

**Leadership for India Inc: Practical Concepts and Constructs**  
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**Week - 09**  
**Transformational Leadership Models - 1**  
**Lecture - 42**  
**Performance Leadership Model**

Hi Friends, welcome to the NPTEL course Leadership for India Inc: Practical Concepts and Constructs. We are in week 9 discussing Transformational Leadership Models part 1. In this lecture, we will focus on Performance Leadership Model.

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**Performance Leadership**

Performance Leadership is a model of leadership that focuses on performance as the visible and primary driver of what boards and investors expect of an apex leader, be it the CEO or CXO. It has three dimensions of performance, process and intellect, which are further granulated each, to develop a 9-factor performance leadership model.

Performance, process, and intellect are the three dimensions of a cubic leadership model—relevant for CEOs in a competitive business environment and impatient investor expectations.

Each of the three dimensions has three sub-dimensions—revenue, profit and value for the first, vision, strategy and execution for the second, and mentoring, communication, and networking for the third.

The nine sub-dimensions listed above occur in different combinations, shaping the CEO leadership profiles in several synergistic and differentiated ways. Three leaders portray these ways.

The leadership cube, in its above three dimensions, reflects in an integrated manner accountability, growth, and creativity, albeit in subtle variations and different combinations and in a synergistic industry-leading template.



Three Famed CEOs

Jack Welch of GE

Bill Gates of Microsoft

Carlos Ghosn of Renault-Nissan

Jack Welch may have lost some of the sheen for his extreme task orientation and Carlos Ghosn may have not covered himself with glory in recent years. We will only take relevant operational parts of their models.



Performance leadership is a model of leadership that focuses on performance as the visible and primary driver of what boards and investors expect of an apex leader, be it the CEO or the CXO. It has 3 dimensions: performance, process and intellect each of these are granulated further to develop a 9 factor performance leadership model.

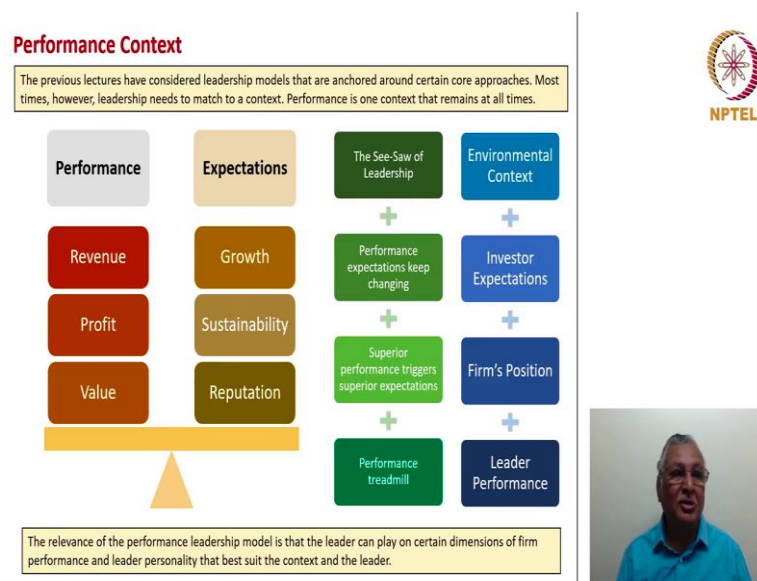
The 3 subdivisions in the performance dimension are revenue, profit and value. Vision, strategy and execution are the once corresponding to the 2nd dimension that is the process and the 3rd dimension of intellect is split into mentoring, communication and networking.

The 9 sub dimensions listed above occur in different combinations shaping the CEO leadership profiles in several synergistic and differentiated ways. Three leaders portray these ways. I have taken the examples of 3 famed CEOs Jack Welch of GE, Bill Gates of Microsoft and Carlos Ghosn of Renault Nissan to describe the cubic leadership model which I have just now enunciated.

Jack Welch may have lost some of the sheen for his extreme task orientation and Carlos Ghosn has certainly not covered himself with glory in recent years. We will however take only the relevant operational part of their leadership models as we discuss the cubic leadership model. The cubic leadership model in the above 3 dimensions and 3 sub dimensions in respect of each dimensions reflects in an integrated manner accountability, growth and creativity.

Although in subtle variations and different combinations and in a synergistic industry leading template, that is the Hallmark of performance leadership.

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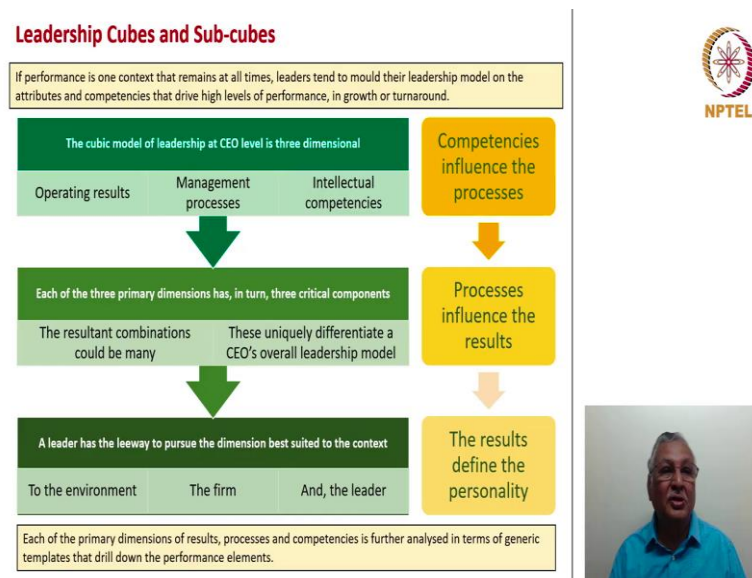


Let us look at the Performance Context, the previous lectures have considered leadership models that are anchored around certain core approaches. Most times however, leadership needs to be matched to a context, performance is one context that remains at all times in all leadership contexts.

Performance basically is in terms of revenue, profit, value, expectations are in terms of growth, sustainability and reputation. But the leadership always is a see saw performance expectations keep changing, superior performance often triggers superior expectations. In a way therefore a leader tends to be on a performance treadmill.

The environmental context keep changing, so do investor expectations and the firm's position keeps changing, because of the environmental changes and also the varying strengths and weaknesses of the firm. The leader performance has to take note of this see saw of leadership, the relevance of performance model is that the leader can play on certain dimensions of the firm's performance and also certain dimensions of the leader's personality in a manner that together they suit the context and the leader.

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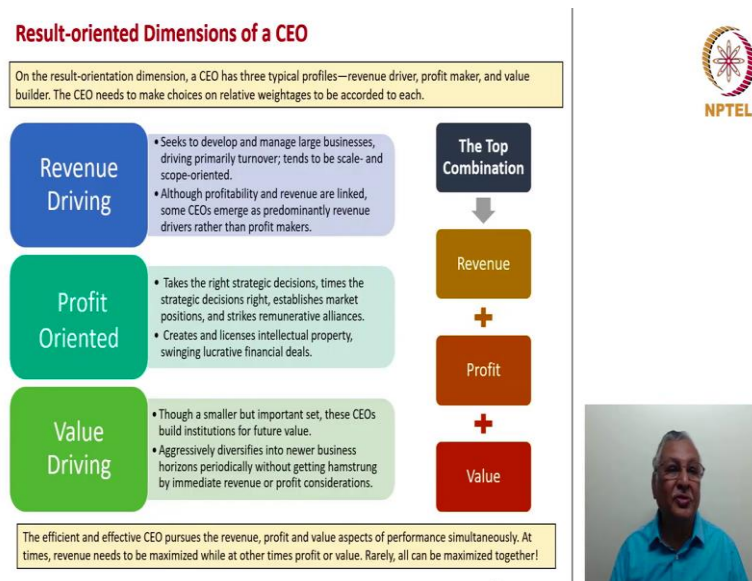
Leadership Cubes and Sub cubes, if performance is one context that remains at all times, leaders tend to mould their leadership model on the attributes and competencies that drive high levels of performance whether it is in growth phase or in the turnaround phase. Operating results, management processes and intellectual competencies are the fundamental drivers of CEO performance.

Each of the three primary dimensions has in turn three critical components and the resultant combinations as I said it could be many. Therefore, they uniquely differentiate a CEOs overall leadership model even within the broad description of performance

leadership model. A leader has the leeway to pursue the dimension that is best suited to the context to the environment, the firm and the leader.

As a matter of general principle in the performance leadership model competencies influence the processes, the processes influence the results and the results in turn define the personality. Each of the primary dimensions of results, processes and competencies is further analysed in terms of generic templates that drill down the performance elements.

