

Finding Your True North

An Interview with William W. George, Senior Fellow, Harvard Business School

EDITORS' NOTE Bill George is an executive fellow at Harvard Business School, where he has taught leadership since 2004. He is the author of: *Discover Your True North*; the *Discover Your True North* Fieldbook; *Authentic Leadership*; and his most recent book, *True North: Emerging Leaders Edition*, published on August 30th. George is the former Chairman and Chief Executive Officer of Medtronic. He joined Medtronic in 1989 as President and Chief Operating Officer, was Chief Executive Officer from 1991-2001, and Board Chair from 1996-2002. Earlier in his career, he was a senior executive with Honeywell and Litton Industries and served in the U.S. Department of Defense. George has served on the boards of Goldman Sachs, ExxonMobil, Novartis, Target Corporation, and the World Economic Forum USA. He recently concluded his term as a trustee of the Mayo Clinic, and has been board chair for Allina Health System, Abbott-Northwestern Hospital, United Way of the Greater Twin Cities, and Advamed. He was elected to the National Academy of Engineering



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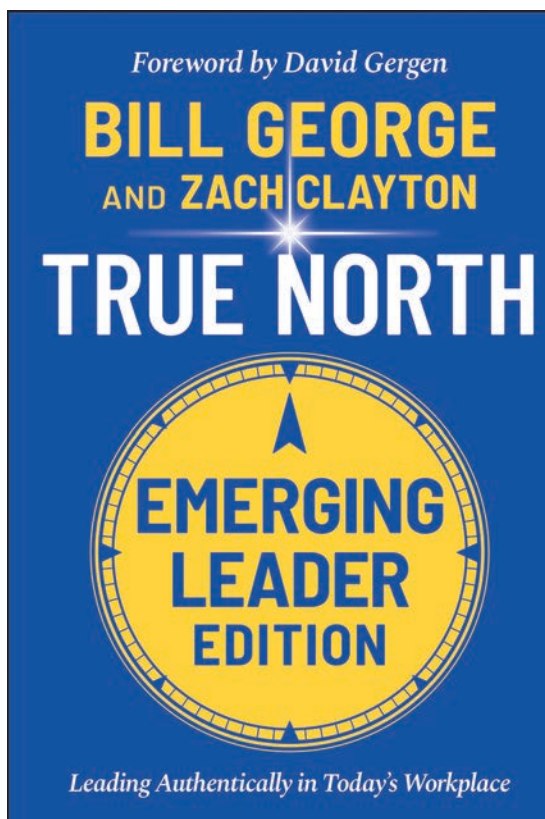
in 2012 and was named one of the "Top 25 Business Leaders of the Past 25 Years" by PBS; "Executive of the Year-2001" by the Academy of Management; and "Director of the Year-2001-02" by the National Association of Corporate Directors. In 2014, the Franklin Institute awarded him the Bower Award for Business Leadership. George is a CNBC Contributor and makes frequent appearances on television and radio. He received his BSIE with high honors from Georgia Tech, his MBA with high distinction from Harvard University, where he was a Baker Scholar, and honorary PhDs from Georgia Tech, Mayo Medical School, University of St. Thomas, Augsburg College and Bryant University. During 2002-03 he was a professor at IMD International and Ecole Polytechnique in Lausanne, Switzerland, and executive-in-residence at Yale School of Management.

What was your purpose for writing your most recent book and what were the key messages you wanted to convey in the book?

We are going through a massive change in leadership. The baby boomers have been dominant in leadership for 30 years and I think it is time for the emerging leaders to step up to the multiple crises we face. I define emerging leaders as Gen X, Millennials and Gen Z, and the time is right as we face multiple crises. We need new leaders to take over to lead through these crises and focus on the many issues the country is facing. We feature a number of these leaders in the book, for example Corie Barry of Best Buy who inherited a business that needed to pivot during COVID and has led through this unprecedented time and implemented critical changes to the company. In addition to emerging leaders, we focus on established leaders who are role models for leading in today's world – people like Satya Nadella of Microsoft, Indra Nooyi of PepsiCo, Mary Barra of General Motors, and Ken Frazier of Merck. These leaders provide an example of how you lead authentically in challenging times.

The book is about how you become an authentic leader in today's complex environment and serves as an inspiration for the next generation to step up and take the lead.

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Who are you hoping to reach with the book?

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How does a person find their True North?

First, you must figure out who you are before you can lead other people. This comes through a rigorous process of understanding where you came from and who influenced you. This is about more than just what your identity is – you need to explore your crucibles, the most difficult times that you have faced since this is when all the pretense gets stripped away. This is not about money, fame, or power – those are real traps.

You look at a person like Satya Nadella who completely transformed Microsoft. He talks about his life experience, including his son having cerebral palsy and how this transformed Satya in realizing the importance of empathy and personal growth. This enables you to discover your True North.

Is the ability to find your True North something that can be taught?

Your True North can be learned by everyone. Every class at Harvard I have taught for the past 20 years has focused on this. It is about first getting people to think about their life stories and then to write down the greatest crucible they ever faced: here is a time I lost my way; here are times I violated my own values.

The interesting thing is that your IQ does not really change from the age of 10 to 60, but what does change is your emotional

intelligence (EQ) since that is a learned skill. I look at qualities like self-awareness, passion, empathy, courage, and compassion as the qualities that are critical to leading effectively today.

How do business leaders balance the short-term, quarter-to-quarter pressure for results with the need to make investments for the future and to be a force for good in society?

That is one of the great challenges for a leader. While you need to win today, you never want to sacrifice the long term in doing so. If you only focus on the short term, it will lead to the destruction of the enterprise. I think there has been a lack of understanding in the financial community about how sustainable value is created. It starts not with financial goals, but with your customers. As a leader, if you are not creating more value for your customers than your competitors are, you will eventually be out of business. When it comes to employees, the frontline people in the company are not concerned about the share price – they want to know how what they are doing is making a difference and how the company is impacting society.

If you meet your customers’ needs with highly engaged employees, you will increase your profitability and you will increase your shareholder value. Transformative leaders are ones that can balance the needs for the short term, while investing in the long term.

You have served on many corporate boards. What do you see as the role and responsibility of boards?

The role of boards is evolving. There is no reason for boards to spend time on last quarter’s earnings – that is history. Boards need to focus on the things they can influence such as whether the company is fulfilling its purpose, how it is

serving its customers, and if it has engaged and motivated employees. Earnings are a lagging indicator, but things like customer satisfaction, market share, and employee engagement are leading indicators, and this is what boards need to focus on.

This is happening in large part due to the diversification of boards. Boards need to have people with different perspectives and experiences and world views to effectively meet today’s challenges.

You mention diversity. How critical is it for companies to build diverse and inclusive workforces?

We have diverse organizations, but this can devolve into a box-checking exercise. What is important is creating an environment of inclusion where your employees feel that they are a part of something greater than themselves and have a sense of belonging. People want to be accepted no matter where they come from, and that sense of inclusion and belonging is what is truly important.

What are your views on the future of work?

I think that there will be much more flexibility with work hours, but to be part of a team you need to be present. Innovation happens in the little interactions you have during the day. You need to spend time with mentors and need to live the company culture to grow and succeed. Personal relationships are what make the difference in business and they make the difference in leadership.

What has made teaching so special for you?

Every time I walk into the classroom I am eager to learn from the participants, whether they are senior executives or MBA students. It is not just about listening and learning from me as the teacher; rather we learn from each other. ●