

Three lessons on leadership

Good afternoon, and thanks for inviting me here today.

It is with a distinct feeling of privilege and presumption that I come to Wharton to talk, of all things, about *leadership*. I mean, really. It's a little like offering tennis tips to Roger Federer or batting advice to Ryan Howard.

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Believe me, I am only too aware of the *wealth* of knowledge and experience that Wharton brings to the science of leadership.

From research to teaching, to your own unique leadership culture, Wharton is the dean when it comes to instilling and defining state-of-the-art 21st century leadership. Even sending leadership classes out to climb mountains, I understand. Now that's what I call action-oriented leadership. With consequences! Can skydiving be next?

Well, today, I come to present what I hope you'll see as an interesting point of view, and to tell you something of my own leadership journey. I'll talk about what I see as a real issue for 21st century businesses—how to develop leaders able to deal with the ever-expanding challenges of this global era.

I mean—once you leave here, how will you continue to grow and acquire all those crucial but ever-changing skills needed for success in a global, networked world?

I ask that because we recently did a full-blown study on the future of professional services— what our world will look like in 2020. And with more than a dozen megatrends—from economic volatility, to deleveraging, to a shifting balance of power with China and other developing nations—well, suffice to say we're all going to be experiencing a highly unpredictable and intensely competitive environment.

And in my business, it's all predicated on people. As we like to say, most of our assets walk out the door each night. And, increasingly, developing those assets and creating leaders at all levels of the organization is a key focus for our organization, and many others.

Consider. Once upon a time not so long ago, 60 percent of corporate value creation came from hard assets. Today, by contrast, more than 85 percent of an organization's value is tied to the intangible assets of brand, and intellectual property. And people. People who need leadership mentoring not just geared to their present job, but also anticipated for their *next* job.

Meaning, in my view, that leadership now needs to be the norm, not the exception. No longer is 'leadership' about a few exceptional individuals. Rather, the future is about exceptional *teams*. And the leaders within those teams who can out-manuever, out-manage, and out-innovate the competition.

The issue, then, is how do organizations like mine continue to develop you as leaders; almost like soldiers, to deal with the pressures of the modern competitive battlefield. In turn, how do you build a culture in which leaders at all levels—myself included—are able to be *generous* with their time, passing their leadership skills onto people at all levels.

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So I'd like to talk about some of these issues, through the prism of my own experience—my personal point of view. Because—even if it sounds like a truism—I have discovered that you never stop learning about leadership, and the lessons come from all kinds of unlikely places, as well as from excellent programs, like the ones offered here.

To give it structure, I will tell my story through three related leadership lessons:

- 1. In a flat world, leadership needs to be flat.** *In a global world, we need leaders throughout the organizational levels—more people serving as leaders than ever before.*
- 2. Leaders need to be transparent.** *In a socially-networked world, there are few hiding places, and transparency builds the trust you need to lead with credibility.*
- 3. In the end, leaders learn best from other leaders.** *Leaders at all levels must continue to pass the baton and commit to developing the leaders who will come after them and so on.*

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1. In a flat world, leadership needs to be flat.

I grew up in Brooklyn, New York, the youngest in a family of five.

My parents both worked as clerks, so money was tight. Meaning, it was a local college for me. Chain link fences. Asphalt. Spindly trees. By Brooklyn standards, it was almost bucolic. In fact, I was the second person in my family ever to go to college—my oldest sister was the first.

Well, my father died during high school. So, as the only kid at home, I worked, and went to school, and lived at home, helping my mother make ends meet.

Working my way through school didn't slow me down, though. I went to Brooklyn College for four years and then on to Brooklyn Law School for three, so in seven years, I had my CPA, and my law degree. I still had my hair, too. Honest. Bushy dark hair—lots of it.

On graduation day in 1977, as the mortarboards flew up, I also had my first professional job. In Manhattan, no less. This was at Haskins & Sells, a predecessor to Deloitte, and in those days, it was a fancy, formal place. So formal you'd get bawled out if you were caught in the hallway without your jacket on. Especially if you arrived speaking a foreign language, like Brooklynese.

