

With the escalating volatility, complexity, and disruptions in today's world, it would be understandable, even easy, to become discouraged.

Another viable response is to pull inspiration from those leaders exemplifying courageous, authentic leadership, and to go deeper within ourselves to reframe our challenges as a potent call to step up and lead with heightened courage, values, purpose, and authenticity. The toughest situations are often a call to go deeper into self first in order to serve others with greater impact.

Turning Leadership Inside Out

Because we tend to view leadership as an external act, something that people do, we tend to split off our actions from who we are. Leadership mastery is seen as something outside of ourselves: mastery of strategic planning, mastery of consistent achievements and results. When you think about it, it is no wonder that our ideas about leadership are externalized. Our training, development, and educational systems focus on learning what to think, not

how to think, what to do, not how to be. We learn what to achieve, not how or why to achieve. We learn about things, not the nature of things.

In organizations, this pattern continues. Success is measured by the degree to which we have mastered our external environment. Revenue, profit, new products, cost savings, and market share are only some of the measures. Few would question the value of achieving and measuring external results, but it is not enough. We view leadership as an ongoing growth process from within, and from this viewpoint, we have to question: Where do the external results come from? Is focusing on external results the sole source of greater accomplishment? Could it be that our single-minded focus on external results is causing us to miss the underlying dynamics supporting sustainable peak performance?

After working with thousands of CEOs and Senior Executives, we researched the most effective, fulfilled leaders we had assessed, advised, and developed over the last thirty years to discern significant leadership patterns. Three foundational patterns emerged:

- 1. Courage and Authenticity: Having the courage to authentically be our whole selves, complete with strengths, vulnerabilities, and differences; having the courage to show up with openness and integrity.
- **2. Influence:** Purpose-driven communication that inspires self and others to do what is genuinely important and meaningful for the long term.
- **3. Value Creation:** Serving multiple constituencies—self, team, organization, community, and world—to sustain enduring performance and contribution.

Over an extended period, we clarified an essential definition:

Leadership is courageous, authentic influence that creates enduring value.

The implications of this definition are potentially far-reaching. From this perspective leadership can exist everywhere. The roles of leadership change, but the core process is the same. Anyone who is courageously and authentically influencing to create enduring value is leading. Some may influence and create value through ideas, and others may do it through individual effort, systems, or people. The essence is the same. Deep from their core, leaders courageously bring forward their talents, connect with others, and serve multiple constituencies. This kind of leadership comes from a deeper reality within us—our values, principles, life experiences, beliefs, motives, and essence. We lead by virtue of who we are. The leader and person are one.

Reacting to this definition, Paul Laudicina, Chairman of the Global Business Policy Council and former Chairman and CEO of A.T. Kearney, shared:

"Leadership is much more than a hierarchical role. It is how we courageously and authentically show up to serve all those we touch. Real leadership involves inspiring people at all levels to serve something much bigger than themselves."

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Viewing leadership from this vantage point provokes us to explore three essential questions to enhance the impact of our leadership:

- How can we enhance our courage and authenticity as a leader?
- How can we extend our collaborative, inspiring, purpose-driven influence?
- How can we create more enduring value inside and outside our organizations and other spheres of influence?

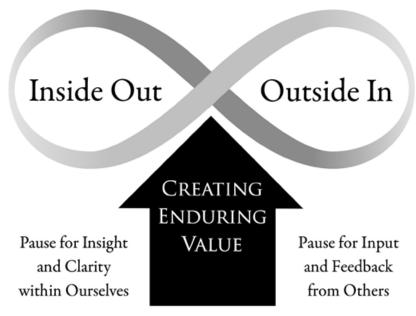
Eight Interrelated Mastery Areas

My book, *Leadership from the Inside Out*, is about our ongoing journey to discover and develop our purposeful, inner capabilities to make a more positive contribution to the world. This calls for a strong foundation of eight mastery areas to accelerate development, to grow as a whole person to grow as a whole leader, to become a leader for life in all domains. These mastery areas are not stages of development arranged in a sequential order but an ongoing interrelated growth process of human potential. Each mastery area reinforces the others, ensuring an ever-stronger foundation that ignites and releases energy. It is from this foundation that we lead.



