

Using Recognition to Frame One's Leadership Mindset

LED BY:

Frank Blake

Former Chairman and CEO, Home Depot

A CONVERSATION

BETWEEN:

Jim Baumbick

VP, Industrial Pillar,
Operations, and New
Model Launch, Ford

Debra Delise

VP of Security Products
and Technology, Analog
Devices

Guillaume Gerardin

SVP & General Manager,
Printing Supplies, HP

David Gorgas

VP, IT & Digital Strategy,
Cogeco

David Graham

Chief Investment Officer,
American Family
Insurance

Nadine Hall

Apparel / CPG Executive
(Formerly Hanes)

Amanda Helming

Former CMO, UNFI

Abhi Ingle

Chief Business Officer,
Qualtrics

Skip Kodak

Regional President,
Americas, The Lego
Group

Bobby Mendez

President North America,
Duracell

Alejandro Messmacher

CFO EMEA and LATAM,
American Tower

Justin Singh

Chief Transformation &
Strategy Officer,
McGraw-Hill Education

John Volpini

VP of Distribution, Sallie
Mae Bank

What does it mean to lead an organization where you as the leader are leading from the bottom of the organization and not the top? Leading from an Inverted Pyramid is fundamentally about the use and communication of recognition.

“I believe that the Inverted Pyramid is the single most accurate and important framework for leadership that exists.”

- Frank Blake

01 UNDERSTAND GRAVITY

Do not assume that your message will spread

Traditional models suggest that gravity is an ally to leaders and information will naturally pass down the organization. Repositioning yourself and your leadership team at the bottom of the company means that your job is to radiate energy up the organization. Your job is to work against gravity.

Working against gravity is exhausting. Develop skill sets for how you will recharge yourself.

“Nothing cascades down an organization. Gravity is not your friend.”

- Frank Blake

Find the people around you who will carry your message to the rest of the company. That is what they are there to do. They are not the ambassadors of the organization to you; they are your ambassadors to the rest of the organization.

PERSONAL EXERCISE

At random occasions, ask associates at all levels of the organization, “What does the CEO want from you?”

1. How consistent are the responses?
2. Does it vary by department or business?
3. What action is required to increase the consistency of responses?

Help people to make the message personal

Do not assume that teams understand what you want. Communicate your change in strategy and what you want from your organization in a way that people internalize it for themselves. They will likely understand why it's good for the company but they need to understand what's in it for them.

Create messages that are simple, visible, and portable. Show people that you are invested in their success.

“The fundamental belief that your company is not there standing back saying, “Hey, let's see if you can make the grade,” is hugely important in terms of how your organization feels about itself.”

- Frank Blake

Hold people accountable

For the Inverted Pyramid to work, you need your whole organization to recognize that they are accountable. Communicate clear consequences for the expectations not being met.

In the Inverted Pyramid, you rely on people who can and will push your message up through the company. If you can't count on somebody to be your ambassador to the organization consider moving them regardless of how strong their talent is.

“The Inverted Pyramid always sounds nice, but it isn't always so because you have to be confident that people are going in the same direction you are. Otherwise, it wobbles immediately.”

- Frank Blake

CASE STUDY

Care

In a private meeting, Frank Blake asked Jack Welch what he thought the single most important attribute of a great leader was.

“Generosity. Every great leader that I have known is fueled by the success of the people who work for them,” he replied.

Remove barriers

One of the key functions of a leader is to identify the things that people think are possibilities within their business and remove or adjust the barriers that are preventing them from achieving them.

“There's an awful lot within companies that gets hung up in the marble maze of the organizational structure. It is on the leadership to make those mazes work better.”

- Frank Blake

02 COMMUNICATE EFFECTIVELY

Celebrate what you aspire to be

You get what you celebrate. Create a formal process for recognizing and celebrating throughout the company.

Who are the people that you literally or figuratively pull up onto the stage? Tell a captivating story about who they are and what they did to gain recognition. Others will relate this to the work they do and will understand what you expect of them from the examples they see.

If you recognize employees inconsistently, randomly, or not at all, other people will fill the vacuum with their own objectives.

“The first message is, ‘We care about your success. We're going to invest in your success. And we expect [blank].”

- Frank Blake

CASE STUDY

Signed recognition

If you go to a baseball game looking for a signature from one of the players, it's likely you will walk away with the signatures of the utility infielders rather than the star players. But when you get somebody's signature, you want them to succeed.

In business, employees invest in the success of the leaders who recognize them. Being extremely conscious of celebrating the achievements of individuals and teams is a great way to quickly garner support and recognition when you are new to an organization or an executive role.

Promote clearly

Never promote anyone without explaining to the rest of the company why they were promoted. Tie the promotion to three things that align with the goals of the organization. Promotion is a great opportunity to celebrate the work of individuals and give concrete examples of the behavior you are looking for.

