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Dr. Nicholas Mathys: What have you found to be some of the common characteristics of great leaders?

KD: I use an acronym, "CHOPS" – Communication, Honesty, Organization, Persistence and Selflessness; by the last I mean yielding to the team or the brand; a focus on the result rather than who gets the credit. Great leaders all have the ability to inspire people to reach their fullest potential, to uncover and develop that discretionary part I believe is within each of us. We all have abilities we haven't been called on to use. There's a great analogy in sports. How often have we seen individuals and teams who were mediocre under one coach become champions under another? It's no accident that great coaches – whether in business or in sports – produce great teams and develop great players and great leaders. There's a method to their teaching and organization. They've broken it down into processes that can be duplicated and replicated in many different walks of life. I think one of the most effective systems is to ask "what's right" questions instead of "what's wrong." Focus on maximizing strengths. A problem-based style of analysis can suck the energy right out of an organization, put people on the defensive, resistant to change, and unable to make sound decisions on their own. Asking "what's right" questions can energize people and empower them to think in new, creative ways.

NM: What are some of the values you admire?

KD: First – integrity, to really "walk the talk." Whatever you profess, actually live the sermon. Show what you're made of by how you act. Leaders do make mistakes, fall down, use poor judgment. But good leaders quickly admit it, get back on track, and learn from those mistakes. Along with integrity – honesty; the ability to be honest with yourself and with those around you, to seek the truth in all situations. These two are the core of all values and character.

I also believe that teamwork is very important. It's a collaborative world, and there are a lot of smart, innovative people out there. Why limit yourself to just your own knowledge or

talents?Â I seek leaders who value teamwork and inclusion in how they do things.

Another is the ability to focus â€“ to be disciplined and organized, to finish what you begin, and not take on more than you can deliver.Â I believe that successful people have that.Â Focus on the end; don't get distracted, just get it done.Â It has to do with persistence, the ability to go to work, get the job done and not look for excuses why something wonâ€™t work.

NM:Â Persistence was one of the key traits of Ray Kroc, who founded McDonald's.Â He never gave up.

KD:Â Ray Kroc was a study in persistence; one of his favorite mottos was "Press on."Â When he opened his first McDonald's in 1955, Ray was 52 years old.Â He had diabetes and arthritis, had lost his gall bladder and half his thyroid gland â€“ and he had very little money.Â But Ray had one of those moments when he was very awake.Â He knew opportunity when he saw it, he was ready, and he was determined to take advantage of it.Â He spent all his life preparing himself for that moment.Â It wasnâ€™t chance or luck.Â I think thatâ€™s what we are all called to do â€“ learn from lifeâ€™s lessons and experiences, understand why we succeed and why we fail, prepare ourselves to be both awake and ready for opportunity when it comes.Â And never, ever, quit.Â Most people succeed because they are determined to.

NM:Â As a company evolves, how must its leadership change?

KD:Â Today, a leader must be able to turn the company's people into a competitive advantage.Â I mean all of the people in the organization, from the person who answers the phone to the person who deals with your suppliers; from the person who raises capital to each person at the point of distribution â€“ in the case of restaurants, the managers and crews.Â Competition is so intense, the sheer number of choices for customers is so awesome, that one of the only ways to differentiate is through your people.Â I think customers have spoken loud and clear.Â Things like quality, cleanliness, value are just entry fees.Â A brand's real difference may very well depend on your people's ability to bring the brand to life at the point of interaction with the customer, to develop the kind of special relationship customers want.Â If you train and motivate your people to do that, customers will reward your brand â€“ and not your competitors' â€“ with their loyalty.

For CEOs, the people factor has become critical.Â Maybe in the "old days" executives could get away with a certain inattention to training and development, on-going recognition and rewards, customer satisfaction, the recruiting process, targeted selection.Â But in the 90s that all changed.Â Dell built its reputation on 24/7 technical support.Â Amazon.com is one of the most customer-oriented companies on the planet.Â In the 21st century, leaders from CEOs to managers must understand that putting people first will separate successful companies from all the others.

NM:Â How might that be done?Â How does the CEO see all that?

