

For many businesses, especially service businesses, talent is the critical asset. In the attached interview from NPBI, Carly Fiorina, Chair & CEO of HP, discusses effective leadership, building a great organization and dealing with information and change. We think it will be of interest to current leaders and also to those aspiring to become one.

Best regards,

David Harper, Principal Member & Directing Manager

Leaders of the New Century

Interview Transcript Series #2

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AN INTERVIEW WITH CARLY FIORINA CHAIRMAN AND CEO OF THE HEWLETT PACKARD COMPANY

No business leader has faced a greater challenge than Carly Fiorina, as she pulls together two vast, complex organizations; HP and Compaq. In fact, no CEO has ever attempted so sweeping a set of changes in corporate history. Leaders of the New Century talked with Carly about this challenge at her corporate offices in Palo Alto, California.

'Leaders -- no matter how smart, no matter how in-touch -- can't possibly know it all.'

LNC: You've undertaken huge changes as the first outsider to lead HP during one of the most difficult economic periods in recent history. Has this changed your role as a leader? Or, do the principles remain the same?

CF: I think the answer is both. Certainly, I think there are specific tactics of leadership that adjust to meet the challenges of this New Century. Most successful organizations today require a more collaborative, open, empowered, networked society or company. But there are also some things about leadership that never change and have stood the test of time. And my proof of that would be to quote one of my favorite sayings about leadership, which is thousands of years old and comes from Sun Xu. He said that 'a good leader is he who men revere. An evil leader is he who men despise. A great leader is he of whom the people say, 'We did it ourselves.'

And I think that remains true of great leadership. That great leaders empower people, inspire people, lead people to accomplish more than they thought was possible and to be more capable and more confident at the end of that journey than when they began it.

LNC: In recent years you have spoken frequently about the importance of the 'digital renaissance'. What does that mean

and what are the new challenges that arise from it?

CF: What I mean is that we are entering a period now where technology in general, and the Internet in particular, can empower individuals in a way that is unprecedented. And in fact, an individual -- any individual -- is free to pursue their inventive and creative capability; that barriers of geography, barriers of wealth are no longer what they used to be. We're entering a period now where it is the power of passion and mind that are the most compelling assets for a person, for a company, indeed for a country.

One of the challenges that this digital renaissance creates is the fast pace of change, which suggests that leaders ? no matter how smart, no matter how in touch ? can't possibly know it all.

'People watch what you do much more than they listen to what you say.' Therefore, how do you create an organization that is adaptable, permeable, swift? An organization where the right decisions are made as low in the organization as possible and only the right decisions come to the very top of the organization?

It's the inventive, creative, passionate capability of individuals that really represents the greatest asset that a company -- or leader -- has at their disposal. I think another challenge that leaders face is that those assets cannot be controlled or owned in the way that traditional, physical or capital assets can be. You have to manage those assets differently. A leader has a great requirement to attract those assets, leverage them and channel them. And you have to inspire people to want to work here because those assets can walk.

LNC: Now, how do you do that? It's one thing to say to be able to attract and inspire. That's a pretty big order. How does one do that?

CF: It's easier said than done. I guess to me there are a couple of critical elements. I will start with the fact that I think that people watch what you do much more than they listen to what you say. And so, it starts with 'you've got to walk the walk'. And people need to see, over time, consistency of character that is reflective of the vision you paint for them.

Second, however, is I do believe people need to have a sense of destination. Or maybe it's the sense of destiny. But it is a clear sense of direction. Why are we going here and why does it matter? By the way, that's not a new idea either. But I think fundamentally people want to feel that what they're doing is worthwhile. They need to know, 'Why am I doing it?' Because guess what? It's really hard. In these tumultuous times when things change quickly, it's hard. And you need a sense of vision and direction.

LNC: Actually you face a fascinating challenge in the fact that you have stepped into Hewlett Packard to maintain the original vision, but at the same time you're also having to re-engineer the company and take them through what some people would say are completely uncharted waters. How do you hit the balance for that? How do you achieve that task? Is it possible?

