

Book it: Best bets for board reading

From a roundup of new books, insights on definitive leadership qualities, the Big Shift, managing health care costs, the role of the internal auditor, and dancing the Macarena.

The definitive list of leadership qualities

From **Management: It's Not What You Think** by Henry Mintzberg, Bruce Ahlstrand, and Joseph Lampel. Copyright 2010 by the authors. Published by AMACOM (www.amacombooks.org).

LISTS OF THE QUALITIES of effective managers and leaders abound. They are usually short — who would take dozens of items seriously? For example, in a brochure to promote its EMBA program, entitled “What Makes a Leader?”

the University of Toronto Business School answered: “The courage to challenge the status quo. To flourish in a demanding environment. To collaborate for the greater good. To set clear direction in a rapidly changing world. To be fearlessly decisive” (Rotman School, circa 2005).

The trouble is that these lists are not consistent — they contain all sorts of different characteristics. For example, where is native intelligence on the list above, or being a good listener, or just plain

having energy? Surely these are important, too. No problem: they appear on other lists. So if we are to find out what makes a manager truly effective, we shall have to combine all the lists.

This, for the sake of a better world, has been done in [the

book's] Table 1. It lists the qualities from the various lists that I have found, with a few missing favorites of my own added in. This list contains 52 items. Be all 52 and you are bound to be an effective manager. Even if not a human one.

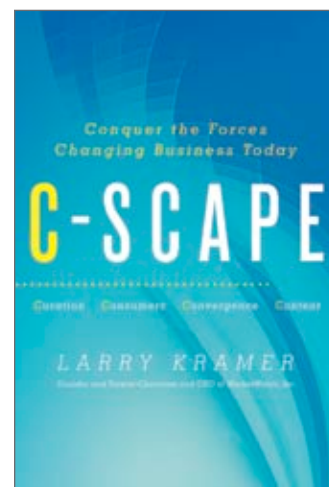
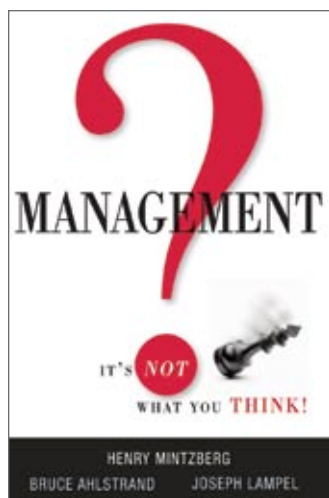
Henry Mintzberg, a professor of management studies at McGill University in Montreal, has been ranked in the top 10 in the Wall Street Journal's list of influential business thinkers. **Bruce Ahlstrand** is a professor of management at Trent University in Ontario, Canada, and **Joseph Lampel** is a professor of strategy at Cass Business School, City University, London.

Every business is a media business

From **C-Scape** by Larry Kramer. Copyright 2010 by the author. Published by Harper Business (www.harpercollins.com).

ACROSS BUSINESS, we are all discovering that the world in which we work and live is transforming faster and more profoundly than ever. Everyone knows that. What's not well understood is that every aspect of these changes — from the transformed landscape of business to the specific challenges that businesses are facing — all have the same source: changes in media.

Why media? Because every aspect of business is increas-



ingly carried out through the media. From advertising and marketing to sales and customer service, from product design and development to recruitment and employee relations, from the factory floor to shareholder meetings, everything that happens in business is ever more likely to happen on a screen or a handheld device. Business is conducted through what we call “media.” Every business is or must become a media business.

Larry Kramer is the founder and former chairman and CEO of the news service MarketWatch Inc. He is a board member of several media and technology companies and teaches media management at the S.I. Newhouse School of Public Communications at Syracuse University (<http://cscape.wordpress.com>).

Dancing the Macarena

From **Delivering Happiness** by Tony Hsieh. Copyright 2010 by the author. Published by Business Plus (www.hachettebookgroup.com).

