Linkage

Rethinking Leadership:

The Power of Purpose

Introduction

When the word "leadership" comes to mind, what do you picture in your mind's eye? From where did this vision come, and who is at the source? Maybe your idea of leadership is based on a great coach you had growing up or how your parents raised you. Or maybe you think of iconic leaders from different periods of history.

Great leaders and great organizations go hand in hand. Without one, you couldn't have the other. This is most certainly true in the business world, where every industry has its flagship enterprise. What is common to these companies is the highly effective and successively improving leadership that brings them to the top of their verticals. Take, for example, aerospace: Boeing and its subsidiaries are the industry leaders. In guitar manufacturing, there's C.F. Martin & Co. And in large-scale construction management? Shawmut Design and Construction.

With Mark Van Tine at the helm, Jeppesen, a subsidiary of Boeing Company, secured over 100 new patents and grew its annual revenue by nearly 400 percent on its way to becoming a global leader in air operations efficiency solutions. At C.F. Martin & Co., Chris Martin IV assumed control of the company and reinvigorated the acoustic guitar manufacturing industry in the United States at a time when acoustic guitars were at an all-time low in popularity. And Les Hiscoe took up the reins at Shawmut Design and Construction with a focus on client service, building a talent-driven organization and becoming a leading-edge service provider. But what is it that makes these and other leaders so successful? Are there specific indicators that distinguish the most effective business leaders from all others?

We've all seen the book titles, the articles, the Facebook posts. We've heard clichés and anecdotal stories of leaders and leadership that, for the most part, aren't relevant in today's world. And we've been inundated with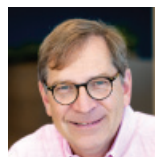 leadership "best practices" that are, at most, interesting, and at worst, steer us in the wrong direction because they are not contextual and lack relevance to our specific organizational constructs.

The reality is, there are no "best practices." There is no single "best" leadership style that can be universally applied to drive success. There are many opinions and unfounded "truisms" when it comes to defining effective leadership, but hard evidence—direct proof of that which constitutes leadership effectiveness—has long remained elusive.

We believed Linkage was in a unique position to move the conversation from the anecdotal to the empirical. Armed with 30 years of data collected over the course of working with more than one million leaders and managers around the globe (including leaders of Fortune 1000 enterprises, start-up companies, nonprofit organizations, academic institutions and everything in between), we knew we were amassing evidence that would yield data-driven clarity. We just needed to undertake the analysis.

We started with an examination of the data we've collected over three decades. We complemented this analysis by reviewing vast amounts of well-received literature on leadership, and we validated our findings with leading scientists, academics and established global leaders. The result is a new model of leadership effectiveness grounded in evidence that makes sense for the leaders of today and tomorrow: the Linkage Purposeful Leadership® Model.

We wish you the best on your journey of Purposeful Leadership.

Mark E. Hannum

Mark Hannum
Chief Research Officer, Linkage

Purposeful Leadership

Linkage's Purposeful Leadership model recognizes that (1) leadership emerges from an individual's conviction to accomplish something that matters; (2) leadership flourishes when, in pursuit of that conviction, the individual succeeds in articulating a vision that others want to embrace and contribute to; and (3) the leader is able to demonstrate a series of sustained commitments to him or herself and to his or her organization.

Purposeful Leaders are able to identify a PERSONAL "WHY"—their motivation that drives them to push towards a defined objective—and they successfully translate this ideal into an ORGANIZATIONAL "WHAT FOR"—a broader vision and message that their teams can rally around.

The goal can be altruistic, but it needn't be. Setting a vision for changing the paradigm of the home gardening toolset is just as reasonable a PERSONAL "WHY" as providing free school supplies to kids in need. Likewise, differentiating a video production company from its competitors by expanding the services it offers customers is as valid as improving the nutritional value of snacks sold in vending machines. The point is, the purposeful leader is clear about his or her motivation and takes deliberate and decisive action toward accomplishing the goal.

The Five Commitments of Purposeful Leadership

Our data show that there are five commitments effective leaders make to themselves and their organizations:

- They inspire those around them to join the pursuit of a common vision

- They engage every team member in meaningful activities

- They innovate products or processes

- They achieve significant results by organizing people

- They become more self-aware in their ability to transform, coach and influence people.

