

## REFLECTIONS ON EFFECTIVE LEADERSHIP

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Having recently retired after a varied career spanning nearly 40 years in management in various organizations, I was sorting through some old files as one is of to do in these circumstances, and came across a rather faded page from the Time magazine, dated **25<sup>th</sup> February 1980**. I had retained this document because earlier in my management career, I thought that the excellent advice of a young US executive had considerable merit, and on reflection, I thought at the time that I would do my best to follow what he was recommending as a 'guide to taking charge'. The following is the entire extract written by Marshall Loeb with acknowledgements to the Time Magazine.

"People who wonder what it takes to be a leader would do well to listen to Charles Knight. His father, Lester B. Knight, 72, who is one of the premier management consultants, programmed young Chuck to be a leader ever since he grew up on Chicago's gilt-edged North Shore. At 15, Dad packed his only son off to a client's foundry in a small Canadian town for a summer's work to learn blue-collar life. After that there were summer jobs in Switzerland, Germany and Argentina, engineering and business studies, varsity football and tennis at Cornell. In his early 20s, Chuck Knight headed the European operations of Lester B. Knight & Associates, Inc.: in his early 30s, he took charge of the whole company. Then, startlingly, he revolted against Dad's grand plan.

At 36, Knight skipped away from his family's company to join a valued St. Louis client, Emerson Electric, of which he soon became chief executive. Father was furious. The breach has healed in the seven years since then, in part because Chuck Knight has shown how well he learned his lessons. Emerson is on most short lists of the best-managed companies in the country, and, with its sales having risen steadily to \$2.6 billion last year, it is challenging bigger General Electric and Westinghouse in many product areas.

Now 44, Knight is one of the youngest chairmen of a major U.S. corporation. Knight believes that in business, in politics, indeed in any venture at all, leadership consists of ten basic ingredients. Some of them, he concedes, sound obvious, even corny, but together they make a compelling package. Here is Knight's list:

**No. 1: You have to be able to set priorities.** I always remember my father said, "Chuck, your health comes first; without that you have nothing. The family comes second. Your business comes third. You better recognize and organize those first two, so that you can take care of the third."

**No. 2: You need an ability to grab hold of tough problems and not delegate them.** It's not fair to let the guy below you take the brunt of making the hard decisions. The leader has to get deeply, personally involved in challenging issues and set the policy.

**No. 3: Set and demand standards of excellence.** Anybody who accepts mediocrity—in school, on the job, in life—is a guy who compromises. And when the leader compromises, the whole damn organization compromises.

**No. 4: You need a sense of urgency.** It is absolutely better to do something, recognizing that it may not be the right thing, than do nothing at all. If you don't have a sense of urgency, the bottom drops out of the organization.

No. 5: Pay attention to details. Getting the facts is the key to good decision making. Every mistake that I made —and we all make mistakes—came because I didn't take the time, I didn't drive hard enough, I wasn't smart enough to get the facts. You can't get them all, of course, but the last 5% or 10% of the facts may not really matter.

**No. 6: You need commitment.** You can always pick out the guy who has a commitment. He is the fellow who does not fly into town on the morning of the meeting but flies in the night before to make sure that he gets there.

**No. 7: Don't waste your time worrying about things you cannot do anything about.** Don't try to fix things that are impossible. Concentrate on the possibles.

**No. 8: You need the ability to fail.** I'm amazed at the number of organizations that set up an environment where they do not permit their people to be wrong. You cannot innovate unless you are willing to accept some mistakes.

**No. 9: Be tough but fair with people.** Being tough means setting standards and demanding performance. Probably the hardest part of leadership is to make sure that you will not compromise when choosing people. When we change a division president, 60% of the initial recommendations are compromises. But you cannot let emotions get in the way when making a choice.

**No. 10: You can't accomplish anything unless you're having some fun.** Of course, it is clear that I have fun on the job. I get to the office every morning between 6:30 and 7:30. The other executives know that, so they try to get in the office early too. I hope they are having fun.”

Nearly three decades having passed us by and having achieved Chartered Professional (Management) status in my own life, I was keen to see what had happened to Chuck Knight's career. On 'googling' his name, I was delighted to see that he had written a new book in August 2005, *Performance without compromise - How Emerson Consistently Achieves Winning Results* by Chuck Knight. It did not surprise me to learn that Chuck (who has only recently retired as Chairman) led Emerson from under \$1 billion to \$15 billion, through 27 years of increased earnings per share and dividends, the longest record for consistent growth performance in American business.

In a review published in February 2006 by the American Management Association, it was reported that Chuck Knight “devoted more than half of his time each year to strategic planning.” If he didn't make such a major commitment, he observed, the organization as a whole wouldn't have done so.

Such strategic planning may have made it easier for the organization to achieve its goals but it also helped Knight run a tight operation. As CEO of Emerson, he was demanding, but Knight saw it as a means to meet Emerson's brand promise: to bring together technology and engineering to create solutions for the benefit of its customers.

According to Knight (and again with acknowledgement to the American Management Association), the six key elements of that management process are:

1. **Keep it simple.** Knight doesn't see this as a platitude and neither do Emerson executives. As Knight observed, the ability to keep things simple demands that an organization set only a few clear priorities and communicate them so that employees will support them.
2. **Commit to planning.** Knight disagrees with those who believe that Emerson spends too much time on this aspect of management. In his opinion, it not only sets the company's direction but also identifies sources of growth and profit that will move the organization forward.
3. **A strong system of control and follow-up.** This is the reason for Emerson's achievement of its plans. "If external issues stand in the way of achievement of goals," said Knight, "the organization can address the situation through its annual planning process that enables it to make modifications to ensure successful implementation."
4. **Action-oriented organization.** Knight clearly doesn't believe that problems, left untended, often disappear on their own. As he pointed out, "Strong organizations take timely action to address barriers." In his book, he said, "We operated at the corporate level without a published organization chart because we wanted people to communicate quickly in terms of plans and problems, not along organizational lines." According to Knight, the organization plan is annually reviewed in the same detail as the annual business plan to ensure that the right people are in place to implement plans.
5. **Operational excellence.** This might not sound unique until you hear that Emerson has a global plan that spells out the actions the organization will take to ensure that it outflanks the competition by better satisfying customer needs. The organization conducts competitive analyses not within the firm but rather with global competition, undertaking a very rigorous analysis. Part of the end result is effectively managing assets to ensure that they remain productive over the long term.
6. **Creating a positive work environment.** The American management Association states that Knight ties this to the issue of leadership which he defines as "creating an environment in which people can and do make a difference."

Reflecting on the life and outstanding and enduring achievements of this corporate leader, it is refreshing to acknowledge the value of having listened to Chuck's excellent advice taken many years ago, in a corporate environment which has been flooded by 'business' books written by self-professed corporate gurus, many of whom, through poor leadership and self-interest, have instead wrecked havoc on good companies, destroying wealth and jobs in the process.

Thank you Chuck Knight for your contribution to wealth creation as an outstanding leader, for sharing your wisdom and experience with others, and for demonstrating excellence in your vocation!

**5<sup>th</sup> December, 2008**