I'M NOT QUITE SURE how it started, but we had a really fun tradition at LinkExchange. Once a month, I'd send an email out to the entire company letting them know that we were having an important meeting, and that some of our important investors and board members would be attending, so everyone was required to wear a suit and tie on the day of the meeting.

Everyone except for the most recently hired employees knew that it wasn't a real business meeting, and that they didn't actually need to wear a suit and tie. The real reason for the meeting was so that we could initiate and haze all the new employees who had joined LinkExchange in the past month.

So once a month, all the newly hired employees would show up to the office dressed up in suits and ties. There they would realize that they were the target of the companywide practical joke. In the afternoon meeting, all the new hires would be called up to the front of the room to complete some sort of embarrassing task.

After an investment by Sequoia Capital, we asked Sequoia partner and our new board member Michael Moritz to attend our initiation meeting, and we called him up to the front of the room along with the other six employees who had been hired in the past month.

After each person introduced himself, we let them know that in honor of Moritz's presence, we decided that we wanted

everyone to move together in unison to the music that was about to be played.

If you've ever read anything in the media about Moritz, he's generally portrayed as an intelligent, introspective, and proper British journalist-turned-venture-capitalist, so everyone was excited to see that he was willing to stand in front of the room with the other new employees. Someone brought out a boom box and turned on the power as everyone started clapping and cheering. And then music started playing. It was the Macarena.

I don't think that words can every truly describe what watching Moritz being forced to do the Macarena was like. It ranks up there as one of the strangest sights to behold. Everyone in the entire room was cheering and laughing, and by the end of the song I had tears streaming down my face from laughing so hard.

I remember looking around the room at all the happy faces and thinking to myself, I can't believe this is real.

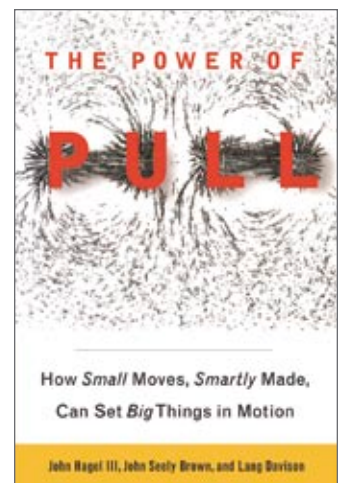
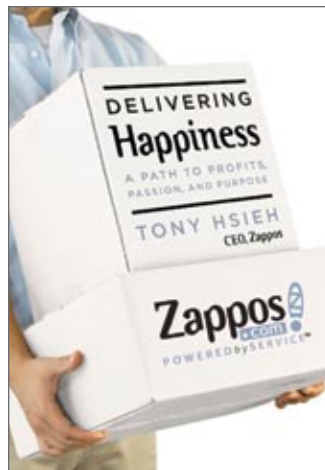
Tony Hsieh sold LinkExchange to Microsoft for \$265 million, then joined Zappos.com Inc. as an adviser and investor, eventually becoming CEO of the online merchandiser of apparel and footwear.

Only the beginning of the 'Big Shift'

From **The Power of Pull** by John Hagel III, John Seely Brown, and Lang Davison. Copyright 2010 by Deloitte Development LLC. Published by Basic Books (www.basicbooks.com).

THE WORLD IS TRANSFORMING around you. The truth is, the things you did to get there will no longer work to keep you there. Yet many of us — especially those who have achieved success — tend to believe that the approaches we used in the past will continue to work in the future. We hold onto assumptions about the path to success that we developed along the way, often without bothering to make them explicit or testing to see if they still hold true. In fact, things are radically different from the way they used to be. We no longer live in the industrial economy of the 1950s, or even that of the 1970s. And the techniques we used to master those worlds are no longer effective.

At a certain level, most of us already know this deep down. We don't search for jobs the way we used to. We



don't look for information in the old ways. We don't try to reconnect with friends in the old ways, either. Or at least not just in those ways or even primarily. We have new ways of carrying out these activities. But we've yet to realize that these changes in how we search for things or people are only the very beginning of more far-reaching changes — not just in how we search, but in how we attract resources and achieve goals as well. Most of us, in our minds and in our behavior, have yet to put it all together, to realize the full implications of the Big Shift.

