



Being an authentic leader requires a deeper sense of meaning, says one leadership expert

By Nathan Jaye, CFA

Why do you want to lead? How do you know if you're on the right track—and the right track for *you*? Increasingly, authentic leadership is vital to success. Bill George, former chairman and CEO of Medtronic and a senior fellow at Harvard Business School, is the author of *True North: Discover Your Authentic Leadership* and *Discover Your True North*, among other books on authentic leadership. George currently serves as a director at Goldman Sachs and the Mayo Clinic and has served recently on the boards of ExxonMobil, Novartis, and Target Corporation. In this interview, George discusses the concept of True North, why it's unique for everyone, and what's changed about leadership over the past decade.

What's the most valuable question a leader can ask themselves?

The best question is “Why do I want to lead?” Following that is “What do I want to accomplish through my leadership?” That leads to a third question: “Do I have a sense of purpose, or am I just leading to satisfy my own ego need?” If the answer is the latter, then you're not going to be successful as a leader.

Many people jump into leadership roles because they think it's a way to get ahead. They think they can gain money, fame, and power through doing it. But I think we should start with the questions “Do I want to serve? Do I want to accomplish something? Do I have a deeper sense of purpose?”

Why is True North important?

True North is your inner sense, or your calling, of what you want to accomplish in your life. It's

a combination of your values, your beliefs, and your purpose. It keeps you on a straight track that's true for you. And it's different for every single person. There's no two people for whom True North is the same.

Many people struggle between the desire to serve and help other people—which really makes a difference—and desire for getting the world's attention. I think people get caught up in extrinsic motivations like money, fame, and power. If you have a clear sense of your compass, then you can stay on track. Your True North will pull you back. If you don't, then you may lose your way. And that's what happens to so many leaders. The more power they have, the more likely it is to happen.

Leadership is how we interface with the world around us. There are external forces driving us and pressures on us to achieve goals and objectives. What happens sometimes is that you get caught up in those pressures. They pull you off course. Or sometimes you get seduced by the rewards and incentives of being successful.

If you don't have a clear sense of your True North, you may feel like you're drifting in the wind. As Jim Burke, the former CEO of Johnson & Johnson, once said, “Without a moral compass, you're awash in chaos.” I think that's true. True North is a place you go back to. Your True North really is your moral compass.

How do you gain clarity on your moral compass?

That can take a lot of work. That's the whole purpose of my writing, to get people to think about their life story. “Who am I? Who am I in this world? What are the big influences in my

life? What are the times I lost my way? What are the most difficult challenges that I've had to overcome in my life?" Greatest crucibles, if you will.

It may be times when we lost our job, we lost a family member, or we went through a difficult personal situation. We felt rejected, discriminated against. It can be any number of things. Overcoming these crucibles, in many ways, is what life is about. It's not about success; it's about getting knocked down and picking yourself up.

When you have the inner confidence to know "Hey, if I overcame that, I can do anything," then I think you can achieve whatever you want as a leader. But you have to go through that inner work first. And that's why the whole first third of my book focuses on one's life story, the times we lost our way.

I think one of the hardest things for people to do is bury their crucibles. They say, "I don't want to go there. I don't want to think about that. I've moved on. That's not who I am." But I think it's actually essential that we go back and focus on that, and so all of my courses at Harvard start with that.

What comes next?

Reflection on your life is just a starting point. That's certainly not where it ends. Then we move into things like self-awareness, so you gain awareness of "Who am I?" and "How do I interface with the world?"

What gets in the way of True North?

Things like shame. The fact that we don't feel good about ourselves. Maybe we feel like we're a failure or that life has been so hard and we feel like we're a victim. Clearly, these are things that hold people back. The victim mentality is perhaps the most damaging of all.



Bill George

So, it's about working through these basic notions of who you are and doing it with a very close colleague or loved one or somebody you care about. You really have to go through that process. That's why, in all of my courses, we always have small groups where you have a chance to share these things. There's a power in being willing to share things with others, share your life story, share your difficult times, and talk about them. That becomes the real essence of how you grow.

So peer support is vital?

Having a support group is so important. And having at least one person in your life—your loved one, your spouse, it can be a parent, it can be a mentor, it can be a best friend, it can be a therapist—somebody with whom you can be totally open about everything. And not in a way where you try to kid yourself or try to do it on your own. Life is lonely if you try to do it on your own.

I just met with my support group this morning. We've been meeting for 41 years. I think it's good to have a group of people who can share the challenges you're facing, the difficult times, the dilemmas you've got, because they see you as you really are. In difficult times, a lot of superficial friends and acquaintances go away. It's the people who really care about you that are there for you.