And right away, I got my first leadership lesson. On about my third day my boss—Bosszilla, I'll call her—called me in and asked for a copy of a tax ruling. As in a photocopy. So, being the bushy-tailed type, I not only gave Bosszilla her copy of the ruling, but my legal *interpretation* of it. Two pages worth.

Well, next thing I know Bosszilla was right behind me. "Mr. Salzberg," she hissed, "I asked for a COPY of the ruling, not your INTERPRETATION. One copy—stapled."

And you know what? Right then I knew the kind of leader I *never* wanted to be. The kind who gives orders, not encouragement. Who expects people to speak only when spoken to.

I knew then—and I've proved it over and over during my career—that you never know where the best ideas will come from. If you build a supportive environment where everyone is expected to contribute, you'll get synergies and creative ideas you never imagined were possible.

So this brings me to my first lesson: that a flat world needs flat leadership at all levels.

Gone is the old command-and-control, climb-the-ladder model of the Bosszilla days, in which the thumb-activated employee kept quiet and didn't say too much (certainly not much beyond what was clearly asked and tasked).

Gone, too, are the densely-layered organizational hierarchies of Bosszilla's day—dinosaur-like structures too slow and lumbering for today's environment.

Today, in fact, we've kicked away the ladder. Instead, in my organization we talk about the *lattice*: not just up and down, but *sideways*, say if somebody needs to slow down to spend more time with a new child or an aging parent.

The corporate lattice metaphor signals a shift in mindset. It better reflects today's employees, who want variety and flexibility. And reject a one-size-fits-all approach.

Something else that's history. That's the old model of a ruling elite in the clouds of some bureaucratic Mount Olympus. Trust me, in the old days, it would have been years, if ever, before the average employee saw the CEO, let alone had any interactions with him

or her. Today, like most CEOs, I have employee town halls in which people are encouraged to ask and say anything—and believe me they do!

Like I say, in a flat world, leadership needs to be flat—fast and flexible with a minimum of bureaucracy. Like a Frisbee, you might say, free to whisk expertly through the winds of change.

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2. Leaders need to be transparent.

In my professional life, I've worked for only one organization—growing my career as the firm grew and changed. In my 34 years, I've had many different leadership roles. And one big milestone came in 1985. After eight years with the firm, I was admitted to the partnership.

Then, as now, you needed an advocate to make partner—a mentor. Still, while mentoring was a “natural” part of the process, it was not a hard and fast requirement—as in something for which partners were evaluated and compensated. Rather, it was something you did if you felt like it. Optional, really.

So, as I look back on it, the old model left too much to chance as far as developing leadership. And I'm talking not just about the big things, like knowing how to navigate the C-suite, but the seemingly small things that can become big things. As the following illustrates:

I was a young partner on a very important engagement, and in a distracted moment, I failed to share some information about the project with the senior advisory partner running the show. And the irony is, it was good news.

News about me, actually.

It was a complex project, and the client had been very complimentary to me about it—praising the great work I'd done for him and his executives. Well, the next day, the client was having lunch with my boss. Who, as the supervisory partner, was expected to know everything.

And so when the client told him how pleased he was with my performance, my boss was blind-sided. Caught off guard. Even with good news. he called me on the carpet about it—justifiably.

Which reinforces my point about the importance of transparency. Good news, bad news, or so so news, leaders do not like surprises. Even good surprises.

Now, this may seem like an elementary lesson, but it was a very big one for me. Since then transparency has been the hallmark of my leadership.

I work on the “no ostriches, no elephants” principle—by which I mean, no burying your head in the sand if there's a problem, and no ignoring the elephant in the room. Much better to name and tame an issue, no matter how difficult.

Making sure the truth is told, in a timely way, and discussed openly with all constituencies is a foundation for true leadership. Without that first step, it's hard to build trust or bring others along with the solutions.

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3. Leaders learn best from other leaders—face-to-face.

As the last story shows, no lesson sticks quite like a real-life lesson—especially from a senior leader.

The issue, then, is how to give more employees those kinds of lessons. How do you scale and conceive a system of life-long learning, in which leaders learn from other leaders? Learning the leadership skills they will need in their *next* job. At every stage of their career.

