

## CHAPTER ONE

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# WISE LEADERS WANTED

**W**e'll start with a truism: in business, you need to be smart. In fact, smartness—whether it's called cleverness, practical intelligence, or savvy—is the operating currency of twenty-first-century organizational culture. The leaders the world admires are tremendously smart, whether they're in business—like Bill Gates of Microsoft, Indra Nooyi of PepsiCo, Tim Cook of Apple, and Ursula Burns of Xerox— or in politics—like U.S. presidents Obama and Clinton and former U.S. secretary of state Condoleezza Rice.

What all very smart leaders have in common is an ability to impress us with their intellectual prowess and ability to succeed at very high levels. They see patterns in seemingly random information. They take decisive action while others are still trying to understand or appreciate the situation. They seize opportunities that many regard as too risky and show an ability to make strategic choices that confer them a competitive edge. Some are big picture thinkers; some excel at executing strategies and others at innovating breakthrough products.

All this considered, it seems desirable to be a smart leader, and it is. When we exercise our smarts, we not only experience success; we also feel strong and capable, operating at the top of our game. We want more of this good thing. If we are in the

position of leading an organization, we want to leverage our smartness to succeed and help others succeed.

But these are complex and uncertain times, and many leaders are discovering that smartness alone is insufficient to achieve both success and a sense of accomplishment and fulfillment. Smartness and more smartness is increasingly failing to bring meaningful growth and prosperity to organizations and their leaders. In our experience, wise leadership succeeds where smart leadership cannot.

Thus, this book is not about moving you from smart leadership to *smarter* leadership, but about setting a trajectory toward *wise* leadership—an expanded capacity to act and lead wisely (without losing your smartness). It's about what potentiates your wise leadership and what it is that wise leaders do differently. At its core it is an exploration of practical wisdom—how reflective actions, thoughtful application of smartness, and the deployment of enlightened self-interest allow you to become successful in a sustainable way while making a difference to others along the way. And it contains a road map and personalized tools for you to make the journey.

## THE PITFALLS OF SMART LEADERSHIP

Smart leaders are an eclectic bunch that includes brilliant strategists and functional experts as well as superefficient tacticians and gifted managers of people. They may be start-up entrepreneurs or high up in the ranks of large, global corporations. They can be quite diverse when it comes to their perspectives, actions, and motivations.

For the purposes of this book, we'll divide smart leaders into two broad categories according to their primary area of strength, which we refer to as functional smart and business smart. To generalize, functional smart leaders excel in one field or function, such as R&D or operations, and tend to dig deep to establish their

expertise in the domain that they have chosen. Effective execution is their forte. They tend to be cautious in risk taking, think carefully before they act, and when they act, they tend to stick to what they know best. Whereas functional smart leaders go deep, business smart leaders go broad. They tend to be big picture thinkers who are risk takers at heart. They are prone to taking action quickly and generally have a competitive temperament. (You might not identify yourself strongly with either category at first, but as you read further, keep looking for patterns of behaviors that match yours.)

We'll discuss these differences more in depth later in this chapter, and we'll also examine a quality nearly every smart leader we've met or studied has in common: a powerful and ever-increasing tendency to play to their own strengths. As they succeed and move up, smart leaders tend to become increasingly attached to their particular type of smartness and show themselves less able to exhibit or appreciate the other type of smartness. This makes sense: most people build their skills and expertise on their existing strengths and temperaments; success breeds success. But this consolidation can exact costs—personal, professional, and organizational—that the otherwise very smart leader doesn't see coming.

We'll talk about this peculiar kind of blindness shortly, but first we turn to an example of an exception to the rule: a leader whose actions over time have shown an evolution from a highly consolidated style of smartness into wisdom.

Bill Gates is an exemplar of the kind of smart leader we call "business smart." Gates was only twenty years old when he cofounded Microsoft with Paul Allen. Despite his unassuming appearance and apparent shyness, Gates, a Harvard dropout, was a determined and ambitious businessman who used every opportunity to outsmart the competition with great strategic moves that helped Microsoft reach a market capitalization of over \$616 billion in December 1999.<sup>1</sup>

That supremacy took a blow in May 1998 when the U.S. Department of Justice filed suit against Microsoft, accusing the

company of abusing its alleged monopoly power on Intel-based personal computers in its handling of operating system and Web browser sales. A number of European countries followed with similar lawsuits. All of a sudden, a company and a business leader who were riding high faced a formidable threat.

Gates appeared by video at Microsoft's antitrust trial, a decision that was widely interpreted as a snub to the Department of Justice. Under questioning, he appeared combative and defensive. He told the media that the lead government attorney was "out to destroy Microsoft." When the deposition was read in court, Gates's condescending attitude toward his accusers and the legal system in general stood out. According to CNN, that testimony helped turn public opinion against Microsoft and Gates. Microsoft settled the case in 2001, but in the aftermath of the lawsuit, Microsoft lost its momentum in the marketplace. Its market capitalization dropped from \$616 billion in 1999 to about \$260 billion in 2012.