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What are these result oriented dimensions of a CEO? Three profiles revenue driver, profit orientation and value driving orientation. We can call him a revenue driver, profit maker and value builder. The CEO needs to make choices on relative weightages to be accorded to each. Under certain circumstances, revenue needs to be the primary driver, under certain circumstances profit making needs to be the primary driver.

And under certain circumstances the overall value of the company has to be built up. Under revenue driving the CEO seeks to develop and manage large businesses driving primarily turnover tends to be scale and scope oriented. Although profitability and revenue are interlinked some CEOs emerge as predominantly revenue drivers rather than profit makers.

The profit oriented CEO or the profit maker takes the right strategic decisions, times the strategic decisions right, establishes market positions and strikes remunerative alliances.

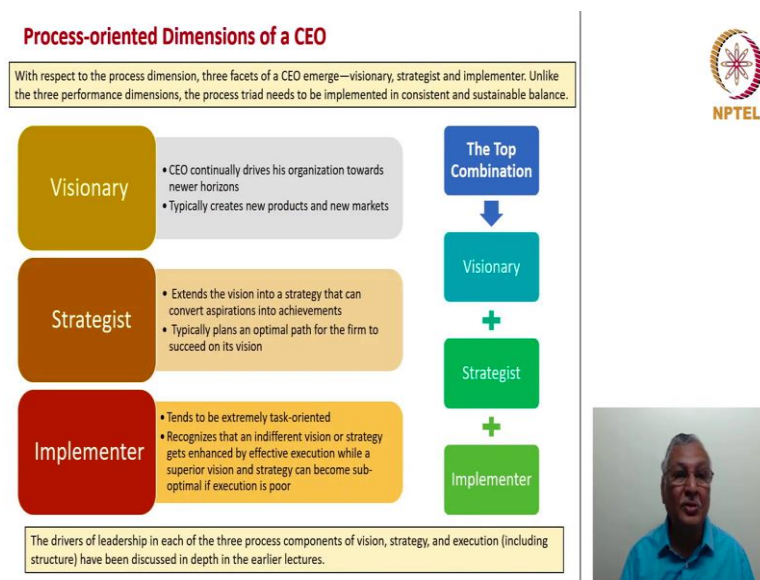
As a result, the profit maker is able to maximize the profitability of a business, such a CEO also creates and licenses intellectual property, swinging lucrative financial deals for the technological innovations the company has.

The value driver has a smaller but important set of influence in the overall performance leadership. Generally, the performance leadership model is driven by revenue or profit or both, the focus on driving value tends to be a little small in the performance oriented dimension that is unfortunately a practical reality. However, such CEOs do create institutions which generate value for the future.

Such institutions aggressively diversify into newer businesses and as well as newer business horizons periodically without getting hamstrung by immediate revenue or profit considerations. The top combination for any organization is a combination of revenue, profit and value maximization. The efficient and effective CEO pursues these 3 aspects of the performance very diligently and assiduously and as well as simultaneously.

I understand that at times revenue needs to be maximized while at other times profit or value, rarely all can be maximized together, there are some tradeoffs which the CEO needs to exercise.

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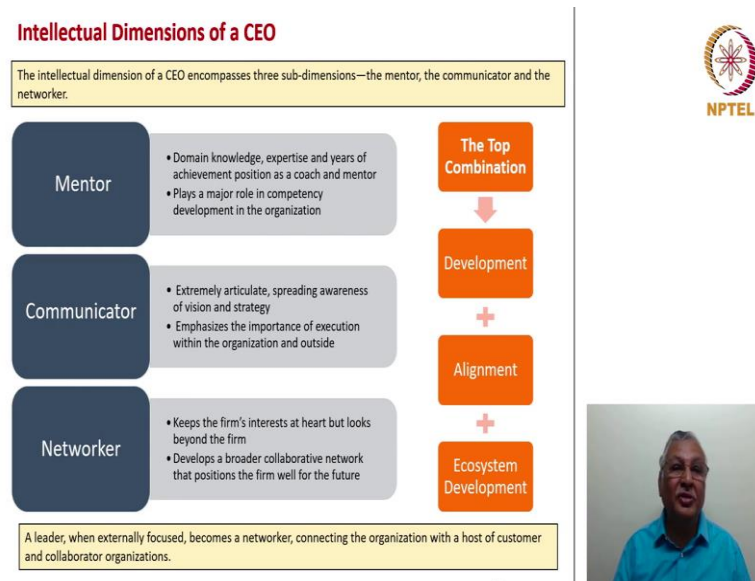
Let us look at the process oriented dimensions of the CEO. Three facets of a CEO emerge: the visionary, the strategists and the implementer. From a process point of view,

a visionary CEO continually drives his organization towards newer horizons. He or she typically creates new products and new markets. If the CEO has the dimension of strategist, he or she extends the vision into a strategy that can convert aspirations into achievements. Typically plans an optimal path for the firm to succeed on it is vision.

The implementer dimension make sure that the CEO is extremely task oriented. Recognizes that an indifferent vision or strategy gets enhanced by effective execution, while a superior vision and strategy can become sub optimal if execution is poor. Again here the top combination is a combination of visionary capabilities, strategic capability and implementation capability.

The drivers of leadership in each of these three process components have been discussed in depth in the earlier lectures and those learnings can be brought to bear on this subject dimension as we go along.

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Next, the third dimension of intellect, it has 3 sub dimensions the mentoring ability, the communicating ability and the networking ability. Under mentorship domain knowledge, expertise and years of achievement position as a coach and mentor they get transferred to the leadership team as well as to other members of the organization.

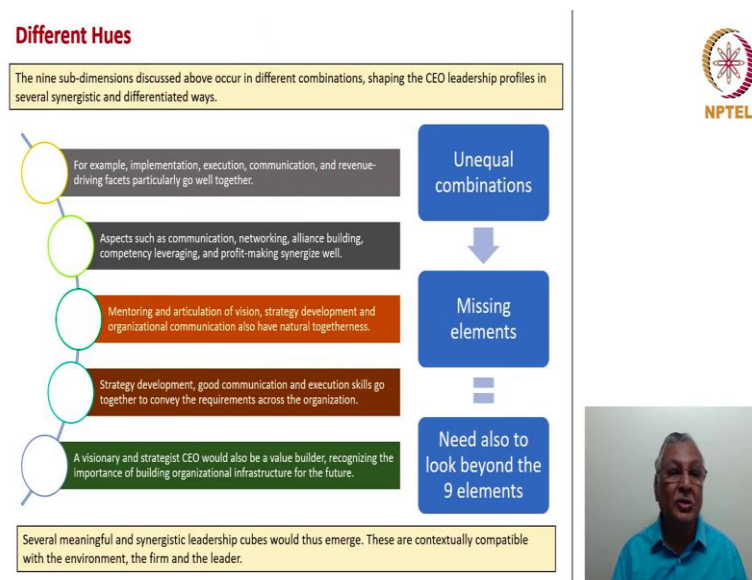
A mentoring CEO plays a major role in competency development of the organization, on the communicator sub dimension the CEO tends to be extremely articulate spreading



awareness of vision and strategy. The CEO emphasizes the importance of execution within organization and outside. In the networking role, the CEO keeps the firm's interest at heart, but looks beyond the firm.

Develops a broader collaborative network that positions the firm in a great manner for the future; the top combination here again a combination of development, alignment and ecosystem development. A leader when externally focused becomes a networker connecting the organization with a host of customer and collaborator organizations. In fact, you would connect the organization with the entire spectrum of external stakeholders.

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So, there tend to be different hues for each of these dimensions and sub dimensions therefore, the CEO leadership profiles under the broad canopy of performance leadership could substantially vary. For example, implementation, execution, communication and revenue driving facets particularly go well together and a chief executive who is thoroughly execution oriented or the performance oriented CEO, look for these synergistic combinations of these dimensions.

