

the espoused goals. Enthusiasm, good intentions, and hard work may help, but without good results, they don't count. Peter Drucker got it right in 1954 in *The Practice of Management* when he wrote: "The ultimate test of management is *business performance*. Achievement, rather than knowledge, remains, of necessity, both proof and aim."

3. The judgment calls that leaders make can't be viewed as single, point-in-time events. For a leader, the moment of making the call comes in the middle of a process that begins with the leader recognizing the need for a judgment and continues through successful execution. A leader has good judgment when he or she repeatedly makes judgment calls that turn out well because the leader has mastered a process that unfolds in three phases:

- **Time.** What happens before the leader makes the decision or the call? What does the leader do as he or she makes the decision that helps it turn out to be the right one? What must the leader oversee to make sure the call produces the desired results?

- **Domain.** The elements of the process, the attention that must be paid to each, and the time over which the judgment unfolds varies with its subject matter. The most important calls are found in three critical domains: judgments about people, judgments about strategy, and judgments in time of crisis.

- **Constituencies.** Leaders make the calls, but they do it in relation to the world around them. A leader's relationships are the sources of information needed to make good calls. They also provide the means for executing calls, interact with various constituencies, and manage the relationships to make good calls—and help others in the firm to make them.

4. To make good calls, leaders need four types of knowledge:

- **Self-knowledge.** How do you learn? Do you face reality? Do you watch and listen? Are you willing to improve?

- **Social network knowledge.** Do you know how to build a strong team and teach your team to make better judgments?

- **Organizational knowledge.** Do you know how to draw on the strengths of others in the organization? Can you create broad-scale processes for teaching them to make smart judgments?

- **Contextual knowledge.** Do you know how to create smart interactions with other stakeholders, such as customers, suppliers, government, stockholders, competitors, and interest groups?

Judgment is the essence of leadership. LE

Noel Tichy and Warren Bennis are coauthors of *Judgment*. Visit www.noeltichy.com or www.warrenbennis.com.

ACTION: Cultivate these four types of knowledge.

Third Alternative

It can bring down the walls.



by Stephen R. Covey

WE LIVE IN A TIME when walls are falling. We are seeing the rise of the borderless economy. With technology, we are seeing the end of the artificial walls that imprison the human mind. But the most challenging walls remain: the walls between people. These walls are mostly invisible, but they form barriers to trust, communication, and the incalculable cost to organizations when sales and marketing don't get along, when there is mistrust between labor and management, or when people feel they can't be open and honest, resulting in office politics, backbiting, and micromanaging.

The key to tearing down these walls is the internal strength to think *we*, not *me*. When we listen to understand, when we deeply believe in 3rd Alternatives—that there is truly something better just waiting to be created—marvelous things happen.

The workplace is full of walls: between teams, departments, divisions, and functions; between creative types and accountants, between executives and workers, between organizations and customers. It's only natural to want to defend our walls, and that's why we have conflict. The defensive 2-Alternative mind-set is the problem.

An organization is full of conflict because it has a job to do, and creative, thoughtful, talented people have different insights into how to do that job. Those insights may be contradictory, baffling, quirky, and inconsistent; they can also be useful or even brilliant.

Some organizations tolerate conflict; some are conflict-averse; some are abusive. But most managers try to manage conflict. They try to avert, control and resolve conflict because they live by the premise that *conflict is to be avoided if possible, controlled if unavoidable, and resolved quickly so harmony can reign again.*

The problem is not that *conflict exists*, but that we have the wrong paradigm about it. The 2-Alternative response to conflict is *fight or flight*, while the synergistic response is welcome, delight,

engagement, and discovery.

If you're a 3rd Alternative leader, you look for solutions that provide people with a huge emotional payoff and create for the firm new, exponential value.

Most leaders treat a *conflict* as a *transaction*. It's about dividing up the pie. You can either accommodate or confront your opponent. You can give away the pie or you can fight over it, and there are techniques and tricks to gain an advantage. But divide it as you will—in the end, it's the same pie.

By contrast, the 3rd Alternative is to transform the situation. It's about *making a new pie that's bigger and better*—perhaps *exponentially bigger and better*. Where conflict resolution is *transactional*, the 3rd Alternative is *transformational*.

When you are caught up in a conflict at work, you tend to fall into the defensive mind-set. The natural, unthinking response to a challenge is to fight or flee. This is what animals do out of instinct; they have only the 2 Alternatives. But mature human beings can choose a 3rd Alternative.

Remember the first paradigm of synergy: "I See Myself." I have the power to stand outside myself and think



about my thoughts and feelings. I can examine my own motives: "Why am I caught up in this? Am I being egocentric? Do I need attention or affirmation? Do I feel my status is being threatened? Or am I genuinely concerned about this issue?" If I'm sure of my own self-worth, if I feel confident about my own

contribution and capability, I don't need to defend myself against you. I can express myself candidly to you.

But I also need to remember the second paradigm of synergy: "I See You." That means I have profound respect for you. I value your ideas, experience, perspective, and feelings.

So, I practice the third paradigm of synergy: "I Seek You Out." I'm fascinated—not threatened—by the gap between us. You defuse negative energy fast when say, "You see things differently. I need to listen to you." And mean it.

If you practice these paradigms, you'll arrive at a 3rd Alternative that makes the conflict irrelevant: "Let's look for something better than either of us has thought of." *Everybody wins, everybody is energized.* Often you won't even remember what the fight was about. LE

Stephen R. Covey is author of *The 3rd Alternative*. Visit www.ThirdAlternative.com.

ACTION: Practice the 3rd Alternative response.

Copyright of Leadership Excellence is the property of Executive Excellence Publishing and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.