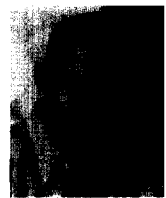


STEPHEN R. COVEY



New Wine, Old Bottles

The adage about "you can't put new wine in old bottles" still holds true, as evidenced by attempts to retrofit senior executives with new leadership styles.

FOR 30 YEARS I'VE WORKED with chief executives in many organizations, training them to be better coaches, servant leaders, and sources of help—rather than be judges, policemen, motivators, and magicians.

Most training programs try to put new wine in old bottles. For instance, they take the marvelous "new wine" concept of servant leadership—which the Greenleaf Center has created and implemented so successfully—and then they mix it with the old command-and-control or benevolent authoritarian approach.

But such mixing only compounds the original problem, because it gives the boss an aura of respectability as a coach or servant leader, when in fact he's fundamentally unchanged in his basic style. He's now a wolf in sheep's wool.

That's why most people resent performance appraisals. In fact, when I speak to an audience, I know how to get a fast reaction. I simply say, "The latest artifact of modern-day bloodletting in management is performance appraisal." The audience will almost stand and cheer. People have had it with performance appraisals where management uses a human relations approach and a coaching style, but there's no clear performance agreement. And so the person is still not the one ultimately responsible for results.

Servant leadership requires humility of character and core competency around a new skill set—not just directing, motivating and evaluating people using traditional performance appraisals.

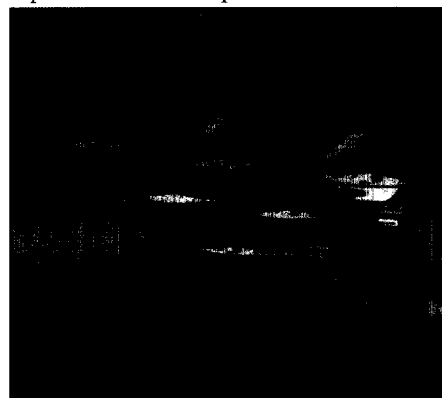
Three Steps to Transformation

To become servant leaders, executives need to take three steps—building relationships of trust, setting up win-win performance agreements, and then being a source of help.

1. *Build a new relationship.* The new relationship is horizontal, not vertical,

and is based on the principle of mutual respect and equality—not on power and position within the organization. You view the roles of worker, manager, and leader in a new light. The roles are equal, but different. Only when you have built relationships of trust do you have the foundation necessary to set up a meaningful performance agreement.

2. *Create a new psychological contract or performance agreement.* The agreement represents a clear, up-front mutual



understanding and commitment regarding expectations in five areas: 1) purpose—specify the quantity and quality of desired results; 2) guidelines—focus on principles, not on procedures, policies, or practices; 3) resources—identify available human, financial and physical resources; 4) accountability—schedule progress reports and specify performance criteria; and 5) consequences—state both positive and negative rewards that reflect the natural consequences of actions taken.

The new agreement gives the other person total freedom within the guidelines to accomplish objectives. The moment such an agreement is set, the leadership paradigm shifts from one of benevolent authoritarianism to one of servant leadership. You become a source of help to those individuals who have entered into this agreement with you. The accountability process is based on

self-evaluation, using feedback from different stake holders. In fact, I often refer to this agreement as "stewardship delegation," since in such agreements each person becomes a "steward" over certain resources and responsibilities.

3. *With the transfer of power and responsibility for results, the leader becomes the servant and a source of help.* Once you establish performance agreements with a clear understanding of common purposes and a deep buy-in by all parties, then people can do whatever's necessary within the guidelines to achieve desired results.

The leader then takes the position of a servant. He is no longer one who directs, controls, or judges. Instead, he becomes a coach and resource who can interpret the data or lend experience, but the individual or team makes most decisions—including staffing, budgeting, and coordinating. If the person or team hits a brick wall or finds the resources and guidelines insufficient, you may have to revisit and renegotiate the performance agreement with them.

In the mutual accountability sessions conducted by the person or the team, the servant leader ask four questions: 1) *How's it going? or what's happening?*; 2) *What are you learning from this situation?*; 3) *What are your goals now? or What do you want to accomplish?* and 4) *How can I help you?* These questions keep the person responsible and accountable for results. Without that new mindset and skill set, servant leadership won't work.

Flying High

I once had an experience that for me was a simulation of servant leadership. I was working with the Oregon Air National Guard and was scheduled to go up in an F-15. But because Congress has put its foot down on such flights without special permission, it was cancelled. When I checked into it and saw the kind of strength you need in your back and neck muscles to deal with those G-forces, I was glad my flight was canceled.

Anyway, they put me in a flight simulator, and while I was in the simulator, I

was attacked by different "bandits" that tried to shoot me down. An instructor taught me how to use the stick in my right hand and the guns in my left hand to fight the bandits. My teenage son, Joshua, could easily have killed these bandits, because he plays all these video games, but I was just total thumbs—and they shot me down one right after another.

