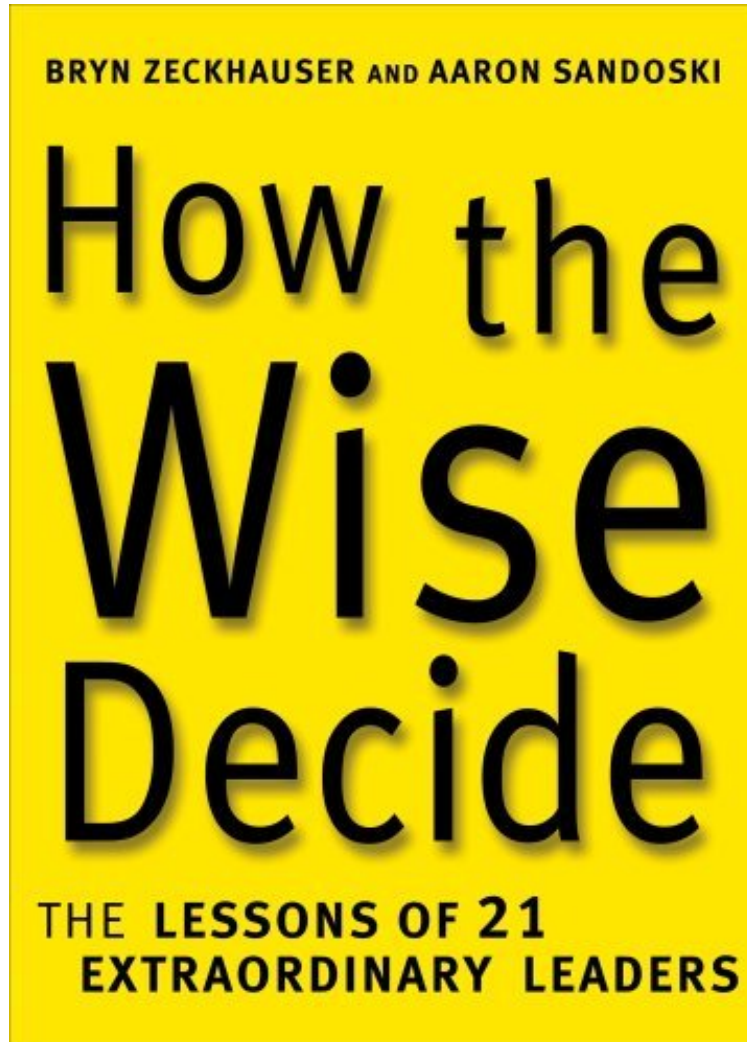


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How the Wise Decide: The Lessons of 21 Extraordinary Leaders

Aaron Sandoski, Bryn Zeckhauser

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Aaron Sandoski, Bryn Zeckhauser : How the Wise Decide: The Lessons of 21 Extraordinary Leaders before purchasing it in order to gauge whether or not it would be worth my time, and all praised How the Wise Decide: The Lessons of 21 Extraordinary Leaders:

0 of 0 people found the following review helpful. Difficult to stay interested. By LambI enjoyed a few parts but have read something similar that I felt was quite a bit better. I wouldn't recommend this for many people but definitely think you can see the difference between the examples used in the book and what you would consider poor leadership. The principles or lessons can be summed up in about a chapter, it's more about the stories of the leaders, which wasn't all that interesting to me. 4 of 4 people found the following review helpful. How do the really successful leaders make the "tough calls"? By Robert Morris In Judgment, Noel Tichy and Warren Bennis assert that what really matters "is not how many calls a leader gets right, or even what percentage of calls a leader gets right. Rather it is important how

