

The Book Chapter Summary

The book consists of an interesting introduction section, 10 main chapters and a well structured leadership handbook.

0. Introduction

- Relating the success story of how **Roger Enrico**, the then CEO of PepsiCo, embarked on a journey of leadership development exercise.
- It is easy to blame on the environment for the failure of an organization, in the book Tichy illustrated that in actual fact it is not the case. More often than not, it is a leadership issue. Examples used: Westinghouse vs GE, Success of Starbucks and Staples.
- Winning organizations are teaching organizations, more important than been learning organizations. Teaching is the key ingredient for the success of an organization – “It is much tougher to take one’s learning and translate it into a teachable point of view than to be just a competent learner”.
- Fundamentals of leaders
 - **Need of a proven track record**
 - **Have teachable points of view**
 - **Use living stories**
 - **Invest considerable time developing other leaders**
- Give examples of winning leaders with teaching fundamental
 - **Jack Welch**: former CEO of GE, **Roger Enrico**: former CEO of PepsiCo
 - **Low Platt**: former CEO of HP, **Larry Bossidy**: AlliedSignal
 - **Bill Pollard**: Service Master, **Eckhard**: Compaq Computer
 - **Gary Wendt**: former CEO of GE Capital, **Bob Knowling**: former VP of US West
 - **General Wayne Downing**: former head of US Military’s SOF, **Andy Grove**: former Intel Chairman
- Leadership is in everyone, just need to untapped the potential through coaching and practice
- To achieve and sustain competitive advantage, organization needs to build leadership engines and invest in leader development initiative.

1. The Leaders-Driven Organization

- Key Points
 - **Winning Is About Leadership** – 1) winning organizations have leaders at all levels 2) producing those leaders is what separates the winners and losers
 - **Leaders Have Ideas, Values, Energy And Edge** – 1) ideas and values guide their decisions 2) energy and edge get them implemented
 - **Without Leaders, Organizations Stagnate** – 1) they can’t keep pace with changing markets 2) they don’t add shareholder value
- Illustrates of winning is about leadership using example of how **Bill Weiss**, CEO of Ameritech in 1991 successfully carried out leadership transformation exercise despite at a late age of 62. It is about winning individuals who are leaders, people with ideas and values, energy and guts to do what needs to be done.
- It is then an important activity to continuously develop leaders, to be carried out thoughtfully and in systematic manner.
- Given examples of companies like General Motors, former Digital Equipment and Westinghouse that failed to execute real leadership development and just merely talking about it. “The big difference between winners and losers, whether they are organizations or individuals is that winners understand that **Learning, Teaching and Leading** are inextricably intertwined.” The book further

The Book Chapter Summary

elaborates that it has to be everyone's job description.

- Tichy establishes 2 criteria pertaining to winning – 1) **Success in adding value** 2) **Sustained excellence**
- “Winning companies understand that not everyone can be as Olympian, but through training and encouragement, and by offering opportunities to exercise leadership, they make the most of every player”.
- Emphasis on the fact that winning organizations are successful at teaching leadership – 1) **proven leader do the teaching** 2) **leaders are avid learners**.
- Leaders got to have 1) **Ideas** 2) **Values**, 3) **Energy**, 4) **Edge** and 5) **Stories**

2. Why Are Leaders Important?

- Key Points
 - **Leaders Manage Through Times Of Change** – 1) they determine direction 2) they move organizations from where they are to where they need to be
 - **Leaders Make Things Happen** – 1) they shape the culture 2) they use the management tools
 - **Leaders Are Revolutionaries** – 1) they face reality and mobilize appropriate response 2) they encourage others to do the same
- Stress that it is not about winning cultures or efficient processes; it is about leadership that determine an organization's success.
- One of the key emphases of why leaders are important is that **times are changing and that organizations that thrive in the future will be the ones that change with them**. In other word, we need leaders to have the ability to spot something that needs to be changed and that they can do something about it.
 - **See reality** – size up the current situation as it really is, not as it used to be or as they would like it to be
 - **Mobilize the appropriate responses**
Leaders have the ability to manage through times of change.
- Use the following examples of leaders that successfully see reality and act on it
 - **Bill Weiss** at Ameritech – call to build new businesses
 - **Fred Smith** at Federal Express – saw the enormous demand for rapid delivery of packages
 - **Sam Walton** at Walmart – huge customer base in small town
 - **Herb Kelleher** at Southwest Airlines – air travel: short haul, low fare, no frill flights
 - **Andy Grove** at Intel – move from a successful memory chip business to microprocessor business
 - **Michael Dell** at Dell – opportunity in portable computer
- Use the following examples that illustrate the failure to see reality
 - IBM, DEC, Sperry, Univac and Wang slow response to the PC Revolution
 - Slow launching of OS/2 by IBM and response to the changing market
- The following are what need to be done to mobilize the appropriate responses
 - **Decide on a response**
 - **Determine what actions need to be taken to deliver that response**
 - **Actions get implemented promptly and well**
- Use the following examples to illustrate the ability to mobilize the appropriate responses
 - **Weiss, Notebaert** and Ameritech Team
 - **Andy Grove and Gordon Moore** – Start out almost entirely a new, designing and building of microprocessor

