

How Leaders Gain (and Lose) Confidence

AN INTERVIEW WITH
ROSABETH MOSS KANTER

Rosabeth Moss Kanter, the author or coauthor of many best-selling books, is the Ernest L. Arbuckle Professor of Business Administration at Harvard Business School. As an adviser to major corporations and governments worldwide, she has served as a member of the Board of Overseers for the Malcolm Baldrige National Quality Award, is a Fellow of the World Economic Forum, and serves on U.S. Secretary of Labor Elaine Chao's task force on the skills gap for the 21st Century Work Force Council. She recently received the Academy of Management's Distinguished Career Award for her contributions to management and the World Teleport Association's Intelligent Community Visionary of the Year Award.

Leader to Leader recently talked to her about her latest book, *Confidence: How Winning Streaks and Losing Streaks Begin and End*, which has just been released. *Confidence* explains how leaders can sustain winning streaks and turn around losing streaks—with evidence from businesses, major league sports teams, inner-city schools, and political leaders.

L2L: Why confidence? Don't leaders understand the importance of confidence in this day and age?

RMK: The word *confidence* is used often but rarely understood. I set about to deconstruct it, to understand what lies behind it. Confidence is often thought of as an attribute of a person: for leaders that means whether the leader has self-confidence. We also use that word in a broader sense: Confidence in the economy. Confidence in the leadership of the country. But we haven't made the connection between that broad sense of whether people have confidence in their leader and the self-confidence of the leader. So I set about to understand this linkage, and what I discovered is that while many leaders have self-confidence, the most important thing is whether they have confidence in *other* people and therefore create the conditions in which the people they lead can get the work done.

For bulk reprints of this article, please call 201-748-8771.

L2L: Sometimes leaders hire motivational speakers to come in and rally the troops, but that is not what you're talking about, I take it?

RMK: Confidence is more than empty “pep talk.” There was a movement in California to build self-esteem because somebody had decided schoolchildren did not have enough self-esteem. You don't build self-esteem by patting people on the back and telling them they're wonderful. Confidence is a much more complex phenomenon that comes from experiencing one's strengths in action.

L2L: What is confidence, anyway?

RMK: Confidence is the expectation of success. When you expect success, you are willing to put in the effort to achieve it. It's confidence that attracts investment—not just money, but time, energy, loyalty, and commitment. Ultimately, what makes a difference in performance is whether people put in the effort—and often the extra effort—to sustain success. When people have confidence they are willing to invest and it is the investment that leads to action that creates high performance. So confidence is a critical missing link. The reason I love sports so much is that you can see it clearly in games. The winner is often behind . . . they sometimes fumble . . . they sometimes lose the ball . . . they sometimes miss a shot and they keep going. They persist, they learn from their mistakes, they learn from their experience, and that is what confidence makes possible.

L2L: Tell us about the three cornerstones of confidence.

RMK: Confidence is not simply in people's heads—and as I said earlier, it is not the pep talk from the leader. Because pep talk without a solid foundation to stand on means nothing. Pep talks without evidence of the possibility of success, of high performance, are empty and meaningless. As I said, the most important thing that leaders can do is show confidence in other people. When that confidence is bestowed on people, that begins to help make it possible for them to perform and it gives them a foundation. So there are three cornerstones of confidence: accountability, collaboration, and initiative.

L2L: We are hearing a lot about corporate accountability these days.

RMK: By *accountability* I mean more than just the current corporate and government buzzwords about counting the money correctly. I mean taking personal responsibility: seeing where one's responsibility lies, facing it squarely, facing facts honestly, being able to admit mistakes quickly and do something about them. Accountability comes from honest, accurate facts and knowing what responsibility a person can take for acting in light of those facts. Accountability provides a firm foundation for confidence. You can be confident in leaders if you know that the leaders are telling you the truth. If they are taking responsibility, then you in turn can take responsibility. As a leader you build accountability around your people. You put the facts on the table. You hold up the mirror of accountability. You show people where their performance fits in that range of facts.

L2L: Let's move on to the second cornerstone.



