

## How authentic leaders 'Walk the Walk'

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*The best leaders take the same hits as their employees and stick to the primary values they promised to uphold.*

When Mark Fields became president of Ford Motor's (F) troubled North American operations in 2005, he quickly announced a turnaround plan called "The Way Forward" that would eliminate 45,000 jobs—more than one-fifth the workforce—and close 14 manufacturing plants. Fields also proposed cutting health-care benefits for the blue-collar workers who remained. He stressed the sense of urgency with his new slogan, "Change or Die," which he posted on the gates of the factories. As part of his case for change, he told Ford's employees that they would have to share the sacrifices to save the company.

But Fields himself didn't share in the sacrifices: For cutting costs so fiercely, Fields was richly rewarded with a \$2.3 million bonus that lifted his yearly pay to \$5.6 million. Rather than moving to Detroit and becoming a full-fledged member of the community, Fields kept his family in Delray Beach, Fla., and commuted every weekend on the company's private jet. Is there any wonder no one wanted to follow Mark Fields?

Being an "authentic leader" means two things. First, you've got to share the struggle and the risks with your people. Consider these examples:

- In the early 1960s, when Warren Buffett was recruiting backers for one of his first investment partnerships, he plunged more than 90% of his personal savings into the fund.

When Hewlett-Packard (HPQ) faced a recession in 1970, co-founder Bill Hewlett took the same 10% pay cut as the rest of his employees.

- During the early years at Charles Schwab (SCHW), whenever the customer-service phone lines got really busy, founder "Chuck" Schwab dropped everything and answered calls along with everyone else at the company who had a stock broker's license.

- Whenever Wal-Mart founder (WMT) Sam Walton traveled on business, he rented the same compact economy cars and stayed in the same inexpensive hotels as his employees.

- For the first nine years that his Union Square Café was in business, owner Danny Meyer was there in person every day—clearing tables and mopping spills along with his staffers—as together they made it a top-ranked restaurant in New York City.

- Ray Kroc picked up the wastepaper in the parking lot whenever he visited a McDonald's (MCD) to show cleanliness was a continual job for everyone—even the CEO.

Along with sharing the struggle, there's another crucial requirement for authentic leaders: They must make sure their actions consistently reinforce the one or two most important values they hold up for their organizations. If you say that you're going to put customers first, for example, or that you put employees first, then you had better follow through, especially when you're forced to make tough trade-offs.

Jeff Bezos at Amazon.com (AMZN) is one of the rare CEOs who has lived up to his stated aspiration to put customers first. Bezos repeatedly sacrificed short-term profits—and suffered the ire of Wall Street's stock analysts—by reducing prices and even publishing information on the Web site that discourages customers from buying certain products. Southwest Airlines' (LUV) cofounder Herb Kelleher lived up to his "employees first" policy by never laying off its people even when the rival carriers were laying off tens of thousands.

## Proof in the pudding

Only your actions prove what's really most important. Danny Meyer fulfilled his pledge to put his employees first by banning smoking in his New York restaurants before it became the law—even though he risked losing good customers in order to protect workers' health. Apple's (AAPL) Steve Jobs has stayed true to his company's top value of enshrining originality in design—the essence of his "Think Different" campaign.

Of course it's far more common for would-be leaders to fail to "walk the walk." While the Coca-Cola Company's official list of seven "values" includes "integrity" and "accountability," it nonetheless elevated Muhtar Kent to CEO even though he had been caught betting against his own company's stock based on insider information—then outrageously claimed not to know his actions were illegal.

Even the most well-intentioned leaders often fail to walk the walk. Howard Schultz of Starbucks didn't live up to his own vision of the customer experience by putting relentless growth and expansion ahead of quality (as he admitted in a leaked memo).

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