

# **True North Leadership**

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**CFO Leadership Council**

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# CFO Is the CEO's Closest Partner

On key issues, such as:

- Strategy
- Capital allocation
- Cash flow and distribution
- Earnings guidance
- Multi-stakeholder complexities
  - E.g., ESG, activist investors, DEI

*Do you have this kind of partnership?*

# Contrasting Views of Capitalism

Milton Friedman (Sept 13, 1970):

“The social responsibility of business is to increase its profits. Businessmen that take seriously their responsibilities for providing employment, eliminating discrimination, avoiding pollution and whatever else. . . are preaching pure and unadulterated socialism.”

Larry Fink, Chair & CEO, Blackrock, Jan 2018

“Society is demanding that companies, both public and private, serve a social purpose. . . Every company must not only deliver financial performance but show how it makes positive contribution to society. Companies must benefit all their stakeholders, incl. shareholders, employees, customers and communities. Without a sense of purpose, no company can achieve its full potential. It will ultimately lose the license to operate from key stakeholders.”

# Contrasting Views of Capitalism

Bill McNabb, Chair, Vanguard

“For too long, companies have sacrificed long-term value creation to generate short-term results, which erodes the sustainability strategic investors seek.”

Ray Dalio, Founder & CEO, Bridgewater

“American capitalism isn’t working well for most Americans,” noting low-income growth, the income gap, and educational failures. “These conditions pose an existential risk for the US. The American dream is lost. This is a national emergency. It's unfair, it's unproductive, and it threatens to split us.”

# The Future of Capitalism

- Corporations are chartered to serve society  
... and given limited liability laws protect individual investors
- Capitalism is threatened when people push its limits just to make money
- Thus, sound capitalism requires guard rails
- To sustain success, corporations need to serve *all* their stakeholders

# **Business Roundtable Statement on Purpose of Corporation**

“Companies should serve not only their shareholders, but also deliver value to their customers, invest in employees, deal fairly with suppliers, and support the communities in which they operate.”