While Microsoft was contending with scaling back its operations, Gates made a major course correction in his life journey. In early 2000, while awaiting the court decision, he stepped down as Microsoft's chief executive to focus on his passion for software, becoming the company's chief software architect and chairman of the board. Being a great strategist, Gates probably realized that it would be better to have a different CEO representing Microsoft to the outside world. In the same year, he and his wife established the Bill & Melinda Gates Foundation; by 2008, Gates had completed his transition to foundation and philanthropic activities (he remains the nonexecutive chairman of Microsoft).

As cochair of the Gates Foundation, Gates has awarded billions of dollars in grants to various charitable organizations and scientific research programs. While some people initially accused Gates of using his charitable activities to sugarcoat his image, his foundation is respected and appreciated for its compassionate and highly effective approaches to combating global problems ranging from infectious diseases to lack of education. Gates, the

successful but polarizing figure for his ultracompetitive strategy, has become a more righteous and moral figure in the eyes of many people.

From what we can understand through observation and a study of his career, Gates's actions in his business and personal life suggest that he evolved from a smart leader to a wise one. He moved beyond his corporate role at Microsoft and explored how he could use his wealth, smarts, and leadership skills to contribute to the common good. We see this as a reflection of how Gates shifted his perspective and broadened his approach beyond building a business empire to solving big problems facing the global community.

We have never discussed this book with Gates, and our view of him as a leader who broadened his approach from smartness to wisdom is based on inference. But our analysis of his actions suggests that Gates managed to transcend his particular style of smartness (in which he had remained fixed for a long time) by shifting his perspective, an ability that this book is designed to foster.

## THE FUNCTIONAL SMART LEADER AND THE BUSINESS SMART LEADER

We all tend to have a perspective on life that is relatively narrow, shaped by our predispositions, assumptions, and experiences. Psychologists call this phenomenon our perceptual filter—think of it as a pair of tinted glasses—and describe the ways it conditions how we organize and interpret the meaning of everything we experience in our environment.<sup>2</sup> The longer you wear your perceptual filter without challenging it or finding a vantage point outside it, the more you tend to get attached to your limited perspective. Worse, you end up seeing only what you want to see and rarely observe anything that is outside your zone of interest. You develop a well-worn autopilot mode and, unknowingly, a tunnel

vision: you see only a limited portion of the whole spectrum of smart leadership possibilities and positive human endeavor.

Generally business smart leaders, many of them known for their intensity and risk taking, tend to perceive the world through a set of filters that for ease of identification we'll call "red." Business smart leaders thus tend to operate in what we designate the red zone at one end of a metaphorical spectrum of leadership style and skill, where the emphasis is on characteristics like drive, vision, and risk taking. At the other end of our metaphorical spectrum are functional smart leaders. Intensely focused on and competent in their particular area of technical or business expertise, they tend to wear what we call a blue set of filters, which make them see the world in terms of their own narrow focus. Hence, they are at ease while operating within a blue zone, where the emphasis is on qualities like groundedness, execution excellence, and deep expertise. What is highly visible and exciting to leaders operating in the red zone is often practically invisible or unappealing to those operating in the blue zone, and vice versa. Both kinds of smart leaders see what they are conditioned to see, in both cases narrowing their experience of a wider spectrum of reality.

It's not just senior leaders—or people in the business field alone—who wear these filters. We all wear them—whether we are a teacher, an architect, a husband, a mother, and whether we work in a nonprofit, government, or business. These filters do color our perspective and shape our motivation, decisions, and actions.

To actually see the world as it is, not as we are used to seeing it, we first need to become aware of and then set aside our perceptual filters. It means stepping out of the zone that we know so well and in which we feel capable and comfortable. When we appreciate and embrace the objective world as it is—in its full range of colors, so to speak—and bridge the gap between our subjective reality and the rest of the world, we become capable of wisdom.

Wearing these red or blue glasses all the time hurts us in another way: it prevents us from incorporating certain qualities

like prudence, judgment, humility, ethics, and the common good, vitally important when we widen our focus to include the whole spectrum of leadership potential. Many smart leaders have an intellectual understanding of—and an intuitive appreciation for—such qualities, but since they can't discern them in relation to their leadership privileges and duties, they don't incorporate them into their role. A leader who removes her filters and experiences the full spectrum becomes highly aware of the gaps between her intentions and actual behaviors—so much so that that values and ethics, which may have been less tangible before, become the cornerstone of her leadership approach.

Gates, for instance, was known for his intensely competitive personality while running Microsoft: you could say that his filters were truly red. Yet after going through the antitrust trial, Gates realized that he was seeing the world differently from the American public, Department of Justice, or judges, and that understanding led to reflection and introspection, which helped him find a larger purpose: using his smartness for the betterment of humanity. By creating the Bill & Melinda Gates Foundation and taking an active role in it, Gates gradually became aware of his red filters and was able to consciously remove them to gain a larger perspective on how exactly he could best contribute to the world. In the process, he evolved from a smart leader to a wise leader; he didn't lose or change his essential business smarts, but he became able to deploy his gifts mindfully across a wide range of situations.

