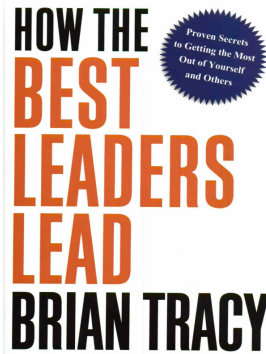


How the Best Leaders Lead

Proven Secrets to Getting the Most Out of Yourself and Others

About the Author/s

Brian Tracy is a professional speaker, trainer, and consultant and is the chairman of Brian Tracy International, a training and consulting company. Tracy assimilates ideas and information based upon his own experiences and incorporates them into his teaching and consulting. Brian has shared his ideas with more than four million people worldwide through his professional speaking engagements. He has served as a consultant and trainer for more than 1,000 corporations. He is the bestselling author of more than 40 books.



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■ The Big Idea

Leaders are made, not born. The best leaders continually develop and hone their skills. Seven key responsibilities of leaders are to:

1. Set and Achieve Business Goals
2. Innovate and Market
3. Solve Problems and Make Decisions
4. Set Priorities and Focus on Key Tasks
5. Be a Role Model to Others
6. Persuade and Motivate Others
7. Perform and Get Results

Key qualities of leaders are: vision; courage; integrity; humility; foresight; ability to focus energies and resources on key areas; and cooperation.

Key roles of leaders are: planning; organizing; staffing; delegating; supervising; measuring; and reporting.

Key determining factors of business success are: productivity; customer satisfaction; profitability; quality; innovation; organizational development; and people building.

FEATURES OF THE BOOK

Estimated Reading Time: 6-7 hours, 248 pages

How the Best Leaders Lead is an excellent primer of management skills and qualities.

Brian Tracy's writing style is conversational and easy to read. He presents most of the information in small, easily managed groups – seven skills, seven qualities, twelve military strategies, seven success factors – that are easy to understand and remember.

There is overlap between the suggested responsibilities, skills, qualities and success factors, and so readers pressed for time can choose to read portions of the book, or skip around in the reading process.

Two entire chapters are devoted to in-depth questionnaires. The first, in Chapter Two, helps an individual identify their personal and business priorities, their strengths and weaknesses, and their dreams. The second, in Chapter Nine, challenges the individual to identify and examine their business's mission, goals, competitive strengths and weaknesses.

Tracy also devotes an entire chapter to simplifying life. He is a strong proponent of creating a balanced life between work activities and personal activities, and outlines how leadership skills can be successfully applied to an individual's personal life and create greater joy and personal satisfaction.

INTRODUCTION

The quality of leadership can determine whether a company succeeds or fails. But how do the best leaders lead? Many would argue that leaders are made, not born, and that the best leaders continually hone their craft and develop their skills over the span of their careers. Moreover, the best leaders are aware that opportunity is implicit in every crisis.

In *How the Best Leaders Lead*, author Brian Tracy describes lessons he has learned about leadership during his years of working as a consultant and trainer with more than 1,000 companies. According to Tracy, leadership is not a position, but goal-oriented action that is the result of careful planning and analysis. He describes the key responsibilities and qualities of leadership as well as the skills, actions, and attitudes of successful leaders.

THE SEVEN BROAD RESPONSIBILITIES OF LEADERSHIP

The key to leading successfully is to “become brilliant on the basics,” in the words of legendary football coach Vince Lombardi. Tracy begins by describing seven unchanging key responsibilities of leadership which determine an individual’s worth in an organization. These seven responsibilities are:

Responsibility #1: Set and Achieve Business Goals.

Responsibility #2: Innovate and Market. A company is able to gain new customers, retain existing customers, and thrive only through continuous focused innovation of products and services. This requires practicing zero-based thinking to allow creative abandonment: What can or should be discontinued, eliminated or reduced? Innovation can also be the result of many simple, improvements over time.

Responsibility #3: Solve Problems and Make Decisions. A leader’s ability to solve problems and make smart decisions is central to a leader’s success. A systematic problem solving method can be employed:

1. Define the goal or problem.
2. Expand and restate the definition of the problem. Often times, the initial stated problem uncovers additional problems. Example: Problem is low sales.

Expanded definitions of the low sales problem lead to poor sales leads or not closing enough leads. These expanded definitions lead to other decision options.

3. Identify all possible causes of the problem and all possible solutions.
4. Once the analysis is complete, make a decision.
5. Create a plan. Assign responsibility and set a deadline.
6. Implement a plan.
7. Review the solution and the results. Be prepared to change the plan if the results are not as expected.

Responsibility #4: Set Priorities and Focus on Key Tasks. Time, people and money are all limited resources; how they are allocated and utilized dictate the success of the organization.

