

THE
SIMPLE
TRUTHS
ABOUT
LEADERSHIP

Creating a People-Centric Culture

LARRY PETERS
second edition

The Simple Truths About Leadership

Larry Peters

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Creating a People-Centric Culture

Second edition

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Preface

I am a student of effective organizations. From both my academic perch and consulting experience, I have seen the good, the bad, and the ugly when it comes to organizational effectiveness. It always amazes me that there is so much “bad and ugly”...and how often it is earned! Every now and then, I come across a truly effective organization and marvel at the underlying simplicity that seems to define and sustain its success. As I encountered more examples of truly effective organizations, in large and small companies alike, I have come to understand the few *Simple Truths* that seem to underlie and help explain their sustainable success.

After two decades of studying, consulting with, and talking about effective organizations, I’ve decided to share my ideas and insights to a business world that needs them now more than ever. In this book, I will speak about 10 Simple Truths that have always mattered for engaging the heads and hearts of people, and argue why they are so important today. In doing so, I will use examples from my consulting experience and share brief stories from several great companies (e.g., Southwest Airlines) that bring these Simple Truths to life.

Leaders who embrace these Simple Truths can produce what I call a People-Centric culture. It is one that puts the responsibility for long-term success—in a turbulent business environment where it belongs—on the people who have to embrace and enact new visions, strategies, business models, technology, and reorganizations if the business is to prosper. After developing these ideas, I will speak about the kind personal leadership necessary to earn the right to lead others in this direction. The last chapter of the book focuses on building a People-Centric culture and a call to action to those who are now clear about the “what” and “why” of a People-Centric culture. I will end the book by looking at a true People-Centric culture and leader. This company,

Beryl, has produced spectacular business results that are arguably closely connected to its culture. You will get the chance to learn from Paul Spiegelman, the founder and first CEO of Beryl, as he talks about his efforts to build a culture that gets the best from his people every day.

Why This Book? Why Now?

Our businesses have suffered serious harm during the middle of the last decade due to the worldwide economic slowdown and great recession. In the process of staying the course, business leaders have made a number of decisions and have taken a number of actions that have done harm to their relationships with their employees. They've essentially rewritten the *psychological contract* with their people in ways that many will have a hard time forgetting and leaders will have a hard time reversing. The new psychological contract tells employees that their leaders are in it for themselves, for their owners and stockholders, for positive reports from Wall Street, and for their customer base—for every stakeholder group other than the people who work there! This is the seedbed for serious problems. It cast a shadow on how willing employees had become to trust their leaders and, maybe, more importantly, on their willingness to commit to the long-term success of the business going forward.

Why now? This is the perfect timing for such a book. A return to a more positive business cycle gives leaders a reprieve, and they need to take full advantage of it before the business cycle reverses itself and they remain stuck in old ways of thinking and old ways of acting. Economists tell us that we're now closer to the next recession than to the last one. It is in those down times that businesses need their people most...and leaders must start earning that support starting now. This book will provide an understanding of why this is a critical business issue and how leaders and their organizations need to change so that old patterns of dysfunction end and new patterns of effectiveness take root.

Purpose

I had several purposes for writing this book. First, I wanted to provide hope for business leaders who are currently struggling with getting the best their people have to offer. It is not surprising that surveys show American workers to be so disengaged, mistrusting of their leaders, and uncommitted to the success of their business. It doesn't have to be that

way! Disengagement, lack of trust, and low commitment need to be replaced with heart, energy, and real commitment—where all people act as real partners in the business. I will describe what this alternative looks like and why it matters in turbulent and uncertain times. I will exemplify this purpose with examples from great companies like Southwest Airlines and Beryl, and other companies that have paved the way to this new understanding.

Second, I wanted to provide a roadmap for creating a more engaged and committed workforce. I will do this by addressing what I call the *Simple Truths* about creating and sustaining a successful business. These 10 Simple Truths are ones that many people seem to understand and agree with, but nonetheless seem to undervalue. Business leaders continue to look for some sort of *secret sauce* rather than the straightforward ways that great companies have always produced an engaged workforce and long-term success.

Third, I wanted to address how leaders can move in the direction of making these Simple Truths a part of their lives. In doing so, I point out that we, as business leaders, create most of the people problems we struggle with, and then need to address. When business leaders understand how their actions weaken and even break the psychological contract with their people, they can finally see, understand, and get on a new path to prosperous futures. The insight here is not in identifying and discussing each Simple Truth, but, rather, in speaking to why, *as a set*, they create the only path forward that assures the support of the very people who can make a company successful.

