LIGHTHOUSE LEADERSHIP
ELEGANT COURAGE™

THREE ELEGANT STRATEGIES FOR ORGANIZATIONAL SURVIVAL

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Elegant Courage™ is an approach to leadership development of corporate and community-based organizations. This e-book is designed to provoke thought, educate, and assist in the development of healthy leadership. It is a guide, not an ultimate strategic source on adjusting your organization. The author and publisher have neither liability nor responsibility for any actual or alleged loss or damage caused directly or indirectly by this information.

Message from the Authors

What is evident in the business realm since September, 2008, is epic. Public and personal financial footings have been rocked to their core. Trust in leadership has evaporated. The philosophy that no one is too big to fail, has failed.

Severe downward spirals in the stock market and trillion-dollar losses to citizens are beyond comprehension. Corporate corruption, greed and arrogance are becoming commonplace. The increase in the United States debt is unparalleled and changes future financial choices for most of us. U.S. debt in relationship to GDP is near WW II levels.

Trust has eroded. How will the faith of disgruntled employees and disillusioned customers be renewed? We have some answers.

As business partners of Lighthouse Leadership, we have led virtually every function of business back to solid ground.

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We recently assisted a seriously dysfunctional company in financial distress with our innovative ideas and proven solutions. The company history of losses were severe. The relationship between employees and the corporate board was ugly. The corporation changed their work culture by implementing principles of Elegant Courage™. In time, ugly became hopeful. The corporation became one of highest capital in the United States, and became an organization employees described as "the best place to work."

Our unique approach helps executives, teams, and individuals adjust practices, create prosperity, and find joy in their work. We offer insightful, proven and honest strategies for leaders who want to thrive and organizations that want to grow.

A Client Comment

"I thought I was quite aware of my management and personal communications style. Mike and Jodi siphoned the internal and external feedback into a few key recommendations. They quickly got to the heart of the issues involved in my style and my approach to management. They are a highly complementary team, each with insights, intuition, and wisdom. Their personal style is not a hint of routine or recipe. You feel like the lens is on without a filter from the get go. Raw intuition from their years of experience allows immediate penetration into your issues. Brought to bear in combination, makes a powerful one two punch."   Will Hughes, Division Administrator, Wisconsin Department of Agriculture, Trade and Consumer Protection

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Elegant Courage™ enables people to exercise the courage to be honest when things go poorly or well. We hope our experience and your courage may benefit your organization.

Jodi Wiff and Mike Krutza
Partners Lighthouse Leadership, LLC

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Strategy I

SORT OUT THE NOISE

Listening to Heroes

Organizations, countries and families all have heroes. Real heroes provide clarity in times of chaos.

US Airways Flight 1549 averted tragedy and saved 154 lives when it made an emergency landing on the Hudson River. The hero of Flight 1549 was Captain Chesley B. “Sully” Sullengerger III. His story is potent. During those182 seconds from crisis to landing his calm approach and clear thinking demonstrates our point.

"It was obvious to me from the very moment that we lost the thrust that this was a critical situation; losing thrust on both engines, at a low speed, at a low altitude, over one of the most densely populated areas on the planet. Yes, I knew it was a very challenging situation," Sullenberger told CBS broadcaster, Katie Couric.

He declared a "Mayday" and considered returning to LaGuardia where he had just departed. Then he asked controllers if Teterboro airport was an option, but realized there wasn't enough energy left to keep the 50-ton jetliner aloft.

"I saw the river ahead of me. Long, wide with boats at the south end. We were trained to land in the water near other boats to facilitate rescue," he said. "That was where the airplane was headed and that was a good place to go.

"I needed to touch down with the wings exactly level. I needed to touch down with the nose slightly up. I needed

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to touch down at a descent rate that was survivable. And I needed to touch down just above our minimum flying speed but not below it. And I needed to make all these things happen simultaneously."

When Sullenberger appeared on “60 Minutes” he responded with elegance. His calm, confident delivery was remarkable. The professional pilot had no need to exaggerate or need for a spin doctor to captivate us. He was believable, honest – a stand up guy. Capt. Sully is a leader whose actions touched people in profound ways. Leaders don’t need to be ‘glitzy’, smooth, or scripted. They need to be direct, honest, confident, and sincere. They need to believe in what they are doing. Captain Sully’s objective was a safe landing where all survived. He had three minutes and two seconds to sort out the noise, adjust his approach and deliver a safe landing.