Leadership is not merely a function of achieving things. It is principally about achieving one thing—consciously and courageously stepping into leadership and making a contribution by fully applying our potential. This does not mean that we only lead from the inside out. On the contrary, we lead as much from the outside in. Leadership involves a constant dynamic between the inner and the outer. We emphasize the inside out dynamic because, too often, it is overlooked. We tend to focus too much on the outside. To practice leadership at its highest level, we need to take responsibility—personal and social responsibility. We need to be equally vigilant about the "I" and the "We" of effective leadership. We are in a dynamic relationship with all of the constituencies we seek to serve: employees, customers, investors, vendors, local and global communities, and the planet. Ultimately, we want coordinated awareness of leading from the inside out and the outside in.

This involves clarifying our inner identity, purpose, and vision so our lives are dedicated to a more conscious, intentional manner of living and leading. This inner mastery directs our diverse intentions and aspirations into a powerful focus, and increased effectiveness is a natural result. As we move to a more fulfilled manner of living and leading, our attention to purpose transforms our single-minded focus on external success. This purposeful intention and action serves as the energetic, inspiring basis for enduring leadership contribution.



Confronting Your Inner Soldier

I once heard a poignant story about a priest, who was confronted by a soldier while he was walking down a road. The soldier, blocking the path of the priest, commanded, "Who are you? Where are you going? Why are you going there?"

Unfazed, the priest replied, "How much do they pay you?"

Surprised, the soldier responded, "Twenty-five kopecks a month."

The priest thought for a few moments and said, "I have a proposal for you. I'll pay you fifty kopecks each month if you stop me here every day and challenge me to respond to those same three questions."

How many of us have a "soldier" confronting us with life's tough questions, pushing us to pause, examine and develop ourselves? If "character is our fate," as Heraclitus wrote, do we step back on a regular basis to question and affirm ourselves and to reveal our character? As we lead others and ourselves through rough times, do we draw on the inner resources of our character, or do we lose ourselves in the pressures of the situation? Are we relentlessly pushing to what we think is a better future but forgetting to be our best selves in the present?

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Leading with Awareness

Personal Mastery is not a simplistic process of affirming our strengths while ignoring our weaknesses. It is, as Carl Jung would explain it, "growth toward wholeness." It is about acknowledging our talents and strengths while facing the underdeveloped, hidden shadow sides. It is about honestly facing and reconciling all facets of self. Personal Mastery is about becoming aware and appreciating the rich mixture of our life experience.

Researchers David Zes and Dana Landis analyzed 6,977 assessments of managers and executives to identify blind spots and compared the results to the financial data of the 486 publicly traded companies in which the subjects operated. After tracking performance over a thirty-month period, Zes and Landis found that organizations with a higher percentage of self-aware leaders (fewest blind spots) had the strongest financial performance. Companies with the least self-aware leaders (most blind spots) had the lowest financial performance. This groundbreaking study was the first to correlate self-awareness with financial performance. Despite the research, some leaders still relegate self-awareness to backseat status, regarding it as a soft skill, not critical to business performance. Growing evidence such as this and other studies make it difficult to cast self-awareness aside. Self-aware leaders have the strong, authentic foundation on which to build sustainable performance.

Deepening Authenticity for Sustainable Leadership

Of all the principles supporting sustainable leadership, authenticity is one of the most important. It also can be one of the most challenging. Most people never realize that it's an area of their lives that needs attention. In more than three decades of interacting with leaders, I've yet to meet an executive who comes to me lamenting, "I'm having real trouble being authentic." If authenticity is so important, why don't we recognize it as a real issue within us? The answer is simple and profound: we are always authentic to our present state of development. We all behave in perfect alignment with our current level of emotional, psychological, and spiritual evolution. All our actions and relationships, as well as the quality and power of our leadership, accurately express the person we have become. Therefore, we conclude that we are "authentic," because we are doing the best we can with the information, experience, competencies, and traits that we have at this time.

There is a big catch. While we are authentic to our current state of development, we are inauthentic to our potential state of development. As humans and as leaders we have an infinite ability to grow. Our horizons are unlimited. If there is an end point to growing in self-awareness and authenticity, I certainly have not seen it.