Gates's Microsoft career represents the typical trajectory of business smart leaders who perceive the world through red filters and tend to operate in the red zone. Tim Cook, who became CEO of Apple in 2011, was for most of his career the epitome of the other type of smartness: the functional smart leader who generally operates in the blue zone. A closer look at Cook's contribution to Apple will show why it's vital for functional smart leaders to drop their blue filters and step out of the blue zone to grow personally and professionally.

In the 1980s, Apple was not known for its operational efficiency, and the situation was not very different in early 1998, when Jobs interviewed Cook for a position to head up Apple's supply chain operations. As a functional smart leader, Cook was driven to bring higher efficiency and bottom-line productivity to Apple. He knew how to squeeze every last bit of fat out of operations. While Jobs, renowned for his business smartness, was in the media spotlight and creating great demand for Apple products, Cook operated behind the scenes to manufacture and distribute those products efficiently. Since he became CEO, however, it appears that Cook has begun to remove his blue filters and broaden his perspective. He seems to have realized that he would never be able to match Jobs's larger-than-life personality, yet he had to serve the interests of Apple effectively at this critical juncture. That apparent change in perspective enabled Cook to step up and take on roles that Jobs had traditionally assumed. In this way, Cook is stepping out of his autopilot zone—the blue zone—and is learning to act as a wise leader.

As he starts to lead with practical wisdom, Cook is now spending more time discussing strategy with investors, reaching out to developers, and focusing on top-line growth. In his first year as CEO, Apple's stock increased in value by 76 percent, and Apple became the most valuable company in the world. He provided great dividends to shareholders, supported philanthropic activities by matching employee contributions, and defended Apple's innovation lead by winning a patent infringement case against rival Samsung.<sup>3</sup>

Cook does not seem to be trying to emulate the agenda or style laid down by Jobs, whom he greatly admired. In other words, he *didn't trade his blue filters for Jobs's red filters*. In moving beyond the functional smart style more often than not, Cook wisely didn't switch to the style that Steve Jobs, a strong-willed and mercurial business smart leader, had operated from. In fact, many of Cook's recent decisions are contrary to what Jobs would have done, such as paying dividends and improving working conditions at Apple



factories in China. We regard Cook's actions as more balanced and wiser than many of those Jobs took. He has broadened his perspective with practical wisdom and is evolving into a wise leader.

Gates and Cook alike consciously and gradually detached themselves from their particular type of smartness and discovered a larger sense of purpose. By changing their perspective, they gained wisdom, which provides an ethical compass. You don't have to be Gates or Cook to become aware of your filters and remove them and use wisdom as a compass to guide your leadership behavior. You can begin your journey from smart to wise leadership right now.

## EVOLVING FROM SMART TO WISE

*Smartness* is another word for *intelligence*, which means many things in both popular understanding and scholarly circles.<sup>4</sup> Our use of it here is closest to a definition from Robert Sternberg, a renowned contemporary scholar in the area of human intelligence who described "successful intelligence" as "one's ability to attain one's goals in life, given one's sociocultural context, by adapting to, shaping, and selecting environments, through a balance of analytical, creative, and practical skills."<sup>5</sup> This is aligned with our own definition of *smart leadership* as a capacity that goes beyond simply being a smart or intelligent person to being a person who applies his or her smartness through action for moving forward for primarily personal growth and success.

It's this quality—intelligence applied through action in the service of personal growth and success—that we divide into two main styles: business smartness and functional smartness, or in our shorthand, the red zone and the blue zone. Each represents significantly different intelligences, energies, and capabilities. Each of us is born without filters, but with innate tendencies and external conditioning, we tend to put on the red or blue filters

that gradually color our perspective, and we soon forget that we have those filters on. This skewed perspective influences where we focus our own developmental efforts, and typically we end up cultivating exclusively either a blue or a red perspective.

As we grow older, we tend to lean on our particular area of strength, honing our capabilities in that area. As we do so, we become attached to that kind of intelligence, and without much conscious thought, we can get stuck there. Our strength becomes a winning formula, and we grow dependent on it, which eventually makes us weak and vulnerable in other areas. The type of smartness—functional or business—that we gravitate toward shapes our worldview and defines our personality. We can develop such an attachment to our kind of smartness that we see only negative aspects of the other kind of smartness without recognizing—or being willing to accept—the limitations of our own kind of smartness. Yet our two definitions of smartness—functional and business—are actually complementary.

