

# Leaders: what separates great from good

As a venture capital and management buyout investor for the past 15 years, my primary goal has been to back great managers. That's what the venture capital business is all about:

backing exceptional leadership. You pick the horse and you ride, and nearly every good or bad investment can be linked directly back to the CEO and his or her team.



**Equity Line**

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At the end of the day, great returns are driven by great leadership, and the ability to choose the great leaders. All successful venture investors have backed great leaders who have generated stellar returns. We've also backed CEOs who looked great, sounded great and delivered terrible results. And those of us who will admit to it have backed CEOs who looked bad, sounded bad, and then, shockingly, produced terrible results.

Great leaders have a set of qualities that distinguish them. In my experience, they are the key qualities of leadership:

■ **Great listening skills.** Strong leaders always have their ear to the ground and know what's happening around them. They know they only have part of the answer and need to pick up the rest from the troops in the field in order to optimize. Great leaders do not like to hear themselves talk. They like to listen to the words of others.

■ **Action-orientation.** Great leaders listen, gather information, conduct thought-

ful and meaningful analysis, and move on. They don't study, study, study and then study some more and incrementalize.

They have a big action list and get things done. They know that 15 to 20 percent of these decisions will likely be wrong or require adjustment, but this is a price worth paying in order to keep the organization moving.

■ **Lead by example.** Great leaders walk the walk, period. They do as they say they will and hold others to the same standard. They do not preach one approach and conduct their lives in a different manner. If they say they will get back to you tomorrow, it's done. You can take it to the bank.

■ **Under-promise.** Real leaders know that over-promising has no benefit and, in fact, creates disappointment and distrust. Great leaders, when they know a task will take five days to accomplish, promise the delivery of the task in eight days and deliver it in five to six.

■ **Brutal honesty.** If the sky is dark and stormy, don't tell your team about the subtle shades of blue. Call it as it is. A leader needs to have enough respect for the team and its capability to deliver the bad news with the good. The only way an organization can function is if it knows the truth.

■ **Make the hard calls first.** This is a corollary to the prior point. Don't postpone the hard calls in favor of the easy ones. If you have to take a hard action, take it and move on. If you need to terminate a team member because it is for the best of the organization, get it done.

■ **More grace with power.** The more powerful and successful great leaders

become, the more graceful they are toward subordinates and others they encounter. Success and power breed empathy, insight and consideration in strong leaders, not ego, aloofness and an entitlement mentality. Great leaders respect every individual from the janitor to the fellow CEO.

■ **Desire to win.** Great leaders want to win. They want to lead a winning team, and they do it with a positive attitude. They don't win by tearing others down, they win by executing better than the others. They don't like to lose, but they don't dwell on the losses. Great leaders recognize that they learn more in defeat than in victory; they take their lessons and their lumps and move on. They set clear goals ("Let's take that hill!") and attack.

■ **Openness.** Great leaders are open with information and push information deep into the organization. Leaders know that every person in the organization, when armed with useful information, can contribute to results. They know that withheld or surreptitious data will get out there eventually, damaging credibility. And they emphasize results over form.

These are the positive qualities. You could say that weak leaders possess many of the opposites of these qualities, but to emphasize a few points from experience, great leaders do not bully subordinates, speak over others, believe they are always right, lead by words and not deed, gloat over other's losses and motivate using fear and chaos. These are signs of weak and insecure leadership.

Most winning CEOs possess a majority of these positive qualities; few possess all. But the full list can be a goal for us all.