



Bill George's 'Authentic Leadership': Passion Comes from People's Life Stories

Published: March 28, 2007 in Knowledge@Wharton
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Bill George, probably best known in the business community for his former position as chairman and CEO of Medtronic, is also an author. In 2003 he published a book called, *Authentic Leadership: Rediscovering the Secrets to Creating Lasting Value*. This month he published his second book titled, *True North: Discover Your Authentic Leadership*, described by George and his co-author Peter Sims as a way to "locate the internal compass that guides you successfully through life." George is also a professor of management practice at Harvard Business School. He has been recognized as Executive-of-the-Year by the Academy of Management, Director-of-the-Year by the National Association of Corporate Directors and was included in a book by Knowledge@Wharton called *Lasting Leadership: What You Can Learn from the Top 25 Business People of Our Times*. We asked him and [Michael Useem](#), director of Wharton's [Center for Leadership and Change Management](#), to talk about authentic leadership, both the book and the concept.

Knowledge@Wharton: How is this book different from the hundreds and hundreds of other leadership books out there?

George: This is a book on leadership development that results from the largest study ever done on how leaders develop. We had about 3,000 pages of transcripts that came out of 125 interviews with people who we deemed to be successful and authentic leaders. We were very surprised by what they were telling us, because we thought that going in they were going to tell us the traits, characteristics and leadership styles that made them successful.

And, instead what they told us was that their passions came from their life stories. It took a little while for this to sink in. At first it seemed like mush. But the more we got into it, it was so consistent that people wanted to talk about how they captured their passions from a crucible life experience, a transforming experience or just a "growing up" experience.

An example of that is Dick Kovacevich, the chairman and CEO of Wells Fargo and arguably the most successful commercial banker in the last 20 years, in terms of his record. He didn't want to talk about that. He wanted to talk about what it was like growing up in a saw mill town, where people are losing their jobs and no one had ever gone to college. He played sports three hours a day and he said that he learned a lot more about leadership on the athletic field and working in a corner grocery

store where he also worked three hours a day, than he ever did at Stanford Business School.

He has tried to take that model and translate it into Wells Fargo. In other words, he saw the idea of trying to make Wells Fargo the most consumer friendly bank in every small town; not just to "be big at global banking" but to be very friendly and to also create an executive team with people much stronger than he was. He has said, "If you had 11 quarterbacks on your football team, you would lose every game." And so he has tried to create a team of people who are really good in every other position, and I think he has been quite successful.

Useem: Bill, I like the phrase that you just used which is that leadership does emerge out of a life story. You referenced moments that are like crucibles of experience. As you listened to the 125 people tell their story and talk about those formative moments, is there a common pattern to what really seemed to stand out? Or are there a couple of themes that stand out when people begin to talk about those moments, when they really made in a sense that self-discovery and came to appreciate where they were heading in life?

George: I can't help but think it's a situation that causes you to go deep inside yourself and say, "Who am I? Who am I in this world? Where do I fit? Do I matter?" And then from that, you can find your passions to lead and that's where the passions to lead come from. At least that's what we learned.

Andrea Jung had this incredible passion for empowering women in her life, because of coming out of this very strict Chinese family. And, you know one time she was destined to be CEO of Neiman Marcus. At 31 she got the Executive V.P. job; she quit cold turkey, four years later, and went off without having another job. A year later she joined Avon because she said she didn't want to just provide luxury goods to the upper 1/10th of 1% of American women.

As soon as she went to Avon and made it to the top, she changed the mission from cosmetics to empowering women. This was her passion. So now, you listen to her talk [she came to my classroom] about having a million people who work for her in Brazil and how exciting it is to go down the Amazon and everyone waits for the retail store to come to them. You see her passion. She said, "If I don't have the passion for this business, I can't be an authentic leader."

Useem: Let me make this personal here. You led Medtronic for 10 years. Medtronic, as I recall, in revenue was 10 times the size when you stepped down after 10 years as chief executive compared to when you began. So, surely in your own background, there is one of those crucible moments. What is the essence of your life story that helped you prepare for those 10 years at Medtronic?