The Book Chapter Summary

- **Jack Welch** at GE – Eliminate bureaucracy at GE

3. Leadership And The Teachable Point Of View

- Key Points
 - **Great Leaders Are Great Teachers** – 1) they accomplish their goals through the people they teach. 2) they teach others to be leaders, not followers
 - **Winning Leaders Make Teaching A Personal Priority** – 1) they consider teaching one of their primary roles 2) they use every opportunity to learn and to teach
 - **Winners Have A “Teachable Point Of View”** – 1) they have clear ideas and values, based on knowledge and experience 2) they articulate those lessons to others
- **Teaching and leadership actually go hand in hand.** “The definitions of leadership generally state that leaders are people who motivate one or more other people to do specific thing. This involves teaching those other people to see the desirability of reaching that specific goal and, usually showing them how to get there”.
- Examples of leaders that embarked on teaching and training others
 - **General George Marshall** – built a crushing army by teaching others.
 - **Jack Welch** – teaching and encouraging all 200,000 plus of GE’s employees to think, take initiative and become leaders.
 - **Phil Jackson**, former coach of the Chicago Bulls – helped **Michael Jordan** to develop the ability to help his teammates to be better players than just his superb athletic talent: Chicago Bulls, the world’s basketball team with the most wins.
 - **Andy Grove** at Intel – hands on teaching in Intel as well as taught courses at the Stanford Graduate School of Business.
 - **Roger Enrico** at PepsiCo – before becoming CEO, devoted more than 120 days exclusively to coaching and mentoring the next generation of PepsiCo leaders.
 - US military’s SOF – teamwork and willingness to focus on the good of the entire mission
- Examples of leaders that did not embark on teaching and training others
 - **Tom Watson Sr and John Ackers** at IBM
 - **Kay Whitmore** at Kodak
 - **Paul Lego** at Westinghouse

They had not been developed into leaders themselves and they could not teach anyone else.
- “Having a teachable point of view is both a sign that a person has clear ideas and values and a tool that enables him or her to communicate those ideas and values to others. It is not enough to have experience; leaders must draw appropriate lessons from their experience, and then take their tacit knowledge and make it explicit to others. This requires not only that they have a point of view in their own minds, but that they can explain, or teach, it to others”.
- “While it’s essential that top leaders teach, one of the most intriguing aspects of winning organizations is the degree to which all leaders at all levels actively work to develop others leaders. Teaching is truly part of these organizations’ genetic code of leadership, and one of the primary tools that their leaders use to lead”.
- **The way to lead people is through teaching. The conclusion is that to be a leader, you must be a teacher first.**

4. Past As Prologue: Learning From Experience

The Book Chapter Summary

- Key Points
 - **Winning Leaders Draw From Their Pasts** – 1) events early in life shape lessons that they use in the future 2) they consciously capture these lessons and use them as guides
 - **Leaders' Stories Reveal Their Teachable Point Of View** – 1) Tom Tiller's grandfather taught him, "You gotta try" 2) Fidel Castro taught Robert Goizueta to take risks
 - **Everyone Has A Usable Past: Leaders Just Use Theirs Better** – 1) leaders recognize the defining moments in their lives 2) they communicate the lessons through words and actions
- To be a great teacher, one has to be an extraordinary learner.
- "Many leaders point to their childhoods as the source of important ideas and values, and the time when they began to develop emotional energy and edge. Examples used
 - **Bob Knowling** – traces his self determination and edge to a nasty encounter in a welfare office one day when he was 7 years old.
 - **Tom Tiller, CEO of Polaris** – 1) his grandfather taught him, "You gotta try" and how he applied it at GE 2) School wrestling team: being able to build team, create that common sense of purpose 3) Mrs Magnet: understand how much fun is it to learn.
 - **Roberto Goizueta, Ex CEO of Coca Cola** – 1) learned from Grandfather: a) focus on things that matter, b) responsibilities of being an owner and adding value to the business 2) a lesson from Castro: possible to survive and prosper even after you have lost everything and taking risks 3) lesson of failure and willing to admit and change.
 - **Debra Dunn of HP** – 1) fatherless family and her success at Brown: you can accomplish if you face challenges and tackle them directly.
- **"The most effective leaders are those who are in touch with their leadership stories".**
- You do not need extraordinary experiences to become a winning leader. We all have stories to tell. Everyone's life is filled with experiences – traumatic, frustrating or exhilarating – that can be the source of valuable learning.