KD:Â Easy to say, difficult to do.Â Because of all the pressures â€“ financial, social, environmental â€“ that CEOs must deal with, putting people first takes a real passion and must be a specific commitment.Â "People First" is not a slogan, it's a mindset, and it has to come from the top.Â It's a long-term approach; it can't be just gas on, gas off.Â It's something that CEOs have to instill, foster, reinforce at all levels in their organizations.Â It needs to be a screen, an integral part of the decision-making process that all managers in the company use for everything they do.Â People first represents the willingness to create a corporate culture and environment that attracts and values good people, one that enables and supports people who want to contribute, to grow and to flourish.Â Itâ€™s making sure the right resources are provided for the things that need to be done.

To me, a people-first mindset is something a CEO brings to the job.Â At that level, Iâ€™m not sure it's something that can be learned on the job.Â By the time one gets to a CEO position, it should already be a core competency and a core value, already part of one's management "style," an instinctive way one thinks and acts.Â Few CEOs can master it on the job, because it would represent an entirely new management approach for them.

NM:Â If valuing or developing people is more innate rather than something taught or learned, do you assess people on those kinds of attributes?

KD:Â Yes, exactly.Â There are certain communication skills, organizational skills, personal skills that can be learned on the job.Â During your career, you can learn how to attract and develop great people, build a connection to people issues, and channel yourÂ passion and commitment.Â All of us need that coaching and that development.Â But as I said, people first is a mindset; it's one of those competencies that have been shaped throughout your life.Â When itâ€™s time for you to lead, it comes out almost naturally.

NM: How does one go about building a world-class team?

KD: I believe that it starts with the CEO having a clear, concise, compelling vision of what and where the organization should be, plus a set of core values and behaviors that govern how employees will achieve that vision. A well thought out, well-established vision and value system make it easier to identify or recruit the kind of people you need to bring that vision to life. From a clear understanding of where you want to go and how you want to get there flows a clear understanding of responsibilities and needed competencies. That, in turn, defines the selection process and learning and development functions “do we have people with the needed competencies, can we train them on the job, or must we look outside for new people with different or better skills?

Key positions are usually operations, marketing, and finance and it's critical that you have the most competent people with the strongest skills and desired leadership behaviors in these positions. You need to be committed to creating a culture where people can reach their potential. This means providing the tools and resources your people need to stay current and perform at their best: on-going training and development, coaching, up-to-date technology. You need to clearly communicate expectations and responsibilities, with a system in place to evaluate job performance, reward outstanding contributors and, yes, remove underperformers or those who don't quite fit. You need to trust your people “leave them alone and let them do their jobs. Give your people the freedom to fail, but give them every reason to succeed.

NM: Does an effective leader need to let their people make more decisions?

KD: No general ever fought a war alone, and no CEO successfully led a company by trying to do everyone's job. People don't want to be managed; they want to be led. And most organizations don't need an army of robots; they need well-informed, creative individuals who are given enough freedom and authority to make a contribution.

There is a vast difference between “leading” and “ordering.” People can't be ordered to do good work; people must want to do their best. Leaders need to be decisive, but also must motivate and inspire. Effective leaders make people feel as if they're at the very heart of things, not at the periphery, so everyone feels that he or she makes a difference and contributes to the company's success. When that happens, people feel centered and it gives

their work meaning.Â There's no more powerful incentive to do great work.

NM:Â Reports of unethical conduct at high levels in a number of corporations have been much in the news.Â Some say itâ€™s resulted in a crisis of confidence in corporate leadership, and that itâ€™s related to character and integrity.Â Why do you believe that?Â character is at the heart of leadership?

KD:Â As Alan Greenspan has said, "the attitudes and actions of CEOs are what determine corporate conduct."Â As I said earlier, I believe that good leadership flows from character.Â Profits must be only one of many goals of corporations that are responsible for, and to, a wide variety of "stakeholders" â€“ employees, investors, customers, suppliers, and the wider public.Â Every CEO has obligations to these stakeholders; character means an acceptance of those obligations.Â Being a corporate leader is not a license to "get what you want;" nor is it tacit permission to maximize profit, or enrich yourself, at any cost.Â Â Call it what you will â€“ values, ethics, honor, integrity, conscience, a moral compass â€“ character is all about the choices you make.

You will find that your proudest moments will be the times when your character, integrity, or values were most challenged and you had the courage to do the right thing.Â Running your business â€“ and your life â€“ by a set of personal values is never someone else's responsibility.Â It may be difficult for those starting their careers to think about the sort of legacy they will leave when their careers are finished.Â But itâ€™s important.Â Your legacy will be more about how you led your life than all the material things you collected or achieved.Â Choose to create a legacy comprised not of what you did to others, but of the things you did for others.