In some ways, it's easier if your support group is people in your personal life. A lot of times we're uncomfortable being unguarded and open with people in our professional life. And that causes us to hold back. Most people don't have this peer support, by the way. They stay buttoned up. They don't want to get too close to people. That's a big mistake.

Has leadership changed since *True North* came out in 2007?

Discover Your True North started out as a second edition of *True North*. We interviewed another 47 leaders, because we wanted to see if leadership had changed in the past 10 years. It's really a new book that incorporates many of the ideas we had before, but with stories from a whole new group of leaders.

So now there's a chapter on self-awareness. That's almost entirely new. We've learned so much about how to develop self-awareness in the past 10 years. Everyone knows it's important, but we haven't known how to do it. Now, we have a much clearer understanding of how we develop self-awareness.

Global leadership has also changed a lot in 10 years. So we wrote about global leadership to keep the ideas of *True North* current. The basic ideas of *True North* were so well received by so many people in business and non-profits that I wanted to see them sustained for a long time.

Which stories stuck with you?

There's a lot of them. Ken Frazier, chairman and CEO of Merck & Co., is the grandson of a slave. His grandfather was born into slavery, before 1863. His father was a janitor and never went to college, and his mother died when he was 12. He lived in an impoverished area, inner-city Philadelphia. Somehow, he was able to avoid the gangs and get scholarships to Penn State and Harvard Law School and wound up as general counsel and then CEO of Merck. But, more

significantly, his history informs his sense of purpose, of being your own person and doing what you think is right.

There are many great stories in *Discover Your True North* of people who have weathered very tough times and have come through that. Howard Schultz, the founder of Starbucks, has always stuck with me because he is true to his life story. He went through a very difficult childhood in the projects in Brooklyn. He tried to escape Brooklyn to go to Northern Michigan University on a football scholarship, which he lost after the first year. But he hung in there and eventually founded Starbucks and became a tremendous success. But he's still very true to his life story.

Dan Vasella, who was chairman and CEO of Novartis, a Swiss pharmaceutical company, encountered tremendous health problems as a boy. He was a very, very sickly boy the whole time and almost died when he was eight. But this impassioned him to want to become a doctor. He became an outstanding doctor and an outstanding executive, but he always starts with being a doctor and *then* being a leader.

How do we practice our values?

Making up lists of values—what is called values clarification—is largely a waste of time. I don't think it really accomplishes anything at all. I think it's much more important to throw yourself into the real world and test your values against the real world.

Dealing with difficult situations is one way. As an example, maybe you'll find yourself in a situation (or a country) where you're asked to pay bribes. How are you going to deal with that? And maybe you're going to lose your job if you don't pay, because you're not going to get the revenues. But in general, throw yourself into real-world situations and see if you can stay true to your values. And if you don't, don't be ashamed; just see what caused you to get off track.

Is authentic leadership a learning process for you?

Of course it's a learning process for me. I had a lot to learn. I lost seven elections in high school and college and struggled a lot with self-awareness, being willing to be vulnerable and willing to be open. And I was too eager—the kid that always wanted to get ahead. I turned a lot of people off that way.

I went through some difficult times. In my twenties, my mother and my fiancée died within the space of about 18 months—when I was 24 and 25. That was a very hard time. And then I got off track, kind of lost my way at Honeywell. I was thinking I wanted to be CEO instead of really staying focused on being a value-centered leader and carrying out a purpose. I was shooting for a title, which is clearly an external gratification.

How do we know if we're off track?

How can we see it ourselves? I think that's the question. Others can see it, but can we see it? Others could see I was getting off track at Honeywell—and pushing too hard, driving to become CEO—and didn't have any passion for the business. But it took me a while to see it. That's why peer support is invaluable.

What are some actual signs?

Rajat Gupta was one of the most successful leaders of our whole era. I was on three boards with him. He was worth \$120 million at age 60 and somehow got caught up in becoming a billionaire. He got tied in with the wrong people and got involved in insider trading. He just got out of jail. It was very tragic, because he was—he is—such an extraordinary leader.

So, here are some questions to consider: Are you associating with dishonest people? Are you involved in relationships that don't feel right? If you have close friends, they may say things like, "Hey, why are you doing that? What's this all about? How can you be driven so much that you'll do this or that?"

That's what happened to Lance Armstrong. He was the most incredible biker of all time, but he totally lost his way. He had to win, win, win at all costs and get involved in drugs and then deny it and destroy others that tried to ask him what he was doing. You need people around you that'll help you, people who will challenge you—not just support you, but challenge you.