I say this, because a few years ago, it became clear to me that disciplined, high quality, intentional leadership development and skills training are the capabilities that will determine whether a 21st century professional services firm lives or dies. So something had to give. We couldn't go on putting 40 young auditors or consultants or managers in a conference room and then killing them with 150-slide PowerPoint decks. No longer could we call that “training.”

At the same time, we couldn't afford to fund learning and development according to the business cycle—in other words, cutting it

at the first sight of a downturn. So I began to see the potential for actually building a university. A “bricks and mortar” university that would build leadership learning and development into the very fabric of our organization.

A location for learning would give us that “secret sauce” for the continued success of our partnership—a place to expand and enhance our culture. To create people who, in Deloitte-speak, “bleed green.” Who understand what it takes to be a Deloitte professional and leader, and behave accordingly.

Make no mistake, though. This was a big ask of our partnership. As you might imagine, partners are much happier sharing earnings at the end of the year than they are investing in fixed assets. They’re more comfortable leasing real estate than they are buying land and building on it.

Nevertheless, I began to explore the idea with our partners, principals and directors—all 4,000 of them. This started with an open debate at our 2006 meeting in San Diego. And let me tell you, I was pretty surprised by the outcome. Shocked, even.

The two sides of the debate were night and day. Did we want to develop leaders using the familiar ways of seminars and virtual classrooms? Or: did we want to invest in our own university—a physical place in which Deloitte leaders would learn from other Deloitte leaders? A do-it-yourself model, you might say.

And what a response! Afterward, 70 percent of our partners agreed that a university needed to be carefully considered. They heavily supported the “bricks” versus the “clicks” model.

I was exhilarated by the response but I under-estimated the task ahead of me, before we put the first spade in the ground. I took our plans for DU to the Board in October 2007—well, I was surprised when they asked for more information. Patience, Barry! Ultimately, it took numerous meetings over a period of a year for the board to take the decision. But the added care paid off.

If anything I was too passionate about the idea. I believed it would transform the way we develop our people. I believed it would differentiate us in the market. And I believed it would be a powerful tool in recruitment.

I re-learned another valuable leadership lesson: patience. In much the way you have to keep superiors informed, with any new idea—especially a bold one—you need to take people on the journey. And that takes time.

But sure enough, come this Fall, that dream will be opening its doors in Westlake, Texas, just a few miles from Fort Worth. Our people will come together to share experiences on our 100+ acre campus. And all largely dedicated to the proposition that leaders learn best from other leaders.

Because that’s how the best learning takes place—through day-to-day interaction with leaders, through thoughtful mentorship, and through observing role models. Apprenticeship is an age-old model for turning the young and talented into experienced professionals and leaders—and, given care and time, it works as well today as it ever has.

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Well, those are my three lessons:

- 1. In a flat world, leadership needs to be flat.**
- 2. Leaders must be transparent.**
- 3. Leaders learn best from other leaders.**

When I began, I mentioned that innovative leadership course you have at Wharton. The one in which leadership is learned while climbing mountains. I think that’s a brilliant idea. People vitally linked together. All bound by trust. Committed to something larger than themselves.

Thinking about that, and about apprenticeship, brings me back to a word I used earlier. *Generosity*. That is, the need for leaders—and senior leaders especially—to be generous with their time and share experiences with those grappling up the mountain behind them. Think about it. The transformative power of such generosity in our lives.

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If you think about your favorite teacher or professor, among many fine traits, I would bet that, first and foremost, he or she was generous. If you think about the leaders you’ve most admired, I bet you will note this same shining trait.

Leaders who are generous with their time. Generous with their experience. And generous in their understanding that leadership is a life-long journey. Which, like all journeys, are best made with trusted and generous companions. All committed to the same values and goals.

As Wharton students, you are trained to be leaders. And, when you join or rejoin the business world, I hope you will pass along what you have learned, beginning with the obligation to be generous. To share the road. Knowing that, when others win, you win. You and everybody else. All pushing up that great mountain—together.

Thank you. And now I will be happy to take your comments and questions.