Fourth, I looked at People-Centric leadership from four viewpoints. First, I discuss what it takes to become a People-Centric leader. This involves being fully *respectful* of the people we lead—to all of our people, all of the time. I focus on a broader meaning of “respect,” and talk about several components that can serve as a guide to leaders who want to step up to this personal challenge. Second, I speak to what leaders can do to earn the right to lead others toward adopting a more People-Centric perspective. This is essentially a discussion of what it means to be a living emblem of People-Centric leadership; to model the way. Third, I discuss how leaders can help develop others, so that they become more effective leaders. When we can grow the next generation of leaders to be more People-Centric, we are on a path toward creating a more People-Centric culture. That’s the end-point in a journey—one that starts with you, moves to others, and ends with impacting the entire organization. Finally, I challenge readers to step up to move themselves, others, and their organization toward a more People-Centric way of being.

A Final Note

I far too often run into people who proclaim that they have little ability to influence their circumstance, and as a result fall victim to it...or, said more accurately, fall victim to their thought process. If we truly believe we cannot change anything, we will be right! Our actions follow our thoughts. Don't fall victim to old ways of thinking. We can, and do, create our future, and it doesn't have to be a linear extension of our past. We can make new choices; create new realities.

If you are not getting the best from your people, read this book with the goal of turning that around. If your people are disengaged and non-committed, don't just blame them. After all, you helped to create the circumstances that led to disengagement and non-commitment. Begin by changing how you think about your people and about your leadership. Chose to value your people, and then, act as though this were really important to you. If you do this in ways that truly show your respect, you will have taken the first step in turning your people into your partners.

This can be a difficult first step for many who believe that leaders need to be strong and people need to be pushed to get the job done. That's old thinking, and old thinking gets old results. In a new world, this is dangerous. So, I am asking you to fight this older, more traditional view of how we lead and what little to expect from our people. It reflects a bygone era. Today's business challenges require us to get the best from our people...and they choose whether to give it or not! New ways of thinking; new ways of leading.

Change your mindset and you are on the path that leads to a sustainable, positive future. Change others' mindsets and you are on the path to building a culture where everyone has a responsibility to each other and to the company.

It starts with you. Enjoy the journey.

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Acknowledgments

I am happy to share a revised, updated, and expanded version of my first book, *The Simple Truths About Leadership*. I decided to write a second edition based on the feedback I've received from dozens of readers. They loved it... and they told me they wanted more on:

- what partnership is all about
- how to help others understand and adopt a more People-Centric mindset and leadership style
- what it means to have a People-Centric culture
- how to bring about a People-Centric culture, and
- how these ideas work in a “real world” setting

This revision will do all that while maintaining the integrity of the ideas that make it distinctive from other books on leadership. The biggest change was to connect the dots from leadership to corporate culture. The second edition will underscore the role of corporate culture as a way to *leverage* the impact of leaders. To that end, I've expanded the ideas around culture and gone into more detail on how to shift toward a more People-Centric culture that can deliver the kind of results that are needed to adapt quickly to changing business realities. I still focus on the need, and path, for turning our people into our partners, and now speak about how to embed these ideas into the culture. I hope you like this shift in focus and find value in it for serving your needs.

I would like to thank Marcus Ballenger, commissioning editor at Palgrave Macmillan, for shepherding my proposal to final acceptance, and Jacqui Young, my editorial assistant at Palgrave Macmillan, for her responsiveness to my many questions during the manuscript preparation process. I also want to

thank decades of MBA students who shared stories about their organizations and leaders, who challenged my ideas with tough questions, and who provided critical feedback. As a result, they helped sharpen my thinking and build my confidence that I was bringing an important message into the world. I want to say thank you to Cynthia Young and Paul Spiegelman, who for over a decade have come to my MBA classes to talk about their businesses—Beryl and Southwest Airlines—and help teach my students the real applications of, and real business results that come from, living these Simple Truths in their organizations. A special thanks to Paul for graciously allowing me to interview him and share his story about a great People-Centric culture and business. I have always admired Paul and regard his story as a great example of what can be created and sustained by a true People-Centric leader. Finally, I want to thank my wife Dawn for encouraging me to bring newer ideas into written form and complete the work I started with her support a few years ago.