Functional smartness is grounded in issues that are concrete, tangible, and tactical, and when this becomes well developed, it leads to operational and execution smartness. Functional smartness also allows us to focus on developing strength in the domain that we are inherently good at—say, marketing or finance—without getting distracted by anything outside that domain. Functional smart leaders, at least those we have studied, are generally comfortable with details. They take on work with careful focus, and whatever they accept as work, they execute it effectively and deliver predictable, high-quality, and reliable results. Many of them are effective managers and maintain a healthy bottom line by pursuing operational efficiencies. Using a sports metaphor, functional smart leaders tend to play defense, protecting their turf against the competition. Not surprisingly, they are often risk averse, preferring to place safe bets when considering investing in new projects because their motivation stems from a basic need to be safe and secure. Being a functional smart leader offers many advantages and benefits because such a leader tends to be prudent

and efficient. Over time, these leaders grow in their ability to apply their practical intelligence to bring success to themselves and their organization.

Business smart leaders, in contrast, are often driven by the desire to do bigger and better things and are not easily intimidated by risks. They tend to have a visionary perspective and are strategic in their approach as they focus on entrepreneurial growth opportunities more than bottom-line profitability.

Business smart leaders relish high-stakes games and sometimes have a winner-take-all mentality. They can be dynamic, proactive, and even aggressive in search of growth, as Bill Gates was during his tenure as Microsoft's CEO. As a general rule, business smart leaders focus on creating new markets while at the same time seeking to dominate existing markets by grabbing market share from competitors.

Former GE CEO Jack Welch is a business smart leader who was famously nicknamed "Neutron Jack" during the 1980s for his extremely competitive mind-set.<sup>6</sup> When this tendency is unchecked, leaders on the edge risk becoming obsessive, quick tempered, and dissatisfied with the status quo. Some of these competitive leaders can also become moody, intense, and restless in pursuit of goals and success. To a small group of smart leaders, values and ethics usually play a secondary role to winning. If they can keep their business smart temperament in check, however, these leaders can balance self-interest with the greater good and use their intensity and strong focus on growth to deliver sustainable value not only to their organization but also to society.

Regardless of the kind of smartness we tend to act and lead out of, when we take the time to reflect, we realize the limitations of business smartness and functional smartness. Wise leaders transcend both kinds of smartness; they see the world as a kaleidoscope with all its many varied colors and then act out of that fuller perception. Wise leadership is not about giving up our smartness, but transcending it and gaining a broader perspective on life.

That perspective enables us to rein in our smartness and harness it to serve a larger purpose in an ethical and appropriate manner.

Wisdom is grounded in ethics, shared values, and serving a larger purpose. Thus, we define *wise leadership* as leveraging smartness for the greater good by balancing action with reflection and introspection, gateways to humility and ethical clarity. In contrast, smart leadership draws on all of our skills and strengths in the service of personal gain. Wisdom itself grounds us, helping us to shift from using our smartness for our own benefit—and often with a zero-sum mind-set—to using it for creating new value for a higher purpose.

The journey from smart to wise is about becoming able to see the strictly rational and logical way of focusing on what is tangible and personally beneficial as well as the authentic way of including intangibles, such as shared values and ethics, and the greater good. Attention to those intangibles allows us to avoid attachment to either kind of smartness. Ignoring them leaves us stuck with one kind of smartness or the other, unable to discover and claim wise leadership, which transcends and yet encompasses both kinds of smartness.<sup>7</sup> Hence, the journey to wise leadership consists in gaining an appreciation for values and ethics, simultaneously transcending one's smartness while also including it as a tool to serve a larger purpose.

The foundation for wise leadership is context sensitivity: discerning what kind of smartness is appropriate for a particular situation. Such context sensitivity is a key asset for leaders in a dynamically changing global business environment because it balances out conditioned responses and broadens a leader's field of awareness, helping him or her gain a larger perspective. As leaders advance in their careers, they tend not to increase their context sensitivity and broaden their perspective, but to surround themselves with others who share their worldview. This solidifies their position and makes it even more difficult to step out of their zone. As a result, both business smart and functional smart leaders struggle to adapt their success formulas—or let go of old ones

and adopt new ones—even when the external context changes. For example, functional smart leaders at the now defunct Borders had perfected a bricks-and-mortar book distribution model that was successful during the pre-Internet era, but they failed to adapt its business model for a digital economy dominated by online commerce platforms like Amazon.com.

## WHAT IS WISDOM?

Wisdom is traditionally associated with spirituality and religion and with abstract concepts such as truth, knowledge, beauty, and the right path. The path of pure wisdom might lead one to become a philosopher, a guru, or a monk—someone who practices or contemplates wisdom in a state detached from the world. In this view, wisdom is the gift of sages and spiritual leaders.<sup>8</sup> This picture is woefully incomplete. In fact, *wisdom is our birthright*. We all are born with the seeds of wisdom, but we sometimes don't cultivate or nurture those seeds to let them flourish, focusing instead on tending to our smartness—the acquisition and use of new knowledge for primarily personal benefit. In the organizational context, wise leaders are people (not just business leaders or politicians) who step up to take action in the service of others. This kind of wisdom is more pragmatic in nature, regardless of its roots, which is why we call it practical wisdom and leadership that embodies these principles, wise leadership.