many of the important ones he or she gets right." They go on to suggest that effective leaders "not only make better calls, but they are able to discern the really important ones and get a higher percentage of them right. They are better at a whole process that runs from seeing the need for a call, to framing issues, to figuring out what is critical, to mobilizing and energizing the troops." That is certainly true of the 21 "extraordinary leaders" whom Bryn Zeckhauser and Aaron Sandoski examine in this book. Although quite different in terms of their personality, leadership style, and circumstances, what do the 21 share in common? Zeckhauser and Sandoski spent three years in search of the answer and concluded that all of them make their "tough calls" based six core decision-making principles. Here are two: Go to the Source: "Making it a routine part of your job to go to the source will require a new mind-set, a realignment of your priorities and the tenacity to pursue firsthand information wherever it may take you. But if you become skilled at using this powerful tool as the three leaders you're about to meet [i.e. Bill George, Mike Reutgers, and Orin Smith], you can beat competitors, find new markets, and generate terrific new products." Other leaders discussed include Paul Galvin (Motorola), John Whitehead (Goldman Sachs), and Supreme Court Justice Stephen Breyer. Listen with Purpose: "Are you listening carefully? Then you're missing the point. It isn't how you listen, it's why you listen that's important." Zeckhauser and Sandoski have identified three major purposes leaders have for listening. "The first is listening to gather information." More specifically, listening "to fill in gaps in the information you already have... Finally, listen with the purpose of generating ownership." That is, to ensure that the decision once made will be properly executed, first seek out and respect the opinions of others to reassure them that their input is valued. "A great decision that can't or won't be executed is no decision at all." Leaders discussed in this chapter include Vernon Loucks (Baxter Healthcare), Prime Minister Lee Hsien Loong of Singapore, Bill Riley (World Wildlife Fund), and Rick Wagoner (General Motors). Zeckhauser and Sandoski devote a chapter to each of the six principles, citing real-world examples to illustrate it, then suggest in the final chapter that as a manager masters one principle, she or begin working on another. This is an excellent suggestion because, although separate, the principles are also interrelated, if not interdependent. That is "bad news" if you are fearful of contacting an irate customer to discuss a serious problem because, if you don't, the problem is certain to become worse. This is also "good news" because if you listen with purpose to those who inform you of a serious problem, and do so with respect and appreciation, they and others will continue to do so and then support your efforts to solve the given problem. I urge those who read this review not to be deterred by the fact that all of the 21 exemplary leaders whom Zeckhauser and Sandoski discuss are prominent. Together, it is true, they demonstrate the power and value of the six core decision-making principles but that is because they have mastered those principles and, in most cases, did so only after experiencing one or more of what Warren Bennis and Robert Thomas characterize as "crucibles" in their book, *Geeks Geezers*. Centuries ago, metallurgists attempted to transform chemical compounds into gold. Their instrument was a crucible, a cup-shaped receptacle that they heated to very high temperatures. Most managers in today's business world have already experienced - or will experience -- personal tragedies, failures, disappointments, dysfunctional relationships, etc. Some managers emerge from these modern-day "crucibles" stronger, wiser, and better prepared to cope with whatever may await them. Other managers do not. Although Bryn Zeckhauser and Aaron Sandoski make no such claim, I think that mastery of the same six principles can help managers to avoid or at least emerge from crucible-like experiences. Better yet, they will help managers to become more fully developed human beings as well as more effective leaders. The book they have written is a brilliant achievement.

0 of 0 people found the following review helpful. *Go To The Source Is A Powerful Coaching Message* By Caroline@SixFigureStart.com Written by former McKinsey consultants, Bryn Zeckhauser and Aaron Sandoski, *How The Wise Decide* studies 21 business leaders and difficult decisions they had made to identify 6 strategies/ approaches/ tactics that underlie these critical leadership decisions: Go to the source Fill a room with barbarians Conquer the fear of risk Make vision your daily guide Listen with purpose Be transparent The stories are terrific -- it is always helpful to hear what others have accomplished and learned. No need to reinvent the wheel, in classic consulting-speak (the authors would be proud). That said, while I was riveted in the beginning, I was less interested towards the end. The stories were still compelling but in an effort to tie them all together perhaps the 6 overarching lessons seemed thin. That said, the lessons are important and easily overlooked in the daily grind. "Go To The Source", the first lesson which espouses going back to the raw data where you can (a healthcare CEO watches surgeries, for example) was my favorite and a great coaching lesson. How many of you are going to read this or other review of the book, feel like you got enough, and never read it for yourself? Maybe I needed to read *Go To The Source* because of my habits, but you need something else from the book that I won't cover. The coaching takeaway? Look at the data, question your assumptions, realize that what you hear is already filtered by the lens from where the info came. What are you assuming in the decisions that you have made and still need to make? Go to the source first before deciding.

Discover the formula used by twenty-one of the world's most extraordinary leaders to make consistent and smart decisions. How do the wise decide and lead businesses and organizations to great success is the question Bryn Zeckhauser and Aaron Sandoski posed to themselves after landing their first jobs as managers. Despite the best training the world could offer—Harvard MBAs and stints at McKinsey Company, the elite powerhouse

consulting firm—they felt unprepared when faced with the pressure to make critical decisions. So they set out on a three-year quest to discover how people with remarkable success and experience in both corporate and public life—“the wisers”—went about making crucial, often make-or-break decisions. • How did William George, when CEO of Medtronic, get the real story about why a critical tool used by cardiologists was failing and use that information to fix a systemic problem within the company? • When inventor Dean Kamen has to make a decision about investing in a new technology, why does he find it useful to “fill a room with barbarians”; to get the best thinking from his team? • How did Shelly Lazarus assess the risks of making a nontraditional career move, a decision that eventually led her to being appointed CEO? • How did Stephen Schwarzman and Peter Peterson, the founders of The Blackstone Group, turn \$400,000 of their own money into one of the world’s preeminent alternative asset managers with \$100 billion under management? These and the other accounts of the direct conversations Zeckhauser and Sandoski had with twenty-one major leaders show that between wise decisions and poor ones lie vast fortunes and extraordinary contrasts in success. How the Wise Decide distills their wisdom, and it reveals how you can use this wisdom to be on the winning side of the ledger. From the Hardcover edition.