George: Mike, I talk in the book about my life as a "series of crucibles." It started out, I guess as a 3-year-old, when my father saw himself as not successful and wanted me to be CEO of a big company, but said "don't be like me son." So, I was carrying that forward for the next 20, 30, 40 years. It's very hard not to be like your father, but thinking that I wanted to be CEO of a really big company.

And, I remember running for office in high school and college -- seven times and losing every time. This was because it was all about me; it was all about my ambition and getting ahead. And finally, a group of seniors [I went to Georgia Tech] pulled me aside and said, "You know, Bill, there's a reason why you're losing these elections and it's because no one wants to follow you because you're not interested in them." That was easy to understand intellectually. It was much harder to internalize and to try to develop myself.

In my mid 20s, I had two very traumatic experiences that brought me to the marrow of life. One was my mother's death at 24. I was very close to my mother, not my father. She died suddenly and I never got the chance to say goodbye. I'm an only child and I was very much alone. Eighteen months later, I was engaged to be married and happy as can be and thought I had the world made. Three weeks before my wedding date, my fiancée died of a malignant brain tumor. It was totally unexpected. She had been having headaches, but it was diagnosed as something else. She was gone and again, I felt very much alone.

But this also caused me to reflect deeply about what life is all about and what I want my leadership to be about. Even so, I still had this propensity to go off and track this goal of being a CEO.

I remember going to Honeywell, a great global company and being on course to be CEO and taking on a series of turnarounds. Finally, I looked at myself in the mirror, one day, coming home on a beautiful day like today; it was in the fall, and I was miserable. 'Why am I miserable, when I think I'm supposed to be happy?' I went and talked to my wife about it and she said, "Well, I've been trying to tell you this for a year. You just didn't want to listen". And I realized that I was just chasing my ego of having the CEO's title of a major global corporation.

Three times I had passed up the opportunity to go to Medtronic, to be president of the company. This was because I thought that it was maybe too small for my ego. And I went back and talked to the folks at Medtronic. I talked to Earl Bakken, the founder and realized that this was a wonderful company, with a mission that I can embrace and values that I can embrace. I remember walking into Medtronic for the very first day in April of 1989 and I felt like I was coming home.

As my favorite folk singer John Denver says, "I was coming home to a place where I've never been before." It just felt like a place where I could be me. I can be alive and I can be who I am and people appreciate who I am. I don't have to be something different than what I am. I can be the authentic me. And, it never changed for the next 12 to 13 years. I feel blessed to have been there. It was just a thrill to have the opportunity and the company did far better than I ever anticipated it would.

Knowledge@Wharton: Maybe I could ask a very obvious sort of question. What is an authentic leader and how do you become one?

George: I think that it is very straightforward. You have to be yourself. You have to be the genuine person and you have to recognize that 'I'm a unique person and so I'm not trying to be like you. I'm trying to be who I am'. But you have to develop yourself as a leader. And that is why we wrote *True North*, because my first book *Authentic Leadership* did not tell people how to develop themselves. If you want to understand the purpose of your leadership, you have to gain a deep level of self-awareness. You can't just, as we say at Harvard, "follow the herd" and everyone is going into this profession or that one. You have to decide what it is you want.

Knowledge@Wharton: They say that at Wharton, too.

George: Good.

George: And you have to test your values under pressure. You know, anyone can tell you that they have good values. They can even practice good values when everything is going well. That's pretty easy. It's when you are really under pressure and you deviate from your "true north." Why? Because you're getting so much pressure from Wall Street, or you get seduced by big stock option gains and keeping your stock prices up. Do you hang in there and stay true to what you believe in under pressure?

It has to do with "How do you lead"? Do you lead from the heart or purely from the head? Are you chasing money, fame, power and glory? Or, can you balance those motivations, which all of us have to some extent, I certainly do, with the intrinsic motivations of making a difference in the lives of others, helping to develop people -- and maybe changing the world. You know, like Bill Gates is trying to change the world with his contributions to Third World/developing countries with diseases.

And so I think it is really important, not that we should eschew the values or the motivations of extrinsic [forces], but we also need to have something at the end of the day that makes a difference. I think it's about how you build relationships.