Sorting out the noise begins by clarifying your personal and organizational course and learning from heroes.

Financial Makeover

There is plenty of noise to sort during a financial crisis. Panic and pressure seem to prevail. We have witnessed failed business models, corrupted business ethics, and a “frozen look of fear” in leadership regarding what to do next. While examining financial collapse, we look at the bigger picture. Enron, Bear Stearns, Lehman, CitiGroup, or AIG tell tarnished stories. “Too big to fail” became the mantra of the merger, consolidations and multiple takeovers for the past 20 years. That message proved

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false. We witness the ongoing debris from the carnage. Reframing all that is happening financially takes a major reset.

The *Wall Street Journal* recently noted in "Restaurants Burned by Deep Discounts," that "despite heavy discounts across the retail industry — prices have been slashed on everything from food to clothing — consumers have been stubbornly reluctant to open their wallets." The paper further explains that this new found culture of thrift cuts across socioeconomic lines as revealed in a 2009 economic poll by American Express Publishing and the Harrison Group.

The results from more than 1,500 people who earn between $100,000 and $5 million annually suggested a shift in consumer practice. Their 2009 "Survey of Affluence and Wealth in America" revealed that wealthy Americans are increasing their income savings by 16 percent, raising their retirement plan contributions by 6 percent, with 77 percent of respondents purchasing fewer big-ticket items. Nationwide, the personal savings rate soared to 6.9 percent in May, 2009; the highest level since 1993.

Continued borrowing to counter personal and corporate debt is counter-intuitive. If debt development is not the answer to our financial makeover, what is?

TIME Magazine published one view in its March 26 cover story, "The End of Excess. Why this crisis is good for America." Author Kurt Anderson suggests," It's time to return from Oz to Kansas, to become fully reality-based again."

Bill Gross, managing director at the giant bond investment

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firm, Pimco, used his own colorful language to describe the recent past and provide a vision of the future.

"U.S. and many global consumers gorged themselves on Big Macs of all varieties: burgers to be sure, but also McHouses, McHummers, and McFlatscreens, all financed with excessive amounts of McCredit created under the mistaken assumption that the asset prices securitizing them could never go down. What a colossal McStake that turned out to be.

American consumers have suffered a collapse in wealth of at least $15 trillion since early 2007. Global estimates are less reliable, but certainly in multiples of that figure. And when potential spenders feel less rich by that much, the only model one can use to forecast the future is a commonsensical one that predicts higher savings, lower consumption, and an economic growth rate that staggers forward at a new normal closer to two (percent) as opposed to 3.5 percent."

Trust is Trump

Trust among consumers, employees and financial corporation's was deteriorating prior to the financial meltdown. Trust evaporated in 2008, and a *new normal* must emerge.

Surviving businesses realize that the customer is in charge. We recall all the exhortations to keep the customer first. However, we have a story of business economics where leadership failed to function according to that call. Trust is trump. Betrayal is tough. We have confidence that a ***new normal*** business function can rebuild trust. This will take courage, insight and clarity.

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William J. McEwen, Ph.D., Senior Strategic Consultant and Global Practice Leader at the Gallup Organization, cited in a June 2009 Gallup study registered that healthy brands are those that develop and nurture engaged customer relationships. Customer confidence has been and continues to be the essential bedrock for an enduring business relationship.

Take this truth a step further.

We believe customer confidence cannot be higher than employee confidence. Our current financial upheaval has dramatically shaken employee loyalty. Consider the following data as it translates to cost in payroll dollars and employee satisfaction and effectiveness.

- Fifty percent of employees are unsatisfied in their jobs (The Conference Board by TNS)

- More than one of every three payroll dollars is wasted as result of unengaged employees (http://gmj.gallup.com)

- Forty-six percent of employees feel honest dialogue is missing in the workplace (Lighthouse Leadership survey 2007)

A study conducted by Boston College's Sloan Center on Aging and Work, evaluated the effects of the recession on employee engagement. The research found members of Generation Y, workers younger than age 26, reported the greatest decrease in engagement. While employee engagement remained unchanged for workers age 43 years and older.