5. The Heart Of Leadership: It Starts With Ideas

- Key points
 - **Winning Organizations Are Built On Clear Ideas** – 1) "Quantum" ideas set a direction for everyone 2) "Incremental" ideas are about strategy, structure and implementation
 - **Leaders Make Sure The Ideas Are Current And Appropriate** – 1) they assess changing realities and amend the ideas as necessary 2) the ideas lead to significant added value
 - **Ideas Are The Framework For Actions At All Levels** – 1) they provide a context for everyone's decision making 2) they motivate people toward a common goal
- Relates the story of how **Phil Knight** started a little athletic shoe company in 1964 where he named it Nike for the Greek goddess of victory with the key idea of dedicating to helping athletes win.
- Stated that most companies start out with a good central idea and it is not critical as to where the ideas come from. The following events showed how ideas lead to an outcome
 - 1960s, **John F Kennedy** said he wanted the US to put a man on the moon.
 - **Theodore Vail** organized AT&T around the idea of "Universal Service".
 - **Henry Ford** started the Ford Motor Company on a central idea he stole from the textile industry, namely, mass production.
 - **Tom Monahan** built Domino's Pizza on the central idea of "30 minutes delivery of a standard

The Book Chapter Summary

pizza”.

- “Winning leaders understand that ideas are an essential tool for shaping and motivating an organization”.
- Relates how **Larry Bossidy** used the power of ideas to shape AlliedSignal to become a successful organization.
- However, it is equally important to have Quantum Ideas as well as Incremental Ideas for organization to succeed. Examples used
 - Toyota failed because they only generated a constant flow of only incremental ideas necessary to master continuous improvement, Kaizen whereas Honda took the lead with innovative Accord and Acura.
- “Good ideas are teachable”. Illustrated with lots of examples based on how **Larry Bossidy** shaped his organization and **Eckhard Pfeiffer** transformed Compaq.
- “Ideas engage people’s minds and open them to new possibilities”.

6. Values – Speaking With Words And Action

- Key Points
 - **Winning Organizations Have Strong Values** – 1) these values define desirable behaviors 2) they support the organization’s central goals
 - **Winning Leaders Live The Values: Privately And Publicly** – 1) their personal conduct embodies the values 2) their actions reinforce the values in others
 - **Values Are A Key Competitive Tool** – 1) they are the fabric of the corporate culture 2) they provide the “instinctive” grounding for smart actions
- Illustrates how values are applied in an organization using the example of **Bob Knowling**, the then VP of Ameritech Network Operation coached GM **Mike Lach** on moving away from bureaucracy and what values are to be delivered.
- Many organizations have value statements but use them mostly as a public relations tool and not applying them internally. Only winning organizations deeply concerned about their values and know that morals and values are the cornerstones of society.
- Used the following examples of how values were applied in an organization
 - In corporation of change values in the steel and auto industries from the early years to the present
 - **Marion Wade** and his successors at ServiceMaster used the power of values to guide and motivate workers to an extend that the values are also engraved in the hearts and minds of everyone who works for ServiceMaster
- In order for everyone in the organization to understand and lives by the values, winning leaders deliberately and consciously need to do 5 things
 - **They clearly articulate a set of values for the entire organization or team**
 - **They consciously reflect on the values to make sure that they are appropriate to achieving the desire goals**
 - **They embody the values with their own behavior**
 - **They encourage others to apply the values in their own decisions and actions**
 - **They aggressively confront and deal with pockets of ignorance and resistance**
- Values must also review and change with time and, must be appropriately applicable to the changing fundamental of the business. Examples used
 - **Ameritech**: from a monopoly to a competitive business environment. Incorporated a new list of

The Book Chapter Summary

core values – 1) customers are paramount 2) we are members of one team – Team Ameritech 3) we will grow profitability.