How the Wise Decide is akin to sitting down for a mentoring session with some of the great leaders of recent years. Its commonsense lessons on decision-making, clear writing, and practical guidelines make it a wise choice for both people just starting their careers as well as those with years of experience under their belt. • Frank Blake, chairman and CEO, Home Depot • Bryn Zeckhauser and Aaron Sandoski offer a rich collection of insights on how leaders make and implement important decisions, distilled from an impressively wide range of major decision-makers. The discussion of risk, risk mitigation, and incentives is particularly useful. The importance of transparency and its relation to self-selection is very interesting. And the commentary on the no-carryover principle and the pocket veto is just fascinating. • A. Michael Spence, former dean, Stanford Graduate School of Business, and winner of the Nobel Prize in Economics • What is wisdom? How is it acquired? Can it be codified? Can it be learned? Bryn Zeckhauser and Aaron Sandoski have attacked these questions head-on by focusing on how twenty-one remarkable leaders make decisions. They discern some fascinating patterns, which form the basis for concrete and practical advice. Zeckhauser and Sandoski have done us a great service by picking these people to study and helping us learn from them. Every reader can benefit from reading How the Wise Decide since we all can certainly use a dose of wisdom. • William A. Sahlman, Dimitri V. Arbeloff • MBA Class of 1955 Professor of Business Administration, Harvard Business School • How the Wise Decide thoughtfully examines principles that inform effective decision-making and shows how successful leaders have used them to make critical decisions. In a series of interesting and well-researched lessons, Bryn Zeckhauser and Aaron Sandoski offer practical advice... About the Author BRYN ZECKHAUSER is a senior fellow at Harvard University’s Mossavar-Rahmani Center for Business and Government and a principal at Equity Resource Investments, a real-estate investment firm with funds in the United States and Asia. She developed her interest in strategic decision making working with portfolio companies at Kleiner Perkins Caufield Byers and with her Fortune 500 clients at McKinsey and Company. AARON SANDOSKI is managing director of Norwich Ventures, a medical device venture capital firm. He began his professional career with the consulting firm McKinsey Company and has also been a teaching fellow at Harvard University, where he won the Allyn Young Teaching Prize. Excerpt. copy; Reprinted by permission. All rights reserved. Chapter 1 Go to the Source Remember the game you played in kindergarten in which the class, one by one, passed on a whispered statement? When the last child told out loud what she had heard, it was nothing like what the first kid had whispered. If you’re like most people, you’re playing a variation of that game every day at the office. Sure, you get authoritative-looking reports to read and you sit through detailed PowerPoint presentations. But you’re still getting the same kind of distorted and incomplete information that you got from your classmates in the kindergarten game. That doesn’t mean the information you get in the office isn’t useful. But you’re not going to the source to get firsthand information, far and away the best kind of information. You may argue that you get out of the office occasionally to meet with customers or suppliers to learn what they’re thinking, but that isn’t what we mean by going to the source. Going to the source is the relentless pursuit of information from the field. It is hard work, and it takes a lot of time, effort, and imagination. Do you devote two-thirds of your work time to going to the source? As CEO of Medtronic, Bill George did. That’s how he got a bloody catheter thrown at him in an operating room and solved a serious problem confronting his company. Do you make more than four hundred customer visits each year? That’s how Mike Ruetters discovered deep in the bowels of a customer’s data processing center the need for a new product that revolutionized EMC’s fortunes. Do you travel the world studying how your business thrives in radically different environments? Orin Smith found the solution to expanding Starbucks into untapped markets tucked away in small towns in New Zealand. All three of these successful former CEOs share a passion for developing primary sources of information. It is one of the characteristics that defined their success. They went places other CEOs didn’t and heard things others couldn’t. They asked a lot of questions and listened carefully to the answers. They not only got the best information, they also got it faster than anyone else. They were able to use that information to make important decisions about how to beat competitors to market with new products,