Useem: So, Bill, once you have the place that you want to be in, that you've come to understand who you are, authenticity is a great phrase to capture the essence of being who you are, bringing out the best and using the best of the talent that you bring to a setting. You also write, though, about the importance of helping people in a setting to understand the significance of what they're doing and the meaning for which they come to work every day.

At Medtronic, not that it was easier there than anywhere else, but there was an advantage that you had there. This was that people working for you did take pride in the fact that people on earth are walking around alive today and this is because they have a Medtronic pacemaker. The meaning was pretty obvious there.

As you get away from medical products, maybe from medicine in general, could you talk a bit about how people in your kind of position can infuse the workplace with that kind of meaning to help people appreciate the significance of what they are doing, when it's not obvious that there is that kind of meaning or significance to the work that they are engaged in?

George: One of the people that we interviewed is Dave Dillon, the chairman and CEO of Kroger. Dave told us about his desire to and how he leads to bring people together around a common purpose of making everyone's life a little bit better that day in the Kroger Store. And that sounds really simple, almost simplistic.

But you know it gets carried out when you go and approach the stock boy and he walks you four aisles down to help you find what you want rather than just say, "It's over there." And it's that caring thing that he makes his employees -- they are minimum wage employees, many of them -- feel like they made someone's day a little bit better. That's a rallying point.

Howard Schultz has that rallying point at Starbucks by creating a safe place for people to come and where you can establish a relationship between the employees and the customers. You know they aren't saving any lives. It's \$3.50 for a cup of coffee. But they really feel like they're creating that kind of environment. So, I think that it can be translated into everyone.

Back to my first example, Dick Kovacevich. He feels like "When people come to our bank, we don't want to just give you that home loan. We actually want to talk to you about, have you thought about building up a savings account for your kids so that they can go to college?" He feels that they are doing them a favor by helping them build a secure financial future.

So, I think it's not limited to the more dramatic things like saving lives, but I think that is the leaders' job in this century. It's not telling people what to do; it's bringing

them together around a shared context, a shared set of values and then empowering them to lead. I think far too often we've had the idea of people in organizations taking direction or following the leader's guidance. I think today the great leaders are figuring out that context, but then being able to empower other people to lead at all levels of their organization and even people who have no direct report.

Useem: You know in your observation of people that you worked with at Medtronic, you serve on a couple of boards now at major U.S. firms, as you work with MBA students, everybody is drawn to work because of the need for a salary, good compensation, promotion opportunities and getting ahead. You're saying though, I think if I hear it correctly, at the end of the day, or maybe even at the beginning of the day, ultimately people do come for purpose and significance. Is that a fair summary?

George: They're looking for meaning and significance. And frankly, they have options to work somewhere else. They aren't locked into work for your organization. And, most of them are never going to be millionaires. We think about all of the people, when you are around business school students, they all think that they are going to be wealthy. But the vast majority of people working at organizations are never going to be wealthy.

But they want to feel like, "Hey my time was well spent. It wasn't just a job." You spend more time at work than you do at anything else in your life, including sleeping. Don't you have a right to meaning and significance? So, at the end of the day, whether you've made a billion dollars, or you've put away just enough for your grandkids' college education, what are you going to leave behind?

Useem: Let me ask a two-part question here. Near the end of the book you say, "The hardest person to lead is yourself." And then you also add a piece of advice which is, "Don't wait to be asked to lead." So, could you expand on both of those statements?

George: In my study of leaders who have failed -- and I've studied a lot of the leaders and I've known a lot of the leaders that have failed -- in every case, it wasn't that they lacked the ability to lead others; they lacked the ability to lead themselves. A guy like Dick Grasso could have been a great leader, but he got so caught up with needing the money, not because he needed the money to live on. He didn't live on it. He needed it for prestige. He couldn't lead himself. It's just a tragedy to see this happen to people who are otherwise excellent leaders, but they just get so caught up in that.

But I think you never learn about yourself until you get into the game. Maybe you can do it through college leadership experience; maybe you do it through an outward

bound experience. But you got to get in there in business and do it and not just stand on the sidelines and wait to be tapped on the shoulder or do brilliant analysis. I'm really encouraging people to get down there, get roughed up a little bit and make some mistakes. The game looks a lot different when you're in it and you get a bloody nose. And so, learn to fail early rather than fail at the top. Fail early and bounce back -- and learn from that. Failure is not a bad thing. It's an opportunity to learn from your experiences.