- **Johnson and Johnson**: review their credo even though little change, but, the leaders in the organization were better able to use it in their daily work.
- It is important not just for leaders to adopt good values, what matters most is getting people to live by them. Able to get people to backup their words with actions.
- It is also important that merged organizations pay attention to the deferring values of the 2 organizations and address them immediately or else the merger will fail.
- “Changing people’s values is even harder than changing their ideas, but in the long run it is probably more important”.
- “That is why people like **Bill Weiss**, **Dick Notebaert** and **Bob Knowling** are so valuable. They can see the big picture, change their minds and mindsets and help others to do the same”.

7. Making It Happen – Getting Energy Out Of Everyone

- Key Points
 - **Winning Leaders Are High-Energy People** – 1) they are focused and determined 2) they like challenges and enjoy their work
 - **Winning Leaders Create Energy In Others** – 1) they motivate with their enthusiasm and actions 2) stretch goals inspire ambitious effort
 - **Times of Transition = Teachable Moments** – 1) the leader’s specialty: turning negative energy to positive uses 2) if they don’t have a problem to be fixed, they create one
- Relates how **Tom tiller** at GE energized the team and help to turn around the organization performance with a bus trip to the annual Kitchen and Bath Show in Atlanta. During that time, the organization was losing \$10 Million a year and everyone’s job were in jeopardy.
- Winning leaders are highly energized themselves and good is never good enough. Most of them care deeply about their work and aim to not just carry out the work, but how well and best to do them. They also display their energy physically and usually excite and energize everyone around them.
- Winning leaders demand preparation and full attention of executive meetings (using **Notebaert** example). They are also a master of follow-up.
- Winning leaders must also have the incredible ability to systematically harness the energy produced by stressful situations and put it to positive uses. Examples given for such an act
 - **Bill Cunningham** and **Eleanor Josaitis** at Hope. Creates 1) A Sense Of Urgency 2) An Inspiring Mission 3) Stretch Goals 4) Teamwork And Hope Of Success
- “Winning leaders are master of transitions. They are people who relish change. They personally draw energy from transitions, using transitions to create productive energy in others”.

8. Edge – The Courage To See Reality And Act On It

- Key Points
 - **Winning Leaders Never Take The Easy Way Out** – 1) they face the hard facts and make the tough calls 2) risk and pain don’t deter them
 - **Categories Of Edge** – 1) portfolio: pursuing new businesses and abandoning old ones 2) people: promoting risk-takers and confronting failures
 - **Edge Isn’t Cruel, It’s Honest** – 1) winning leaders pursue the truth and can explain it to others 2) without edge, expedience wins over necessity
- Relates how **Bill Weiss**, **Andy Grove** and **Bill Cunningham** walk the talk by making tough decisions

The Book Chapter Summary

that eventually transformed the organization to be what it is now.

- Winning leaders know that life is not a popularity contest and must do whatever that they believe to be right no matter how painful it might be even to the extent of removing non performers.
- To have the edge, it is equally important that leaders must also have the courage to publicly admit his or her own mistakes, a real test of the ability to see reality. Example use: Norm Mitchell, former head of the electrical worker union at GE's Appliance Park.
- Organizations in order to have the speed, boldness and energy, need to develop people with edge. However, it must be taught carefully as it is a complicated quality.
- To develop edge in people, winning leaders must have the ability to use mistakes as coaching opportunities rather than causes for punishment. Treating mistakes as learning experiences encourage others to develop edge. Example use: Jack Welch – he is a firm believer in the value of mistakes because he has made so many of them. One of them is the destruction of a plant during his earlier career in plastic.
- “Edge is a difficult quality to judge from the outside because only the individual knows at the moment if he or she has a firm grasp of reality and is sincerely acting for the good of the organization”.
- “The final test of edge is whether the leader can in total honesty say, I acted when I should have. I've had the courage of my convictions”.

