

Ram Charan on the Leadership Multiplier

YOUR LEADERSHIP MULTIPLIER

What's the multiplier on your leadership growth? In a practical and thought-provoking workshop, Ram Charan, one of the world's most influential business advisors, shared with participants his expertise on leadership development and how leaders can increase the return on their time.

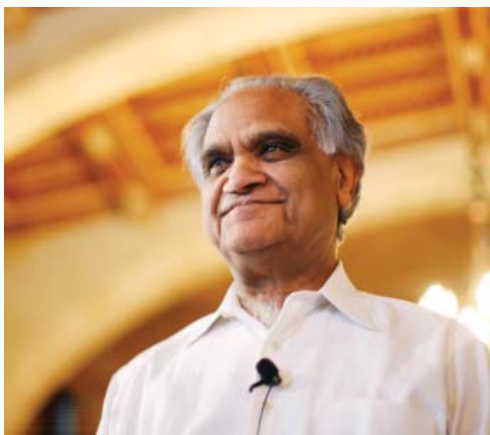
Charan believes that a pipeline of effective leaders “multiplies” a CEO's ability to make better decisions and get things done. Developing new leaders helps CEOs enhance their own leadership skills, as well as increase the organization's leadership capacity. Every organization needs a leadership pipeline, says Charan, to grow, deliver high impact, and create an enduring enterprise.

But leadership development gets crowded out by most CEOs. “Are you willing to invest 25 percent of your time in the leadership job?” challenged Charan, “You can argue about 25 percent, but 10 percent is not going to do it, because if you're

not investing your time in the leadership job, it's not going to happen.” General Electric's Jack Welch, with whom Charan worked closely, devoted a minimum of 30 percent of his time to leadership development throughout his tenure.

How can you increase your multiplier? Charan offered three essential elements:

1. **Clarity and Specificity of Vision**—“Visions can be hallucinations,” said Charan. Leaders must be able to articulate with examples how they will realize their vision, and communicate this clearly to their reports.
2. **Engaging Others in Decision-Making**—Charan acknowledges that as CEOs of smaller organizations, social entrepreneurs can't afford to build redundant layers in the pipeline for purposes of succession. Including direct reports in decision-making helps them build valuable strategy and analysis skills.
3. **The Right People in the Right Jobs**—The wrong people in the wrong jobs will destroy your multiplier; yet how to identify the right people isn't a skill we typically teach. CEOs should learn how to observe people's decisions and actions to assess their potential, identify the right people for the right jobs, and develop and sustain the leadership pipeline.



“No athlete becomes a champion without deliberate practice over an extended period. There's coaching. There's feedback. There's determination. There's consistency. There's devotion of time. It's the same for leadership....You've got to practice it, practice it, practice it.”

- Ram Charan



Ram Charan working with *Gathering* participants

Practicing these three principles, asserts Charan, will increase your leadership multiplier. The first two principles are easier to execute. The third—getting the right people in the right jobs—is a more difficult skill to master. Participants explored in greater depth how to get it right.

GETTING THE RIGHT PEOPLE IN THE RIGHT JOBS

“What are the God’s gifts that an individual has?” queried Charan. Leading *Gathering* participants through an exercise, he encouraged them to pinpoint their direct reports’ strongest capabilities. He stressed the importance of avoiding “negatives.” “Anyone who ever built anything long term,” says Charan, “built it on strengths.”

The biggest mistake CEOs make when assessing strengths is failing to differentiate between individual contributors—let’s call them “stars”—and leaders. Leadership, asserts Charan, is distinct from individual contributions. Note that the distinction isn’t negative. Organizations need both kinds of talent to succeed. Stars are often the source of the greatest revenue and expertise, while leaders greatly increase the productivity of others.

Charan provides two pieces of advice: 1) don’t have non-leaders responsible for identifying leaders; and 2) don’t make your stars lead. By creating two development tracks, you can optimize individual strengths and expand everyone’s capacity. ✨

HOW TO RECOGNIZE LEADERS

- Leaders don’t do it; they get it done through others.
- Leaders are very good listeners and drive consensus decisions.
- Leaders exhibit patience to delegate, secure buy-in, and help others see the big picture.
- Leaders connect new and unseen things.
- Leaders help groups shape alternatives, and understand the trade-offs in getting to a final decision.
- Leaders treat leadership as a performing art to enable the group to be decisive.

A CEO “PRACTICE PLAN”

At the close of the session, a participant asked Charan to sketch out a generic practice plan to leave behind with a CEO he is coaching.

1. What are your organization’s goals two years out? (Note: 5 to 10 years is too long given the pace of change. Identify concrete, specific, clear, quantifiable goals.)
2. What three to four tasks are crucial to the accomplishment of these goals?
3. What shift, if any, in organizational structure should be made?
4. What are the criteria for leadership movement in the organization?
5. How can you get the right people in the right jobs?