

# Unbound Ideas

Presents

*The 10 Taboos of Leadership*  
*Session Two: Leaders and Work-Life*  
*Balance*

*With Dr. Anthony (Tony) Smith*

**Thursday, August 13, 2009**

12:00 Noon – 12:30 p.m. Eastern

11:00 a.m – 11:30 a.m. Central

10:00 a.m. – 10:30 a.m. Mountain

9:00 a.m. – 9:30 a.m. Pacific

**Moderator:**  
**Keith Hollihan**

# THE BROWN BAG BOOK CLUB

BRING YOUR LUNCH - BRING YOUR COLLEAGUES - BRING YOUR QUESTIONS

August 13, 2009

Dear Attendee,

Unbound Ideas is pleased have you join us for our third [Brown Bag Book Club](#) meeting and welcome Dr. Anthony (Tony) Smith back for another interesting and useful session.

Just as the best social book clubs introduce you to new authors and new books, give you a community to discuss ideas and share opinions, and offer a schedule and pace to keep your reading on track, we have the same goals in mind.

The authors, analysts and thinkers we select will engage you in timely topics that are impacting our work, lives, and organizations. Just as the tag line in the above image encourages you to bring your questions, we've a few of our own and each session is centered around them. In today's session we ask: **is a lack of balance an unhealthy flaw that needs to be corrected or is it an inherent aspect of what it takes for a driven person to be successful?** We are looking forward to Tony's answer and explanation.

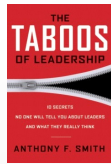
Dr. Smith is the co-founder and a managing director of the [Leadership Research Institute](#), which is recognized as one of the leading management consulting firms specializing in leadership development. He is the author of several books, including *The Taboos of Leadership: 10 Secrets No One Will Tell You about Leaders and What They Really Think* (Jossey-Bass, May 2007), which is the source material for today's webinar.

In this packet, you'll find the presentation slides that Tony will work from during the seminar, an article entitled "In Defense of the CEO W-2" and a listing and brief summary of each of the 10 Taboos of Leadership. Please remember, you may send this document to anyone who intends to join you for the event and make as many copies of the material as will be of use.

Tony has also asked that we encourage you to come with questions in mind about the personal and organizational productivity challenges you are facing today. We hope you will; it's always more instructive and fun when we aren't the only ones looking for answers.

Thank you in advance for joining us!

Sincerely,  
Unbound Ideas



# Taboos Of Leadership

“Work-life Balance”

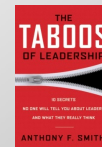


Dr. Anthony F. Smith  
Thursday, August 13, 2009

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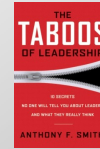
## Taboos...

WHAT  $\implies$  Taboos are ....



- Webster defines a taboo as, “a sacred prohibition put upon certain people, things, or acts, which makes them untouchable”
- Taboos are issues that are forbidden on the grounds of taste, morality, or political correctness – banned as constituting a risk
- Painful, touchy, intimate, difficult-to-discuss, and politically incorrect, taboos of leadership is the subject of my book, and perhaps the most “touchy”, is the “double standard” taboo

# Taboos...



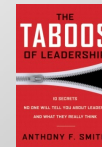
WHAT → Leadership is...

*Leadership is the day-to-day process whereby an individual pursues a vision, mission, and shared goals by:*

- intentionally seeking to influence individuals and the conditions in which they work,
- to perform various tasks (critical to the mission),
- to their full potential,
- for as long as possible,

*thus increasing the probability of achieving the shared goals, as well as realizing the vision and maximizing Organizational, Team and Personal Development of all members involved.*

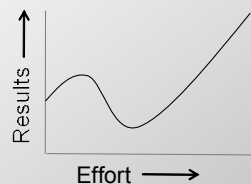
# Taboos...



WHAT → Leadership is not...

➤ Easy

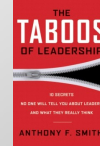
The "Dip"



"It's supposed to be hard-if it wasn't hard, everyone would do it – the hard is what makes it great."  
Jimmy Dugan, A League Of Their Own

Messy & Unpredictable  
All Consuming  
Marathon vs Sprint  
Lonely

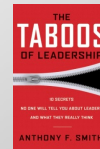
# Taboos...



## The Balance Accusation

- A leader's success comes at a high price, a price that most "healthy people" are unwilling to pay
- The drive that "unbalanced" people exhibit presents a bad role model or an unhealthy standard that needs to be curtailed so others can lead a more sensible and sustainable life
- Experts in the field have come to believe that highly driven people (executives, athletes, stars, etc.) meet the diagnostic criteria for "hypomania", a mild form of mania characterized by restlessness, creativity, grand ambition, euphoria, risk taking, and impulsivity

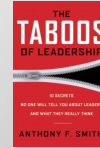
# Taboos...



## The Balance Dilemma

- Do leaders need to model everything they ask, require, and/or wish for their followers?
- What is balance? Does everyone have the same scale, universally calibrated?
- What is the cost for "unbalanced" people to embrace "balance"?