Then they sent across the screen a "dumb bandit." It couldn't shoot me down, but I had to shoot it down. Well, I sat there for 15 minutes, and I could not kill this bandit. Finally, the commander put his hands on my hands and showed me how to do it.

Next, they took me into a room where pilots go after they've had their "dog fights." In this room, the pilots see visual recreations of the encounters as captured from the perspective of the other planes. So I sat there as they showed the pictures taken from different angles by planes involved in this simulation.

The commander sat next to me and showed me how my plane was seen from all the other angles on these simulated combat missions. So, in this way, I had access to all the data. The commander helped me interpret the data and understand what was happening and why. He explained why I should have done this or that. Of course, I was very open to his instruction because we shared the same objective—to save our lives, to win the battle, and to preserve the peace. So we quickly formed a relationship based on trust, shared vision, common purpose, and access to all the information.

From this experience, I gained important insights about servant leadership. At first, I had a limited vision and had trouble working the controls. I was being shot down all the time. Even with the instructor's hands over mine, I could hardly shoot down a dumb bandit.

But after seeing the big picture, the shared vision and mission, I had a much broader awareness of what was going on. With a servant leader by my side, I learned fast.

This experience represents the difference between "go-fer" delegation (go for this, now do this, now do that) and empowerment (let's spend the time to set up the agreement and to operate within the guidelines, but from the moment we set it up, you're responsible for desired results, and I'm a source of help).

In her book, *The New Science of Leadership*, Meg Wheatley teaches the same basic principle. She says what you need is a common vision and purpose, and free information flow, because it's going to be chaotic, and you've got to

expect it. But use chaos to your advantage. Let people have whatever information comes in, and then become a source of help to them.

The servant leader often has to help expand vision and perspective, and then bring to bear his experience. But people want it. They're asking for it, because their lives are at stake. They know that their organizations are fighting for their economic life. And so the people working under the servant leader have more responsibility and accountability. They're at the controls and sense that they're in charge, that this isn't a game any more, that there's something at stake here.

Examples of Servant Leaders

In many organizations I've worked in or with, I've seen examples of servant leaders who have really made a difference.

For example, when I was just 20 years old, I served as an assistant to the president of an organization. One time I asked him, "Why don't you ever give me any feedback? You never tell me if you like

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my speeches." And he said, "Do you want to be dependent upon me? You know within yourself what's happening. If you want some help, you just ask me. I'm here." From then on, I was free of the president. I didn't have to worry about his reaction. He never praised me or blamed me, but if I wanted help, he'd give it. So I would ask him, "What do you think of this." He served me as a source of help.

Later in life, I served as a vice president under a benevolent dictator. The servant leader who replaced him was actually tougher. That experience taught me that servant leadership is not soft or touchy-feely. It's a much tougher style because when you set up performance agreements and become a source of help, people have to be tough on themselves. They just can't sit around and blame others.

I've come to greatly admire the leadership that Horst Schulze, president of The Ritz-Carlton Hotel Company, provides to his management and staff. He's a very authentic person. His energy, commitment, and service to his people has created a culture of "ladies and gentlemen serving ladies and gentlemen." While recently staying at the Ritz-Carlton at Amelia Island, I walked through the kitchen and was amazed to find that it was as clean as the lobby. The people

there were in a class of their own. I'm convinced that it's the culture that has drawn out the best in them.

I've also been thrilled to see models of servant leadership in action at Saturn. I recently read that Skip LeFauve, president of Saturn, now heads up the small car group of General Motors. Both he and Mike Bennett, head of the UAW, have had enormous influence in creating a spirit and model of synergistic teamwork. The results speak for themselves.

At the Toro Company in Minneapolis, chairman Ken Melrose has certainly made a difference. Only an exceptional chief executive would subject himself voluntarily to internal scrutiny and external accountability, involving all the stakeholders. Melrose is one such executive. He even posts his personal goals outside his office for all to see, along with an accounting of his performance against those goals. Both his office and his mind are open, and people at all levels are invited to share their ideas. He freely shares information in good times and bad, thus creating a culture of trust.

By inviting people's involvement, he gains influence and commitment. He empowers others. His sense of stewardship, not ownership, of his resources makes him a model of servant leadership.

I recently attended a football game that demonstrated a magnificent contrast between the servant leadership and benevolent authoritarian styles of management. Both teams had great coaches. But as I watched the game, I could see one coach pacing up and down the sideline, making every decision on both offense and defense. In stark contrast, the other coach only got involved in the pivotal decisions, because he had set up a system of empowerment with his assistant coaches.

Historically, the servant leader tends to have a longer tenure. In many organizations, leaders, like coaches, come and go. They have two or three years to turn things around, or they're out. Servant leaders, like the second coach I described, often have 200-win careers that span several decades. But often their contributions are rather subtle and long-term. The critics of servant leaders are people who want more dramatic near-term results; however, you don't get real and sustained success this way. You can manage things, but you must lead people, and that leadership takes time. Remember, with people, fast is slow, and slow is fast. **EE**

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