Responsibility #5: Be a Role Model to Others. The attitudes, character, and work ethic of a leader filter through the entire organization.

Responsibility #6: Persuade, Inspire and Motivate Others. A leader's success is determined largely by their ability to communicate effectively with all target groups. Being kind, courteous, honest, empathetic and credible increases their ability to inspire and motivate employees. Practicing the Four A's, appreciation, approval, admiration and attention (also known as active listening), can help a leader succeed in persuading and motivating others.

Responsibility #7: Perform and Get Results. A leader's ability to generate positive results is the critical factor in a leader's success.

THE HEART OF A LEADER: SEVEN KEY QUALITIES OF LEADERSHIP

Leadership is more about who someone is than what they do. The more a person incorporates the essence of leadership internally, the more effective they are as a leader on the outside. More than 3,000 studies on leadership traits have been conducted over the years, and seven key qualities have been identified. The good news is these qualities can be learned.

Quality #1: Vision - Leaders have a clear picture of where they want to go and how to get there, and are able to articulate that vision to others. They have strong beliefs and values which they are unwilling to compromise, and combine these with goal-oriented, measurable action.

Quality #2: Courage - Leaders are willing to take risks in order to innovate and to maintain the “continuous offensive” toward the company’s stated goals, even if there is no guarantee of success. However, smart leaders gather as much information as possible to reduce the element of risk before making a decision. They also practice “courageous patience,” or the ability to stay the course even when things are not going well, and exhibit the ability to remain calm during a crisis.

Quality #3: Integrity - Integrity is most often cited by executives as the key leadership quality, and forms the foundation on which all other leadership traits are based. It requires dealing with every situation or challenge based upon the facts or the reality rather than upon assumptions, and accepting responsibility when things go wrong, and then focusing on solving the problem.

Quality #4: Humility - Leaders must take the blame when mistakes are made, and offer congratulations to others for success. Humility does not imply weakness, but reflects the self-confidence to listen and learn from others and a willingness to surround oneself with those who possess strengths or skills which one lacks.

Quality #5: Foresight - Leaders are tasked with thinking about the future. They need to be strategic thinkers, able to anticipate possible pitfalls and market trends. They may use scenario planning to help anticipate future crises and opportunities, creating detailed scenarios of the company and the business environment five, ten or twenty years down the road based on information about the company’s products, customers, competitors, and business regulations and laws.

Quality #6: Ability to focus Energies and Resources in the Most Important Areas - Leaders must harness the limited resources of time, money and people, making

sure they are used efficiently and effectively where they will have the most impact.

Quality #7: Cooperation; Ability to Work Well with Others - Leaders must be able to encourage everyone to work together for an organization's success. This requires continually practicing cooperation and getting along with everyone in their daily lives.

SEVEN KEY ROLES OF LEADERSHIP

There are seven key roles intrinsic to being an effective leader, and all are learnable.

Role #1: Planning. A leader must plan by gathering the necessary facts and information, and then determining what must be done, in what order, and how to allocate resources. Taking action without proper planning can lead to failure.

Role #2: Organizing. This requires assembling the people and other resources needed to execute the plan and meet the objective.

Role #3: Staffing. A manager must recruit and retain the staff members needed to carry out plans and tasks which will achieve the stated objectives.

Role #4: Delegating. Proper delegation and leveraging each person's strengths and skills is critical to maximizing limited human resources and meeting required goals. Matching the appropriate individual with each task maximizes the productivity of the group. A leader can manage by responsibility, delegating the authority over the necessary financial and human resources to another employee; or, they can manage by exception and ask the employee to involve them only when there is a problem.

Role #5: Supervising. While a good manager delegates tasks and authority, they do not abdicate responsibility. Good supervision requires:

- accepting responsibility for staff and their outcomes
- offering patience and understanding to employees
- treating staff members with respect
- practicing servant leadership –believing the manager is there to help and ensure the employees succeed

Role #6: Measuring. Setting, measurable expected standards of performance is a key management activity. Every job or task can be defined by numbers, usually financial numbers. Leaders must establish numbers in every key area, then review and monitor them regularly with staff and team members.

The Hawthorne Principle states that “whenever people are clear about achieving a certain number and focus on it, their performance in the area measured by that number improves.”

Role #7: Reporting. A manager is responsible for keeping people both in and outside of the immediate organization informed about progress on activities and objectives. Bad news should never be a surprise, and the manager should always be first to inform the boss of any bad news.

BUSINESS LESSONS FROM THE MILITARY

Twelve principles of military strategy can be applied to the business environment and are essential to the success of an organization. Military history and the leaders who have led their men and their countries to victory - often against the odds - have been studied extensively. The twelve principles are as follows.

The Principle of the Objective. Leaders may use the GOSPA method of strategic thinking (Goals, Objectives, Strategies, Plans, and Activities) to set and accomplish stated goals and objectives.