# Complexities of Multi-Stakeholder Model

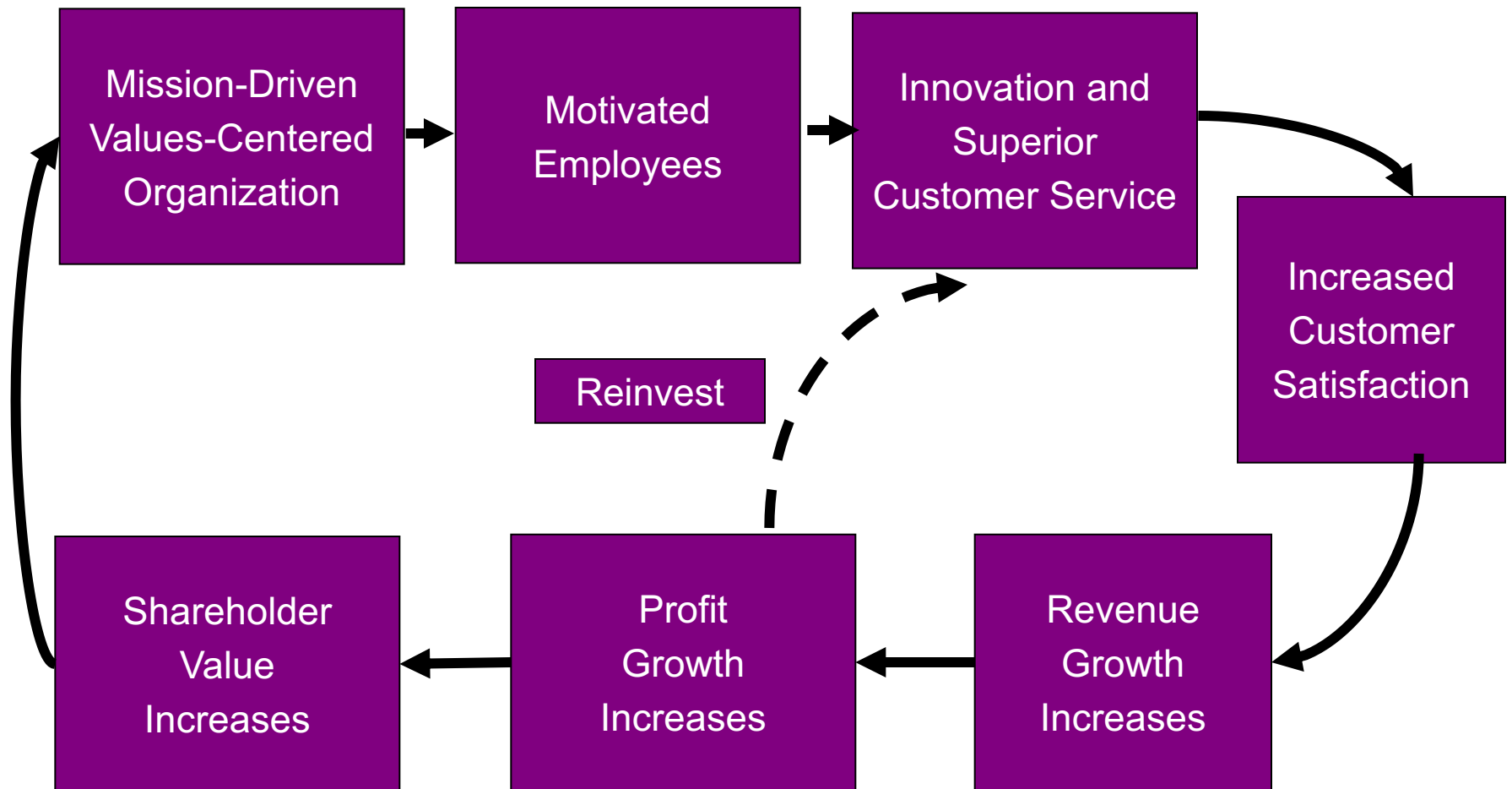
## Stakeholders

- Customers & Consumers
- Employees
- Shareholders
- Suppliers
- Communities

## Constituencies

- Government (e.g., FDA)
- Media
  - mainstream & social
- Interest groups
  - e.g., NRA, LGBTQ+
- Labor unions

# Sustaining Growth and Performance





# Sustaining Captialism

Sustainable capitalism requires leaders who are authentic and moral, but not motivated by excessive greed.

> Are you an authentic, moral leader?

# Leadership Is Changing

Hierarchical	>	Empowering
Bureaucratic	>	Point-of-impact Decisions
Individual Leaders	>	Collaborative Leaders
Charisma & Ego	>	Authentic & Open
Money-centered	>	Purpose-centered
Homogeneous	>	Diverse & Inclusive
Self-interest	>	Service to Others & Greater Cause

# From Hands . . . to Heads . . . . to Hearts



# Great Leaders . . .

Integrate their heads

(analytical skills, managing numbers)

With their hearts

(passion, empathy, compassion, courage)

To make a lasting difference.

One without the other is not sufficient.

**Your Leadership Journey:  
An *Inner Journey* to Discover “Who You Are”  
+ An *Outer Journey* to Make a Better World**

A scenic landscape of rolling hills and mountains under a cloudy sky. The foreground shows a grassy slope leading up to a rocky peak. In the distance, more mountain ranges are visible under a sky filled with soft, grey clouds. The overall tone is serene and contemplative.

Life is a journey, not  
a destination.

Ralph Waldo Emerson

# Leadership is Character

## . . . Built on Your Moral Compass

*“Without a moral compass, you will swim in chaos”*

- Jim Burke, former CEO, Johnson & Johnson

# Authentic Leaders

Authentic leaders *align* people around shared mission and values and *empower* them to lead, while *serving* all stakeholders, and *collaborating* with others to *sustain* superior results

# Ask Yourself

- Am I an authentic leader?
- Am I genuine, sincere, and real?
- Under pressure, do my behaviors change?  
Do I still act authentically?