“Your approval is the most powerful leverage you have as a leader. Honor people with your attention.”

- Frank Blake

03 CREATE TOOLS FOR LISTENING

Seek detail and transparency

In an Inverted Pyramid the customer becomes the most important level above you followed by the frontline associates. In that structure, you have an enormous task to listen and understand what is happening above you.

Most areas of the company prefer to keep information hidden from top leadership as a natural impulse to avoid intervention or disruption. It means that the truth takes a long time to flow through the organization. Show interest in employees so that they are interested in letting you know what is going on.

Pay attention to the small details – people may try to deter you by assuming that you are not interested in the micromanagement of the company. Get involved.

“There are very few cultures that actually believe that telling truth to power is the path to success in the business.”

- Frank Blake

Joke

Use humorous examples of where things went wrong. Humor gives people permission to share where they made mistakes or where things are not going as planned.

Reach

Use skip-level meetings and speaking with people outside your function to get better visibility of what is happening in your business. Don't underestimate the amount of knowledge within your organization.

Redesign your questions

Avoid asking yes or no questions as people automatically resort to positive responses. Ask how things are on a scale of 1 to 10. Asking why they picked that number, or how it could improve, leads to a more valuable conversation.

If you are asking about a project, assume that it is going badly. Framing the question around, "Why is Project X not going well?" evokes a detailed description of what is going on. Rarely will someone push back and challenge your assumption.

04 BOND CULTURE

Keep culture fluid

The pace of change within every organization has to keep up with the pace of change outside of it. Change needs to be part of what you do and how you define your company culture.

"A lot of successful companies hug their culture as a way to avoid change."

- Frank Blake

ST CRISPIN'S DAY SPEECH

"This day is called the feast
of Crispian:

He that outlives this day,
and comes safe home,

Will stand a tip-toe when the
day is named,

And rouse him at the name
of Crispian.

He that shall live this day,
and see old age,

Will yearly on the vigil feast
his neighbours,

And say 'To-morrow is Saint
Crispian:'

Then will he strip his sleeve
and show his scars.

And say 'These wounds I
had on Crispin's day.'

Old men forget: yet all shall
be forgot,

But he'll remember with
advantages

What feats he did that day."

William Shakespeare,
King Henry V, Act IV Scene
iii 18–67

Position crisis as opportunity

The Inverted Pyramid thrives during a crisis. Your role as a leader is to communicate crisis as a privilege. It is an honor to row the boat in on an outgoing tide and you need to find the people who are excited to pull the oar.

Reach through the screen. Be a great communicator. Think of crisis as a moment to unify teams and redefine culture. It is the moment when your 'why' resonates and an opportunity to inspire a culture of continuous improvement.

If your teams are really engaged with you, it is because they believe that at a minimum, you are trying your best to find ways to help them succeed.

"Every leader needs his or her version of the Henry V speech. The wounds you get now are the scars you're going to proudly show off 5 to 10 years."

- Frank Blake

Import new ideas carefully

Introducing outside ideas and frameworks is important for diversity of thought and creating growth and resilience. But it needs to be done prudently with a lot of discussion and above all, listening. Ask the following key questions before importing an idea or process from elsewhere:

1. What does it mean for us?
2. What does this mean for our employees?
3. How are they going to internalize this?
4. What adjustments do we need to make for it to work for our company?

"Don't treat strategies like Lego blocks that you can pick up in one place and put in another."

- Frank Blake

CASE STUDY: Imposing Culture

In Frank's words - an extract from the call

“At GE, everybody's got sharp elbows and everybody graduated from college if not business school. A Home Depot store is typically a \$50 million business with 34,000 SKUs. It's 250 people. It's a business. And it happened. The GE folks said, "All right. As of now, future store managers and assistant store managers are going to be college graduates.”

When they said that, what do you think the percentage of store managers that had graduated from college was? Maybe 10%. Most store managers at Home Depot didn't go to college, some of them didn't even graduate from high school. No one starts for a career in retail. No one says, "You know what I want to do? I want to work at Home Depot for life.”

Typically it starts from some crisis or confusion in your life. You start working in a retail business and then for whatever reason it catches hold of you and after a few years, you actually start liking it because it's a cool business and you like helping people and you get good at it. Then you become a store manager of Home Depot and you're making six figures and you're running a \$50 million business. You are the most successful person in your family.

The woman who now runs all of Home Depot's stores internationally is from Jamaica. She started as a part-time cashier in Florida.

As soon as you say you need a college degree for this job, every single person who starts working on the floor of the Home Depot knows he or she is out of luck. They're going to be hourly associates, buried full stop. Think of what that does in the store.

The second thing is, now imagine that you graduated from college or had an MBA. We had lots of folks with MBAs who got brought in to run a store. What's the first thing you're thinking? Well, this store is fascinating, but this is not my future. I just want to get to Atlanta and help them run the company.”



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