Calling practical wisdom the master virtue, Aristotle described it as “figuring out the right way to do the right thing in a particular circumstance, with a particular person at a particular time.”<sup>9</sup> The Bhagavad Gita, valued as a book of practical wisdom for Hindus, carries the key message that wise leaders understand how to balance the extremes and act from a state of equanimity.<sup>10</sup> In this book we focus on developing wise leadership in the business context. This kind of practical wisdom can have spiritual or non-spiritual roots or both, depending on the individual leader. What

matters is that wise leadership is grounded in action and gives ethical clarity and higher purpose to smart leadership.

## THE SIX LEADERSHIP CAPABILITIES

Wise leadership consists of applying and integrating smartness wisely for mutual, instead of just personal, benefit. Introspection, reflection, and care for the common good are essential practices that provide balance to smart leaders and help them bring authenticity and ethical clarity to their actions and lasting success to their endeavors. In other words, wisdom amplifies and elevates leaders' smartness, enabling them to operate at a higher plane.

In essence, wise leadership involves knowing the limits of smartness. It contextualizes your smartness and helps you act with role clarity, humility, and intuition to be effective in your organization. It does not necessitate turning away from spiritual wisdom, but rather using it actively and tempering it with smartness and enlightened self-interest so that it is both practical and pragmatic.

Our research and experience have shown us that most smart leaders rely on the same leadership capabilities throughout their careers.<sup>11</sup> Based on our research and wisdom texts from cultures around the world, we have identified six areas of capability that all leaders exhibit:

- *Perspective:* What influences and shapes a leader's worldview
- *Action orientation:* How a leader is driven to act—or not act
- *Role clarity:* How a leader chooses a role and how closely she identifies with it
- *Decision logic:* What framework a leader uses to decide
- *Fortitude:* How a leader determines when to hold and when to fold
- *Motivation:* What inspires and drives a leader's actions and decisions

Different leaders exercise these capabilities differently, depending on the kind of smartness they usually exhibit. For simplicity and in keeping with the image of smartness as being a set of filters that capture only a subset of the visible spectrum, we will speak of functional smart leadership as falling within the blue area at one end of the spectrum and business smart leadership as being within the red area at the other end of the spectrum. Wise leadership encompasses—and embodies—the full spectrum:

- *Perspective.* In terms of perspective, functional smart leaders who tend to operate in the blue zone are execution oriented, whereas business smart leaders who usually act and lead from the red zone are strategic, big picture thinkers.
- *Action orientation.* In the blue zone, leaders are risk averse and tend to act with great caution, as opposed to leaders in the red zone, who are proactive and opportunistic in their action orientation.
- *Role clarity.* Blue zone leaders operate within functional boundaries and tend to follow instructions, often letting others lead when risks are high. A red zone leader, by comparison, seeks to lead from the front as much as possible in order to control the outcome.
- *Decision logic.* Blue zone leaders make decisions aimed at short-term results and improving the bottom line, whereas a red zone leader is more likely to make vision-driven long-term decisions that affect revenue growth.
- *Fortitude.* Blue zone leaders can flip between being too stubborn and giving up too easily. A red zone leader perseveres as long as the outcome is aligned with his self-interest.
- *Motivation.* Leaders in the blue zone are motivated by basic safety and security needs and seek tangible benefits like job stability. A red zone leader more likely finds motivation in intangible success factors like title, recognition, and legacy.

Once smart leaders begin to evolve into wise leaders, they begin to exercise the same six capabilities very differently. To

begin, their *perspective* shifts: rather than being execution oriented or thinking purely in strategic terms, they start focusing on a higher purpose as they gain a holistic perspective. As a result, they become fully engaged in what they do as a process but remain emotionally detached from the outcome so that they can maintain a balanced perspective and operate with equanimity. They demonstrate authenticity in their *actions* and ensure these actions are appropriate to different contexts. They gain greater *role clarity*—that is, they know when to take ownership of a situation and lead from the front and when to let others lead and give them credit for doing so. In addition, their *decision logic* becomes more refined: with greater discernment, they start making intuitive decisions that are ethically sound and yet eminently pragmatic. Moreover, they learn to demonstrate flexible *fortitude*—true courage under fire—discerning when to hold on to their decisions and when to fold. Finally, their *motivation* shifts as they act increasingly out of enlightened self-interest instead of being driven only by selfish interests.

In our research, we have found only a few leaders who are wise most of the time across all six capabilities. They are the exception. More often, we have encountered leaders who demonstrate some of the wise leadership capabilities but only infrequently. Growing as a wise leader takes practice, self-discipline, and a willingness to act consistently with your own purpose, values, and the context.

## BECOMING A WISE LEADER

To become a wise leader, you don't need to cultivate new skills or competencies. Rather, you must learn to act and lead wisely using the six capabilities you already have: perspective, action orientation, role clarity, decision logic, fortitude, and motivation. The six following chapters focus on exactly what that means and how to do that.