Together, leaders and their team members forge a relationship that influences the attainment of that goal.

1. Inspire

The commitment to inspire others starts when the leader translates his or her PERSONAL "WHY" into a vision of a future state in which the goal has been realized, and then sets out a roadmap for how the organization, working together, can get to that future state. Clear articulation of the vision is vital to establishing an ORGANIZATIONAL "WHAT FOR"—the broader mission of the team.

Drawing on the examples above, a leader who has identified a PERSONAL "WHY" of changing the paradigm of the home gardening toolset may establish an ORGANIZATIONAL "WHAT FOR" of designing and manufacturing a new line of ergonomic wheelbarrows. Another leader driven by a PERSONAL "WHY" of differentiating a video production company from its competitors may set an ORGANIZATIONAL "WHAT FOR" of establishing the company as an industry leader in aerial footage via drone. In either case, the leader is able to set forth a cause that team members can rally around and contribute their talents to.

2. Engage

To engage his or her team, a leader deliberately considers the most effective ways to complete the work that must be done. The leader assigns team members roles for which they are well-suited, or that represent a reasonable stretch for their skill sets. Either way, the leader accounts for the discrete strengths of the teams and/or the individuals comprising each team and makes intentional decisions about how to assign the work. Additionally, by fostering inclusion and inviting engagement through clear and candid communication with his or her team, the leader creates an environment where every team member feels valued, trusted and respected.

Engagement goes beyond inviting diversity of thought to intentionally recognizing what makes each and every individual unique—and demonstrating an appreciation of the value they bring to their role. It's about creating a safe environment where everyone can focus on meaningful work and encouraging team members to bring their full and best selves to bear in accomplishing the defined tasks.

Linkage Purposeful Leaderhip Spotlight: **Jeppesen** *(a subsidiary of Boeing)*

Jeppesen CEO Mark Van Tine had long been guided by a PERSONAL "WHY" of making aviation safer, simpler, and more cost effective for more than a million pilots worldwide.

The company faced common business challenges at the time: to remain relevant to customers and to avoid being commoditized by advancing technology.

Working on Jeppesen's overall leadership effectiveness, Van Tine also set an ORGANIZATIONAL "WHAT FOR": to make Jeppesen the most essential element in a pilot's information toolbox. The objective was to "make the complex simple" for Jeppesen's customers.

The company focused on redefining its goals, reshaping the team made up of the top 100 leaders at Jeppesen, and revising its operational priorities to reflect a participative model for innovation. Plus, they placed a laser focus on transforming the company from a paper-based business model to a digital information enterprise.

The company secured over 100 new patents, and Jeppesen's annual revenue grew from $260 million in 2002 to roughly $1 billion in 2015.

3. Innovate

Innovation is implicit in articulating a vision for a future state. To innovate, effective leaders steer away from the status quo and toward improvements in the work products of the organization and/or the processes by which the teams achieve their objectives. In order to do this, purposeful leaders strive to identify opportunities to move their organizations forward, knowing that inspiration and engagement go hand in hand when the case for innovation has been clearly communicated.

In today's business climate of rapidly accelerating changes in customer expectations, technological capabilities and business requirements, innovation is far more than a nice-to-have trait; it's absolutely essential. Leaders must demonstrate constant attention to the innovate commitment in order to keep their organizations and work products relevant, to stave off competition, and to help fulfill the engage commitment to keep team members immersed in the meaningful work of the organization.

4. Achieve

Leaders who demonstrate a sustained commitment to achieve favor motion over effort and destination over process. Achievers ensure successful implementation by building and connecting processes within the organization, and effective leaders carefully match goals to the capabilities of the team, often requiring the team to stretch in their quest for attainment.

Achievement-oriented leaders consistently deliver on the commitments they make to themselves, their team members and their stakeholders. Their bias toward decision making and driving results empowers team members to stay focused and on task. Leaders who excel in this area understand how to balance time, energy and resources, developing processes that are repeatable, scalable and measurable without getting lost in unnecessary activity or detail.