I had a colleague at Medtronic who I thought would be CEO someday. He left to become CEO of another medical devices company. One day, the audit committee announced that the company had cooked the books for eight consecutive quarters, and now he's in jail for 20 years.

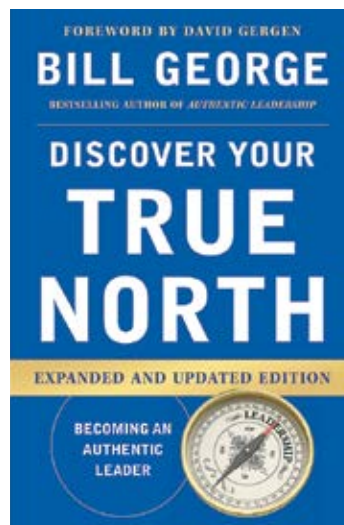
People around him would have seen the signs. Why can't you just say, "Hey, we missed the numbers"? I've done that. It's not fun. You may get beaten up, but you have to have the courage to do that. That's why you need a peer support group that will call you on things you're doing. They'll say, "What's happening to you? Why are you doing this? This doesn't seem consistent with who you are."

Is authentic leadership now the gold standard?

Among business leaders, I see more and more authenticity. I think it's become the gold standard for leaders, and now the HR departments have come around. So this is how they're hiring people. They used to hire employees for charisma and style. And now, charisma and style are really going on the back burner. Companies are realizing you have to have your own style.

How does authentic leadership rub off?

It's like the job of any good coach. You have to empower the team to go out and give you their best. I think an empowering leader will bring the best out in everyone. It's very easy to bring out the worst in people by beating up on them, by criticizing them, causing them to cringe and worry what's coming next.



To bring out the best in people is really hard. But that's what great leaders do. They figure out the skills everyone has. Then they ask themselves, "How do I get them to up their game, to do their best? What's the right position in the organization for them?" You want to play to people's strengths, not their weaknesses. Then set challenging goals. Challenge everyone to reach and achieve those goals. And that's no different than a sports coach.

I think straight talk is incredibly valuable. You can say things like "You're not bringing us your best game here; you can do a lot better. Everyone has a bad year, but you're not really on track. We need to help you get back on track. What's going on?" Honest conversation is something that doesn't happen often enough. That's a real problem. I think that very much needs to be brought into organizational culture.

Are people demanding more meaning in their work?

I really do believe that the millennials are different. They are searching for meaning. In fact, they're demanding it. They don't want to work in an organization where they're just dwelling in the trenches to get ahead and make a lot of money. I think they desperately want to have meaning in their lives. And they'll quit. They'll go somewhere else. There's been a lot of criticism of the millennials, but I think they're terrific, and I really admire them for wanting to have this sense of meaning—that it's not just a job, not just about the money. They really want to make a difference.

How can a leader support that?

Well, my job is to figure out who those great leaders are and then help them align their purpose as a leader with the organization's purpose. How do we enable people to have opportunities inside the organization—to really make a difference? That's what I think is really important. That's our job as leaders—to give people these opportunities.

Where do you see authentic leadership in the investment industry?

I think it's a more challenging area. There is so much focus on money. That pulls people away from their sense of True North. There is, in many ways, too much money. And there are too many people comparing themselves to other people—how much they've made compared to other people. I think finding True North is much harder to do in the investment industry.

Of course you see great firms that stay true to their values, like Vanguard, BlackRock, and Fidelity. They flourish over a long period of time. But too many people get caught up in trying to make the big bucks today. They tend to think they're better than they are, rather than realizing they were perhaps quite fortunate. This leads to overconfidence in their decision making.

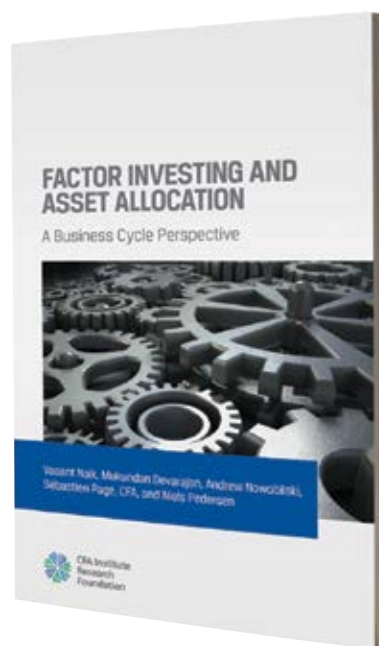
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FACTOR INVESTING AND ASSET ALLOCATION

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