

THE EDITOR'S CORNER

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Take Me to Your Leader

Fortune magazine recently published a list of the 10 most admired companies in America. They were (from first to 10th place): General Electric, Microsoft, Coca-Cola, Intel, Hewlett-Packard, Southwest Airlines, Bershire Hathaway, Disney, Johnson & Johnson, and Merck.

All of these are well-known and highly profitable enterprises. If you had put \$1,000 into each of these companies 10 years ago, your portfolio would now be worth \$146,419—an appreciation of 54% per year. That is three times the annual growth of the Standard & Poor's 500 over the same period.

Fortune did not base its selection exclusively on financial measurements, however. In fact, most of the eight factors it evaluated might seem to bear little or no direct relationship to profitability: innovativeness, quality of management, employee talent, quality of products and services, long-term investment value, financial soundness, social responsibility, and use of corporate assets. The top 10 companies distinguished themselves from their competitors in many ways, but if you had to pick one characteristic that stood out above the rest, it would be leadership.

The CEOs of these companies are as different as their products and services. Jack Welch of General Electric is combative; Herb Kelleher of Southwest Airlines is affectionate. Bill Gates of Microsoft suffers fools not at all; Ralph Larsen of Johnson & Johnson looks for ways to instill confidence and self-esteem. There are a multitude of personality types among effective leaders, but the essence of leadership goes beyond personality. Larsen summed it up this way: "Leadership to me is all a question of substance, not style." Many decades ago, Alfred Sloan of General Motors evoked the same basic idea when he said, "Bedside manner is no substitute for a correct diagnosis." John Kotter of the Harvard Business School agrees: "At the level of style, you find great variation among great leaders, but beneath style—in the content of leadership—are uniformities that fit all of them."

The common traits that Kotter and others have noticed start with the ability to establish a sensible direction for the company. The popular term for this ability is "vision", but the vision is not a detailed prophecy. Rather, it is a kind of dream that is not quite complete. As Welch put it, some CEOs think the day they become chief executive is the high point of their career; the top leaders know it is just the beginning. This is why orthodontists might want to give mission statements more than a perfunctory thought. Without a good idea of what they want to do and where they want to go in their careers—without a dream—they face the prospect of an aimless, purposeless professional drift that will benefit neither them nor their patients.

Another common characteristic of great leaders is the ability to share their vision and convince others to buy into and support their dreams. CEOs such as Gates and Welch are known for driving and pushing, but you can only shove people so far before they begin to think of it as bullying. True leadership requires the establishment of a unity of purpose, and that can only be achieved by explaining and clarifying the common vision until others not only understand, but agree.

Orthodontists, by personality and preference, tend to leave their staff members in the dark about strategies and technologies. This is a colossal error, because staff members are the very people who can make or break a professional practice. The JCO Practice Studies have consistently found that successful orthodontists depend on auxiliary personnel to augment the doctor's efforts. An effective

orthodontic leader makes delegation the linchpin of a professional strategy.

The top CEOs can also energize and inspire people to get off dead center. Kelleher is the most visible cheerleader among this group, but his enthusiasm is not just noise and hubbub; it constantly emphasizes his vision of making Southwest Airlines cheap, fast, and fun. The vision has worked so effectively that Southwest needs only 20 minutes to empty and refill a plane, while most airlines take an hour. As Kelleher says, "When a plane pulls into a gate, our people *run* to meet it." Setting an example obviously plays a key role in leadership, because I have never known an orthodontic practice that didn't reflect the personality and temperament of the orthodontist. If you walk into an office and see staff members who are careless in grooming and dress, you can almost bet that you will find the same trait in the doctor.

Another characteristic that distinguishes these chiefs of commerce is a flair for allocating capital. They don't waste time, money, or effort pursuing ideas that don't pay off. For instance, when Welch took over at GE 17 years ago, he said the company would keep only the divisions that were No. 1 or 2 in their industries. Eliminating the threes and fours went a long way toward establishing the direction in which he wanted to lead the company. This example might encourage orthodontists to reassess the effectiveness of some of their long-cherished techniques. Using objective measurements, they might discover some that are only marginally better than other available methods, and more trouble than they are worth. They might find that the fees charged for some apparently simple tasks are inadequate to cover their costs. Currently, most orthodontists can only guess at the true costs of their procedures.

Finally, these CEOs are in love with their work. They may become physically tired, but never emotionally exhausted or bored. It seems to me that a lack of ardor characterizes many highly intelligent and skilled orthodontists who never develop the potential they showed as students. I have not been able to determine whether their original love for the profession was superficial, or the practice of orthodontics demanded more than they were willing to give. At any rate, the best orthodontists I know, in their hearts, would echo Kelleher's sentiments: "I love it, I love it—I sure as heck do." □