5. Become

If the five commitments are the foundation for effective leadership, becoming more purposeful is the cornerstone. To "become" is how we describe the leader's journey. As leaders gain experience, they grow in their leadership capabilities, replete with self-confidence, humility and conviction. It is through the commitment to become that the effective leader is able to fulfill the other four commitments.

Leaders understand that becoming is a journey that is never fully realized as a destination. It requires patience, determination and perseverance to continuously grow and evolve, knowing that there is never a definitive end to the process.

As a leader becomes more purposeful, he or she begins to develop several important realizations:

- "I know how to look at the world."
- "I know how to organize people to achieve goals."
- "I know how to develop each person so that every team member can rely on, and expand, his or her talents to help reach the end goal."
- "I can do this now with my current team; next time, I will be able to achieve similar success with another and larger group."

Linkage Purposeful Leadership Spotlight: Shawmut Design & Construction

Shawmut Design and Construction is a $1.3 billion national construction management firm with a reputation for completing extremely complex and logistically challenging projects for some of the most high-profile clients in the industry. Shawmut operates across a range of sectors, including healthcare & life sciences, retail, luxury homes, hotels, sports, academia and restaurants. As an ESOP (employee-owned) company, Shawmut has created a culture of ownership, proactive solutions and forward-thinking momentum.

When Shawmut's Chief Executive Officer Les Hiscoe was named to his position in 2015, he was clear about his PERSONAL "WHY." Les knew that the essence of Shawmut's secret sauce is its "people-first," ethical culture, and he was passionate about the notion of building a talent-driven organization staffed by world-class professionals who would in turn be able to provide their clients with an outstanding customer experience, setting the bar for the industry.

Early in his tenure as CEO, Les engaged Linkage to help execute on the ORGANIZATIONAL "WHAT FOR" of building market share, market respect, profit and client loyalty. This included a sharper focus on three strategic growth pillars, including client service, building a talent-driven organization and becoming a leading-edge service provider. Importantly, to "walk the talk," Les's strategy mandated a proactive plan to share profits with the company shareholders—its people.

Les was introduced to Linkage via Shawmut's previous CEO Tom Goemaat, who helped Shawmut future-proof the enterprise by developing a succession plan that resulted in a broadening of the ORGANIZATIONAL "WHAT FOR." This entailed further expanding the range and scope of Shawmut's services under Les's leadership, resulting in increased company revenue to the $1.3 billion Shawmut generates today.

Regarded holistically, the Purposeful Leadership model looks like this:

Purposeful Leadership® Model

The Purposeful Leader embodies wisdom, conviction, responsibility, commitment, openness & belief in others & their capabilities

INSPIRE

Provide hope and inspiration for the future, and directs energy toward a bold vision.

ENGAGE

Identifies and offers opportunities to engage, contribute and thrive at work.

INNOVATE

Drives new thinking and creative freedom, re-imagines realities for competitive differentiation and success.

ACHIEVE

Accomplishes successful outcomes and delivers excellence by creating appropriate structure and clarity.

BECOME

Grows with determination, compassion, self-awareness, and courage.

Implications of Purposeful Leadership for Leaders and Their Organizations

Individuals who use the model to assess their performance across the five key commitments can steadily strengthen their leadership. Leaders who display a willingness to honestly examine their strengths and shortcomings can address their weaknesses and progress along the leadership continuum toward greater effectiveness. Some leaders have inherent traits allowing them to develop their ability to make and keep their commitments more quickly, but all leaders at all levels can strengthen the way they demonstrate these commitments. The keys are self-awareness and willingness to self-assess and change.

For organizations, investing in leadership development is essential: companies that invest in their leaders see, on average, a 400 percent return on their investments. According to recent research published in *Mastering Leadership* by Robert Anderson and William Adams, for every dollar a company invests in leadership development, the company receives four dollars in organizational effectiveness. Among the companies performing in the top 10 percent of those studied in the development of *Mastering Leadership*, 80 percent of leaders can be classified as Purposeful. Conversely, among the bottom 10 percent, only 38 percent of leaders can be classified as Purposeful.

Linkage Purposeful Leadership Spotlight: C.F. Martin & Co.