Useem: So if a young person working for you says, "I hear what you are saying. I should get into the game. I shouldn't wait to be asked to take on a leadership responsibility.. What does that tangibly mean in the office or on the floor of the company?"

George: Well, it depends on how you see your role. I mean if you're a creative, innovative person, go and innovate and say, "Hey, I have this great idea. Will you give me money to fund it for the next six months, just to get it going?" You know maybe you're out working with your customers and you have an insight about that or how to develop that customer base. Or maybe you're a manufacturing person and you see why the quality is repeatedly a problem in this product and you take the initiative.

I think we need organizations where people are rewarded for that kind of initiative, not punished because they're the ones who know the most about the work. The reality today is that the people doing the work know a lot more about their jobs than their bosses ever will.

And so, it's not up to the boss to tell them how to do it; we don't have an apprenticeship system anymore. But how else are you going to learn until you can make some mistakes and learn that it's really okay? The world didn't come to an end. 'It's not because I'm a bad person that we made mistakes -- no. We tried out this new product, we put it out to market and it didn't work. Hey, maybe we can go out and learn why it didn't work'.

Earl Bakken, the founder of Medtronic, has a philosophy and he calls it, "Ready, Fire, Aim". Get ready, do your plan, but then jump into the market, fire off, get out there, get feedback from your customers and then adjust your aim. In other words, adjust your plan. If it didn't work, how can we adjust it to do a lot better, rather than plan, plan, plan or aim, aim, aim for years -- and then by the time you get into the game, like when many big companies do, the market has passed you by.

I mean look at the products coming out of Silicon Valley. A lot of those are quite imperfect when they first come out. But they have Rev 1, Rev 2. You know they're continually being improved and they just get better and better. And, if you get into

the game late, you never know quite where to get in, because the leader keeps getting ahead of you.

Knowledge@Wharton: This book seems to be doing well and is getting good reviews. Why do you think that it resonates so much with readers?

George: I think that people want to be authentic and I think they want to know how. And, unlike my first book which didn't tell them how, this book has a whole series of exercises and I think it gives them the opportunity to take responsibility for their own development. Too often we thought of leadership as something that you're born with and I reject that idea. Of course you're born with gifts, but you have to develop yourself.

To me, it's much like a championship athlete or a great cellist who wants to play at Carnegie Hall. These days, you can qualify to play at Carnegie Hall if you're 15 years old because they have the screen, so they can't see how young you are or you're a female or that you're a minority. You get selected on the basis of your own playing ability. But you wouldn't think about going there unless you practiced every day, would you? You wouldn't think about riding in the Tour de France unless you practiced every day.

Well, it's the same thing with leaders. They need to practice leadership. I think for too long we've been going off to company training programs and they tell us how to do it. All they are doing is socializing us and trying to bring us in line to conform to the company's norms. And, you will find that most of the great leaders are standard deviations outside the company's norms because they don't conform. And so by forcing people to conform, we get a nice happy social place -- but nothing ever happens.

And so I think we need to empower people to develop themselves. Now that needs help. You need a mentor. You need a support team around you. You need to avail yourself of the resources out there, either the academic resources or the educational resources in your company. You need to ask for the experience to get into the game. But until you do that, I don't think that you can really test your leadership and learn whether you can lead and learn from your experiences.

Knowledge@Wharton: One of the things I have found very interesting about your book is that you went out and talked to people who are leaders at different ages. I wondered when you spoke to people who were in their 60s and 70s, whether they approached leadership differently than people who are in their 20s and 30s and who were also leaders.

George: We looked at a minimum of 15 people per decade. And actually the differences were less than we thought because there was clearly a context. But I think that the leadership journey is now widely appreciated as changing. In the old days, in our parent's generation, they were darn glad to have a job. They had come out of a Depression and two World Wars. So they went to work for a company when they were 22, became loyal to the company picked up their pension at 62 or 65 and the 40-year-pin -- and they went off and retired and probably died before they were 70.