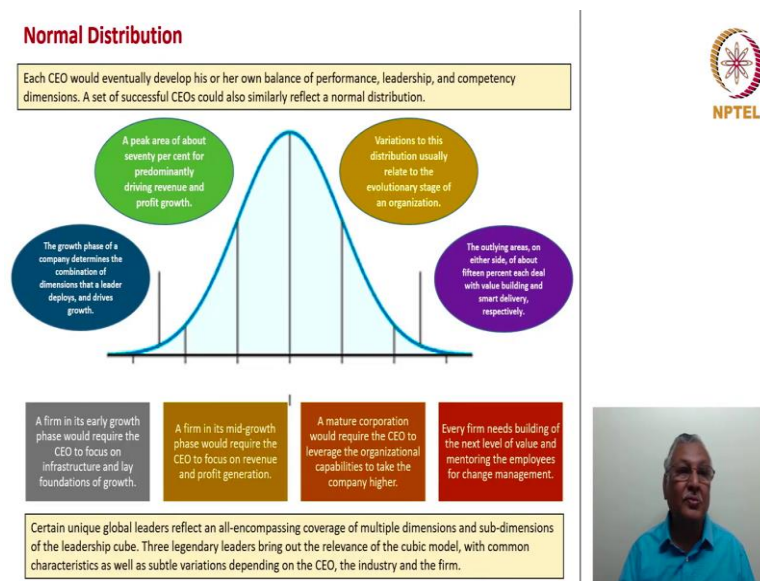
Aspects such as communication, networking, alliance building, competency leveraging and profit making synergize well. Mentoring and articulation of vision, strategy development and organizational communication have a natural togetherness. Strategy

development, good communication and execution skills go together to convey the requirements across the organization.

A visionary and strategist CEO would also be a value builder, because he is focused on building the long term value through the distant horizon. It recognizes the value of building an organizational infrastructure for the future. There could be the unequal combinations as well as CEOs juggle the various sub dimensions and dimensions, there could be missing elements at times there would be need to look beyond these 9 elements as well.

And what are those missing elements, what could be the unequal combinations we will cover as we go along. Within the performance leadership model several meaningful and synergistic leadership cubes would emerge, these are contextually compatible with the environment, the firm, and the leader.

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Each CEO would eventually develop his or her own balance of performance, leadership, and competency dimensions. Similarly, a set of successful CEOs could also reflect a normal distribution. The growth phase of a company determines the combination of dimensions that a leader deploys and drives growth. A peak area of about 70 percent of the normal distribution of the CEOs would be predominantly driving revenue and profit growth.



Variations to this distribution usually relate to the evolutionary stage of an organization and the outlying areas on either side of about 15 percent each deal with value building, smart delivery respectively. A firm in its early growth phase would require the CEO to focus on infrastructure building and in laying the foundations of growth.

A firm in its mid growth phase would require the CEO to focus on revenue and profit generation. A mature corporation would require the CEO to leverage the organizational capabilities to take the company to the next trajectory. Every firm needs building of the next level of value and mentoring the employees for change management, if corporate longevity or perpetuity is targeted this has to occur.

Certain unique global leaders reflect all encompassing coverage of multiple dimensions and sub dimensions of the leadership cube. I have listed earlier 3 legendary leaders and I would go on to explain their leadership facets to bring out the relevance of the cubic model. And this cubic model has certain common characteristics arising from these 3 leaders, but also several subtle variations and these depend on the CEO, the industry and the firm.

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**Performance Leadership Model**

Three iconic leaders demonstrate the diverse yet integrated cubic facets of a global CEO. Each leader operated in an entirely different industrial or business setting: Jack Welch as the head of the largest multi-product global conglomerate, Bill Gates as the head of world's most powerful software firm, and Carlos Ghosn as the turnaround czar of the global auto industry.

Yet, the model of leadership cubes comprehensively and meaningfully describes each of these three impactful CEOs, in pertinent dimensions and their combinations, in different time periods. Whatever be the leadership model adopted, all the thirty apex leadership competencies need to be kept in mind by the leaders.

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This is the cubic model which I have referred to, you have on the vertical axis the performance dimension and as I said at the foundational level the CEO would be revenue driver, then the profit maker and then finally the value driver. You have on the other dimension the intellect dimension and the other dimension the process dimension.

Under the process dimension you have ability to visualize, strategize and implement, on the intellect dimensions you have the ability to mentor, communicate and network. The 3 iconic leaders I have taken demonstrate the diverse yet integrated cubic facets of a global CEO, each leader operated in an entirely different industrial or business setting, Jack Welch as the head of the largest multi product global conglomerate diversified industrial conglomerate.

Bill gates as the head of the world’s most powerful software firm technology and Carlos Ghosn as the turnarounds czar of the global automobile industry Renault Nissan. Yet the model of leadership cubes comprehensively and meaningfully describes each of these 3 impactful CEOs in pertinent dimensions and their combinations in different time periods.

Whatever be the leadership model adapted all the 30 apex leadership competencies need to be kept in mind by the leaders, we also have examples through this discussion as to not having all of the 30 leadership attributes working in good proportion could be leading to the failure on certain dimensions of the cubic leadership model that also is very relevant.

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**Jack Welch: Jack and Master of All**

Jack Welch, a brilliant doctoral chemical engineer, was a veteran of General Electric (GE), having joined the company in 1960. He quickly rose in the hierarchy, becoming GE's youngest Chairman and CEO in 1981.

Jack Welch was at the helm of GE for two decades, transforming it into an outstanding global company. Jack Welch's legendary leadership qualities are well-documented. Jack is a fascinating personification of the leadership cube.

Very High on Performance Dimension	Very High on Process Dimension	Very High on Mentoring Dimension
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Jack Welch achieved high reputation for being a highly task oriented leader who set much in store on organizational competencies, management processes, and corporate performance.




Performance  
+

Process  
+

Mentoring  
=

Outstanding Leadership



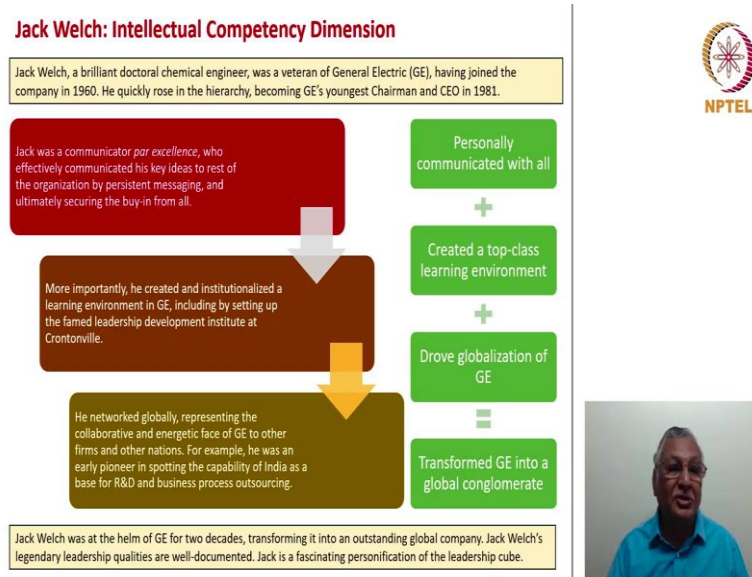
Let us look at Jack Welch, we can call him Jack and master of all, he was a brilliant doctoral chemical engineer, a veteran of general electric, he joined the company in 1960. He quickly rose in the hierarchy became the youngest chairman and CEO of GE in 1981.

Jack Welch was at the helm of GE for 2 decades transforming it into an outstanding global company.

Jack Welch legendary leadership qualities are well documented, he is a fascinating personification of the leadership cube particularly the performance leadership cube, very high on performance dimensions, very high on process dimension and very high on the mentoring dimensions as well. He proved in his times that performance together with process and mentoring could lead to outstanding leadership.

Many of the leaders were benchmarked against Jack Welch leadership's style during his heydays. He achieved high reputation for being a highly task oriented leader, who set much in store on organizational competencies, management process and corporate performance.

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He was a communicator par excellence who effectively communicated his key ideas to rest of the organization by persistent messaging and ultimately securing the buy in from all. More importantly he created and institutionalized a learning environment in GE including by setting up the famed leadership development institute at Crontonville.

He networked globally representing the collaborative and energetic face of GE to other firms and other nations. For example, even before liberalization took place in India, he

visited India and advocated business process outsourcing as a key aspect of business for India.

He spotted the capability of India as a base for R&D and business process outsourcing ahead of several other contemporary conglomerates or individual firms. He personally communicated with all, created a top class learning environment, drove globalization of GE and therefore, turned GE into a global conglomerate. Jack Welch was at the helm of GE for 2 decades transforming it into an outstanding global corporation.

His legendary leadership styles which are well documented leads us to a personification of the leadership cube.

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**Jack Welch: Process Dimension**

On the leadership dimension, Jack was a visionary who dreamt big, strategized to the finest detail, and implemented for precise outcomes.

**Vision and Strategy**

Jack's vision was that GE as a global player should have nothing less than the No. 1 or No. 2 status in whatever product or service it operated in.\* Such a vision set the tone for an aggressive strategy and effective execution.

**Communication, and Communication**

Fusing his envisioning and communication capabilities, he motivated and inspired the entire organization to own his vision.