Please reach out to me with your thoughts, feedback, questions, and ideas for future editions. I listened to your feedback when deciding what needed to be added to this edition. Perhaps you can help shape the third edition...or other works that build on this foundation.

Feel free to contact me at Larry@SimpleTruthsLeadership.com.

Praise for *The Simple Truths About Leadership*

“Tremendous! Dr. Peters has written an engaging and accessible book on leadership that achieves that rare combination of being truly insightful while simultaneously being extremely practical. His advice on how to create a People-Centric culture really hits the mark, and his 10 truths might indeed be simple but they clearly are profound—and they can have a significant impact on you and your leadership. I highly recommend this wonderful book.”

—Stephen M.R. Covey, *co-founder, FranklinCovey Speed of Trust Practice; NYT best-selling author of The Speed of Trust and co-author of Smart Trust*

“Dr. Peters writes from long and unique experience as he helps us become not just better leaders, but better people. Investing in this wonderful volume is like engaging Peters as your personal mentor—you’ll never get a better ROI!”

—Joseph Grenny, *co-chairman, VitalSmarts; NYT best-selling author of Influencer: The New Science of Leading Change*

“The lessons in this book are critical for the new talent era. Employees as partners and investors in the ideas, purpose, product, and processes of our organizations is exactly what is needed in today’s fast-paced, changing talent landscape where employees are incentivized by an entirely new set of operating principles. Larry brings forth in powerful conversation the thing that excites and inspires us all: partnership. A must read top winner for any leader’s bookshelf—start treating your employees as partners or someone else will!”

—Louis Carter, *CEO, Best Practice Institute; author of In Great Company: How to Spark Peak Performance by Creating an Emotionally Connected Workplace*

“We all know that a company can only be as great as its people make it. The question is, how can you create a culture in which your people want to create a great business as much as you do? Larry Peters shows you the way in *Simple Truths*. He speaks specifically to the role that leaders play in getting the best from their people, and cultures that can sustain a great business.”

—Bo Burlingham, *contributing writer, Forbes; best-selling author of Small Giants and Finish Big*

“I have witnessed the impact of the Simple Truths that Peters discusses in my years at Beryl. We have been a very profitable business and are regularly acknowledged as an employer of choice. That has everything to do with our culture and the kind of leadership we foster throughout our business. As I look back on our journey, we have not only embraced these Simple Truths, but we have brought them to life in ways that I did not imagine possible when I started this company. I think this is a must read book

for everyone who wants to be intentional about getting the best from their people, who want partners and not just employees.”

—Paul Spiegelman, *founder and former CEO, The Beryl Companies; co-founder, Small Giants Community; NYT best-selling author of Patients Come Second: Leading Change by Changing the Way You Lead*

“At Southwest Airlines, these Simple Truths were alive for all of us, all the time. People-Centric Leadership captures what we called Servant Leadership, and it was vital to our long-term success. It was simply part of our DNA; it was part of who we were, because the Simple Truths were so embedded in our culture. As Larry shares in the book, benchmarking visitors to Southwest Airlines often didn’t ‘get it’—they wanted the recipe for the ‘secret sauce.’ They thought it had to be complicated, when it’s really simple in principle. But the truth is that we’re all capable of creating a People-Centric culture by living these Simple Truths. You don’t have to be Herb Kelleher or Colleen Barrett to create that culture, but you have to want to embrace Peters’ Simple Truths to be on that journey. If you do, be prepared to see the best of your people.”

—Cynthia Young, *chief of staff, UT-Southwestern Medical Center at Dallas*

“Few books on leadership actually create a clear context for their discussion about and recommendations for leading. Peters’ book does this and more. We are clearly living in a time of increasingly rapid change, one that has strong implications for what we need from our people. It is the clarification of those implications that make Peters’ thinking about leadership so relevant. In a world that demands nimble, fast, and empowered behavior, business leaders need people to become partners, not just followers. The time has gone when people can be expected to wait for marching orders to do what is necessary. It has been replaced by the need for people to step up and do what is needed, when it is needed. It is more than empowerment, but reflects a way of contribution that can distinguish a business from its competitors. As Peters points out, leaders need to earn this level of partnership, and his RESPECT model for becoming a People-Centric leader clearly depicts what it takes to earn that partnership. I love that he doesn’t stop there, but talks about what it takes for leaders to develop new People-Centric leaders and how to embed a more People-Centric approach into the company culture.”