CF: Well, certainly I believe it is. The phrase we use inside HP is to preserve the best and reinvent the rest. That requires clarity to know 'What are we trying to preserve?' In some cases, there's not always agreement on what we're trying to preserve. One of the very important discussions we have inside HP now is exactly what is the 'HP Way' and what about the 'HP Way' are we trying to preserve?

That's a good and important conversation to have because it's a conversation about beliefs; it's a conversation about culture; it's a conversation about values. And those things are the most lasting competitive advantage an organization has. And it's also the things that are the most difficult to work with in a change process.

'When you sail, you have a destination in mind, but you don't get there in a straight line.'

But you use the term balance, and I am fond of saying that balance is the art of leadership. Striking the right balance is, in the end, what I think inspired leadership is all about. And there are lots of balance points: Preservation and reinvention; short term and long term; technology and customer; local and global. All of these balance points are very difficult, very important. Sometimes, to strike the right balance, a CEO plays the role of counterweight to the momentum of the organization.

The other analogy I use inside HP is that change is like sailing. When you sail, you have a destination in mind; you have a vision; you have a direction. But you don't get there in a straight line. You tack. You adjust to the currents and the winds and the capabilities of the crew. But what's key in sailing is forward momentum with sufficient velocity and a sense of destination and then an ability to adapt.

LNC: I would think that one of the greatest challenges is that there's just all of the work to be done in running that size of an organization, plus there's a huge amount of information to be absorbed. You have to be part technologist, knowing something about technology; part futurist, knowing where are things headed; part manager and part inspired leader. How do you wrap your arms around all those activities? Does it mean you're doing an eighteen-hour day? How does one begin to manage that?

CF: Well, first, I think it requires recognition that you can't do it all alone. And that means that you have to rely on members of the team to be a part of the solution. I think the model of a leader going off in a room and thinking great thoughts on their own and coming out with the answer is not realistic in today's environment, given the amount of different roles and challenges a leader needs to play.

That means that the organization's ability to collaboratively problem solve is really important. Leaders have a critical role in establishing the kind of environment where collaborative problem solving is possible. I think secondly, it requires the right balance -- to use that word again -- between humility and self-confidence.

'Remember that perfection is not the goal. Forward momentum with sufficient velocity is the goal.'

You have to be self-confident enough to know that you can make a difference and to rely on your judgment, your instincts, your information when it's necessary to do so, as it frequently is. But you also have to be humble enough to know, 'I don't know all the answers. And I can't know all the answers and I need to go get help.'

You also have to be humble enough to know sometimes that, 'This isn't a decision I should be making. Somebody is more qualified to make it.' And you know, you can't get overwhelmed by it. You've got to put one foot in front of the other. Day after day after day. And remember that perfection is not the goal. Forward momentum with sufficient velocity is the goal.

LNC: In your opinion, what do you think is the difference between an average leader and an exceptional one?

CF: I think exceptional leaders are able to inspire performance that is greater than people would have anticipated. Exceptional leaders help people achieve more than they thought was possible.

Exceptional leaders don't let people give up too soon, which is why one of my favorite quotes is from an exceptional leader named Winston Churchill: 'Never, never, never, never give up.' Because as simple as that sounds, it is so often the difference between exceptional results and mediocre results.

LNC: Like people who stop just a half-inch from the goal.

CF: People who stop one play too soon.

LNC: Are there people who inspired you or have given you an overall model to look to?

CF: One of the things that the Chairman of Lucent (*Henry Schacht - ed.*) told me -- which I didn't understand as well then as I understand now; was, 'You know, the most important thing for a leader to have is an internal compass.'