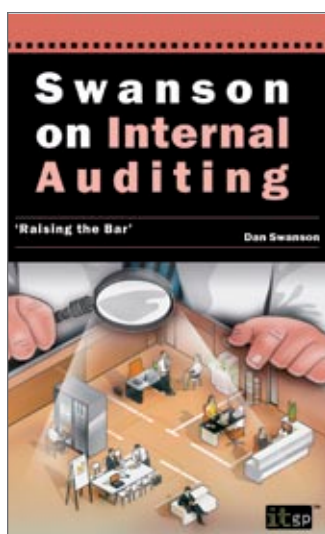
John Hagel III is co-chairman of the Deloitte Center for the Edge. **John Seely Brown** is the center's independent co-chairman and **Lang Davison** is the center's executive director (www.deloitte.com/centerforedge).

The internal auditor, from today forward

From **Swanson on Internal Auditing** by Dan Swanson. Copyright 2010 by the author. Published by IT Governance Publishing (www.itgovernance.co.uk).

CONTRARY TO WHAT some cynics say, the financial crisis was not proof that SOX compliance is worthless. SOX was passed to ensure the accuracy of financial reporting, and with a very few questionable exceptions, none of the culprits in the financial crisis experienced reporting failures. They experienced risk management failures. The difference is huge. Nobody, in the lead up to the crisis, was telling investors, “We have \$1 million in revenue” when in fact they only had \$500,000. They were telling investors, “We have a portfolio of bonds we can sell for \$1 million” that they could only sell for \$500,000 when they tried to sell it.

Why didn't those companies know the portfolio was worth less? Why didn't they plan scenarios with lower figures? Why did they buy \$1 million worth of bonds in the first place? Those are the questions that boards and senior managements never asked, and those are the “polite but nevertheless unwanted” questions that internal auditors must ask in the future. They are questions that challenge assumptions, envision unlikely outcomes, and stimulate stronger thinking. From today forward, the internal auditor must play



that role, of skeptical counselor, to help companies navigate the often-perilous world of risks that confronts them. We ignored that function in the 2000s, and look where it brought us.

Dan Swanson, a 26-year internal audit veteran, served as the director of professional practices at the Institute of Internal Auditors.

The system needs some C-suite scruff grabbing

From **The Company That Solved Health Care** by John Torinus Jr. Copyright 2010 by the author. Published by BenBella Books (www.benbellabooks.com).

I HATE THE PHRASE, but what's needed is a paradigm shift. CEOs and CFOs need to grab the non-system by the scruff of the neck and shake it up.

Jim Hagedorn, CEO of Scotts Miracle-Gro, a lawn care products company, did just that. In 2007, he got religion on managing health as a way of attacking health costs. He uses the big-stick and big-carrot approach. At Scotts, you either listen to your health coach or your premiums go up. Their carrot is a huge investment in employee health: a \$4 million per year wellness program and a \$5 million on-site fitness and medical center manned by two doctors, five nurses, a dietician, a counselor, and two physical therapists.

At Serigraph, I am heavily engaged in the promotion of health and the reduction of health costs. Many of our managers are fitness buffs, and we have played them up as positive examples in company publications.

I try to lead by word and by example. At 71, I was on a team of eight older cyclists who competed in the 2008 Race Across America. We did the continent from Oceanside, Cal., to Annapolis, Md., in seven days and 21 hours. We raced in rotation day and night and raised \$47,000 for the Make-a-Wish Foundation. In 2009, I cross-country skied my 14th American Birkebeiner, a hilly, 32-mile course in northern Wisconsin.

But this is not about my athletic prowess. I have only modest talent and was slow in both events. This is about C-level leadership.

John Torinus Jr. is chairman and general manager of Serigraph Inc., a manufacturer with plants in the U.S., Mexico, China, and India.