**Strategy and Execution**

On the strategy and execution front, he adopted a straight-to-action, street-smart format that focused on business viability and growth, with aggressive divestment and acquisition moves.

\* Later on he set the constraint that no business should contribute more than 10 percent to the overall business, forcing executives to look for diversification opportunities – a piece of integrative thinking getting the best of two polarities.

The vision and strategy were seamlessly rolled into execution by focusing on effective project implementation and operational excellence, including the famous six-sigma practice.

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The process dimension of Jack Welch unravels in this manner, he was a visionary who dreamt big, strategized to the finest detail and implemented for precise outcomes. As far as vision and strategy were concerned, Jack's vision was that GE as a global player should have nothing less than the number 1 or number 2 status in whatever product or service it operated in.

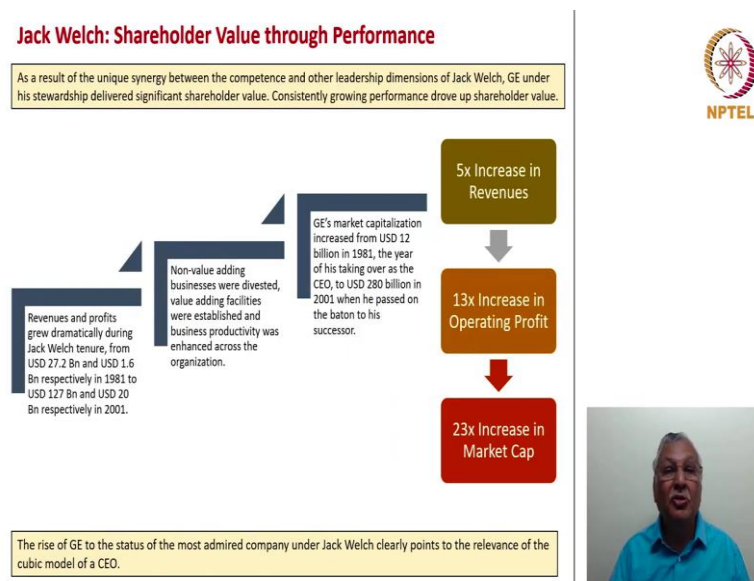
Such a vision set the tone for an aggressive strategy and effective execution based on scale, communication and communication and communication he always fused his envisioning with communication capabilities, he motivated and inspired the entire organization to own his vision. And in terms of strategy and execution he adopted a

straight to action street smart format that focused on business viability and growth with aggressive divestment and acquisition moves.

While he always aspired for number 1 or number 2 status in whatever product or service the company operated in. In later years, he is also set another constraint, he said that no business should contribute more than 10 percent to the overall business. Thus he forced executives to look for diversification opportunities even as they try to be top ranking in their businesses.

This is a piece of integrative thinking wherein he tried to marry 2 polarities of being number 1 and number 2 and also being not too dependent on any particular business. Division and strategy were effortlessly and seamlessly rolled into execution by focusing on effective project implementation and operational excellence including the famous Six Sigma practice which he passionately drove all across his company.

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Shareholder value through performance was the high point of Jack Welch's tenure, as a result of the unique synergy between the competence and leadership dimensions of Jack Welch, GE under his stewardship delivered significant shareholder value. Revenues and profits grew dramatically from 27.2 billion US dollars and 1.6 billion dollars of revenue and profits respectively.


In 1981 his base year to 127 billion dollars and USD 20 billion respectively in 2001. You can see that the profits have grown, significantly in tandem with the revenues, non value adding businesses were divested, value adding facilities were established and business productivity was enhanced across the organization.

GE market capitalization increased from 12 billion US dollars in 1981 to USD 280 billion in 2001 when he passed on the baton to his successor, 5x increase in revenues 13x increase in operating profit and 23x increase in market cap was a sterling achievement for a leadership. The rise of GE to the status of the most admired company under Jack clearly points to the relevance of the cubic model of the CEO.

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**Bill Gates: Gateway to Software Leadership**

Bill Gates, the Chairman (and later, Chief Software Architect) of Microsoft Corporation is another personification of the leadership cube. He is now the Co-Chair of the Bill & Melinda Gates Foundation engaged in philanthropic activities.





Microsoft, established by Bill Gates and Paul Allen as a two-man enterprise in 1975, has grown to revenues of USD 85 billion, employing more than 114,000 people almost throughout the globe.

Visualized desktop computing revolution

Developed MS DOS and Windows operating systems

Turned Microsoft into technology giant

The technology-savvy manner by which Gates amalgamated competence and leadership into business deliverables has been largely responsible for the astounding growth and competitive stamina of Microsoft.



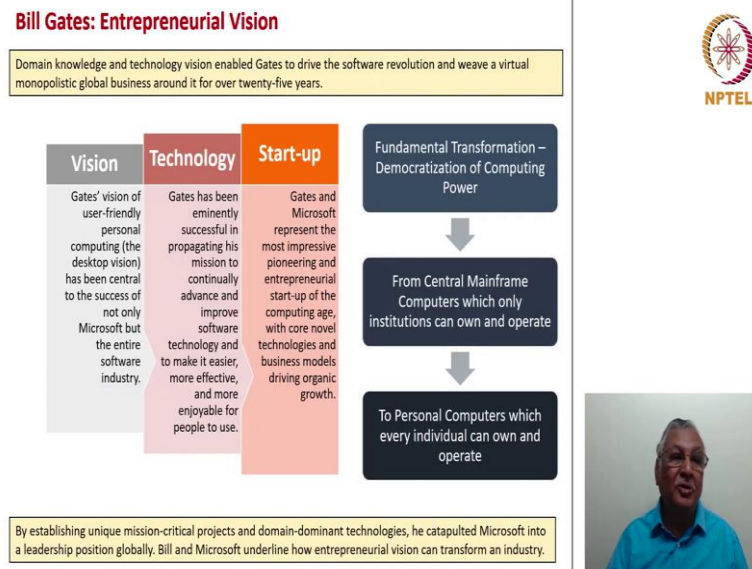
Now, let us look at Bill Gates, I would say that he showed the gateway to software leadership, Bill Gates the chairman and later the chief software architect of Microsoft Corporation is another personification of the leadership cube. He is now the Co Chair of the Bill and Melinda Gates foundation engaged in philanthropic activities.

Microsoft established by Bill Gates and Paul Allen as a 2-man enterprise in 1975 has grown to revenues of USD 85 billion, employing more than 114000 people almost throughout the globe. Bill Gates visualized desktop computing revolution, he developed MS DOS and Windows operating systems turned Microsoft into a technology giant.



The technology savvy manner by which gates amalgamated competence and leadership into business deliverables has been largely responsible for the astounding growth and competitive stamina of Microsoft.

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His entrepreneurial vision: domain knowledge and technology vision enabled Gates to drive the software revolution and weave a virtual monopolistic global business around it for over 25 years. His vision of user friendly personal computing the desktop version has been the central point to the success of not only Microsoft, but the entire software industry.

In terms of technology, Gates was imminently successful in propagating his mission to continuously advance and improve software technology and to make it easier more effective and more enjoyable for people to use. He brought in the concept of successive generations of software development which would ensure ease of computing and ease of connectivity to higher levels every year or every 3, 4 years.

He was also an example of how the startup revolution can take place, Gates and Microsoft represent the most impressive pioneering and entrepreneurial start up of the computing age with core novel technologies and business models driving organic growth.

So, 3 things he achieved in his tenure at Microsoft, he achieved a fundamental transformation, he made computing power completely democratized. From central mainframe computers which only institutions could own and operate at that point of time, he brought in the revolution of personal computers and with that every individual could own and operate a computer.

So, computing and digital came to the table of every individual that was his mission and he succeeded in achieving that mission. By establishing unique mission critical projects and domain dominant technologies he catapulted Microsoft into a leadership position globally. Bill and Microsoft underline how entrepreneurial vision can transform an industry.

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**Bill Gates: Co-opting Leadership**

Gates may be seen to differ from Jack Welch in that he has chosen to play a lead role only in certain critical facets of the CEO cube. He did not seek to straddle the entire value chain all by himself. He has, for example, co-opted a powerful leader in Steve Ballmer to drive the strategy, execution, and networking aspects of his business.

Bill Gates demonstrated that the cubic model would work equally well with a synergistic combination of the CEO with another senior leader, complementing the skills of each other to deliver greater value for the company. Gates' leadership was marked by



An ability and resilience to grow its software business despite hostile regulation (anti-monopoly)	Intense competition (from open source and Internet initiatives)	Misreading of technological change (Cloud, tablet and mobile)
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Complementary top level leadership skills

Focusing predominantly on competitiveness

Misplaced belief in the long term sustainability of current technology

Despite the weaknesses, the cubic model built into the Microsoft organization a capacity to build value through new convergence platforms, the smartness to leverage technology and market dominance for customer value as well as the resilience to come back into the game even after a few missteps.