C.F. Martin & Co. of Nazareth, PA, has been creating fine instruments for over 180 years. One of the world's leading acoustic instrument makers, Martin produces guitars hand-made by skilled craftsmen and women who use a combination of new designs and techniques, along with those introduced by the company founder. Martin guitars and Martin strings are the instruments and strings of choice for musicians around the world, from the icons of rock, pop, country, folk and bluegrass to those just beginning their careers.

But when Chris Martin IV inherited the top spot in the company in the 1980s, the company was mired in a traditional way of operating that didn't reflect the realities of the times. The folk era had ended more than a decade before, and acoustic guitars had fallen out of favor. The woods used in fine guitars were becoming scarce and expensive. To make matters worse, guitars required the use of two small pieces of ivory, obtained at the cost of the rapidly accelerating extinction of the elephant.

However, Chris held a strong sense of commitment to the family name, the brand, the local community and the environment. He leveraged this PERSONAL "WHY" to articulate the company's allegiance to the town of Nazareth and to the environment as an ORGANIZATIONAL "WHAT FOR." Under Chris Martin's purposeful leadership, C.F. Martin & Co. invested in a state-of-the-art manufacturing facility, formed a partnership with the Rainforest Alliance to promote strong, healthy forests, and started building their guitars out of sustainable woods. Further demonstrating their commitment to their values, C.F. Martin & Co. continued efforts begun in the 1960s to phase out the use of ivory by pioneering a synthetic ivory substitute. Eventually, they completely abolished the use of natural ivory and became a founding partner for the Nature Conservancy's "Save the Elephant" campaign.

Today, C. F. Martin & Co. is producing guitars of the best quality in the company's history and setting new sales records virtually every year. They have reinvigorated the guitar manufacturing industry in the US, and they have preserved the legacy of the company and its employees in the museum they built on site.

The Linkage Purpose Index™

In the first half of 2017, Linkage undertook a national survey of the working population in the United States to assess the impact that purposeful leadership has on employee attitudes and organizational performance. More than 1,000 respondents assessed their organization's leadership across a range of Purposeful Leadership behaviors, attitudinal outcomes and organizational performance metrics. The results, quantified in the Linkage *Purpose Index*™, validate the data upon which the Linkage Purposeful Leadership model is based.

The Linkage Purpose Index explores the effect of Purposeful Leadership on four essential business indicators:

1. **Financial Performance**

2. **Competitive Differentiation**

3. **Employee Engagement**

4. **Employee-Driven Net Promoter Score (NPS)**

The Linkage Purpose Index survey first identified working respondents, and asked survey participants to score their leaders on a range of behaviors that are most predictive of Purposeful Leadership. This identified the top quartile of leaders (as determined by the aggregate scores given by respondents) as Purposeful Leaders. The survey then asked employees to assign a rating of 1 to 5 to the key criteria within the Financial Performance, Competitive Differentiation and Employee Engagement indicators, with a score of 5 representing the highest possible company performance for the given criterion. The data was then analyzed to see how the top quartile (Purposeful Leaders) scored across the criteria for each indicator as compared to all other leaders.

Table 1:
The criteria comprising the first three indicators

FINANCIAL PERFORMANCE

1. Revenue growth

2. Profit growth

COMPETITIVE DIFFERENTIATION

1. We produce more innovations

2. We provide our customers and clients better value

3. Our products and services are exceptionally high quality

4. We are gaining more customers and clients

EMPLOYEE ENGAGEMENT

1. Overall, I am satisfied at work

2. I intend to be working here in one year

3. I have the space to create and innovate in the workplace

4. My unique contributions are valued in the workplace

5. At work, I contribute to something greater than myself

6. My coworkers are driven to produce results for the company

7. I trust management to lead our company to a successful future

8, I believe management looks after employee interests

9. The way our organization does business will make us successful for the long term

The Impact of Purposeful Leadership

Purposeful Leaders are seen by their employees as driving strong employee engagement, competitive differentiation and financial performance (See Figure 1).

For the Employee Engagement indicator, 44 percent of leaders identified as Purposeful received a 5 (the highest possible score) across all nine criteria. For the other three quartiles combined, only 5 percent received 5s across the board, meaning Purposeful Leaders were nine times more likely than the rest of the leadership group to receive these superlative scores from their employees.