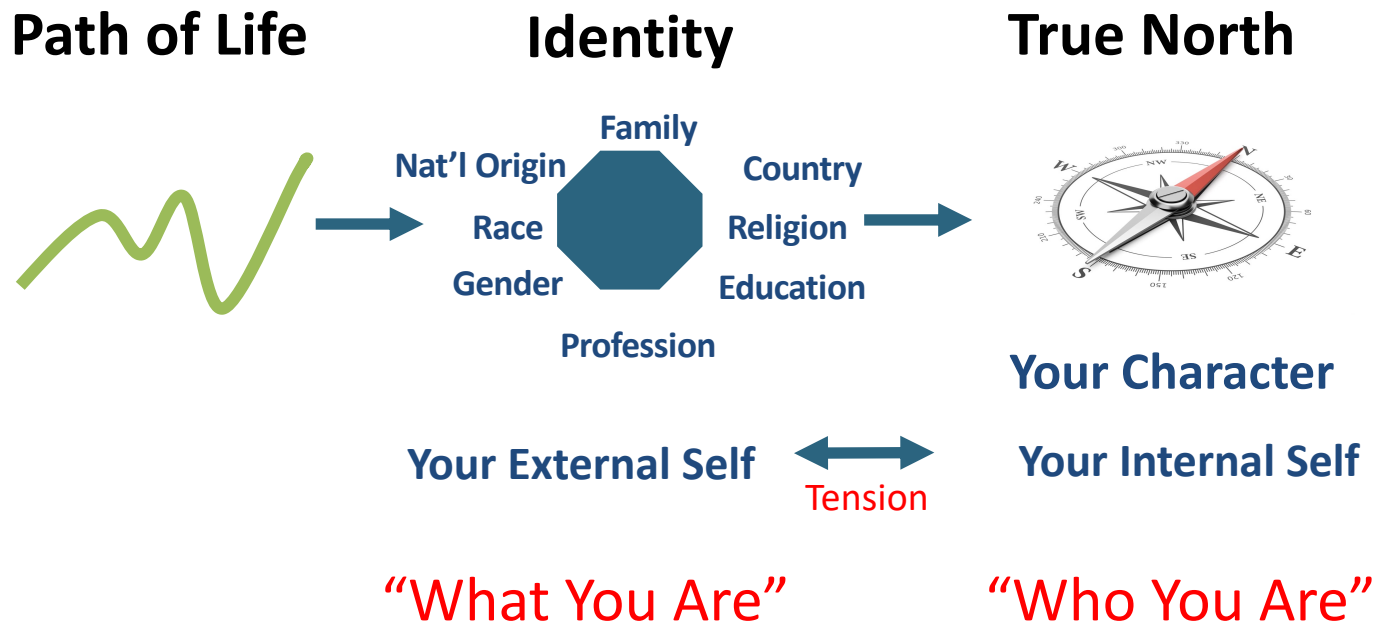


# Your True North

“Your True North is the internal compass that guides you successfully through life. It represents who you are at your deepest level. Your True North is based on what is most important to you, your most cherished values, your passions and motivations, the sources of satisfaction in your life.”

- *True North*, Introduction

# Your True North Guides Your Leadership



# Staying on Course of Your True North

Your Most Deeply Held Beliefs,  
Values and Principles

How do you stay on course  
in spite of pressures and  
seductions to deviate?

# Why Leaders Fail

- Failed leaders did not fail due to lack of IQ
- Rather they lacked emotional intelligence (EQ)
  - Lacked *self-awareness*
  - Unable to face reality & *admit mistakes*
  - Lacked *passion* for company's mission & values
  - Lacked *compassion* and *empathy* for people
  - Lacked *courage* to transform organization

*“The longest journey you’ll ever take is 18” from head to heart”*

# Staying Grounded in Your True North

- Your Life Story
- Your Crucible
- Your Defining Leadership Experience

# **My Defining Leadership Experience**

**A wake-up call in mid-career.**

# Is Your Organization Dedicated to its Purpose?

Your company's purpose is the glue that binds your organization together globally

- Are you clear about your company's purpose?
- Does it inspire your employees to greater commitment and superior performance?
- Does it inform important business decisions?
- Does it define your company to all stakeholders?
- What happens when performance falls short?
  - Do you abandon purpose for short-term gains?

# When Companies Lose Sight of True North

## General Electric

- World's most admired company throughout 20<sup>th</sup> C . . . . is gone while only 3 spinoffs remain
- Lost sight of its roots, focused on cost-cutting, not innovation, and tried to become financial institution
- Overpaid for acquisitions as core businesses eroded

## Boeing

- World leader in commercial aviation for 100 years, shifted from great aircraft design to buying back stock
- Tried “quick fix” with 737 MAX to catch up with Airbus, led to 2 crashes killing 346 people, and blamed pilots
- Management stopped listening to its engineers

*Where was their moral compass?*



# Today's Challenges for Leaders

- Meeting demands of multiple stakeholders
- Dealing with multiple, intersecting crises
  - > High Inflation
  - > Pending recession
  - > Fallout from Ukraine
  - > Supply Chain Shortages
  - > Great Resignation
  - > Remote Work
- Addressing social issues
  - > Diversity & inclusion
  - > Income inequality
  - > Democracy
  - > LGBTQ+
  - > Crime & safety

# Leading in Crisis

- Crisis is the real test of your character
  - Experience is the only true way to learn how to lead in crisis
- > Are you prepared to lead in crisis?

# Leading in a VUCA World

Leaders must adapt their leadership to a VUCA world:

## VUCA World

**V**olatile

**U**ncertain

**C**omplex/**C**haotic

**A**mbiguous

## Leader's Qualities

**V**ision

**U**nderstanding

**C**ourage

**A**gile/**A**daptable

. . . as well as Being Flexible and Resilient

# Becoming a Leader of Leaders

- Being a coach of your leaders
- Aligning them around purpose & values
- Gaining commitment to shared goals
- Creating inclusion & a sense of belonging
- Achieving full collaboration
- Listening & learning from teammates
- Empowering people with full accountability

# The Leader as COACH

- Care about your teammates
- Organize people around their Sweet Spot
- Align people around mission & work as a team
- Challenge people to reach their full potential
- Help people, working with them to achieve goals

*Your challenge is to enable each of your leaders  
to reach their full potential*

# The Moral Leader

- Moral leaders are driven by purpose and animated by courage on issues of right & wrong
- Decisions based not on what you *can* do, but on what you *should* do
- Set highest standards for ethics and compliance
- Moral authority is earned by who you are and how you lead
- Trust built over time, but can be lost in minutes

# Nobel Peace Prize Albert Schweitzer

“I don't know what your destiny will be,  
but one thing I do know:

The only ones among you who will be  
really happy are those who have sought  
and found how to serve”