Today all of that has changed. People are going to change jobs/change companies seven to eight times during their lifetime. But the journey is different. Most people, here at Wharton and other places aren't starting their real career until they are about 30. They're getting great experiences. They may work for Morgan Stanley or Goldman Sachs or Bain or McKinsey or private equity -- but they aren't really plunging into their real career until they are 30.

So, they have 30 years as we see it and then we have Phase 2. The first 30 years is preparation and the next 30 years is you are actually leading and generally it is with one organization. But many of these older people now are no longer retiring and going to Florida. They're going into a period of wisdom and generativity -- so they want to continue to keep giving back.

But typically they leave their principal career leadership post and have the opportunity to spread that leadership across many different fields. This is whether it's through teaching or through a community service organization or whether it's serving on boards, whether it's through investing in companies or whether it's through writing and sharing their wisdom. I think it's a wonderful thing.

We had John Whitehead the other day, the former chairman of Goldman Sachs, at one of my kick-off events. He has been in every field that you can imagine. He's been head of 12 non-profits. But John, who is going to be 85, is still going strong. He's still taking on assignment after assignment because he is so passionate about trying to change leadership.

Knowledge@Wharton: In 2003, when you published *Authentic Leadership*, you wrote an article in *Fortune* Magazine, in which you said that "The business world had run off the rails, mistaking wealth for success and image for leadership". You said "My generation of CEOs began listening to the wrong people, Wall Street analysts, media pundits, economists, compensation consultants, public relations experts and hedge funds -- all the players in what I call the game." Isn't this even truer these days than it was four years ago?

George: It's true that those pressures are stronger than they were four years ago, certainly with hedge funds, the power of private equity and the shortening of holding periods of stock. But I think the new group of CEOs who I call the post-Enron CEOs - - people like Sam Palmisano at IBM or Anne Mulcahy at Xerox or Jeff Immelt at GE -- these people have a totally different view. They know that if they play that game, by somebody else's rules, that they will lose. And so, they are steeling themselves to say, "No, we're going to do what we want to do. Here's the way we are going to run our company. And, we hope that you'll buy the stock, because it's going to be a great long-term investment."

A good example of this is Jeff Immelt at GE. He was just ranked and his company is the most admired company. And yet, for the five to six years he has been in office, the stock price hasn't moved. But everyone sees the wisdom in which he is developing people, restructuring the business, putting emphasis on innovation, technology, new businesses like Ecoimagination and focusing on customers. There's a general acceptance that this is a very wise thing to do and he gets the admiration of a lot of people, myself included.

I think that this is true of a lot of this new group of CEOs -- not my generation; it's the new generation. So I'm very encouraged by the kind of leadership that they are providing. Look, there are always going to be the bad actors. They are the people who I would call the takers as opposed to givers. Immelt and Mulcahy, these people are givers. They see leadership as service and building a great organization that can serve people. If you were to offer Immelt a bundle of money to go to private equity, there is no way that he would do it. He wants to build a great organization that can serve society and humanity.

But, you have the takers; they just want to get as much out of it as they can. They flip from one company to the next. They go get a big fancy contract and they blow out of their companies and pick up a \$100 million termination and severance. And I don't know why we are choosing them as leaders. They are not the kind of people that we should choose. They don't help the employees; they don't help the customers and they don't help the shareholders.

And in the end, it's all a facade, this talking about shareholder value. It's really their value that they are trying to build. So, I have a real concern that boards often still don't do their job of internal succession and they wind up being forced to go outside. They'll hire someone with a contract, a no cut contract for failure. That is why the public is so upset by executive compensation. If we don't get on top of this, there are going to be laws passed regulating compensation and we're going to have more and more problems. And so, we in the business community -- and that's one reason why I wrote the book -- need to step up and lead.

But I think you never learn about yourself until you get into the game. Maybe you can do it through college leadership experience; maybe you do it through an outward bound experience. But you got to get in there in business and do it and not just stand on the sidelines and wait to be tapped on the shoulder or do brilliant analysis. I'm really encouraging people to get down there, get roughed up a little bit and make some mistakes. The game looks a lot different when you're in it and you get a bloody nose. And so, learn to fail early rather than fail at the top. Fail early and bounce back -- and learn from that. Failure is not a bad thing. It's an opportunity to learn from your experiences."