Rosabeth Moss Kanter is an internationally known business leader, best-selling author, and expert on strategy innovation, and leadership for change. She advises major corporations and governments worldwide, and is author or coauthor of 15 books, including her latest, "Confidence: How Winning Streaks and Losing Streaks Begin and End." Other award-winning best-sellers include "Evolve! Succeeding in the Digital Culture of Tomorrow," "The Change Masters," "When Giants Learn to Dance," and "World Class: Thriving Locally in the Global Economy."

RMK: The second is *collaboration*. Teamwork. Support. Confidence builds when you feel you can count on the people around you and when they feel they count on you. It is as simple as that. Some of this is a clear part of teamwork. But what's important is not whether you do everything together as a group, it is whether you know what other people are capable of. You respect other people for their strengths. You know that you can count on them to do their part and in turn they know they can count on you. So confidence builds when you have that faith in the people around you and it erodes when you say, "Well, they're never going to do their part, I'll have to do it myself. I can't trust them. I don't respect them." When people start saying that, they disengage from one another and performance deteriorates. So leaders have to build the chemistry of collaboration. That often sounds like a cliché because everybody talks about building teams, but I think that what I did in my book, by showing how this happens at every level from community agencies to big companies to sport teams to whole countries, is improve our understanding of what helps people feel that they can rely on the people around them.

One of the most dramatic stories I tell in the book is about how Continental Airlines managed to keep flying during the worst power blackout in American history, when the whole Northeast power grid went out in August of last year. When power was down in two of their three major airports, Cleveland and Newark, they managed to coordinate this complex effort of flying the planes anyway. And they were able to do it because all three cornerstones were in place: accountability, collaboration, and initiative. But it was the quality of collabo-

ration that was key. These were people who were not even seeing each other face-to-face. But they knew how to coordinate their actions and how to take personal responsibility, because they knew that other people in the system would also be taking productive actions. They had respect for one another and that translated into an amazing act of coordination. This is not about team building in the sense of "let's get together and have a pep rally." Many of these people hadn't even met each other. But they had been doing their work with an awareness of the strength that other people possess—and the full confidence that anybody who was working for Continental would share the same overall goals and be a person of great quality and ability.

L2L: And the third cornerstone?

RMK: The third cornerstone, which also helped Continental in the blackout, is *initiative*. Unless there is permission and encouragement for people to take initiative and feel that their actions can make a difference there is no confidence in the system, in each other, in leaders.

Leaders don't do it all by themselves. One of the most devastating comments I heard made by any of the top executives in my research was in a company in decline. The chief executive and the company were having real problems and he would yell at the people on his executive team and the managers below them. He would say, "Why do I have to have all the good ideas?" Think about how many negative messages about initiative are contained in that. First of all, he is denying that anybody else is thinking or contributing. Secondly, he is saying anything they do won't be good enough. The upshot was the people stopped contributing. They did

■
*Ultimately, what makes
a difference in performance
is whether people put
in the effort.*
■

The Real Secret of Leadership

Sometimes it seems as if there are only two states of being: boom or bust. When things are up, it feels as if they will always be up. People come to believe they can succeed at anything they try, companies proffer grand visions of innovative futures, and investment is easy to attract. When things are down, it seems as if they will always be down. That's how depressed people feel; that's why recession-dominated economies find recovery elusive; that's why teams or businesses or schools can stay in decade-long slumps.

Any company, any group, any person can be swept along by one of these fortunate or unfortunate cycles. What causes them to rise or to fall is often a matter of confidence. Confidence is the bridge connecting expectations and performance, investment and results. It is a familiar term used every day to indicate future prospects in a wide variety of circumstances—the self-confidence of athletes, consumer confidence in the economy, public confidence in leaders, or votes of no confidence at board meetings.

But self-confidence is not the real secret of leadership. The more essential ingredient is confidence in other people. Leadership involves motivating others to their finest efforts and channeling those efforts in

a coherent direction. Leaders must believe they can count on other people to come through. If the people in charge rely only on themselves as heroes who can rescue any situation, while focusing on other people's inadequacies, they undermine confidence and reinforce losing streaks. In contrast, when leaders believe in other people, confidence grows, and winning becomes more attainable.

Delivering Confidence

Leadership is not about the leader; it is about how the leader builds the confidence of everyone else. Leaders deliver confidence by espousing high standards in their messages, exemplifying these standards in the conduct they model, and establishing formal mechanisms to provide a structure for acting on those standards.