He also co-opted leadership, Gates may be seen to differ from Jack Welch in that he has chosen to play a lead role only in certain critical facets of the CEO cube. He did not seek to straddle the entire value chain all by himself, he has, for example co opted a powerful leader in Steve Ballmer to drive the strategy, execution and networking aspects of his business.

He demonstrated that the cubic model would work equally well with a synergistic combination of the CEO with another senior leader complementing the skills of each other to deliver greater value for the company. Gates leadership was marked by 3

dimensions an ability and resilience to grow the software business despite hostile regulation antimonopoly.

Intense competition from open source and internet initiatives, misreading of technological change, it was actually a deficiency in his leadership that is cloud, tablet and mobile. Complementary top level leadership skills focusing predominantly on competitiveness and a misplaced belief in the long term and unshakeable sustainability of the established technology of Microsoft these characterized his leadership.

Despite the weaknesses the cubic model built into the Microsoft organization such a capacity that the company was still able to build value through new convergence platforms have the smartness to leverage technology and utilize the market dominance for increasing customer value. Even as newer dimensions such as the cloud and internet for a sometime shook the company. Even after they few missteps, the resilience of the organization was such that the Microsoft organization could come back into the game.

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**Bill Gates: High Performance and Zone of Comfort**

It is a moot point whether excessive focus on revenue and profit generation by Gates has also resulted in the organization becoming a trifle smug and unprepared for the competitive changes mentioned above such as the Internet, Cloud and Mobile.

Windows – the most successful product line

X-Box – the successful device diversification

Windows Phone – the failed device diversification

Assumed that technology monopoly and established business model would last forever

Many missteps, from the first tablet in the mid-2000s to Zune streaming



Yet, organizational resilience and new leadership from within the ranks helped Microsoft retain the high spot

Redefined his own role and nurtured a new generation of technology experts

Recognized the shift, even if belatedly, to Internet and Cloud as the core of new-age communication and computing

Laid out a new path for leadership by stepping down and handing over executive reins to Steve Ballmer but remaining as chief software architect and mentoring the top leadership. Eventually, supported Satya Nadella taking over from Steve Ballmer.

These moves by Bill Gates only reinforce the model of a global CEO being a multi-faceted, innovative and adaptive personality in terms of a leadership cube that is based on responsibility, leadership and competence.



High performance and zone of comfort these were the 2 high points of Bill Gates era. It is a moot point whether excessive focus on revenue and profit generation by Gates has also resulted in the organization becoming a trifle smug and unprepared, for the competitive changes mentioned above such as the internet, cloud and mobile.

One would say yes. Windows the most successful product line, X-Box was the most successful device diversification yet windows phone despite repeated efforts failed in device diversification. Because the company did not try to develop a mobile operating system exclusively for the mobile platform, it tried always to use the desktop operating system with certain tweaks for the mobile operating system.

In that, it missed some of the game changing ways in which the mobile revolution would help the individuals. If desktops brought in a level of democratization for the individuals, mobiles brought in further level of democratization and that further level was not an envisaged in it is essence by Microsoft and Bill Gates or Steve Ballmer.

During his tenure, Bill Gates redefined his own role and nurtured a new generation of technology experts, there was no dearth of technology talent in Microsoft. He recognized the shift even if belatedly to internet and cloud as the core of new age communication and computing. He laid out a new path for leadership by the time of his stepping down and actually by stepping down and handing over executive reigns to Steve Ballmer.

But remaining as a chief software architect and mentoring the top leadership. Eventually he supported Satya Nadella taking over from Steve Ballmer for a complete change in the outlook and the performance drivers for Microsoft. One of the low points if one may say. So, of Bill Gates was that he assumed technology monopoly and established a business model based on technology monopoly that could as he hoped would last forever.


Many missteps from the first tablet in the mid 2000 to Zune streaming had certain issues in terms of actually reaching out to the customers through a value proposition as they must have been required to. Yet organizational resilience and new leadership from within the ranks helped Microsoft retain the top spot.

These moves by Bill Gates only reinforce the model of a global CEO being a multifaceted, innovative and adaptive personality, in terms of a leadership cube that is based on responsibility, leadership and competence. As I said, no leader is superhuman a leader could make mistakes; however, the ability to build resilience in the organization to overcome the mistakes and to build openness in the organization to course correct are the 2 hallmarks of a visionary leader.

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**Carlos Ghosn: Taking Companies from the Lows to Highs**

The third icon in the context of the cubic model, Carlos Ghosn represents an entirely different CEO personality, but encompasses the same underlying cubic dimensions.



Carlos Ghosn - CEO of Renault-Nissan-Mitsubishi Alliance



Every company Ghosn had been associated with—be it Michelin of South America, Michelin of North America, Renault of France, or Nissan of Japan—had been a case study in corporate misdirection, strategic confusion or operational erosion, prior to his taking over the reign at each company.

Product Strategy

Operational Excellence

Business Turnaround

Carlos Ghosn, however, transformed and brought all these companies, each with a different national and cultural milieu, onto impressive growth tracks.

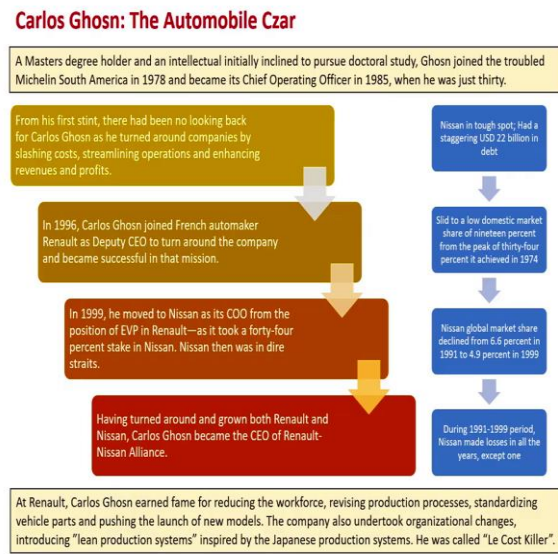


Let us now look at Carlos Ghosn, he has a reputation of taking companies from the lows to highs. He is the 3rd icon in our context of the cubic model. He does have the shadow of ethical performance towards the end of his career, keeping that aside, let us look at the other good parts of Carlos Ghosn's performance leadership model. He represents an entirely different CEO personality, but encompasses the same underlying cubic dimensions.

Every company Ghosn had been associated with be it Michelin of South America, Michelin of North America, Renault of France or Nissan of Japan had been a case study in corporate misdirection strategic confusion or operational erosion prior to his taking over the reign at each company. However, Carlos Ghosn single handedly transformed and brought all these companies each with a different national and cultural milieu onto impressive growth tracks.

That is why he is seen as a great performance leader in this analysis. Product strategy together with operational excellence ensured that he achieved his business turnaround goals perfectly and adroitly.

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Why is he called the Automobile Czar? He was a master's degree holder and had an intellectual ability to pursue the doctoral study along with the passion. He joined the troubled Michelin South America in 1978; however, and became the chief operating officer in 1985 when he was just 30. From his first stint there had been no looking back for Carlos Ghosn as he turned around companies by slashing cost, streamlining operations and enhancing revenues and profits.

In 1996, Carlos Ghosn joined French automaker Renault as deputy CEO to turn around the company and became successful in that mission. In 1999, he moved to Nissan as its chief operating officer from the position of executive vice president in Renault.

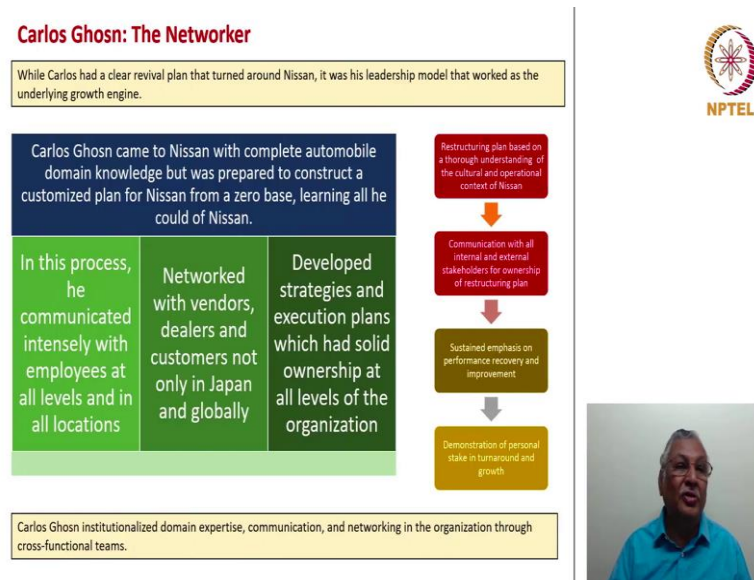
As it took a 44 percent stake in Nissan, Nissan then was in dire straits, having turned around and grown both Renault and Nissan Carlos Ghosn became the CEO of Renault Nissan alliance. When Renault took this stake in Nissan, Nissan was indeed in a tough spot had a staggering 22 billion US dollars in debt.

