Direction, Smart People, Trust

Idea In Short

Simplify your leadership agenda to three commitments: set a clear, flexible direction people can repeat, hire broadly smart people who think beyond silos and build the trust that makes leverage possible. Nearly every business problem traces back to a failure in one of the three.

A Formula From the Field

Fifteen years of consulting to executives, as an external adviser, strategic planner and organization design lead, builds a large sample. Time with chief executives, operating chiefs, finance chiefs and vice presidents of every flavor, mostly at organizations with 500 million to 5 billion dollars in revenue, teaches one meta-lesson: it helps to make things simple. Organizational success comes from getting smart people, developing a strong sense of trust and setting a clear and flexible direction. The formula is worth explaining to clients and recruits alike, precisely because it is simple to state and demanding to live.

Clear Direction

Executives, please hear this part. You have to tell your people where you are going and what you expect of them, and the vehicle should not be a 36-page presentation or an 80-page strategic plan. Make it simple, clear and flexible, because you cannot prescribe every action, and you should assume the message will get diluted and poorly communicated on its way down. The direction must survive that journey. Five questions define it: what are we trying to do and what is our strategy, how are we different and how do we use those strengths, what are our values and whom do we want to recruit and retain, what are we not going to do, and whom do we serve?1 The what-not-to-do question does the most work and gets asked least.

Smart People, Broadly Defined

Smart carries a deliberately broad meaning here. Not just intelligence, high test scores and strong grades, but common sense, the ability to think outside a designated silo, an attitude of learning and a knack for getting things done. The negative space defines it just as well: lazy people are not smart, selfish people are not smart, fearful people are not smart, jaded people without hope are not smart and people who think they are smart are not smart. Jim Collins made the positive case famous with his insistence on getting the right people on the bus and into the right seats.2 The wrong people create more confusion, rework and overhead than an empty seat would have. Recruiting for fit is difficult and incredibly important, compressed by one human resources veteran into four words: hire slow, fire fast.

Trust Above All

Trust is probably the most important of the three, because it enables the other two. A culture of trust helps an organization collectively set the right direction and helps it recruit and retain smart people, while a lack of trust obfuscates direction and drives smart people away. Consulting teams demonstrate the economics vividly. If you cannot trust your manager, peer or analyst, there is no leverage model, since everyone must double-check everything and overhead multiplies. Organizations without trust force people to build deep personal relationships one by one just to get things done, and trust becomes a private asset some hold and others lack. The workplace turns into a court drama of alliances, favoritism, reciprocity, long memories and pettiness, which is entertaining on television and expensive in business.3

The Three Failure Modes

Most business problems trace to a breakdown in one of the three. Direction failures look like this: unclear goals confusing mid-level managers, mixed messages from finance, human resources, operations and marketing producing knee-jerk reactions to the problem of the day, new management resetting direction with little acknowledgment of what worked before, and executives so busy that they outsource their strategy to consultants rather than deciding themselves.

People failures follow their own pattern: leaders insulating themselves from real-time feedback below, rewards flowing to the wrong behaviors and to non-performance, bad behavior such as rivalry and gossip persisting unchallenged, people placed into roles they are not qualified for, and reflexive outside hiring instead of nurturing internal leaders.

Trust failures complete the catalog: inactivity and slowness because everyone must check with their boss, over-emphasis on consensus building because nobody wants to be seen as going rogue, intolerance of innovation-driven failures, and over-reliance on benchmarks and canned best-practice answers instead of institutional judgment. Diagnosing which failure dominates is usually the first week of any serious engagement.

Testing Your Own Organization

The formula converts into a quick self-assessment any leadership team can run. On direction, stop five mid-level managers in the hallway and ask what the organization is trying to accomplish this year, then compare the answers, because divergence there measures dilution precisely. On people, examine the last three difficult exits and ask whether the hire-slow, fire-fast discipline actually operated or whether known problems lingered for years. On trust, time a routine cross-functional request from ask to answer, since elapsed days quantify the double-checking tax better than any engagement survey. Most organizations discover one dimension lagging the other two, and that lagging dimension, not the strongest one, sets the ceiling on performance. Fix the constraint first.

Respect for the Burden

None of this diminishes how difficult effective leadership is. Consultants who have never carried a nine-figure budget, thousands of employees, analysts dissecting every comment, lawsuits attached to board decisions or thirty vice presidents demanding attention around the clock owe executives genuine respect for the weight. The appeal survives the humility intact, and it is simple. Set the direction. Hire and cultivate smart people, broadly defined. Create a culture of trust. Everything else in the management literature is commentary on those three sentences.

- 1Strategic Planning
- 2Jim Collins
- 3Trust (Social Science)

Summary

Organizational success reduces to clear direction, broadly smart people and a culture of trust. Each failure mode is recognizable: mixed messages, insulated leaders, consensus paralysis. Executives carry heavy burdens, and the appeal stays simple. Set direction, cultivate smart people, build trust.