how to solve critical problems, and what sweeping organizational changes to make for profitable growth. For them, going to the source became a powerful competitive advantage. But how can Mike Ruetters make four hundred customer calls in a year? How can Bill George spend two-thirds of his time observing complex surgery in an operating theater or talking to Medtronic employees about developing new products or solving problems? The answer is that they value primary sources of information enough that they make going to them both a priority and a routine. Among all the things a CEO can be doing, they have decided that the largest portion of their time is best spent gathering unfiltered, unbiased information. Other tasks can be delegated, but firsthand observation and conversation require you to be where the action is, whether it's an operating room or your own factory floor. Making important decisions can be stressful. Information may be skimpy, confusing, or contradictory, especially if it comes to us filtered and diluted through the mind-sets of people who think differently than we do. Wise leaders know that they can never have all the information they want. That's why it is critical to have the right information. They know that primary information gives them three major advantages over other kinds of data in reaching a decision. First, information at the source is unfiltered by others. Organizations invariably edit and distill information as it moves from level to level and from one department to another. The result is a presentation or a report that purports to capture the essence of a problem, but that may miss or misinterpret some crucial piece of information. Decision makers need to supplement this diet with unfiltered data, information straight from the source that hasn't been manipulated or interpreted. Second, information at the source provides subtle details and nuances that get lost in second- or thirdhand accounts. Reports and canned presentations lack emotional content, but the fact is that emotions play a large role in business. Without emotion, we can't appreciate the passion of a high-potential customer or the frustration of an underfunded product development team. It's the decision maker's job to understand what emotions are at play and to use that understanding to make the best possible decision. Without face-to-face encounters with the people driving the future of your business, you will miss out on the power of emotional input. Finally, information from the source is critical because it shows us reality. Too often, secondhand information distorts reality enough to give us a false sense of confidence. Only when we see things firsthand—how our product performs, what motivates our employees, what a customer really needs to do his job—do we have the breadth and depth of information to make the right decision. Comparing what we have personally seen and heard at the source to all that other information also allows us to put the secondary information in its proper context. The result is better decisions. Primary sources are all around you, but you have to think differently about who they are. Going to see your customer is a vital part of learning how your product or service is used and how it can be improved. But most customer calls involve peer-to-peer contact. CEOs visit CEOs and salespeople visit purchasing agents. That's the wrong mix. To get the most useful primary information, you have to penetrate much more deeply into your customers' organizations to discover the nitty-gritty details about what people on the firing line want from a supplier. The vice president of purchasing for a big hospital has never used a medical device in surgery, but surgeons have—and they have strong opinions. Similarly, a chief information officer isn't likely to have the same perspective on technology needs as the harried manager of one of the company's data processing centers. Start looking for primary sources where it's easiest to find them—in your own company. If you're in sales, for example, when was the last time you visited the credit department to check up on your customers' credit ratings and how they've changed over time? Is product development working on something that might benefit from some input from your customers? Outside your company, there is a vast array of potential sources of firsthand information beyond your customers. Think about potential new customers. And what about your customers' customers? Suppliers and competitors can be good sources of primary information, as are government regulators, investors, news reporters who cover your industry, and academics who study it. Making it a routine part of your job to go to the source will require a new mind-set, a realignment of your priorities and the tenacity to pursue firsthand information wherever it may take you. But if you become as skilled at using this powerful tool as the three leaders you're about to meet you can beat competitors, find new markets, and generate terrific new product ideas.

The Bloody Catheter It was turning into a long, frustrating day for Bill George as he cooled his heels in the corridors of New York City's massive Lenox Hill Hospital. George, recently appointed the president and chief operating officer of Medtronic, Inc., a Minneapolis medical equipment manufacturer, was spending his first ninety days on the job learning about his company's products firsthand in the operating room. But today's procedure, an angioplasty using one of Medtronic's balloon catheters, had been delayed for hours while technicians scrambled to repair the fluoroscope that would show the doctor the route to guide the small balloon into the patient's clogged arteries. The gruff German-American cardiologist that George would observe was furious that his busy schedule was being disrupted. Finally, the fluoroscope was fixed and the operation could begin. George, gowned and gloved, stood a few steps back from the operating table where the patient lay swathed in sterile sheeting. But soon after the doctor inserted the balloon catheter into the patient's femoral artery, the device fell apart in his hands. Ever so carefully, the surgeon withdrew the catheter from the patient. Then, with ill-concealed rage, he hurled the bloody device at George, who ducked just in time to avoid being smacked in the face. The operation resumed, this time with a competitor's catheter. George had been aware that Medtronic's catheter sales weren't what they should have been. The company was losing market share and the sales force had

been complaining about product quality. But the engineers had said the product was fine and getting better. Maybe the sales force was just looking for an excuse for not doing a good job, he had thought. Now, shaken by what he had just seen, George sat down with the Medtronic sales rep who had been with him in the operating room. The rep told him that the problem he had just witnessed wasn't an isolated incident. The catheters had been failing with disturbing frequency. All the sales reps knew that, he said, and they had all filed the required company reports. But George hadn't known it, and he wanted to know why he hadn't known it. When he returned to his office in Minneapolis, he began investigating how information about the catheters got reported to headquarters. What he found was a tortuous path that routed the sales reps' reports about failing catheters through seven layers of bureaucracy before they reached the people who designed the produ...