To deepen authenticity—to nourish leadership from the inside out—takes time, attention and courage. To courageously penetrate the commotion and distraction of our lives, to explore the depths of ourselves, is the prerequisite for self-awareness and authenticity. So what is authenticity? Based on our experience, we define authenticity as the continuous process of building self-awareness of our whole person, and being transparent with others about our whole person—strengths and limitations. This heightened self-awareness allows us to predict our responses to situations. More often than not, the authentic person's beliefs, values,

principles, and behaviors tend to line up. Commonly referred to as "walking the talk," authenticity also means embodying your talk at a very deep level.

Authenticity is so much more than simply being true to ourselves; it also requires being true to others. Authenticity carries a much bigger responsibility to speak up, to light up the darkness and to "shake the spiritual tree," as Ken Wilber puts it. "You must let the radical realization rumble through your veins and rattle those around you," Wilber elaborates. Authenticity is rarely complacent. It is clear what is important and what needs to change. It is not attracted to convention but is more compelled by courageous conviction. With genuine authenticity, we shake ourselves free from the restrictions of the past and courageously express alternative futures.

Authentic people have dual awareness of strengths and vulnerabilities. This more complete self-awareness allows them to focus on the team, organization, and marketplaces—not themselves. Personal Mastery allows us to transcend our egos and move into authentic service and contribution. As the late David McClelland elucidated in *The Achieving Society*, effective leaders use their Socialized Power in service to a more purpose-driving achievement motive. Authentic leaders harness their gifts to serve something greater.

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The Authenticity and Courage Test

Every day, in every leadership moment, our authenticity is tested. Do we put a little spin on an explanation to make it look better? Do we react without thinking? Do we risk sharing a personal story? Do we slow down to show care and concern in the heat of performance? Do we reveal vulnerability to build trust and connection? Do we take advantage of people or situations because we can? Small but significant tests of authenticity and courage await us from moment to moment.

Sometimes, big moments test and reveal our authenticity and character. Steve Reinemund was Chairman and CEO of PepsiCo during a period of extraordinary growth. Earnings grew 90 percent. But the focus of the business was on more than results; they constantly preached "Winning the Right Way." This mantra resonated deeply in the culture.

Recently, Steve reflected on this time and shared this story with me:

"One day, a mysterious envelope arrived at the Pepsi headquarters, marked for one of our key executives. His administrative assistant opened it and was surprised to find that it was filled with trade secrets from a prominent competitor. Someone had anonymously sent them. Within an hour, the administrative assistant had packed up the envelope with its contents and delivered it back to our competitor's headquarters. Fortunately, she knew the right thing to do. Yes, it would have been highly advantageous for us to possess those documents. But it would have been "winning the wrong way." We gave the administrative assistant a Chairman's Award as a demonstration of our pride and gratitude in how well she embodied our company's values."

This was a big authenticity test, a big leadership moment. In that moment, their years of investing in their authentic values paid off. "Winning the right way" had become the only way.

The Courageous Practice of Authenticity

What happens when we are around highly competent people who have the courage to be real and open about themselves and the situations they face? We trust them. Their authenticity, vulnerability, and Personal Mastery have made them trustworthy, and we rush to their side.

David MacLennan, Chairman and CEO of Cargill, one of the world's largest private companies with \$107 billion in annual revenue, shared this perspective on authenticity:

"A critical part of transparency and a real test of leadership authenticity is having people come up to you and say, 'Hey, this is what I think is wrong. Were you aware of this?' as opposed to, 'Look out. There's the CEO. I better not speak up.' Your real 'authenticity audit' is the degree to which people are open to you, because you have been open, vulnerable, and honest with them."

Toward the end of our conversation, David reflected: "Cargill is so much bigger than I am. I am the ninth CEO in a 150-year history. One day I will be another 'oil paining' on the wall that people barely remember. Authenticity is knowing that life, leadership, and the organization are all so much bigger and so much more important than I am."

In the end, authenticity requires courageous action. David was one of the first CEOs in the United States to be brave enough to publicly speak out against potentially restrictive trade and immigration policies. During a CNN interview on the need for CEOs to weigh in with authenticity and courage on major policy issues, Jeffrey Immelt, former Chairman and CEO of General Electric, asserted: "It is insincere to not stand up for those things that you believe in... We are cowards if we don't take a position on those things that are consistent with our mission and where our people stand."