Espouse: The Power of Message

Leaders articulate standards, values, and visions. They give pep talks. Their messages can incite to action when that is appropriate, or they can calm and soothe people to prevent them from panicking. In the strong cultures that develop in winning streaks, leaders' messages are internalized and echo throughout the system.

Exemplify: The Power of Models

Leaders serve as role models, leading through the power of personal example. The leaders I saw in winning streaks and turnarounds sought to exemplify the kinds of accountable, collaborative behavior they sought in others.

Establish: The Power of Formal Mechanisms

Leaders develop processes, routines, and structures. They embed winners' behavior in the culture not just through person-to-person and generation-to-generation transfers of norms but also through the formal mechanisms that embed positive behavior in team and organizational routines.

Leaders must deliver confidence at every level: self-confidence, confidence in each other, confidence in the system, and the confidence of external investors and the public that their support is warranted. By believing in other people, they make it possible for others to believe in them.

Adapted from *Confidence: How Winning Streaks and Losing Streaks Begin and End*, by Rosabeth Moss Kanter. Copyright 2004 by Rosabeth Moss Kanter. Reprinted by permission of the Crown Publishing Group.

the minimum and thought about putting their résumés out on the market and that was it.

Supporting initiative is important even in the most controlled circumstances—such as a sports team that is out on a playing field in a game that has very fixed rules and the coach is giving instructions through headsets to the team on the field. I still found that the winning team took more initiative. They did things that they were not told to do by the coach and often they would tell the coach, “We’ll take care of it, you don’t have to worry about it, we see some opportunities.”

Initiative leads to innovation. It leads to new ideas and it is a necessity for all organizations today to keep innovating, but it is also a cornerstone of confidence. Because it is that feeling of efficacy on the part of people and that belief on the part of investors that show this as an organization that will be able to solve problems. People need to be able to feel that they are supported in being active, in making contributions. Setting up an environment in which people can even take small steps where they feel that their small steps make a difference is critical to creating a highly productive and confident system. People can’t only be waiting for the big move, the bold strokes that leaders make at the top. That doesn’t build confidence in the whole system or in the people themselves in the system. What builds confidence is that everyone has something to contribute, however small, however big, that can make a difference to outcomes. That is the third cornerstone of confidence.

So in sum, people need to be supported on a foundation of accountability, which means, full and open dis-

closure of honest information. They need to be supported on a foundation of collaboration, which means people around them whose skills they respect and who they know will operate in the best interest of the whole team, not just for their own selfish purposes. And people need to be supported by initiative, which means the encouragement, the permission, the resources, and the tools they need to take steps that make a difference. When these cornerstones are in place people have full confidence. But when you don’t have all the facts and when there is no accountability in the system; when you don’t have people around you who you feel will support you; when you don’t have a feeling of efficacy and that your

actions make a difference—then you naturally lack confidence. Employees won’t invest time and effort. Investors won’t invest. Donors won’t donate. Fans won’t show up. And then confidence declines even more.

L2L: That leads to one of the most interesting themes in the book: your discussion of winning streaks and losing streaks.

RMK: Confidence grows in winning streaks. That is, confidence grows with the repeated experience of success and that makes it easier to use your skills next time. And confidence decreases during losing streaks with the experience of failures, setbacks, fumbles, and that makes it harder to have the confidence to act.

L2L: In a losing streak, the lack of confidence builds on itself, in a vicious spiral. How does an organization break out of that?

RMK: Let me explain what I mean by *losing streak*. In sports, it is very clear: a losing streak means you’ve lost

■

*All the successful
leaders I studied knew
how to touch the
human conscience.*

■

a series of games. But we all have losing streaks in our organizations, even nonprofit and government agencies where there isn't a financial measure of performance. You know that you are starting to lose support: fewer people are showing up at events, you are losing market share, there is a feeling that players are starting to leave, all those things are symptoms of a spiral of decline. If you don't stop it will get worse and worse and worse because losing feeds on itself.

When confidence erodes it gets harder and harder to come back, so you often need to come back with new leadership that makes a fresh start, and I think this is when leaders matter most. In a winning streak, in a success spiral when everything is going well, it doesn't really matter who the CEO is, because there is positive momentum. Because the culture is positive and many people take responsibility.