# Taboos...



## Conclusions

- Take care of self before taking care of others
- Understand your own emotional, physical, and intellectual needs
- Set expectations for performance, not balance

# THE TABOOS OF LEADERSHIP

## In Defense of the CEO W-2 by Anthony Smith

Over the past few months, amid the release of corporate proxies and income tax filing deadlines, national newspapers of note ran their annual "special reports" on executive pay.

Besides examining the annual compensation packages of CEOs of many high-profile public companies, the articles, for the most part, defined the new SEC-mandated compensation reporting and disclosure requirements, and gently took the position that it will take more than another decade for executive entitlement to regain balance.

In my more than twenty years as a leadership researcher, I've served as sounding board, bartender, and confessor to many of these high-profile figures. Almost all have struggled with the perceptions and ethics surrounding their seemingly-obscene annual compensation packages. And almost all, after carefully weighing every aspect of their 24/7/365 jobs -- which are carried out in isolation and can destroy health, families, and personal privacy -- come to the conclusion that said packages are justified.

I've had these entitlement debates with the CEOs with whom I've counseled on all the leadership decisions they face. Over time, I've come to agree with them that many (not all) of these compensation packages are warranted. Here's why.

The current outrage over executive compensation is largely a perception vs. reality issue. The perception is that a \$5-10 million compensation package is out of balance because it's either too large of a multiplier of an average employee's salary or it's greater than shareholders' perceived rate of return on investment. Or both. This perception was a key factor in passage of an April House of Representatives bill requiring public companies to put executive pay packages up for an advisory vote by shareholders. Unfortunately, many of those "outraged" have failed to consider several important points.

Consideration #1: The reality is that the free market is alive and well, and is the true dictator of CEO pay. While what one's peers are making is still a legitimate barometer, critics should look at the *macro* economics of "stars" in all fields (after all, CEOs are the "stars" of the business world), and not just the *micro* economics of CEO pay, if they are serious about understanding the calculus in determining compensation. Such valuation analysis must factor in the track record of the CEO; his or her potential; competing job offers; personal enticements; what he or she is leaving behind; their reputation on the "street"; and the team of other executives he or she is likely to bring or attract.

Consideration #2: few people can perform like Bono, write like *Harry Potter's* J.K. Rowling, or golf like Tiger Woods. They have unique talents the free market has decided are worth millions of dollars each year, even though Woods doesn't win every Major and every album

of U2's isn't double platinum. Yes, they drive product sales and ad revenue, and in many cases, spearhead major philanthropic initiatives. Yet, like CEO's, their compensation is usually established long before the success (or failure) is obvious -- Nike signed Woods years before he donned a green jacket.

Likewise, only a handful of people are capable of leading major multinational corporations with 100,000+ employees and \$50+ billion in annual revenue. Bottom line: true stars are in short supply and high demand. It's pure Economics 101.

Consideration #3: these unique people create more than just entertainment value. They create thousands of jobs, deliver a lifetime of wealth for legions of investors, and drive life-changing innovation. IBM's Lou Gerstner saved an American institution. Harvey Golub at American Express increased shareholder value by record numbers. Herb Kelleher defied industry logic by consistently delivering profits in the toughest of times. Many of us became rich as lifetime investors in GE, or were saved by GE medical products -- and yes, Jack Welch did have something to do with it.

(I make this point because I was recently asked during a television interview if GE's success was solely driven by Welch. My answer was, Jack would be the first to say that it was a collective effort of great executives and talented employees. But let's not forget who created a culture that attracted, developed, inspired, and retained those folks.)

Consideration #4: Unlike an artist with a distinctive talent, a CEO's craft and contribution is highly subjective. Often, the fruits of their labors don't show up in the short term -- as Wall Street demands -- and are apparent only long after they take the helm. Carly Fiorina's leadership, for example, likely had *something* to do with Hewlett-Packard's current success.

While most chief executives are in fact compensated at a far lower rate than the Rowlings and Woods, the criticisms lobbed at them are far more frequent and severe. To understand the blatant mistakes of the past, we need to find an objective means, in this highly subjective universe, of separating a CEO's overall performance from the number attached to his or her compensation.

Why? Because historically, compensation was negotiated before one's tenure, based on potential and probability (not unlike the aforementioned musicians and sports stars). In the future, however, we must move closer to a merit-based "pay for performance" model that will indeed drive greater differentiation. When this is established, however, shareholders must be prepared to award perhaps even larger payouts than we have seen thus far -- unless, of course, those shareholders just want a ceiling and no floor.

Consideration #5: in large multinational corporations, \$5-10 million is likely a budget line item amount for office supplies such as Post-It TM Notes and paper clips. Executive pay shouldn't just be weighed against aggregate employee salaries or benchmarked with similarly-sized companies. It should be compared with, and judged against, all of a company's expenditures and the rate of return they generate. Who creates more value in the company, the CEO or a bunch of paper clips? Institutional shareholders understand this dynamic. Individual investors, and the media, often do not.