—Dr. Karie Willyerd, *chief learning officer, VISA International; author of Stretch: How to Future-Proof Yourself for Tomorrow’s Workplace*

“Larry Peters does an outstanding job of painting a path forward for what it takes to truly be a People-Centric leader. His 10 Simple Truths are the building blocks for any leader interested in awakening the sleeping giant of human potential in their organization. His insights on what creates a People-Centric culture are invaluable!”

—Jim Haudan, *chairman and co-founder, Root Learning, Inc.; best-selling author of The Art of Engagement and co-author of What Are Your Blind Spots?*

"Finally, a current, practical, insightful book that I would have assigned as required reading for each of my graduate and executive students. In addition, I would have regularly both borrowed from it and recommended it as reading for both my strategy and change leadership clients. Larry pulls together wisdom from many recognized sources, combines it with his own personal experience, and presents it in a clear concise manner valuable for leaders in our rapidly changing times. The Application Activities he presents provide leaders with the tools required to make his ideas tangible and drive them down through their organization. Good read—Great book!"

—Edward J. O'Connor, *Ph.D., Professor Emeritus of Management and Health Administration, University of Colorado Denver; retired founder and principal, the Implementation Institute*

"Simple Truths is motivating, meaningful and shares a fresh look at real leadership. Dr. Peters connects how seemingly small decisions and actions can build to long-term lasting impact. His stories and examples provide real-life situations to help us incorporate these Simple Truths into our life. This is a must read for leaders who have purpose and want to have impact in the world around them."

—Patti Johnson, *CEO, PeopleResults; author of Make Waves: Be the One to Start Change at Work and in Life*

"Leadership is often thought of and discussed in terms of a powerful individual directing passive, powerless followers. Larry Peters understands what so many others do not: (a) that a good leader must first be able to effectively lead himself or herself, and (b) true leadership cannot exist without mutuality between a leader and *proactive* followers. Perhaps every good leader ultimately comes to similar conclusions on his or her own, but as anyone who has tried and failed knows, the path to effective leadership is challenging, often non-intuitive, and never-ending. *Simple Truths About Leadership* is unique in that it provides practical and actionable guidance for navigating the path to better leadership—for oneself, others, and the organization. I am already sharing with students and managers the developmental approach presented in this book. I am also building many of Larry Peters' ideas into my own People-Centric research."

—Dr. Hettie Richardson, *chair, Department of Management and Leadership, Neeley School of Business, Texas Christian University*

"Peters gets it. The problems and issues I see when consulting with senior leaders are often of their own making...and they don't see it, and, therefore, appear doomed to repeat them. This easy to read and powerful book captures the root cause of this sort of drama and not only helps leaders see their role in creating the problems they face but also shows how to avoid them in the first place. My consulting often addresses giving leaders the skill to deal with their messes, when the real skill involves how they think and act every day in support of those on whom they depend. This small book is packed with big ideas for today's and tomorrow's leaders."

—Simon Lia, *president, GEMS Consulting, Inc.; master consultant and trainer; author of Gapocrisy and CEO Psycho*

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1

Setting the Stage

I was part of a team of consultants that worked with senior leaders at a defense contractor that was attempting to win a very big government contract against long odds and strong competition. These leaders were well versed on what it took to win this contract—technical perfection in engineering design of a technologically complex defense product *and* an organization that could be counted on to deliver on requirements surrounding cost, quality, and schedule. Government auditors had made it clear—being technically perfect was only half the battle. All competitors for this contract had the engineering expertise to create a winning prototype. Their challenge was creating a culture where people would do all the things necessary to meet the cost, quality, and schedule requirements. That turned out to be a very big challenge.

Hard working leaders. Smart people. Great decision makers. Talented problem solvers. Disciplined in doing their work.

But...that was not enough.

This was new territory for them, one for which the company's future hung in the balance. It was about creating a new state of being, a new culture, rather than addressing a big problem or making a tough decision. Everything they knew that made them a great management team worked against them—they acted like this was just another problem to solve, another decision to make, and another opportunity to prove their experience would carry them forward.

Culture doesn't change as a result of great decision making and great problem solving. Culture permeates throughout an organization and its subunits and impacts everyday thought and action. Changing thought and action is about our identity as an organization, and culture change, therefore, is never a problem to solve or a decision to make. It involves a process that few under-