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"Younger workers just don't have the depth of experience, which leaves them feeling less engaged in their jobs. But younger workers bring energy, enthusiasm and idealism. In a workplace where older and younger employees work side by side, the give and take between young and old is a valuable resource employers should leverage to survive the downturn."

According to our research, the following mindset is epidemic from people under age 55:

I've watched several friends and family members retire or lose their jobs when they were 55 years old. It doesn't make sense to be loyal to any employer. I think most of my friends have been advised since high school that we'll have 7 to 10 jobs and change careers many times. For all those leaders driven by profits, status and greed, why would anyone feel loyalty to you or your company? . . . Seems naïve…

Workers older than age 43 are often in charge and reluctant to engage in a manner they are not use to. Engagement is not the business model they lived with for the past 35 years. Boomers value the traditional structure when organizational engagement was usually the staff meeting with reports, speakers, and telling. This method is boring for many boomers and a waste of time for the non-boomers. The cost of "old school" engagement is huge in terms of bottom-line, innovativeness and employee loyalty. Traditional approaches are increasingly out of touch with a world dominated by social media, instant communication and electronic relationships.

Author and assistant professor of anthropology at the

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University of Minnesota, Karen Ho, describe her business experience during 1996 when Ho landed a job on Wall Street. As an anthropology student, she was fascinated by how, even in the midst of an economic boom, corporate downsizings were rampant and how each time a company announced a major layoff, its stock rallied. What she found from her perch at Bankers Trust — and later in interviews with people at Morgan Stanley, Merrill Lynch, Lehman Brothers, Goldman Sachs, JPMorgan, Salomon Brothers, Kidder Peabody and Lazard — was that it wasn't just an ideological commitment to boosting shareholder value that drove decisions to merge, break up and restructure companies, but also the *work culture.* That is, how it **feels** or how the people **are**, on Wall Street. Ho records her findings in *Liquidated: an Ethnography of Wall Street*. She addresses how the recent financial collapse has — or hasn't — changed things.

Wall Street defined work. Dr. Ho cited ways which the investment bankers approached work and became a model for how work should be conducted. *The model that came to be dominant in the 1980s was one of constant change. The idea is that there's a lot of dead wood out there and people should be constantly moving in lock step with the market. If a company isn't constantly restructuring and changing, then it's stagnant and inefficient, a big lumbering brick.*

The American worker is liquid according to Dr. Ho. There is constant job insecurity, downsizing, restructuring and a consistent need to retrain, develop an adaptable skill set with flexibility. Feelings resulting from job security and stability are gone.

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Many American workers may feel "liguidated", dismissed and disrespected by their **employers.** Much trust and loyalty have disappeared. Business culture for the past 25 years focused predominately on profits and critical mass while encouraging a nomadic, disconnected work force. What does this model tell us about work culture? Engaged workers contribute to a healthy work culture.

Check out the following five indicators to determine if your work culture is healthy or if you need to reset your focus.

Sort Noise and Reset Focus

Five indicators your team has more noise than focus.

1. Top three objectives are unclear to the full team
2. Team members are unclear of success or movement toward objectives
3. Team is easily sidetracked
4. Team's energy is misplaced on areas outside top three objectives
5. Commitment is weak

When resetting your organizational focus consider the following personal approaches:

1. Find trusted sources: friends, colleagues, employees and board members who are open and honest and simply ask them what they think and "feel" is ahead economically.
2. Test what you hear against what your ego/logic is

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telling you and how your intuition or gut is responding.

3. Sit alone and identify three things: what you fear most, what you could be missing, and what happens if you do nothing.
4. Then define what the situation is calling you to be? Not to do, but *to be.*

We judge others by their behavior. We judge ourselves by our intentions.

― Ian Percy

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Strategy II

PAINT THE PICTURE

Once you have distinguished the message from the noise, seriously engaged those around you and listened, decide where to go from here. Likely you are on a continuum between idealist hope and absolute despair. Let us encourage you. There is hope. With a measure of Elegant Courage™ you can make your work culture feel, and become, different for your workers, employees, customers, and yourself.

The simplicity and elegance of a powerful vision can move people to accomplish great things.

> *"I believe that this nation should commit itself to achieving the goal before this decade is out, of landing a man on the moon and returning him safely to the Earth."*
>
> John F Kennedy, 35th United States president
>
> Apollo 11 landed on the moon on July 20, 1969.