For Competitive Differentiation, 40 percent of Purposeful Leaders, as compared to just 7 percent of all others, received a score of 5 across all four criteria: Purposeful Leaders were nearly six times more likely than the rest of the leadership group to receive the highest possible scores.

And for the two criteria within Financial Performance: Purposeful Leaders were more than twice as likely to earn a top score on revenue growth and more than four times as likely on profit growth than their counterparts.

Figure 1:
Purposeful Leadership drives employee engagement, competitive differentiation and financial performance

Effects of Purposeful Leadership on Key Business Indicators

■ Top Quartile
■ All Others

| 5% | 7% | 9% | 9% |
| Engagement **44%** | Competitive Differentiation **40%** | Revenue Growth **22%** | Profit Growth **40%** |
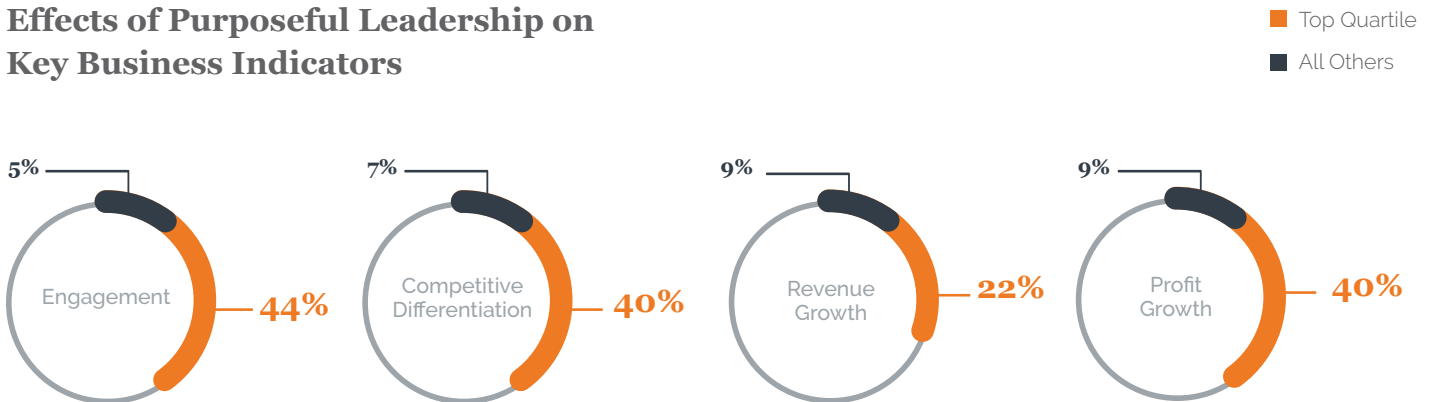
Finally, the survey asked respondents to use a scale of 1 to 10 to indicate their likelihood of recommending their organization to others as a great place to work. This data set was converted into a Net Promoter Score, which ranges from -100 to 100. Purposeful Leaders (the top quartile as identified in the survey) generate significantly higher NPS than second, third and bottom quartile leaders (See Figure 2). A score of 50 is exemplary.

It is clear that demonstrating the behaviors of Purposeful Leadership is instrumental in generating the organizational alignment that allows companies to flourish.

Figure 2:
Purposeful Leaders generate significantly higher NPS than leaders scoring in the second, third and bottom quartiles.

Purposeful Leadership Drives Net Promoter Score (NPS)