Inspiring and Connecting with Stories

Many of us know more about our favorite vacation spot, sports team, or running shoes than we do about ourselves. To break out of old patterns and grow as a whole person, we need to answer those tough questions, "Who am I?" Where am I going? Why am I going there?" The same questions need to be asked of enterprises, communities, and nations. As we take on these questions, we may stir up our internal critic, return with superficial responses that reflect our inexperience in going deeper, or we may discover significant experiences and new learning. This is the unique power of Story Mastery for deepening self-awareness, courage, and authenticity, and connecting with purpose and empathy.

Science demonstrates that stories that sustain our attention with a narrative arc and some tension, have the unique force to move us intellectually and emotionally. In an article entitled "Why Your Brain Loves Good Storytelling" in the *Harvard Business Review*, scientist Paul Zak explains that a decade ago his lab discovered that the neurochemical oxytocin is necessary for humans to feel safe. "It does this by enhancing a sense of empathy." Our brain produces more oxytocin each time we experience kindness and trust.

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In recent research, Zak's lab tapped into oxytocin in people's brains to motivate them to engage in cooperative behaviors. Researchers tested people's blood to measure oxytocin levels before and after they watched narrative videos. They found that character-driven stories produced more oxytocin, and more oxytocin in the blood was a predictor of how willing people were to help others, for example by donating to a charity linked to the story they saw. Zak concludes that we can leverage stories to engage employees to feel empathy for customer struggles and pleasure at the role they play in resolutions. His research demonstrates that we are attracted to stories in which people overcome challenges. Zak suggests that organizations tell their own founding stories to connect people to "transcendent purpose"—to engage people with the original passion behind the enterprise. He writes:

"These are the stories that, repeated over and over, stay core to the organization's DNA. They provide guidance for daily decision-making as well as the motivation that comes with the conviction that the organization's work must go on, and needs everyone's full engagement to make a difference in people's lives."

Bringing it All Together through Purpose: Leading with Why

Purpose powers performance. It elevates leaders and teams to move from short-term success to long-term significance. Purpose engages and energizes workforces, customers, vendors, distributors, and communities to achieve something bigger than products and more meaningful than profit. The embodiment of purpose, values and structures to support them in an enterprise creates an environment in which diverse talent thrives. It encourages us to bring our whole, integrated self to work, where we experience a deep, common connection.

As leaders we have a responsibility to address the big question: "Why is it so important that we exist?" With this question, we face who we are and how we are in the world. As the battle rages for the soul of capitalism, we can courageously consider how we view capitalism and the role of business. Will we define it solely in terms of financial levers, designed to accumulate capital, or will we apply our vision to shape business as a more universal lever that serves a higher, more sustainable purpose?

Unilever takes the purpose-driven lever. Their Core Values are much more than aspirational concepts. Their purpose statement is more than a slogan. Yes, they struggle to live it some times, but the constant struggle to serve is a worthy aspiration. As purpose-driven leaders remind themselves, purpose is not perfection but the pursuit of service-fueled value. Dedicating themselves to the Core Values— "integrity, responsibility, respect, and pioneering,"—Unilever's Core Purpose keeps them focused on succeeding "with the highest standards of corporate behavior towards everyone we work with, the communities we touch, and the environment on which we have impact." There is no company-centric-charge to be number one based on financial metrics or to win at all costs. Their considerable success is driven by their conviction to serve. Paul Polman, Unilever CEO, expressed his conviction in purpose-driven leadership in this statement for a *Huffington Post* article, "Doing Well by Doing Good."

"The power of purpose, passion, and positive attitude drive great long-term business results. Above all, the moment you realize that it's not about yourself but about the common good, or helping others, that's when you unlock the true leader in yourself."

Another purpose-driven leader, Marijn Dekkers, was recently recruited by Unilever to be Chairman of their board. Like Polman, Dekkers created significant enduring value during his tenure as CEO of Bayer. His leadership brought vitality and relevance to Bayer's purpose, culture, leadership growth, and market value.