- Goals are specific, measurable, and focused on long term (two to five years) results.
- Objectives are the steps used to attain the larger, long-term goal. For instance, if the long-term goal is to double sales volume in three years, the objectives will lay out how to increase the sales volume quarterly and annually.
- Strategies are the ways the objectives can be accomplished. For each objective, several alternate strategies are developed. Leaders never allow themselves to be cornered with only one course of action to choose from as situations can change.
- Plans are the steps individuals within the organization will take to complete the strategy. The purpose of planning is to take time to critically think about each step and the resources necessary to complete the strategy. For every objective, several alternate strategies need to be developed. This allows for quick response to changes in the environment and other factors. The rule is to assume the best

and plan for the worst. The 80/20 rule applies here -- the first 20% of time spent planning will save 80% of the time in executing the plan.

- Activities are the tasks that will be completed by individuals within the organization.

The Principle of the Offensive, or the attack against the enemy. In business, marketing and sales is the path to business dominance, and victory is selling more than the competitors.

The Principle of the Mass, or the concentration of forces against an enemy's vulnerability. In business, it is the ability of an organization to harness and allocate its limited resources on those areas presenting the greatest opportunities for success. Using the 80/20 rule can help focus those resources:

- which 20% of customers account for 80% of sales?
- which 20% of products or services account for 80% of profits?

The Principle of Maneuverability, or moving troops quickly where needed. In business, this refers to innovation and flexibility, and requires constantly asking "Knowing what is now known, is there anything we are doing today we would not do, if we could do it over?" Leaders can then quickly change tactics when something is not working.

The Principle of Intelligence suggests knowing as much as possible about enemies or competitors and their strengths and weaknesses to make informed decisions and better plans.

The Principle of Concerted Action, or working together cooperatively under a single commander. In business, this suggests a well-organized, efficient team.

The Principle of Unity of Command, or clarity of command. When under fire, a soldier wants to know that a command is coming from the final decision maker. In business, clear leadership establishes precise and clear expectations for every employee.

The Principle of Simplicity, or clearly communicating the plan before entering battle to avoid unnecessary deaths. In business, a plan must be clearly understood by all team members before it can be successfully executed.

The Principle of Security, or guarding against surprise attacks. In business, one of the keys to business survival is positive cash flow. Monitoring cash flow on a weekly basis can protect against unforeseen financial shortfalls and ensure continued existence.

The Principle of Surprise, or taking action unanticipated by the enemy to multiply force. In business, a force multiplier can be speed – speed of new product development, or concentrated focus on a few key customers—or changing the way a company does business by going into an entirely different market. This requires risk-taking and the willingness to accept failure, and leaders must cultivate a culture that encourages risk-taking and innovation.

The Principle of Economy refers to using the fewest number of human resources and the least amount of supplies and cash to achieve an objective.

The Principle of Exploitation means taking full advantage of a victory. When new customers have been gained in business, current customers may be “exploited” by offering outstanding customer service to current customers to gain repeat sales. It is ten times easier to get a resale from an existing customer than it is to get a new customer.

SEVEN KEY DETERMINANTS OF BUSINESS SUCCESS

Once a leader has learned and become adept at using the seven skills of leadership, there are seven factors that help determine business success.

Determinant #1: Productivity - The more an organization can accomplish with less resources, money, and staff, the more successful the company is. Continually applying the zero based thinking principle can help a company attain a high level of productivity, while maintaining quality.

Determinant #2: Customer Satisfaction - Focusing on generating customer satisfaction builds customer loyalty and repeat business. Satisfied customers are the key to long-term business success . Repeat sales by existing customers have the lowest cost and greatest margins of all sales.

Determinant #3: Profitability - A manager should determine the actual profitability of every product or service in the business portfolio by subtracting out corporate expenses such as accounting, human resources and administration, and then applying the 80/20 rule: which 20% of products account for 80% of the company's profits? This information permits allocating resources appropriately.

Determinant #4: Quality - For most customers, “quality” is defined not only by the product or service itself, but also by how they are treated by the sales, delivery, accounts payable, and customer service representatives. Perceived high quality leads to repeat business, and usually, the company with the highest quality rating for its products or services is the most successful compared to its competitors.

Determinant #5: Innovation - Fully 20% of all products and services will be obsolete within a few years of being developed, and a company's ability to respond and innovate helps predict the company's success and survival. Continually polling customers to determine their current and future needs encourages an organization to remain focused on both the present and the future.

Determinant #6: Organizational Development - To ensure a business is operating at maximum efficiency, managers can utilize the Three R's:

1. Restructure – put the best employees on the 20% of activities, services, products that generate 80% of the profits.
2. Re-engineer – simplify and streamline tasks and processes whenever possible.
3. Reinvent – imagine starting over on a product, service or process to free up thinking and begin questioning past processes and tasks, and focus on those that represent the most profitability.