■ Top Quartile
■ Second Quartile
■ Third Quartile
■ Bottom Quartile

53

24

-12

-45
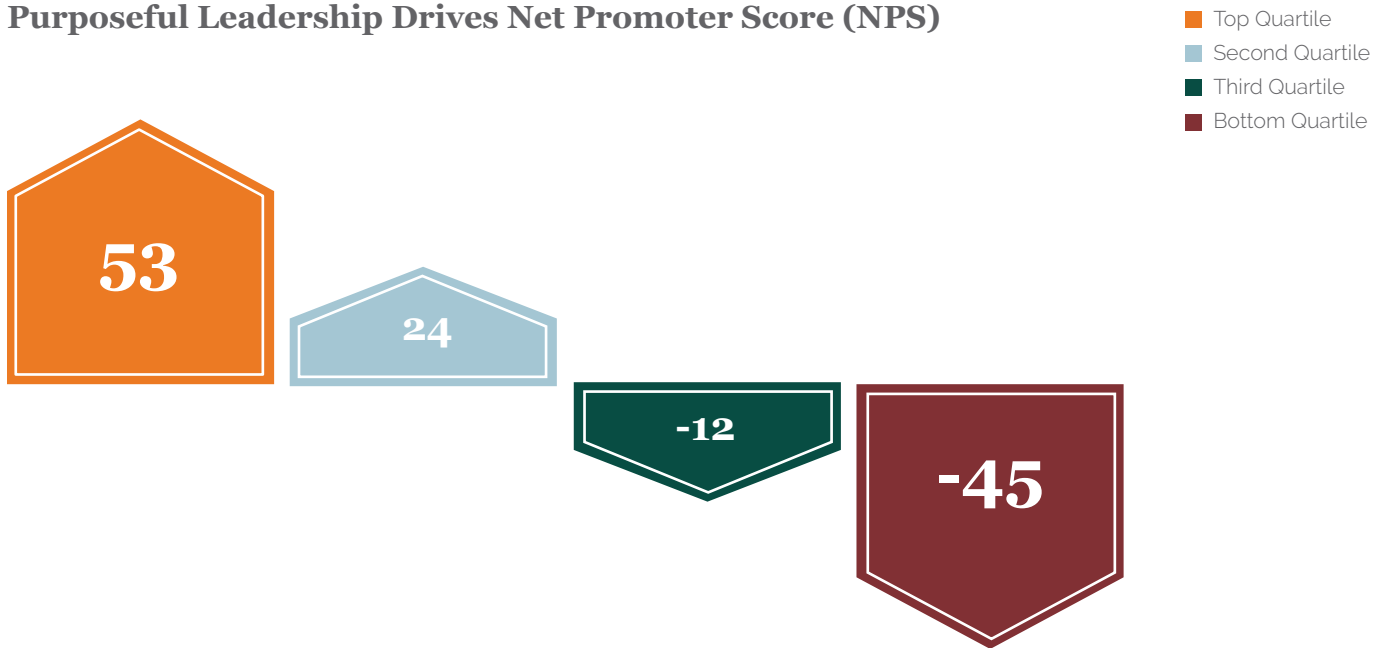
The Research Behind the Linkage Purposeful Leadership Model

Linkage mined its vast data pool (amassed over 30 years of working with leaders around the globe) to distill the essence of great leadership. We undertook a multi-step process to identify the key indicators that distinguished the most effective leaders from the rest.

We began by reviewing more than 100,000 leadership assessments from our archives, looking at how leader performance was rated by members of three stakeholder groups: the leader's team members, peers and supervisors. We isolated the assessments of the leaders scoring in the top decile across these three stakeholder groups and looked for the characteristics that separated those performing in the top 10 percent from all others. We were able to identify the assessment items that produced the widest gap in numerical score between the high and low (the variance), distinguishing the top assessment items that proved to be the best predictors of high ratings of highly effective leadership.

From there, we performed a factor analysis to see how the scores on these assessment items were clustered—in other words, which scores showed the strongest correlations. The clusters resulting from the factor analysis yielded five domains—inspiration, engagement, innovation, achievement and purpose—from which the five key commitments of the Linkage Purposeful Leadership model were derived.