The company's slid to a low domestic market share of 19 percent from the peak of 34 percent it achieved in 1974. Nissan's global market share declined from 6.6 percent in 1991 to 4.9 percent in 1999. During this period 1991 to 1999 Nissan made losses in all the years except one, that was the situation which Nissan had when Carlos Ghosn started looking at Nissan and turning it around.



At Renault Carlos Ghosn earned fame for reducing the workforce, revising production processes, standardizing vehicle parts and pushing the launch of new models. The company also undertook organizational changes introducing lean production systems inspired by the Japanese production systems he was called “Le Cost Killer”.

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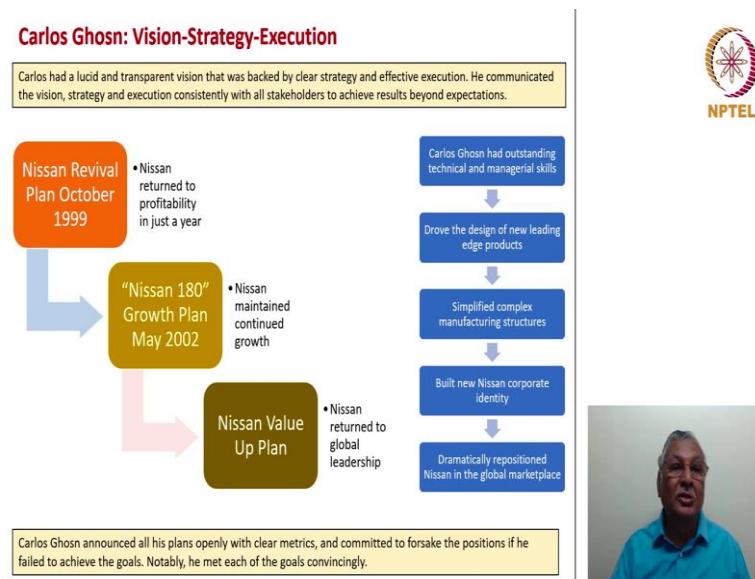
He was networker of great caliber, while Carlos had a revised revival plan that turned around Nissan; it was his leadership model that worked as the underlying growth engine. Carlos Ghosn came to Nissan with complete automobile domain knowledge, but was prepared to construct a customized plan for Nissan from a zero base, learning all he could of Nissan. In this process, he communicated intensely with employees at all levels and in all locations.

He networked with vendors, dealers and customers not only in Japan but also globally. Developed strategies and execution plans which had solid ownership at all levels of the organization. He developed a restructuring plan based on a thorough understanding of the cultural and operational context of Nissan, he did not impose a top down plan.

He communicated with all internal and external stakeholders for ownership of restructuring plan, for which he spent lot of full time in Japan with Nissan infrastructure and with Nissan people. The sustained emphasis he brought on performance recovery and improvement was a role model by itself.

He also demonstrated personal stake in turnaround and growth saying that if you would not achieve the targets he would even resign he said, that was the level of confidence he demonstrated to the leadership and to the larger organizations. He institutionalized domain expertise communication and networking in the organization through cross functional teams.

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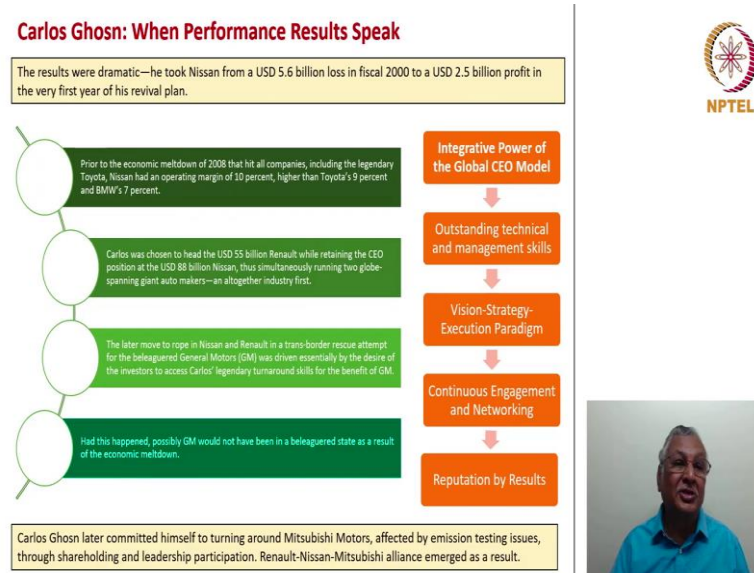
His was a perfect example of the vision-strategy-execution paradigm happening in perfect synchronization, he had a lucid and transparent vision that was backed by clear strategy and effective execution. He communicated the vision, strategy and execution consistently with all stakeholders to achieve results beyond expectations.

He formulated at first the Nissan revival plan in October 1999, as a result of that Nissan returned to profitability in just a year astounding all the observers. Then he came up with Nissan 180 growth plan in May 2002. So, that Nissan could maintain its continued growth and later on he came up with Nissan value up plan to ensure that Nissan remained as it was earlier in global leadership.

Carlos Ghosn had outstanding technical and managerial skills, he drove the design of new leading edge products, he simplified complex manufacturing structures, he built new Nissan corporate identity, he dramatically repositioned Nissan in the global marketplace. Carlos Ghosn announced all his plans openly with clear metrics and committed to

forsake the positions if he failed to achieve the goals, notably he met each of the goals convincingly.

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His was a case study of performance speaking for itself, because the results were dramatic he took Nissan from a USD 5.6 billion loss in fiscal 2000 to a USD 2.5 billion profit in the very 1st year of his revival plan. Prior to the economic meltdown of 2008 that hit all the companies including the legendary Toyota, Nissan had an operating margin of 10 percent higher than Toyotas 9 percent and BMWs 7 percent.

You can imagine the level of step up in the revenue earning and profit earning capability he brought to Nissan. Carlos was chosen to head the USD 55 billion Renault while retaining the CEO position at the USD 88 billion Nissan, thus simultaneously running 2 globe spanning giant automakers in 2 completely different geographies it was an altogether industry first.

The later move to rope in Nissan and Renault in a trans-border rescue attempt for the beleaguered general motors was driven essentially by the desire of the investors to access Carlos legendary turnaround skills for the benefit of GM. In fact, his skills of turnaround was so legendary that investors wanted general motors to be rescued by him. Probably had this happened, GM would not have been in a beleaguered state as a result of the economic meltdown to the extent it was.

So, the integrity power of the global CEO model is as follows, outstanding technical and management skills, vision-strategy-execution paradigm and continuous engagement and networking and as a result you achieve reputation by results.

Carlos Ghosn later committed himself to turning around Mitsubishi motors as well because the company was affected by the emission testing issues and common shareholding as well as leadership participation was structured by him to bail out Mitsubishi motors.

Renault Nissan Mitsubishi alliance has emerged as a result; it is again one of the most powerful constellation of corporations in the automobile industry that you can see.

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### Leadership Transitions

The three iconic leaders also had different approaches to leadership transitions, ranging from open competition to no clear succession. Welch and Bill saw beyond themselves and ensured leadership successions while Ghosn did not.

**Jeff Immelt, from GE – Internal Successor to Jack Welch**

- Jack Welch organized a lengthy and publicized succession saga prior to his retirement; covered 3 senior leaders, including Jeff.
- The exercise pointed to the richness of internal leadership pipeline at GE; that, however, has not prevented the fall of GE from its mighty position

**Steve Ballmer, from Microsoft – Internal Successor to Bill Gates**

- Bill Gates chose his close confidant to lead Microsoft when he decided to step down; After Steve, Satya Nadella was chosen
- Both were internal leaders but while Steve was legacy-driven, Satya was futuristic, breaking the moulds when required

**Luca de Meo, from Volkswagen – External Successor to helm Renault**

- Turmoil caused by Carlos Ghosn arrest in Japan in 2018 based on certain allegations, and the firing of internal successor, his deputy, Thierry Bollore
- Nissan also saw the fall of the internal successor and Ghosn confidant, Hiroto Saikawa. Makoto Uchida is the new CEO

Leadership Transitions

Internal succession is ideal but not necessarily optimal

External induction not necessarily the best but at times unavoidable

Nothing substitutes a rich and diversified internal leader pipeline

Success of leaders is often contextual as discussed earlier

Of the three organizational scenarios described, with related performance leadership models, Microsoft seems to have built greater resilience in the organizational firmament despite facing certain unanticipated setbacks.