Chapter 2 is about shifting your perspective and connecting to your noble purpose—or your North Star, as we call it. Wise leaders foster a holistic perspective that integrates diverse, distinct, and even polarizing worldviews. They use this perspective to evaluate the short- and long-term implications of their decisions, and to cultivate an integral mind-set—that is, the ability to see the whole picture rather than its individual components—that enables them to perceive the connectedness of events.

Chapter 3 is about being aware of your action orientation and acting authentically and appropriately for the greater good. Wise leaders intuitively know how to identify the right actions to take, examine the deeper implications, and take the appropriate next step based on the context and aligned with their North Star.

In chapter 4, we discuss gaining role clarity, which entails the ability to lead from any position. Wise leaders develop clarity about being a servant leader—serving their leadership role with humility and dedication—and appreciate the role of others in their success. Their roles do not define—or confine—their authentic self. They are willing and able to assume any role they deem appropriate with humility, enthusiasm, and equanimity and are therefore great team players.

The ability to decide with discernment and clarify your unique decision logic is the subject of chapter 5. Wise leaders make decisions that are both ethical (based on the values that they believe in) and pragmatic. They use discernment and objectivity in decision making; they are conscious of but not influenced by their biases and impulses in making important decisions. They explore all aspects of a complex situation before acting with a combination of logic, instinct, intuition, and emotion.

Chapter 6 examines the concept of flexible fortitude: knowing when to hold and when to fold. For the most part, wise leaders are resolute and resilient, but they also know when to relent and even pull the plug if a deteriorating situation can't be salvaged and threatens wider damage. They are open to learning new

things and stretching their capabilities to do the best job possible, especially during crises.

Chapter 7 deals with discovery of the drivers of your motivation: wise leaders act out of their own volition instead of extrinsic motivation. They are driven by the desire to serve a noble purpose and contribute to the broader community knowing that by doing so, they can reap rewards for themselves as well as for their organization and even society at large. We call the wise leader's intrinsic motivation "enlightened self-interest."

Chapter 8 is about cocreating a field of wise leadership and tying the capabilities together with the concept of wisdom logic, the means by which you make the journey toward wise leadership your own. You cannot become wise just by reading a book or blindly following a structured process. We suggest ways for you to develop your own wisdom logic and bring practical wisdom to your team, organization, industry, community, and even nation on your journey to wise leadership.

## THE PATH TO WISE LEADERSHIP

Smart leaders start their journey to wise leadership by diligently reflecting on the best practices of other wise leaders and practicing them appropriately in their own lives. Eventually, though, you need to embark on a more personal journey toward wise leadership. Each leader's path is unique and depends on where each finds herself in terms of the red zone or the blue zone to begin with—and how committed she is to that way of operating in and seeing the world. This is the foundation for developing wisdom logic—a personalized pathway to wise leadership (we elaborate on the concept of wisdom logic in chapter 8).

Many of the wise leaders we studied developed their wise leadership skills as a reaction or response to a certain event. We don't think Gates woke up one morning and said, "I want to become a wise leader." We suspect that he was forced to consider

the ways his red zone leadership style wasn't working for him and for Microsoft and broadened his perspective to the point where he changed from being a red zone leader and embraced more of the attributes of wise leadership. For Tim Cook at Apple, we believe that Steve Jobs's advancing illness facilitated his evolution from the blue zone leadership to wise leadership.

We have developed a four-step approach you can use to start your journey toward your wise leadership: identify the primary zone you currently operate from, assess where you are on your path, create a road map, and find tools and feedback systems to help you stay on course to wise leadership.

### **Identify the Zone**

You can kick-start your journey to wise leadership by first becoming aware of your tendency to operate most often in one of the two primary leadership zones: blue for functional smart and red for business smart.

While reading this chapter you might have had some inkling of which zone—blue or red—you are comfortable operating in most of the time, although you might desire to act and lead from the other zone. Identify stories and actions that remind you of your own behavior. Highlight relevant sections in the book, and make notes so that you can quickly refer back to those sections when necessary. Once you read the first seven chapters, look back on your notes and highlight sections to identify patterns that belong to the blue zone or the red zone.

### **Assess Where You Are on the Path**

Use the self-assessment here to identify how frequently you demonstrate wise leader capabilities through your behavior (you can also visit [fromsmarttowise.com](http://www.fromsmarttowise.com) to take a more detailed self-assessment). When you look at the self-assessment results, you may discover—and be pleasantly surprised—that you are already acting as a wise leader in some capabilities. Celebrate your newly gained self-awareness, and if you like, you can ask your colleagues to use

the assessment to evaluate you and share the results with you. Ask them to give concrete examples from the recent past that make them support their assessment if you want to identify the behaviors you want to change.

## FROM SMART TO WISE LEADERSHIP SELF-ASSESSMENT

*Directions:* Using the following scoring scale, select how frequently you engage in each of the behaviors described below by circling your choice from 1 to 5. Then add your circled ratings for each item to obtain your overall wise leadership score.