In the leadership assessments, we asked the evaluators to rate the effectiveness of the leader from Highly Effective, to Effective, to Moderately Effective, to Ineffective, to Highly Ineffective. We then isolated the items in the assessment that most highly correlated with the top two categories—Highly Effective and Effective—and 95 percent of the time, the seven items in Table A1 were highly predictive of a very effective leader.
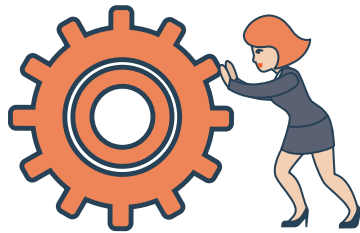
Table A1:

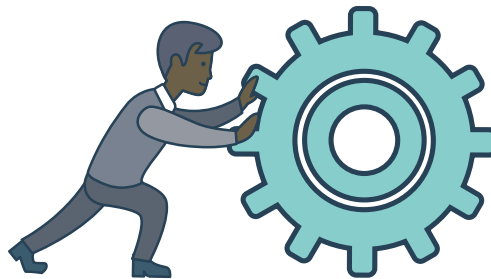*Behaviors indicative of effective leadership*

Mean of Research Criteria Scale (a = .95)	Commitment	Correlation with Mean Criteria
Creates effective teams by structuring expectations, roles and processes	Achieve	0.68
Instills a sense of confidence in others—even those who are convinced that "they can't do it"	Achieve	0.69
Gets to know others to engage their talents, skills and motivations	Engage	0.66
Establishes an environment where it is safe for employees to take measured risks	Engage	0.68
Helps others successfully navigate change by listening and addressing concerns	Innovate	0.67
Shows passion and belief through a communication style that inspires support	Inspire	0.68
Gains commitment by looking for, and bringing out, people's potential	Become	0.72

Our Data and Findings

We can say with confidence that if a leader is demonstrating these behaviors consistently and with appropriate frequency, he or she is very likely a highly effective leader. Conversely, when a leader is rated poorly across these seven criteria, we can say with a great deal of certainty that the leader is ineffective, or perhaps even destructive or toxic.

For validation, we engaged a cadre of academic subject matter experts—40 PhD-level industrial/organizational psychologists —in a double-blind review of the clusters, which resulted in strong agreement (roughly 70 percent correlation) on the content of the clusters. The five commitments emerged as the strongest predictors separating great leaders from the rest.

Furthermore, a regression analysis of the scores of each assessment item across the three stakeholder groups illuminated four "super items" whose gap scores (difference between the highest and lowest performing deciles) best explained the variance between the highest performing leaders and the lowest. The variance between high and low scores on the four items in Table A2 were the strongest predictors of superlative leadership:

Table A2: *Strongest indicators of effective leadership by assessment item score variance*

Assessment Item (Leadership Capability)	High-Performing Score	Low-Performing Score	Variance
Creates a view of the future that motivates others	3.879	3.448	0.431
Represents and articulates viewpoints in a way that positively influences the dialog	3.838	3.406	0.432
Instill a sense of confidence in others—even those who are convinced that "they can't do it"	3.909	3.447	0.462
Gains the trust and loyalty of others by fulfilling the commitments made to them	4.220	3.719	0.501

The Journey to Purposeful Leadership

Much of what has long been professed as the truth of great leadership is not based on quantitative analysis. The most heavily relied-on leadership models have been propagated in business schools and through best-selling self-help books that tend to be anecdotal rather than evidence-based.

What we've learned from actual data is that Purpose drives engagement; Purpose drives competitive differentiation; Purpose drives revenue and profit; and Purpose drives employee Net Promoter Score. The data show a strong correlation between an organization's progress towards Purposeful Leadership and robust performance in the most essential business indicators that companies generally care about.

The Linkage Purposeful Leadership model is a useful tool for assessing and improving one's leadership effectiveness, or the effectiveness of leaders within an organization, in an intuitive, adaptable manner. To describe Purposeful Leadership as an end state would be misleading. However, leaders can (and should) strive to consistently uphold the five commitments of Purposeful Leadership (or, to create complementary teams that provide strengths where a leader may be less strong) in order to maximize effectiveness.

While the effort is more of a journey than a destination, every leader can move toward a more purposeful state of leadership through guided introspection, practice and sustained attention to the five commitments. Perhaps most important, through adoption of Purposeful Leadership behaviors, every leader, from the most effective to the least, can continuously, consciously and intentionally improve for the benefit of themselves, their organizations and the marketplaces or ecosystems in which their organizations operate.