Determinant #7: People Building - Organizations whose employees feel good about what they do and are highly motivated tend to be more productive and profitable than their competitors. Leaders who create and maintain a work environment that promotes trust, allows honest mistakes, and builds self esteem among staff members will unleash the full potential in every person within the organization.

Hiring Good Employees

This skill begins with the selection process. Leaders should take an active role in the hiring of any employees within their organization, regardless of the level. A good rule of thumb is to hire slowly and fire fast. It costs about three times an individual's annual salary to hire the wrong person and then have to replace them.

Before starting a search, the leader should think about the expected outputs or results of a job and the necessary skills needed to achieve the expected results. The 10/90 rule reduces the risk of regretting a hiring decision: the initial 10% of time spent thinking will save 90% of time and effort required to get to the right result. This entails thinking about the attributes or personality traits a candidate should have, and prioritizing these traits based upon importance. Then the leader can share this information with other team members, incorporate their feedback

and suggestions, and write a detailed job description and set priorities based upon must have (qualities, skills, attributes, expected results) and nice to have.

Now the search for the right candidate can begin. During the interview process, apply the Law of Three: interview at least three candidates; interview the prime candidate at least three times in three different locations (the office, a conference room, outside of the work space); and have the prime candidate interviewed by at least three potential coworkers.

When a candidate is hired, a hands-on approach is required, even if the new hire has plenty of experience. A manager needs to spend time with the new hire, outlining the values, mission and processes of the company, and place them with another staff member as a buddy to answer questions and help them become acclimated.

The new hire should be given lots of work to do initially; typically, a new employee is eager to start making a contribution. At the same time, they should receive plenty of feedback. It is important to pass on positive feedback to the new hire.

Retaining Good Employees

Retaining good employees becomes the next priority. Two common problems can hinder employee retention: lack of direction and lack of feedback. Ninety-nine percent of all problems at work result from miscommunication or lack of communication. Even good employees, if not given clear direction, will stumble and lose motivation if they do not receive positive and constructive feedback.

Five steps can combat these two problems:

1. Explain clearly what (tasks, responsibilities) is expected of an employee.
2. Set measurable standards for those tasks and results.
3. Ensure mutual understanding. Ask the employee to repeat the tasks, expected results and measurements.
4. Give regular, detailed feedback – both positive and constructive.
5. Inspect. Regularly check on an employee's progress; catch possible mistakes or problems early.

To keep employees motivated, their emotional needs must be satisfied. They need to feel part of a team and that what they are doing is important, as well as to be recognized for their contributions. People are motivated by four things:

1. Challenging, interesting work.
2. A high trust environment. Holding regular staff meetings allows a manager to share information, recognize employee contribution, and reinforce company strategies and goals. An atmosphere of trust and respect allows for honest mistakes and helps an employee learn from a mistake and apply the lesson to future tasks. Tracy tells a story about the founder of IBM, Thomas J. Watson, Sr. A vice president at IBM offered his resignation after spending \$10 million on a failed research project. Watson rejected the resignation, saying, "I've just spent \$10 million on your education. Now, let's talk about your next assignment."
3. Being personally responsible for results. Being held accountable is not only motivating, but builds competence and confidence in people.
4. Opportunities for growth and promotion. People want to learn new skills or become more competent at their existing skills.

Building Winning Teams

Being part of a team is a reality in most business situations today, and the mark of a great leader is the ability to select and retain the best people, and organize them into a high performing team. Top performing teams share these characteristics :

1. Shared goals, values and plans. Everyone understands the goals and is in agreement on how the team will achieve them. Team members work together harmoniously and there is a sense of shared ownership.
2. Clear leadership. The team leader leads by example, accepts responsibility for the team's results, and acts as a protector of the team against others. If there is conflict between team members, the leader brings them together to work it out. The job of the leader is to elicit extraordinary performances from ordinary people.
3. Continuous evaluation and appraisal. Top performing teams seek out customer feedback, incorporating it into their thinking and improving performance.

FINAL THOUGHTS

Getting the best results in difficult times requires excellent leadership. Understanding, applying and excelling at the key roles and qualities of leaders will determine who is a successful leader. However, it takes continual practice, as well as the humility to admit mistakes and correct them.

The best leaders are positive, principled, in control, and even keeled. They have simplified their lives, choosing to focus on those objectives and activities that bring the greatest success to their company and the greatest joy to their personal lives. Effective delegation enables them to spend more time on the activities that only they can do and that add the most value. In fact, the better a person becomes as a leader, the more successful they will be in every area of business and of their personal life.

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