To conclude, CEOs can't lose sight of the major climate shift that has come to hover over the corner office. Since Sarbanes-Oxley passed in 2002, transparency and disclosure are the climatic bywords of our time -- and shareholders will continue to demand (justifiably) even more openness, and a greater correlation between pay and performance, each passing fiscal year.

# THE TABOOS OF LEADERSHIP

## 10 Taboos of Leadership Exposed

It's important to be respectful of history and even cherish it; but living in the past can be stifling and oppressive. So it goes with taboos, some of which are with us out of respect for culture and tradition; others because they hang around like old vines that strangle new growth. Taboos can polarize and alienate. We can reduce some of their power by first understanding and openly acknowledging that they exist. If taboos of leadership are holding our organizations and leaders down, they should be pruned back and weeded out, allowing our organizations and leaders to grow in new directions.

### **Taboo 1. We Know What Leadership Looks Like (But We Don't Know What It Takes)**

Despite all of the effort we've put into explaining leadership, we still don't understand its true nature. In our attempts to create formulas and answers, we have invented sanitized and stylized theories ("the conscious leader;" "the servant leader "). As a result, we have developed a tendency to overlook the realities of what leaders do, and why they do it.

### **Taboo 2. Charisma Shouldn't Make a Difference (But It Does)**

Like it or not, charisma plays a critical role in what we have come to see as leaderly. People who possess charisma have a certain "magnetism" that involves vision, passion, confidence, communication skills, mystique, and the ability to identify with their followers. Such leaders add a transformational quality that serves to attract and inspire employees throughout the organization.

### **Taboo 3. Real Leaders Don't Play Politics (They Take It Very Seriously)**

Politics is not a necessary evil in the leadership game -- it's just plain necessary. No leader achieves his or her goals without playing politics. Politics is the air leaders breathe and an important source of an organization's energy and dynamism.

### **Taboo 4. Women Make Better Leaders (When That's What They Really Want To Do)**

Enough women are making an impact at the "C" level that no one can label them token representatives anymore. But while things may look better in terms of numbers, something still isn't quite right below the surface. Most women really don't want to be leaders to the same degree as men; nor are they compelled to do all that it takes to reach the top.

### **Taboo 5. The Double Standard is for Cavemen (And the Corner Office)**

Is there anything more toxic in today's organizations than the notion of the double standard? Yet the double standard is standard to executives. As talented experts in a

specialized field, they create value that far exceeds the salaries they earn. They also give up many aspects of a “normal” life in service to their organizations and therefore deserve the additional perquisites they command. As a capitalist society, we must understand this concept (however begrudgingly).

### **Taboo 6. Thou Shalt Not Play Favorites with Friends and Family (Except When It Makes a Lot of Sense)**

One of the touchiest issues in corporate life is the role of favoritism. Is it more important for a leader to surround himself with the best people, or the people he feels comfortable with and can trust? The rationale for favoritism and nepotism can be uncovered by considering the real nature of leadership. Leaders are human: they’re vulnerable, and thereby put a high value on trust, predictability, and support.

### **Taboo 7. A Leader’s Fundamental Duty is to Groom a Successor (But It Hurts Like Hell)**

Today’s leaders generally understand that they are stewards of an organization with an obligation to eventually pass the reins to the next generation. They’re comfortable empowering themselves, but have difficulty empowering others. Succession planning is the most difficult task of all -- it forces leaders to confront the moment when they’ll cease doing the most significant thing in their lives.

### **Taboo 8. Leaders Need to Demonstrate Work-Life Balance (No Problem, Work is Their Life)**

Leaders are fundamentally unbalanced because they love what they do and live to accomplish something important. Yet they often face pressure to demonstrate better work-life balance in order to set a healthy standard in their organizations. If they’re happy and healthy, leaders can’t allow others to calibrate their work-life balance scale. But companies need to be clear about expectations for all employees upfront.

### **Taboo 9. Blatant Self-Interest is Dangerous (In Followers, Not Leaders)**

Leadership is rooted in the urges of blatant self-interest. The most effective leaders tend to be the ones who do whatever it takes to achieve their own, selfish agenda. Ethics and principles have to be a part of the business equation; they are tools that leaders use to be more effective. And often, blatant self-interest is good business, benefiting a lot of people in the process.

### **Taboo 10. It’s Lonely at the Top (But Leaders Wouldn’t Have It Any Other Way)**

During the workday and at the end of a long career, it is the leader who is irrevocably left alone. Yet, a leader needs distance from others in order to be effective. The sense of disconnection has an impact, and leaders often use aloneness as a psychological tool. Being put in a position of ultimate authority is easier if one is alone. Yet the discussion of loneliness may be the ultimate taboo.

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<http://is.gd/2dWXR>

We will also be sending you the feedback URL after the event when you have had some time to reflect upon the material and information provided.

This feedback and any comments are very important to us. Thank you in advance for taking the time to complete this evaluation!

