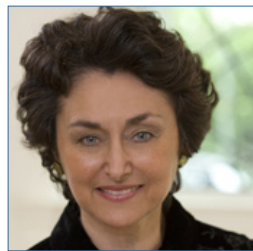


The Right Fight

## Today's Measure Of Tomorrow's Leaders

Saj-nicole Joni, 10.13.09, 07:15 PM EDT

**There are three kinds of leaders in the new world we're entering.  
Only one kind will succeed.**



Dr. Saj-nicole Joni

In 2009, most corporate leaders have kept their focus on survival—shifting their product mixes, slashing costs, cutting inventory, downsizing. Now, as the economists declare that the economy is stabilizing, many leaders are gearing up for 2010 and trying to take a longer view. What they see looks very different from anything in the past. It's sinking in that this mess won't go away fast.

As Jeffrey Immelt, the chief executive officer of General Electric ( GE - news - people ), has been saying for months, we are not just riding out the difficult downside of a cyclical business fluctuation. We are facing a fundamental reset of the global economy.

From the tops of corporations on down, people are looking at their colleagues with wary eyes. Every top leader today came into his or her position in a world where growth was a fundamental property of the system. In the last few months, many have said to me that they don't honestly know which current leaders are fit to lead in this new, different world. Great leaders are asking themselves and their most trusted advisers, "What of my experience, expertise and success should I keep from my past? What do I need to shed? What new capabilities might I need?"

Take for example Edward M. Liddy, named CEO of American International Group ( AIG - news - people ) in September 2008. He didn't have to step in to rescue AIG. He agreed to help the company—and the country—by shouldering the top job at a very troubled business after it had crashed. He came in to clean up a mess he hadn't made. His reputation was stellar and secure, and he didn't have to work. He took the job at an annual salary of \$1.

In March 2009, it was announced that AIG, which had accepted \$170 in government bailout money, would be paying its employees bonuses totaling at least \$165 million. Was Liddy right or wrong to pay the bonuses? They were required by agreements in employment contracts in place before he arrived. They were put in those contracts for good reasons, by people committed to stabilizing AIG, not the people who took it down.

What happened to Liddy? With all his expertise and leadership capability, why did things go sour so fast? What does an employment contract mean in light of AIG's taking in such a vast amount in bailout funds? Does a contract still hold? Liddy believed in the integrity of those contracts, so he paid them. He thereby led AIG into the maelstrom of righteous public fury over banking excess.

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He had many other options for dealing with the contracts, but he apparently didn't think them worth reconsidering. The world in which he was leading had dramatically changed, and he wasn't ready for that change. From a personal perspective, he paid a very high price. In May, he announced he was quitting the job he had taken only eight months before. People had to ask whether, for all his experience, he was the right leader for AIG in a world turned upside down. Apparently he didn't think so.

The unvarnished truth is that leaders today fall into three categories.

**Leaders who don't want to.** These are people in top jobs who could take the leap and lead in new ways in the new environment but who fundamentally don't care to. They are too close to retirement and too successful. Deep down, they know they don't have the energy and drive to undo many of the things they put in place, things that made them very successful in an earlier world. They are working hard to ride it out for the next few years and collect their pensions.

**Leaders who probably can't.** These are people who are in important positions of leadership, believe they are great leaders and feel they should still be in the top posts—but they lack the skill, breadth of experience, innovativeness and rigor to change at the pace required by a fundamental reset.

**Leaders with a good chance.** These are the few who have the skill, curiosity, imagination and determination to change, to let go of their sense of entitlement and their obsolete expertise from a world that has vanished and, with the right support and personal discipline, become leaders who will succeed today and in the future.

Heading into 2010, it should be even more obvious than it was a year ago which of your leaders falls into each category.

Everyone, from board chairman and CEO to line manager, needs to assess the people he or she is counting on to deliver in the future. First ask: Who doesn't want to, who probably can't, and who has a good chance? Then ask what you yourself are doing to make sure that the good-chance leaders get the opportunities and support they need so they can step forward and lead?

Along the way, don't forget to take a careful look to see if your don't-want-to and probably-can't leaders are in a position to block your good-chance ones. If so, move them out of the way, fast.

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Dr. Saj-nicole Joni, chief executive of Cambridge International Group, is an adviser to executives worldwide and is the author of *The Right Fight: How Great Leaders Use Healthy Conflict to Drive Performance, Innovation, and Value*, which will be published by HarperCollins in January.