The time when leaders matter most, when the quality of leadership matters most, is when you're trying to reverse the decline and get off a losing streak and onto a winning streak. Confidence has eroded in a losing streak and people don't believe that there is anything that will get them out of it. They don't believe there is anything they can do individually, they've lost faith in the chief executive because, after all, he or she got us into this in the first place. In losing streaks there is often a revolving door at the top and lots and lots of new managers keep coming in and none of them make a difference.

So new leaders work on those three cornerstones of confidence.

First of all they need to restore accountability because in a losing streak that disappears. People don't face the facts. Often the facts have been covered up because some executive wanted to cover his rear end, so to speak. They don't disclose everything that is going on; they barely want to talk to each other. One of the first things a leader needs to do is to put the facts on the table and help people cope with them. It has to be done in a way that it doesn't make people feel punished. Blame, anger, and revenge just perpetuate losing habits.

Then you work on teamwork and collaboration. Sometimes you simply put people in a room together, a cross parts of the organization that have never spoken to each other or they have but it's been hostile, negative, or withholding. You put them in a room together and ask them to work on larger goals—higher goals. That is the part where we say, "New leaders need a vision." It isn't even so much that the leader needs to have the vision as to provide a sense for people in the organization that there is some higher purpose than fighting with each

other. Then giving people permission to take small steps, small wins, take initiative. In a losing streak people have been blocked, stifled, and caught in negativity. Leaders unblock that sometimes by investing in the people.

L2L: How so?

RMK: I was very struck in my research about how much a new chief executive could accomplish simply by shifting existing resources to give more to the people doing the work in the form of a better working environment. Let me give you an example. I tell the story

■
***Leadership matters
most when you're
trying to get off
a losing streak.***
■

of a community health center that was in bankruptcy and a new chief executive came in who they thought was going to help shut it down. Instead she found amazing assets, good people, fantastic buildings, and a community that was hungry for their services. So she found ways to show people how valuable they were by first fixing problems in the physical environment that affected them every day. Fixing the things people see every day, coupled with open dialogue, facts on the table, and open solicitation of people's ideas and support for small projects turned around the confidence level. People began to have more confidence and they began to see more that they could do, and performance started to increase and support grew in the wider community.

My favorite example of leadership to turn around negative and destructive dynamics is Nelson Mandela, the first democratically elected president of South Africa. He saved a system that could have blown up in violence after decades of oppression. He wanted the facts on the table. But he knew that people would confess what they had done only if they could do so without fear of punishment. He said that people should come forward and tell the truth because we must deal with the truth before we can make progress. So he established the Truth and Reconciliation Commission, which was a remarkable thing to do. He also did things to build bridges between the races. To build more collaboration, more multicultural, multiracial activities and events. Then he worked to empower people by finding the resources to invest in new enterprises for the black communities. So the three cornerstones that work in companies, in community organizations, in my small sports teams also work on a national scale.

L2L: Nelson Mandela is truly inspiring. He seems to be a perfect example of something you said

in the book that I really thought was interesting. You said leaders who build confidence combine structure and soul. Can you expand on that?

RMK: There is both a hard and a soft side to leadership and the cornerstones of confidence that I've talked about are built in part by hard stuff, concrete things, institutional mechanisms. Accountability—facing the facts—means data and measurement and performance appraisal. Collaboration means the actual structuring of teams and building an organization where people move across boundaries. Initiative often requires formal programs to solicit ideas and reward people for their contributions. So the formal institutional mechanisms are needed, but there is also a softer side to leadership, what I call the “soul of leadership.” I noticed that all the successful leaders that I studied, whether it was a CEO of Gillette or Nelson Mandela of South Africa or the chief executive of a bank in Turkey, whom I adore. They could deal with large numbers of people and set up the formal systems and structures, but they also knew how to touch the human conscience. Even Billy Beane, general manager of the Oakland A's baseball team, who has become famous as the star of the book *Moneyball*, was known for the numbers, the statistics, the analysis, yet Billy Beane, along with the CEO of Gillette, the president of South Africa, the president of my bank in Turkey, were all known for a human touch. For getting to know people's names. For being fun to be with. For sending somebody a note to tell them that they were doing a good job. For bothering to learn about people's interests and having a conversation with them about their interests. It is the human touches combined with all the formal systems that builds confidence, because ultimately confidence comes from the belief that you personally are supported and cared about. ■