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**Dr. Marshall
Goldsmith**

How to
**CREATE
POSITIVE,**
Lasting Change
for Yourself
and Your Team

Do You Reward BEHAVIORS or VICTORIES?

BY TODD ORDAL

A fascinating and critical question for leaders: Do you reward behavior or victories?

Consider these situations:

- You have a well-established business model but are concerned that it's too old and a startup may soon eat your lunch. You fund a new division to build out some adjacent product lines. It gets three to market; two fail and one succeeds. Is that division president a hero or a bum? What do you say about the failures?
- You have two possible internal candidates to fill a hole on your executive team. One is thoughtful, smart and industrious and has run a product line with underwhelming growth and profit. The other candidate is confident, bordering on brash, and has a take-no-prisoners approach. His division grew rapidly the past two years with high profits, and the board loves him for that. ▶

What's your choice? Oh, by the way, candidate A has myriad competitors and candidate B's largest competitor stumbled mightily several years ago.

- Maybe closer to home ... Your son struggles in school to get good grades. You hire a tutor and watch your child work hard, spending hours nightly. He gets C's. What do you say to him?

Tough questions, but similar to ones that leaders (even those at the kitchen table!) face frequently.

Vince Lombardi said: "Winning isn't everything. It's the only thing!" Yoda claimed: "Do or do not. There is no try." Are they correct?

Like all other great questions that leaders must contend with, the struggle is important, and there are unintended consequences to both answers. You certainly cannot blow through all of your investors' capital just trying hard. But if only victory is celebrated, you might as well focus just as much on being lucky as on being good.

There are, however, some things you can do as a leader to bridge the gap between good behavior and victory. Here are a few things to chew on:

- Hire for ability, and reward effort. This isn't the Cub Scouts. Not everyone gets a prize, and you can select your team.
- Yes, the business must "win" over the long haul, but rewarding the brilliant but unethical person for succeeding

is a road to disaster.

- When you reward lucky winners versus hard effort, even the lucky ones feel bad — if they have a soul.
- If you own both the choice of direction and the execution of that direction, you more fully own the loss or victory. If you want people to be responsible for victory, let them help choose the direction and participate in the pain of loss or the spoils of victory.

The bottom line is that you must reward both effort and victory, but you can't lose sight of the fact that most victories are the result of good effort. If you want more of that, you'd best reward it! ■



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