To take the assessment online and receive your automated results, scan the QR code on your mobile device or go to <http://www.josseybassbusiness.com/2012/12/assess-kaipa-2.html>.

### Scoring Scale

- 1 Rarely
- 2 Occasionally
- 3 Sometimes
- 4 Frequently
- 5 Almost always

- |    |  |   |   |   |   |   |
|----|--|---|---|---|---|---|
| 1. | I pay attention to the broader business context as I make decisions about my projects.           | 1 | 2 | 3 | 4 | 5 |
| 2. | I maintain my objectivity even when I am very enthusiastic about a project.                      | 1 | 2 | 3 | 4 | 5 |
| 3. | When I am asked to share my role or authority with others, I do it without taking it personally. | 1 | 2 | 3 | 4 | 5 |
| 4. | When performing a routine project, I take a big picture view to learn as much as I can from it.  | 1 | 2 | 3 | 4 | 5 |
| 5. | My ethical compass directs my actions at work.   | 1 | 2 | 3 | 4 | 5 |
| 6. | I stay focused on a project until completion regardless of whether I will benefit.               | 1 | 2 | 3 | 4 | 5 |

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- |     |  |   |   |   |   |   |
|-----|--|---|---|---|---|---|
| 7.  | While taking critical actions, I stop to reflect on whether they align with my values and ethics.        | 1 | 2 | 3 | 4 | 5 |
| 8.  | When selecting my next project, I consciously disregard the potential for personal gain.                 | 1 | 2 | 3 | 4 | 5 |
| 9.  | When faced with a tough decision, I explore all aspects of the issue holistically with a long-term view. | 1 | 2 | 3 | 4 | 5 |
| 10. | My will is strong enough to control my emotions and impulses that get in the way.                        | 1 | 2 | 3 | 4 | 5 |
| 11. | I acknowledge that my happiness largely depends on the choice I make to be happy or unhappy.             | 1 | 2 | 3 | 4 | 5 |
| 12. | I pay extra attention to ideas that expand my worldview and give me a broader perspective.               | 1 | 2 | 3 | 4 | 5 |
| 13. | I pay attention to the project mission (the why) as much as to goals and strategy (the what and how).    | 1 | 2 | 3 | 4 | 5 |
| 14. | When exploring new avenues, I am a thoughtful risk taker.  | 1 | 2 | 3 | 4 | 5 |
| 15. | When faced with a task I don't enjoy, I regard it as a commitment to others to do the best job I can.    | 1 | 2 | 3 | 4 | 5 |
| 16. | I make decisions that serve a larger purpose than just my own.   | 1 | 2 | 3 | 4 | 5 |
| 17. | I bring equal focus and enthusiasm to concrete and conceptual projects.                                  | 1 | 2 | 3 | 4 | 5 |
| 18. | I prioritize my actions based on the contribution I can make to others and a larger mission.             | 1 | 2 | 3 | 4 | 5 |

**My Wise Leadership Score:** \_\_\_\_\_

### What Your Scores Mean

69–90	Congratulations, your scores—if you were truly honest with yourself—indicate you have successfully cultivated practical wisdom in your leadership capabilities and are well along on the path to wise leadership. Look at your Six Capabilities of Wise Leadership subscores below to help determine which areas to focus on in your continued evolution from smart to wise.
54–68	You have begun the transformation from smart leader to wise leader. Look at your Six Capabilities of Wise Leadership subscores below and focus special attention on your lowest-scored capabilities to continue to grow and cultivate wise leadership.
18–53	You have not yet transformed your smart leadership qualities to wise leader qualities. Remember, you have to demonstrate your practical wisdom more frequently for you to build your wise leader muscle.

To obtain your Six Capabilities of Wise Leadership subscores, transfer and add your ratings for the items indicated for each subscore below.

#### Perspective

#1	___
#12	___
#13	___
My perspective subscore	___

#### Action Orientation

#2	___
#7	___
#14	___
My action orientation subscore	___

#### Role Clarity

#3	___
#8	___
#15	___
My role clarity subscore	___

**Decision Logic**

#5	___
#9	___
#16	___
My decision logic subscore	___

**Fortitude**

#6	___
#10	___
#17	___
My fortitude subscore	___

**Motivation**

#4	___
#11	___
#18	___
My motivation subscore	___

**What Your Subscores Mean**

13–15	This capability is a strength for you. Build your wise leadership further by developing synergy among your capabilities.
10–12	You have begun to build this capability of wise leadership very well. Continue to cultivate it and exercise it more frequently until it becomes a reliable strength for you.
3–9	You have not yet developed your capability in this area and may be stuck in the red or blue zone. Read and apply the ideas and strategies in <i>From Smart to Wise</i> on this wise leadership capability to begin to make it a strength for you.

Gaining awareness of how you currently exercise wise leadership capabilities is the first step in the right direction. We recommend that everyone on your team get a copy of this book and spend one hour a week to discuss the insights and action steps from each chapter to help each other move along the path of wise leadership.