"During a coaching session, a business leader confessed to me, 'I was hurting bad enough, I felt like I was bleeding.' So I stopped and listened. I sensed the fear in people's hearts. After working with this company, I know now that the practical, non-judgmental approach that we have developed can work."
– Jodi Wiff, Lighthouse Leadership

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Downward Spiral

- A corporation was losing about $300,000 per month. Net worth was below federal regulations
- Cease and Desist order was issued by the federal regulator
- Employees experienced turmoil, confusion and despair
- New customer business was almost zero
- Hope was gone

Implementing the leadership practices of Elegant Courage™ led a dissolving organization back to becoming a place employees described as "a great place to work . . . one of the strongest in the United States."

Clarify the Vision

Inform your customers, employees and your company about the outcome or result that you are working toward. Informed people validated as part of a solution are more likely to engage regarding your outcome. Open communication creates a more productive organization. Consistent and constant reinforcement of your two or three key outcomes are critical. Avoid standard leadership approaches canned from the most recent seminar the CEO attended. In time you will regain your innovativeness and curiosity for finding the needs of customers. Critical outcomes will change to include robust marketing goals and a clear vision.

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Don’t misunderstand. Resetting felt like everything was going wrong. The list of things to do seemed endless. Intuitively we knew success depended on doing a few things very well. We needed focus. We had to paint a clear understandable picture.

The Rule of Three

The rule of three is intentional. Grouping data in threes is pervasive throughout some of our greatest stories and writings. Famous quotations are structured as three. **The Rule of Three** creates clarity and focus for people. Have you ever wondered what The Three Little Pigs, the Three Blind Mice, Goldilocks and the Three Bears, The Three Musketeers, The Three Wise Men and the Three Stooges have in common? Why three bullet points are more effective than two or four?

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“Life, liberty, and the pursuit of happiness”

“Government of the people, by the people, for the people”

“Friends, Romans, Countrymen”

“Blood, sweat and tears”

“Father, Son and Holy Spirit”

“Mind, body, and spirit”

“Stop, look and listen”

Use The Rule of Three for retention.

As we reach out to clients, the insight and value of The Rule of Three surprises people. Bren is a savvy, ethical entrepreneur; a great guy with a great company. During a coaching session, we asked him for his top three focus areas. He clicked them off with precision.

An awareness and investment of workers in the key focus areas of an organization is necessary ground work for a healthy work culture.

About a week later we met with Bren again after we conducted an impromptu survey among his employees regarding his top three focus areas. He was surprised to hear no one expressed even one of his top three areas he wanted his business to focus on. That stung. But it also demonstrated the value of clarifying objectives and engaging employees. Organizations that believe only money makes the difference are imploding. Develop a

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base point that works by engagement.

How to Paint the Picture

Create a picture of hope which others can “see” and “feel.” This requires the innovative, creative, soulful engagement of a leader. This doesn’t mean you create everything. Engagement will spur innovativeness and creativity in others, bringing the best in workers forward.

Develop three measurable outcomes for **the way it feels to work**. For example: an environment that feels clear, kind and respectful; a place where integrity and innovative thought are recognized and valued. Also develop three measurable outcomes of **objective business measures**. It may be growth, capital, receivables, sales, net expenses. The list can be exhaustive. Choose the top three which make the greatest difference.

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MAKE IT HAPPEN

Be Vulnerable. A CEO's Story

Could this be the new normal? Wired magazine's Clive Thompson shares a story of Glenn Kelman, a leader who demonstrates vulnerability and courage.

Pretend for a second that you are a CEO**.** Would you reveal your deepest, darkest secrets online? Would you confess that you're an indecisive weakling, that your colleagues are inept, that you're not really sure if you can meet payroll? Sounds crazy, right? Coke doesn't tell Pepsi what's in the formula. Nobody sane strips down naked in front of their peers. But that's exactly what Glenn Kelman did. And he thinks it saved his business.

Last year, Kelman was the newly hired CEO of Redfin, an online brokerage firm that was, as he puts it, "the ugly red-haired child" in the real estate world. Redfin was trying to turn the industry upside down by refunding people two-thirds of the commission that real estate agents normally charge. Customers loved the idea. Why the heck did you need to hand over six percent of the price of your house, anyway? But agents hated it for destroying their fat margins, so they began blacklisting Redfin, refusing to sell houses to anyone who used the service. Kelman was struggling to close deals for his clients.