Dekkers shared with me:

"It is relatively easy to pull financial levers to generate short-term profit. Many people can do that. What is challenging, and the real skill of leadership, is to inspire sustainable growth by relentlessly serving all stakeholders, not just shareholders. When purpose becomes the generator of profit, then long-term success, service, and sustainability have a chance to be realized."

In the end, we have to challenge ourselves with a very tough question: As individual leaders, organizations, and as participants in a more conscious capitalism, do we see ourselves in service to all we touch, or do we see ourselves as being served by them?

More enterprises are putting purpose at the forefront of their reason for being and performance. In a new study, "People on a Mission," Korn Ferry consultants Elaine Dinos, Janet Feldman, and Rick Lash studied purpose-driven companies in the consumer sector and interviewed thirty founders, CEOs, and senior executives of companies that had "a clear, visible, authentic purpose, engaged employees, customer-oriented cultures, and strong financial results." They found that companies focused on purpose and values reported annual growth rates of 9.85 percent compared to 2.4 percent for the entire S&P 500 consumer sector—more than four times the growth rate. "Imbuing an organization with a core purpose can be hard work, requiring a deep, abiding commitment from the top, said Feldman. The study concluded that leaders need to back up their purpose with key practices:

- Hire people who connect with purpose.
- Be transparent in leadership actions aligned to purpose.
- Offer incentive plans based on an employee's holistic contribution.

Four conditions fueled their success:

- The CEO led with purpose.
- People were clearly the top priority.
- Culture encouraged community and bringing best selves to work.
- Enabling practices and systems aligned with purpose.

Dinos said, "When an organization has a clear purpose, it unleashes the power and drive of the entire workforce, harnessing and focusing that combined effort in one aligned direction."

KIND Snacks was one of the companies in the study. David Lubetzky, founder and CEO, is a purpose-driven leader. The son of a World War II holocaust survivor, Lubetzky grew up hearing stories of his father's survival in Dachau concentration camp. In one story, Lubetzky's father told him that a guard tossed him a potato when no one was looking. In his mind, it was this guard's act of kindness that gave him confidence that he could survive. It reminded him that kindness still existed. The underlying reason for KIND is Lubtzky's belief that we can create a culture of kindness and empathy and that business can be a force both for good and for profit.

KIND employs 600 people, sells its products in more than 150,000 stores, and in the last five years, they have generated 111 percent compound annual growth rate. Lubetzky's employees see him as a humanitarian "who happens to be a great businessperson."

The results of the study show that "people want to do good and serve something better at the same time." Purpose-driven leadership fulfills the Why question and gives all stakeholders a compelling reason to be engaged.

What happens when there is no clear aspirational purpose, or it gets lost or sacrificed? A *Financial Times* article, "Companies with a purpose beyond profit tend to make more money," posits that when purpose is missing, there is "a subtle alchemical shift, the metrics fill the vacuum, muscling out any wider purpose with the imperative of hitting the numbers. This transposition of ends and means is often disastrous because methods now geared to meeting the metric, are detached from customer purpose—so banks sell payment protection insurance to people who do not need it, or VW manipulates emissions readings to meet targets." Leaders must remember to put meaning first and metrics second. Purpose is spirit seeking expression; awareness of it allows us to see our lives more clearly from the inside out.

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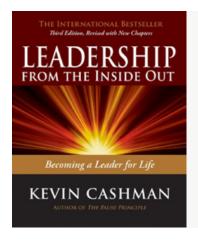
Answering the Call for Courageous, Authentic, Purposeful Leadership

Imagine a critical mass of authentic leaders, who express their gifts and create life-enriching value through energetic, courageous, purpose-driven leadership. Imagine an organization, community or a city like that. Envisioning a better world seems less an idealized fantasy when you think of what a critical mass of authentic, transformative leaders could achieve. As you move forward, I hope that you will answer the call and be a transformative force. The purpose of your transformation is to radiate your gifts in service of others. Growth is more meaningful when it enriches the lives of others, expresses what is deeply important to you and is multiplied many times over.

These words by Hannah Senesh eloquently express the enduring value of authentic leaders: "There are stars whose radiance is visible on earth though they have long been extinct. There are people whose brilliance continues to light the world though they are no longer among the living. These lights are particularly bright when the night is dark. They light the way for mankind." \square



Info



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