Keeping your own assessment results close by, continue to deepen that self-awareness by reading chapters 2 through 7, where you will learn about other wise leaders and the unique way in which they exercise the six leadership capabilities. In each of those chapters, we give details on how leaders tend to exercise a particular capability—say, perspective or motivation—when they operate in the blue or red zone and compare and contrast that with how wise leaders use that same capability. Each chapter gives examples of wise leaders and their best practices, as well as some tools and advice. Pick one tool or piece of advice from each chapter and practice what you have learned at least once a day. Also, discuss each chapter’s key findings with your team members, say once a week. Creating a book club or a dialogue group on wise leadership around you will give you more motivation to practice what you learn in this book.

We believe that wisdom—and wise leadership—is our birth-right. We can all journey toward it if we become aware of where we currently are operating from and progressively take our colored filters off and see—and interact with—the world in its full spectrum.

### **Create a Road Map Toward Wise Leadership**

Once you have read this book completely and identified your wise leader score and action steps to increase that score, create a road map to move yourself toward your North Star, which represents your noble purpose (in chapter 2 we offer a tool that can help you discover and connect with your North Star). This road map is your developmental path: it will help you prioritize your efforts



in cultivating wise leadership while you are moving toward your North Star.

Once you have the road map in hand, you can initiate your journey by focusing on any of the six capabilities. Pick the capability that you are most interested in working on, and reread the chapter that addresses that capability. Then discuss with your team (it could be a work team or family team or a circle of friends) your action plan to exercise that capability in a wise manner. Be open to suggestions from others, and get to work on it. When you are ready, you can identify another capability that you are interested in—or just go to the next one in order—and continue this cycle. Sometimes you might find that while you are working on improving how you act and lead in one capability, you are simultaneously getting better in another—which is not surprising, since the six wise leadership capabilities are integrated and interdependent.

In our experience, leaders who operate primarily in the business smart mode can make the biggest progress to understand wise leadership if they begin to pay more attention to motivation first—in other words, if they can act out of enlightened self-interest more often. Then they may need to pay special attention to perspective, action orientation, and role clarity. You might have to downplay your enthusiasm for quick and intense action, especially if you tend to operate in the red zone. If you primarily operate in the blue zone, you might want to increase your activity level and pay special attention to decision logic, fortitude, and motivation. Again, use your team to support your transformation into a wise leader—while you are also supporting their journey.

### **Stay the Course**

Once you have prioritized one or more developmental areas and started acting on them, you are on the road to wise leadership. Be aware, however, that this journey is not a straight line but more like the movement of a clock—steady and continuous movements to both sides, with the real movement taking place on the clock

face. Indeed, we have identified wise leadership as the diligent effort of shifting away from a particular zone you generally operate from. Expect to have lapses and sometimes get stuck in your traditional zone (after all, it is your comfort zone): it is important to demonstrate resilience and be kind to yourself. Be conscious of trying to unstick yourself and resume your journey—or, more appropriately, of removing the filters you are accustomed to and taking a fresh look at what is in front of you.

All journeys can be difficult: nobody likes changing entrenched habits, and the unknown is often associated with anxiety, leading many people to conclude that it's not worthwhile to leave safety behind and explore untraveled territory. So how can you determine whether you are breaking old habits and progressing on this journey?

Our book website, [fromsmarttowise.com](http://fromsmarttowise.com), provides more detailed assessment and feedback for you. We will continue to add more tools, graphs, and examples to help you on your wise leader journey. We hope our website will also serve as a social networking platform for aspiring wise leaders like yourself to share your discoveries and the best practices you learned along your journey to wise leadership.

Even after you have broadened your perspective to include the attributes of wise leadership, your primary strengths in the red or the blue zones won't be gone. In fact, when you are stressed or feel very confident (even arrogant), you might easily revert to autopilot mode and operate more from your primary strengths. Wise leadership is a dynamic state of consciousness, and it takes significant discipline and practice for you to operate consistently in that state. It requires being aware of where you are at any moment and paying close attention to the context you are in. Once you take action that you intuitively feel confident about, take time to reflect on what you did, the results it produced, and how it was appropriate to the context outside and within you. Such attention, reflection, and introspection are the basic tools you will use to integrate wise leadership. Use these tools in part-

nership with your study team. The more consistently you use them, the more adept you are likely to be and the more confident you will feel in operating from a place of wise leadership.

This book does not offer any magic bullet for becoming a wise leader. There is no such thing. It will, however, provide a framework for you to learn about yourself and guide your personal transformation as well as that of your organization. It is an iterative, interconnected process. We hope you will experience a radical broadening in perspective, which is at the heart of sustainable change. Then, by applying the new insights and lessons from the book, you will grow into a wise leader. Above all, we hope this book will inspire your own spirit of inquiry, just as conceiving of it and writing it did for us, and encourage you to embark on this rewarding path.

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