NPTEL

The three iconic leaders also had different approaches to leadership transitions that is succession to their roles, it ranged from open competition to no clear succession, Welch and Bill saw beyond themselves and ensured leadership successions while Ghosn did not.

Jeff Immelt from GE he was the internal successor to Jack Welch, Jack Welch organized a lengthy and publicized succession saga prior to his retirement covered 3 senior leaders including Jeff. The exercise pointed to the richness of internal leadership pipeline at GE, that however, has not prevented the fall of GE from its mighty position. In respect of Microsoft, Steve Ballmer was the successor to Bill Gates internal successor again.

Bill gates chose his close confident to lead Microsoft when he decided to step down after Steve Satya Nadella was chosen both were internal leaders, but while Steve was legacy driven Satya was futuristic breaking the moulds whenever required. In contrast, the leadership transitions at Renault Nissan did not work out well particularly because of this sudden way in which Carlos Ghosn had to depart.

Now, Luca De Meo from Volkswagen is the external successor to helm Renault, the turmoil caused by Carlos Ghosn arrest in Japan in 2018 based on certain allegations and the firing of internal successor his deputy Thierry Bollere has been a stark example of leadership transition not being brought up effectively. Nissan also saw the fall of the internal successor and Ghosn confident Hiroto Saikawa, Makoto Uchida is the new CEO.

So, it implies from the perspective of leadership transitions that high performance leadership model could have certain drawbacks in terms of leadership transitions. In terms of leadership transitions, the high performance leadership model could have its own weaknesses as we saw from these 3 case studies. Internal succession is ideal, but not necessarily optimal, external induction not necessarily the best, but at times unavoidable.

Nothing substitutes a rich and diversified internal leader pipeline. Success of leaders is often contextual as discussed earlier. Of the three organizational scenarios described with related performance leadership models Microsoft seems to have built greater resilience in the organizational firmament despite facing certain unanticipated setbacks due to the evolution of cloud, internet and other digital technologies.

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So, there are certain lessons that come from inadequacies of performance leadership, because it is individualized and incumbent leader performance driven. There would be definitely certain strong disadvantages, it is also not an assurance of agility and responsiveness in future. 2 out of the 3 case studies discussed GE and Renault underline that to varying degrees. The lessons at corporate level are as follows: too much emphasis on short run performance, lack of enough checks and balances.

Lessons at people level are lack of compassion, huge job losses because, cost cutting is seen as the primary driver from profitability disparity between the highest and lowest pay levels and the lessons at the leader level are incomplete leadership development and focus on current success rather than future readiness. Performance leadership is like riding a tiger it can devour the rider if the rider is not careful.

An organization used to performance leadership needs a better model should it be a performance plus model probably yes to move to a high level.

Let us also look at leadership lessons of another type, lessons at corporate level could be too much emphasis on legacy business model and zone of comfort, confusing corporate might with new product strength.

Even if the individual lever of highest performance is not adopted by the individual leader, because of performance leadership models various drawbacks arise out of which



we have discussed just now the first one, that is the lessons at the corporate level. The other 2 are lessons at people level and lessons at leader level.

At the people level, there would be an inability to foresee the structural shifts in the industry and the need to re skill and retool. Bureaucratic approach seeps in as an entrepreneurial enterprise becomes monopolistic giant and at the leader level performance aggression continues to dominate while dealing with globalization and national governments. Loss of entrepreneurial feel and perpetuation of the founder's dilemma on the timing and nature of transition would also be significant.

Performance leadership that leads to monopolistic domination could be a double edged sword, the company may not recognize in time the silent technological and business revolutions happening in the market place. Whenever a firm succeeds in creating technology that is industry transformative there tends to be naturally a belief in the invincibility of technology platform and business model, the leaders have to be beyond that.

If they are not beyond that there would be an inability to recognize the new waves of innovation, on the part of the leader as well as on the part of the organization and that would also lead to sub optimization of the business performance for the long term. So, these are the lessons of another type that could arise even if the leader is effective as a performance driven leader



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**Performance Cannot Ignore the Need for the Other Key Attributes**

The performance leadership model cannot be allowed to ignore the other key leadership competencies and traits. Socio-economic purpose, ethics and integrity emerge as notable misses that led to the downfall of Carlos Ghosn as per reports. Similarly, lack of reflection, pursuant to monopolist positions, led Jack and Bill to be domineering.

<p><b>Lessons at Corporate Level</b></p> <ul style="list-style-type: none"> <li>• Need to ensure sustainable long run performance</li> <li>• Need to respect the entity that provides core competencies (in this case, Nissan)</li> </ul>	<p>Strong financial recovery and growth</p>
<p><b>Lessons at People Level</b></p> <ul style="list-style-type: none"> <li>• Need for humility and empathy</li> <li>• Need for cultural fusion at all levels</li> </ul>	<p>Ignoring the human elements of sustainability</p>
<p><b>Lessons at Leader Level</b></p> <ul style="list-style-type: none"> <li>• Need to ensure ethical governance</li> <li>• Need to be a role model beyond just performance</li> </ul>	<p>Inability to build transformative succession</p>
	<p>Strengths of the present becoming the weaknesses of the future</p>

It is important for successful high-performance leaders to stay humble and reflective. The ability to foresee the technology as it could emerge rather than as what the leader wants is a key aspect of adaptive flexibility.

Performance cannot ignore the need for other key attributes, we should not allow the performance leadership model to ignore other key leadership competencies and traits, socio economic purpose, ethics and integrity emerge as the notable misses that led to the downfall of Carlos Ghosn as per reports. Similarly lack of reflection pursuant to monopolist positions led to Jack and Bill to be dominating in their leadership roles.

So, at a level of corporation, there are lessons, need to ensure sustainable long run performance, need to respect the entity that provides core competencies in this case Nissan. Lessons at people level need for humility and empathy, need for cultural fusion at all levels and lessons at leader level need to ensure ethical governance, need to be role model beyond just performance.

It is important for successful high performance leaders to stay humble and effective, the ability to foresee the technology as it could emerge rather than as what the leader wants is a key aspect of adaptive flexibility for a performance oriented leader. When you have strong financial recovery and growth you tend to ignore the human elements of sustainability, you tend to ignore the need to build sustainable transformative succession.

The strengths of the present could become the weaknesses of the future for such high performance leadership model organizations and this slide says that those weaknesses should be avoided apart from the weaknesses of the fundamental type and also of the other type that we discussed earlier.

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### Characteristics of Performance Leader

We can identify the characteristics of a Performance Leader from the three exemplary case studies discussed so far. While the 3 factors of performance, process and intellect explain in a broad way, the following are some unique expectations of performance leadership.

- Would be highly oriented towards task and efficiency as well as effectiveness. Will have a strong bias towards task-orientation in the organization.
- Irrespective of the domain, for example R&D, Operations, Marketing, Finance or Human Resources, would aim for metricised monitoring.
- Would place extraordinary premium on people competencies but with a view to accomplish operational excellence.
- Would be a rather unique mix of mentoring and transactional in approach while extracting work from team members.
- Would be solely profit-driven in deciding on the continuation or discontinuation of businesses and products.
- Would be open to leadership succession but unlikely to choose a leader who would reposition the firm for a new future.

Key Metrics

↓

Viable/Unviable Businesses

↓

Viable/Unviable Products

↓

Top 10%/Bottom 10% People

↓

Six Sigma and Lean


↓


Supply chain/Outsourcing Efficiencies

↓

A Strong Passion to be No. 1 in Industry/Business

As can be seen, a Performance Leader often sets his or her own agenda, and would be very strong and focused in accomplishing the set objectives. An organization and its senior leadership under such a Performance Leader would be steely and resilient in the face of adversity. That said, the need for humility and ethics cannot be ignored.





So, summing up all the discussions we have done on the 3 iconic performance leaders and also the various contexts of different industries, we can summarize the characteristics of performance leader as follows. They would be highly oriented towards task and efficiency as well as effectiveness; they will have a strong bias towards task orientation in the organization.

Irrespective of the domain for example, R&D, operations, marketing, finance or human resources the high performance oriented leader would aim for metricized monitoring would place extraordinary premium on people competencies. But with a view to accomplish operational excellence would be a rather unique mix of mentoring and transactional in approach while extracting work from team members.

