they did not perform. But they came through in the end . . perhaps not as well as I thought, rightly or wrongly, might have been done but sufficiently well that I was able to coach them to what I considered higher performance shortly after the due date.

Reward and Reinforce Success

Leader-breeders reward and reinforce success. High potentials who are also high performers invariably have high needs for recognition and rewards, the latter because they are the tangible manifestation of recognition. Failure to reward people who achieve differentially from those who don't is simply unacceptable to high achievers. This is true even if the task is "team effort." Those who see themselves as high achievers demand that the team leaders differentiate between the relative contributions of team members—sometimes a difficult thing to do.

Leader-breeders take the rewards that they have to offer and distribute them according to merit. If the average pay raise for a division is four percent, they don't give the best five percent and the worst three percent. They will give the best 10 percent . . . or more, the next best less, but still much more than the average. Of course this can only be done if some are paid very substantially below the average. Such leaders are prepared to do this.

But monetary rewards are only part of the reward picture. High performers are given many more opportunities than the average. They are given greater challenges, greater chances for development, interesting projects on which to work, and the opportunity for exposure to more senior levels of management.

More and more companies are recognizing this need for differentiation and are developing performance management and reward systems that demand it. Whether through forced ranking, bell-curving appraisals and rewards, top-grading or other mechanisms, distinctions are being made between top performers and those who are not. And once these distinctions have been made, managers are expected to act accordingly.

Treat Failure as Learning

Leader breeders hate to fail—but they also learn to treat failure as a learning experience. With greater challenge comes greater risk of failure. High potentials, setting stretch goals, are going to fail and it is how that failure is addressed that will make a difference in developing leaders.

Where failure is punished or blame is thrown around, little is learned. People get defensive, they avoid setting stretch goals, and play in their personal safety zones. Someone once described such an environment to me: "This place is like a marine boot camp. If you stick your head above the foxhole you get it shot off; if you keep it down you get it s—t on." Learning does not take place in such an environment and learners are not attracted to it.

Contrast this with the post-surgical conference that takes place when a patient passes away or to the product-withdrawal process that used to operate at the pharmaceutical firm I used to work for many years ago. Here we had to write a "reverse marketing plan" explaining why the product was being taken off the market. This often involved analyzing what went wrong with the plan that had been written to justify its launch. There was no blame thrown around; the assumptions leading to the marketing decision were identified and checked against actual events. The question was always "Why did we err?", rather than "Who erred?" And the outcome was learning and improvement. The founder of IBM, Thomas J. Watson, Jr., was famous for dissecting the errors made by his executives and then, rather than firing them—as they expected—moving them to new assignments, with some comment about the Company having made a considerable investment in their education.

There are, of course, some limits to "failure as learning." Smart people are not expected to make the same mistake twice; fatal errors tend to attract more blame than those that result in less drastic consequences; and failures that identify personally unacceptable behaviours such as laziness, carelessness, lack of integrity, or personally self-serving behaviours tend to be treated differently. This is acceptable within a leadership development culture.

Leader-Breeders Surrender Their High Performers for Development

Leader breeders don't horde their talent, using them to deliver performance now at the expense of their development for the future. Hoarding talent is the most understandable of events—after all, the boss has often made a considerable investment in the development of a certain individual and wants to get some return on that investment. Also, the case can be made that having this individual operating at full capability benefits the organization and having people move on as soon as they become fully competent is detrimental to the organization.

Sound judgment must be exercised when planning the pace of change for individuals on developmental tracks. People need to have the experience of learning how to do something and then actually doing it—living with the consequences, good and bad. However, to stay beyond the point where the experience does not lead to further learning is a waste of potential talent.

The best leader-breeders are always conscious of this trade-off and stay in touch with their talent pools to ensure that development is continuing to take place. When it's not, they will aggressively intervene to ensure that the developmental opportunities keep coming their way. They will happily, if sometimes a little ruefully, carry the badge of being "talent exporters" to the rest of the organization. Many believe that this is more than off-set by the fact that those who do this attract other great talent to work for them, bringing fresh energy and perspective that leads to even better performance.

There are many challenges facing the organization that seeks to develop leadership bench strength. They must find out where great talent lives, attract, recruit, develop, deploy, and retain it. The leader-breeders in the organization make these things happen; the leader-blockers prevent them from developing. The leader-breeders have a multiplier-effect on leadership development . . . they are worth some multiple of their own leadership skills, with this multiple being reflected in the aggregate leadership strength in the organization. Increasingly, these leader breeders are being recognized in organizations and are being rewarded accordingly. Are you one of them?

Leader-Breeders	Leader-Blockers
• Recruit and select high potentials even if they're hard to handle • Coach for skills development • Mentor for career development • Give totally candid feedback on performance • Create stretch assignments • Reward and reinforce success • View failure as a learning opportunity and help their people learn from failure • Surrender their high performers for corporate challenges and personal development	• Recruit and select easy-to manage people • Don't coach or mentor effectively • Lack candor in their feedback • Fit people to jobs that are inside their comfort zones • Do not establish stretch goals • Do not reward differentially for success • Blame people for failures • Horde the people who get the job done

Exhibit 1 Developing Leadership Talent