9. Tying It All Together – Writing Your Leadership Story

- Key Points
 - **Winning Leaders Portray The Future As An Unfolding Drama** – 1) they tell stories that engage followers emotionally and rationally 2) the stories weave together ideas, values and modes of behavior
 - **Winners' Stories Create Scenarios For Success** – 1) they build the case for organizational changes 2) they describe a winning future
 - **Leaders' Stories Are Dynamic And Motivating** – 1) they cast workers as protagonists who make change happen 2) they guide participants to identify their own roles
- It must be clear that leaders who have stories about the future are not simply leaders who have a vision. Vision alone is not enough to create a winning organization. Winning leaders must also provide motivation and plans of action by constantly creating stories. Leaders who can create and tell engaging human stories are better communicators.
- Proposed 3 types of stories framework
 - **“Who am I”** – personal story.
 - **“Who we are”** – joint experiences and frame of mind of the people within the organization and their shared beliefs. Example use – 1) Nike: Rebel Force acting more quickly and decisively than their competitors 2) Southwest Airlines: Led by fun-loving Herb Kelleher, they identify themselves as people who make travel fun and affordable.
 - **“Future stories”** – “Leadership is about change, about taking an organization or a group people from where they are now to where they need to be”.
- Other examples used
 - How **Winston Churchill** motivated and directed millions of people to make the enormous sacrifices necessary to win the 2nd World War by telling them stories to which they could relate
 - How **Martin Luther King, Jr** used stories of heroic future actions to engage tens of thousands of people in the struggle to attain equal rights and equal justice for the black Americans.

The Book Chapter Summary

- How **Jack Welch** used stories of the glorious future to get GE to sacrifice the stability of the past in order to reach the opportunities of the future.
- How **General Wayne Downing** used vivid stories not only to explained the realities of changing world politics, but also the actions that would have to be taken by the members of his command.
- How **(Cor Herkstroter, John Jennings, Mark Moody Stuart, Maartin van den Berg) Royal Dutch/Shell** take a different approach, using the creation of story as a mean for designing the transformation.
- Based on observation, winning leaders always cover 3 essential elements
 - **The case for change**
 - **Where we are going**
 - **How we will get here**
- “Stories are a powerful tool for engaging people emotionally and intellectually and for leading them into the future. And the best leaders use them to do exactly that”.

10. Conclusion – Leading Into The Future

- Key Points
 - **Winning Leadership Is About Building For The Future** – 1) in the short term, leaders prepare organizations to respond to change 2) for the long term, they create organizations that can sustain success
 - **Success Is Achieved By Developing Other Leaders** – 1) companies with the most leaders are the most agile and effective 2) the legacy of winning leaders is other winning leaders
 - **The Best Leaders Know When It’s Time To Leave** – 1) they don’t hang on when it’s time for the next generation to take over 2) they exit cleanly and let the new leaders lead
- “What all this boils down to its Stewardship. Winning leaders understand that their job is to take the human capital, the most important asset of their institution, and make it more valuable for tomorrow’s world”.
- “**Larry Bossidy** had it exactly right when he said that if you are a winning leader, **what you will remember is how many people you developed**”.
- It is important to create an organization where leaders will continue to develop leaders.
- The use of Human Resource Management System is critical for promoting the development of leaders.
- The mastery of the paradox of short term versus long term is essential to winning leadership. Jack Welch during Harvard Business School Gathering in 1986 – “As leaders, we get paid to win in the short term and make sure that we are stronger in the long term”.
- “While winning leaders must have strong ideas and solid values, and the energy and edge to pursue them relentlessly, they must also be able to teach, to listen to others and to let them lead as well. This requires that they be strong and vulnerable at the same time”.
- The real test of winning leaders is when it comes to the time for them to retire and learn to get out of the way. A test of their truth commitment to the future.
- The final conclusion is that there is no perfect leader. Each of them has their own strong and weak points. The important is that they understand the complex demand of their job and take all of them seriously.
- “They face reality and are willing to make tough decisions. And, most importantly, they are

The Book Chapter Summary

conscientious learners and teachers, dedicated to developing everyone in their organizations to be learners and teachers as well”.

My Takeaways From the Book

- What I like about the book is that Tichy uses a lot of real life human situations to relate to each of the leadership learning point.
- This is probably the most interesting and exciting leadership book I have ever read. It is in a way quite scientific and practical. It is one of the those books that you have to continue to read it over and over again and can never stop learning new things and ideas each time. The presentation of the book makes it so easy to read.
- It is also a very good reference book where one does not have to read the whole book entirely from the very beginning. You can just pick up a learning point from any chapter based on what you looking for. I personally find it quite useful.
- My recommendation is that everyone should own one. Even 10 years later, I can be sure that the contents are still applicable to help one to become a better leader.
- My only reservation is that a lot of the same points are being repeated over and over again in each of the subsequent chapters. Maybe it was intended to be that way. At time, it can be a bit long winded and a little bit of patient is required in reading the whole book.