And it's very true. I believe he meant a moral compass; I believe he meant a business compass. But what he was referring to is that you can get pulled in so many different directions as a leader. Whether it's an organization of 25 people or an organization of 125,000 people, there are so many things that compete for your time, your attention, your passion, your energy. So many different points of view on the same topic that in the end, when it's all over, you have to choose your sense of direction.

You have to know where true north is for you and your vision and your team. It's a very intangible thing but it's very important.

'Leadership has nothing to do with your title or your level -- it has to do with impact.'

LNC: Do you think that leadership is something that you're born with? Is it something you can learn? Is it some combination of both?

CF: Frequently people confuse leadership and style. I think

they're very different things.

LNC: How are they different?

CF: I think effective leaders can come in all manner of styles. Effective leaders don't have to be great speakers. But I actually believe that everyone is born with the potential to lead. I truly do believe that. And I think in many cases it's a question of whether they are given the opportunity and are they inspired in the right way at the right time.

But I don't believe that there are some chosen few who are born to lead and others can't. And I also think leadership has nothing to do with your title or your level or how many people report to you. I think leadership has to do with impact. And there are people in very humble, mundane kinds of positions who are exhibiting great leadership, by virtue of the impact they have on others and on the environment in which they find themselves.

LNC: You were quoted as saying, 'Small acts of leadership can change the world just as surely as large acts can.' Tell me a little bit more about that.

'I think often about the little things my parents did, or perhaps equally importantly didn't do, that added up to a belief that I could do anything I wanted to.'

CF: You know, obviously it's big acts of leadership that people talk about, although in many cases those big acts are just a collection of lots of small things that all of a sudden added up to something big and noticeable.

I guess the analogy that I would use is: Think about the impact in your life that perhaps a single teacher had. Most of us get passionate about something when we're young -- because of a teacher. What is it exactly that that teacher said or did? It wasn't a grand, earth-shattering event. It was a pretty small thing that had a huge impact on someone's life. Maybe not all at once; maybe over time.

From a personal point of view, I think often about the little things my parents did or perhaps, equally importantly, didn't do, that added up to a belief that I could do anything I wanted to. And that's a big thing in the end. But it was lots of little things along the way that added up to that.

LNC: I've noticed that in the past, Hewlett Packard had a tradition of hiring their top executive from within. They obviously felt that they needed to get an infusion of new insights, new enthusiasm, new energy and they brought you in. I'm just curious; do you ever stop to think of that?

CF: Do I think about it? Yes, I think about it. Not the fact that I'm the first outsider -- that's not what I think about. What I think about is the responsibility that this entails: The responsibility for a great legacy, a great company; the responsibility for tens of thousands of employees. Yes, I think about it. Leadership is a responsibility and an obligation, not an achievement. And I don't mean to make it sound like drudgery, because I love the responsibility and the obligation, but that's what it is. It's not a feather in your cap, it's a responsibility.

'Leadership is a responsibility, not an achievement.'

LNC: Part of the whole issue with responsibility is that it goes beyond Hewlett Packard or the company's people, but also as a member of the community and. . .

CF: Absolutely. This is something I deeply believe in, but it is also part of the legacy that I have the responsibility to preserve. This is a company that always believed very strongly in contribution to community. This is a company that I have characterized as having a shining soul. And I don't apologize for that phraseology because I think character and soul are important. They're important in people; they're important in institutions. And we want to preserve that.

We want to be a winning e-company with a shining soul. And that means that we have to take that legacy of contribution to community -- that character, those values -- and apply them to a new set of challenges.

That's why we're taking the concept of contribution to community all over the world and specifically into the most impoverished, rural communities that lie across the digital divide. It's why we have digital village programs -- to bring under-represented and impoverished communities to the table in terms of what technology is capable of giving them.

And it's -- by the way -- it's not about hand-me-down PCs. That isn't what it's about. It's about working with people in a local community to say, 'What access to information or market places or services or connections to people do you need to improve the quality of life in your community?? So, yes, it's a big piece of what this company has always been about and it's a big piece of what this company will continue to be about.

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