His first reaction was to keep the situation quiet and pretend everything was OK.

"We were really ashamed that our customers were getting

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pushed around, so we tried to keep it this dirty little secret," he says. But when months went by without any improvement he decided to take a different approach.

Kelman set up a Redfin blog and began posting witty screeds about the nasty underbelly of the real estate business. He denounced traditional brokers, accusing them of screwing customers with clubby, closed-door practices. ("If we don't reform ourselves, and take out all the sales baloney, too, people will come to hate real estate agents the way they hate tobacco companies or Big Oil," he wrote.) He publicized Redfin's internal debates, even arguments about the design of its web site. He mocked himself: One post described how he had sat at a college job fair for hours, waiting in vain for a single student to approach him. ("This was particularly sobering because it meant we had outlosered our neighbor to the right, Ford Motor Company," he wrote.) Meanwhile, in the blog's comments, old-school agents were unleashing hissing attacks on Redfin. Kelman left the critiques in and lashed right back, in full view of his customers.

His enemies got nervous. All this intestinal spew seemed masochistic. Worse, it was probably bad for business — everyone's business.

But customers loved it. More and more signed on to use Redfin, and by the beginning of this year, Kelman and his crew were closing several deals a day.

"Instead of discouraging customers, being open about our problems radicalized them," Kelman wrote. "They rallied and started pulling for us."

Being vulnerable is essential to adjusting your

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organization. Replace fear with courage.

Culture Matters…even if the CFO doesn’t think so.

A glossy brochure, a hip video or a multi-cultural workplace doesn’t mean you’ve figure out the culture gaps that plague most companies. The urgency of assessing and adjusting your company culture is critical. Avoidance is high risk.

Stop ignoring and try these steps.

1. When you sense – hear, see, feel, or think something isn’t right, engage. Ask, wait and listen. Be proactive. Don’t wait for a meeting to tackle the issue.

2. Open your meetings to discussions that revolve around work culture not just tasks.

3. Recap the year with a plus/minus chart. Decipher what went well – what was negative, when something could be done better. Engage people and listen.

4. Acknowledge when the energy in the meeting has left. What are the cues your staff is sharing? Dial it up. Use the invisible gorilla in the room for a positive purpose. Ask, wait and listen.

5. Soften your approach – go from a tell/direct mode to listen/learn.

6. Be honest – is your intent to get your team to engage. If so – are your actions in line with that intent? Does your intent equal the outcome you’re striving for?

7. Share with the team how you’d like the meeting to go…engaged, elbows on the table, and that you’re

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looking for honest engagement – allow that to happen.

"I hear and I forget. I see and I remember. I do and I understand." Confucius

Run with the Dogs

Have you ever taken a big dog on a run? Jodi recently dog sat for two beautiful strong Samoyed. They were originally bred to pull sleds and herd reindeer in Siberia. Not be held to a pace by lightweight business women in parkas. Get the picture? The dogs loved the Wisconsin winter and were ready to run. Their owner is a runner and these dogs are trained to run with her but at a quicker pace than Jodi can handle. When the conflict arose, Jodi had choices. Either convince the dogs to run at her pace, stop running with the dogs, or just take the one slower dog on a run.

After running with them, Jodi remarked how similar the run was to how an office team functions. One pace seldom fits an entire team. Whether slow or fast, are you asking your employees to run at your pace? When you train staff, are you a plodder or sprinter? How well does your pace match and challenge the person you're training?

As a leader, you can't afford to slow your pace to let everyone catch up. Neither can you run without them. To achieve your goals, find, train and retain the dogs that can run well as a team.

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Final Reminders

1. **Be vulnerable and open.** Confess what is wrong and reach out to employees by asking rather than telling. Reach out to customers for information. Examine what is needed for solutions to work for the customer?
2. **Clarify and Reinforce.** Make culture a part of every meeting. Create and defend healthy work culture. Is your culture stuck or are you stuck? Write the top three things which bug you about the current work culture. Describe what the culture would feel like if it were perfect.
3. **Run with the dogs.** Face the reality that everyone may not comply. Gallup research indicated that ***most*** employees are disengaged. Focus on those who are open and courageous. Empower them to change the culture.

Notes

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