About Linkage

For more than 30 years, Linkage has been changing the face of leadership. Through our work with more than one million leaders, we continue to evolve our leadership data, insights and frameworks—empowering leading organizations to solve their most vexing leadership development challenges. From developing effective, purposeful leaders to advancing women and creating cultures of inclusion, we guide our clients with proven solutions to create transformative change.
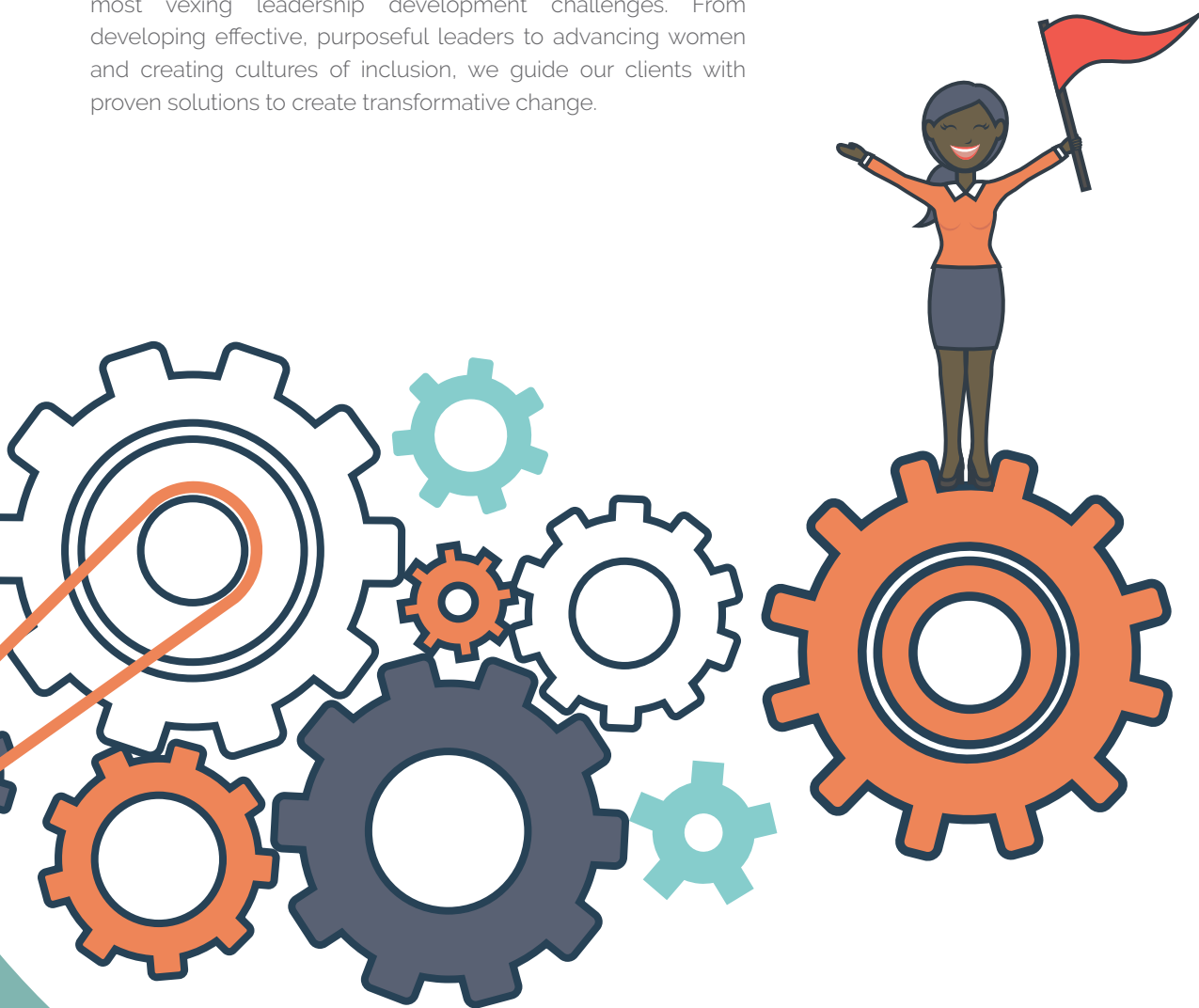
Linkage
Create lasting leadership impact