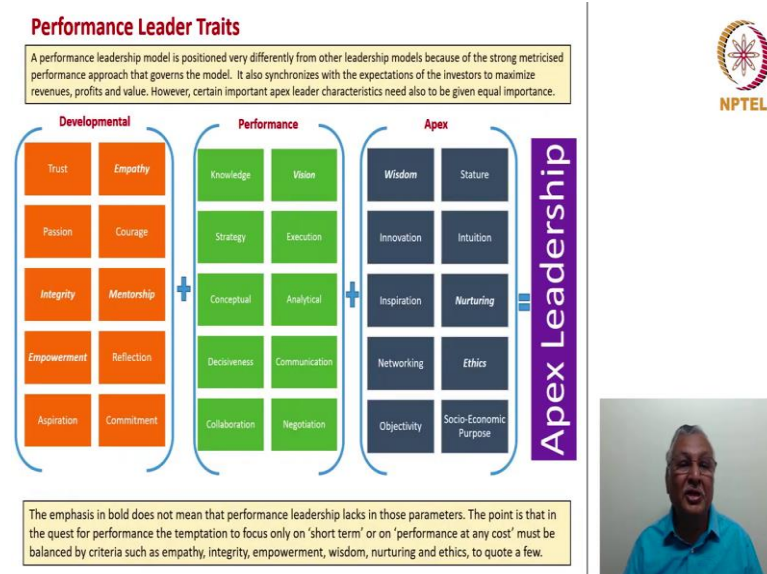
The high performance leader would be solely profit driven in deciding on the continuation or discontinuation of businesses and products. The leader would be open to succession, but unlikely to choose a leader who would reposition the form for a new future.

The leader who is a high performance oriented individual could most probably take someone who fits the template rather than who completely changes the template. As can be seen, a performance leader often sets his or her own agenda would be very strong and focused in accomplishing the set objectives. An organization and its senior leadership under such a performance leader would be steely and resilient in the face of adversity, that said the need for humility and ethics cannot be ignored.

The key metrics by which a performance leader assesses himself or herself and the organization would be broadly in terms of viability and unavailability of businesses, viability and unavailability of products. Top 10 percent, bottom 10 percent people, Six Sigma and lean and various other manufacturing and operational efficiency approaches, supply chain and outsourcing efficiencies and a strong passion to be number 1 in industry and business.

These would be the metrics by which a performance leader would drive himself as well as the organization.

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Now, let us look at performance leader traits that are required to support the leadership characteristics we discussed. A performance leadership model is positioned very differently from other leadership models because of the strong metricized performance approach that governs the model.

It also synchronizes with the expectations of the investors to maximize revenues, profits and value. My proposition is that as far as performance leader traits are concerned the performance oriented leader would require all of the 30 developmental, performance and apex leadership traits in equal measure. However, I would propose that certain of the developmental, performance and apex traits and competencies require a presence at a much higher level intensity.

For example, within the developmental group empathy, integrity, mentorship and empowerment require much higher level of performance. Because a performance oriented leader is naturally tune to high performance and a single minded direction. But when you look at things like job losses, when you look at things like ruling away the existing plants and building new plants, a high degree of empathy is required to be able to handle those decisions and ability to communicate those decisions in an empathetic manner is also required.

As we saw in the case of Carlos Ghosn episode as reported integrity of the highest order is also required, it is not just revenue, profits and market share; it is also about the way

the company's operations have been performed and the way the leadership role has been executed in practice.




So, these are some of the extra emphasis factors, within performance you required vision that is looking at the technologies as they would emerge rather than as technologies as you would want that is the difference. So, higher level of vision is suggested and in the apex leadership trait you need wisdom, wisdom to think of the entire process of leadership beyond performance.

Similarly, going beyond mentoring and nurturing the entire organization is extremely important and so is ethics. The emphasis in bold does not mean that performance leadership lacks in those parameters, the point is that, in the quest for performance the temptation to focus only on the short term or on performance at any cost must be balanced by criteria such as empathy integrity, empowerment, wisdom, nurturing and ethics to quote a few that is the importance.

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**New Age After Succession**

GE, Microsoft and Renault-Nissan display different patterns in the new age after the departure of their strong leaders. GE has had the longest successor tenure (16 years, 2001 to 2016), followed by Microsoft (6 years, 2014 to date) and Renault-Nissan (just two years, 2018-2019). Challenges of a generational and industrial shift are illustrated by the cases.

	<b>Jeff Immelt, CEO, GE</b> <ul style="list-style-type: none"><li>• Impacted by global liquidity meltdown</li><li>• Restructured, but not enough to take the lead in Industry 4.0</li></ul>	Business Continuity with Needed Restructuring
	<b>Satya Nadella, CEO, Microsoft</b> <ul style="list-style-type: none"><li>• Drove a shift towards Cloud and other new technology areas, including classy Surface range</li><li>• Orchestrated a cultural shift emphasizing empathy, collaboration, and 'growth mindset'</li></ul>	Cultural Continuity with Needed Transformation
	<b>Thierry Bolloré, CEO, Renault</b> <ul style="list-style-type: none"><li>• A close aide of Carlos Ghosn, levelled allegations on the conduct of investigations at Nissan</li><li>• Could not handle the cultural, business and ownership ramifications of Carlos Ghosn episode, and lost Renault Board's confidence</li></ul>	Performance Orientation with People Orientation

Performance Plus Leadership Model

Succeeding a Performance Leader and becoming successful is akin to tightrope walking. The good foundations of the past must be retained while building new superstructures. These issues have been discussed in detail in an earlier lecture on leadership transitions and success factors for succession.



And let us look at what happened after the successions took place GE, Microsoft and Renault Nissan display different patterns in the new age after the departure of their strong leaders. GE has had longest successor tenure 16 years 2001 to 2016 followed by Microsoft 6 years for Steve Ballmer and Satya Nadella 2014 to date and Renault Nissan just 2 years 2018 to 2020.

Challenges of a generational and industrial shift are illustrated by the cases Jeff Immelt CEO GE, he was impacted by global liquidity meltdown, he restructured GE. But not enough to take the lead in industry 4.0 he brought in IOT in a big way in GE, but it was too late and probably not fully structured all across the product line up.

Satya Nadella CEO of Microsoft he drove successfully shift towards cloud and other new technology areas including classy surface range. He orchestrated a cultural shift emphasizing empathy, collaboration and a growth mindset. Thierry Bollore CEO Renault he was a close aide of Carlos Ghosn, he leveled allegations on the conduct of investigations at Nissan could not handle the cultural, business and ownership ramifications of Carlos Ghosn episode and lost the confidence of Renaults board.

Succeeding a performance leader and becoming successful is akin to tightrope walking, the good foundations of the past must be retained while building new superstructures. These issues have also been discussed in detail in our earlier lecture on leadership transitions and success factors for succession. Business continuity with needed restructuring, cultural continuity with needed transformation, performance orientation with necessary people orientation ensures that a performance plus leadership model would be in place.


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**Keeping up the organizational Resilience – Challenges for the CEO**

Organizational resilience is a legacy that a successful Performance Leader leaves behind for the successor. The Performance Plus model suggested below outlines a possible methodology to transform for the future.

<b>Reinforcing the Legacy</b>	<ul style="list-style-type: none"><li>• Bringing in new process efficiencies</li><li>• Course-correcting as required</li></ul>
<b>Defining New Vision</b>	<ul style="list-style-type: none"><li>• Developing a new growth strategy</li><li>• Raising resources and executing</li></ul>
<b>Inspiring the Team</b>	<ul style="list-style-type: none"><li>• Creativity, innovation and passion</li><li>• Empathy and ethics</li></ul>

The basic performance leadership model of performance, process and intellect gets reinforced with additional construct of people oriented construct of empowerment with human touch.



The challenges for these CEO under the high performance leadership model is to keep up the organizational resilience. Organizational resilience is a legacy that a successful



performance leader leaves behind for the successor. The performance plus model suggested below outlines a possible methodology to transform for the future.

Fundamentally you should be able to reinforce the good part of the legacy, but by bringing a new process efficiencies course correcting as required. You should be able to define the new vision developing a new growth strategy rising resources and executing and finally and always essentially inspiring the team with creativity, innovation and passion with empathy and ethics.

The basic performance leadership model of performance, process and intellect gets reinforced with additional construct of people oriented model of empowerment with human touch. This is the requirement for performance leadership model becoming a performance plus leadership model and helping the leader as well as the organizations. With this we come to the end of the lecture thank you, we will meet in the next lecture.