



ELITERSHIP

Next Generation Leadership



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ELITERSHIP

Elitist Individuals in Business¹

Principles

'Elitership' is a word that we have engineered from elitism and leadership to represent noble leadership and elitist achievements.

From 30 years of consulting to Boards and Executive Teams, and training over 12,000 leaders and managers on a global scale, we have found a small group of individuals to be significantly outside the measures of "standard" capabilities.

We are dealing with the top 1% (- 3%) of the corporate landscape and cover individuals whom Malcolm Gladwell² define as 'outliers'; these are "people who do not fit into our normal understanding of achievements...who operate at the extreme outer edge of what is statistically plausible".

We call a team of outliers "Masters of Corporate Outperformance", as their short- and long-term results will outperform 96% of companies for any significant KPI.

Inspiration from elitist individuals and teams led to the creation of "**Next Generation Leadership**", a five level business leadership training program with ascending complexity and demands to leadership, which is aimed at inspiring executives, teams, leaders and managers to practice 'Elitership' - noble leadership and elitist achievements.

Our views is that leadership is business discipline which must yield investment returns far better that capital expenditures, and that and elitist individuals in business will do so as they are the "1 in 100".

Growth, Stagnation, or Destruction?

Mckinsey³ has found that among the world's 3,000 largest companies, the

- 1) Lowest 20% destroys economic value - billions of dollars
- 2) Middle 60% struggle to reach the mean
- 3) Upper 16% are able to generate increasing results, on a handful KPI's over a period of 5 years
- 4) Pinnacle 4% deliver results on all significant KPI's continuously over a 5-year period or more!

¹ By Siegfried W Andersen, CEO and Founder, and Dennis F Jakobsen, Senior Partner, both of KF Andersen Leadership Academy

² [http://en.wikipedia.org/wiki/Outliers_\(book\)](http://en.wikipedia.org/wiki/Outliers_(book))

³ Mckinsey Quarterly, October 2013. The strategic yardstick you can't afford to ignore



That is, 80% of the sample of companies generates mediocre or negative value! You must ask – “What are the top-executive-teams doing when at work?”

‘The economy’ and ‘competition’ provide easy explanations for poor results. In contrast, every segment has successful companies; what might their explanations be?

People can be the only cause of trouble, and we find that many executive teams implement plans they did not plan for. Destruction of billions of dollars of value can hardly be a planned effort, but it makes you wonder if they were hoping to ride their luck instead of making long-term plans for success.

The Purpose of a Company, Management, Leadership

A company is a sphere of people who collaborate for the purpose of “creating a customer”. Production, execution, systems, and processes depend on customers and employees, hence the priority.

It is the quest of every company to sort out the complexities of the past, present and future. Some do it tremendously better than others; this leads us to conclude that an intrinsic part of unproductive teams is a systematic social flaw.

Much is debated regarding management and leadership, pros/ cons, fore/against, which is best? The answer is that management and leadership are separate disciplines yet both are interdependent; they must both be installed in companies and then synchronized to operate well.

Management, or “making common people do uncommon things”⁴, indicates an evolution of systems, structures, processes, procedures, performance, and KPI’s; this is the organized side of a company with the intention to deliver results.

Leadership, or “making common people into uncommon people”, points towards a personal evolutionary process, training, self-efficacy, contribution to people and company, practicing wisdom, and modesty; this is the human side of a company to pursue innovation, change and what we call “the golden values of humanity”.

When executed well and applied relevantly to various levels of the organization - front line staff operates with 80% management and 20% leadership, and the reverse split for top executives, 20%/ 80% management/ leadership – you will purportedly become very good, great or fantastic at what you do.

Both disciplines are necessary and effective, instructional tools to move a group of people and structures towards fulfilment of a designated outcome.

Outliers will, however, maximize the dynamics of management and leadership to achieve results on the outskirts of measurable outcome, thus representing something “bigger”, which may make them ‘iconic’.

⁴ Peter F Drucker “The Practise of Management”, ISBN-10: 0750643935



How would you otherwise explain the achievements, results, and status of Sir Alex Ferguson, Maersk McKinney Moller, or Jack Welch?

The 1 in 100!

None of the Barcelona FC, Chicago Bulls, or GE knew beforehand that, in the making of Lionel Messi, Michael Jordan, or Jack Welch, they had a global super star, the best basketball player in modern times, or potentially the greatest business man of the 20th century.

Injuries can halt any athlete, and bad decisions and poor morals will destroy a businessperson's career.

Your search will start with a population of 2,000-3,000 people who have been selected from a wide net of criteria. Your next cut will result in approximately 100 carefully picked people. Raw abilities are the first sign of talent. Processed systematically with training, increasing challenges, and coaching, the individuals may respond to your intended direction. Hereafter, you should expect 25 standouts who have matured from single-minded, high performers to great achievers adaptable within a team structure. Advanced exercises and tougher feedback sessions may crystalize one or two uniquely gifted people. This is your 1 in 100.

Typically, your stars will not be individuals on whom you bet at first, but they will be people from the fringes; therefore, you should look wide and carefully for the right performance.

"Masters of Corporate Outperformance" see the tedious leadership training process as a business opportunity rather than as a cost. They know that outliers are 2-3 times more productive than mediocre employees and potentially 10 times more innovative.

How much is worth to you? Start with several hundred million dollars over time of employment per outlier.

A popular example hereof is Manchester United's previous manager, Sir Alex Ferguson, who processed and trained talented athletes for 26 years, yielding 13 Premier League titles with 4-5 different teams. Hundreds of talented youngsters were invited to play for the club, and as they ascended to the next talent pool, the threshold advanced. When in and around the first-team squad, Sir Alex would say, "Son, if you are better than Ryan Giggs, the spot is yours".

Will that motivate a young footballer? Well, it should make him run faster, jump higher, and tackle harder; if not, his convictions, attitudes and behaviors are not suited for top-tier positions. After-all Sir Alex developed Cristiano Ronaldo into an absolute world-class athlete in just 5 years and transferred him to Real Madrid at nearly USD 100 profit.

Companies must operate similarly. A structured process of challenging talented people is required to create talent benches at every organizational layer, which can lead to building the executive team, the "Masters of Corporate Outperformance".



Our view is thus: leaders are made; no one is born into it. Upbringing, expectations and experiences may favour some, but it takes 10,000 hours or at least 10 years of deliberate practice to become great at something. Throughout the process, you will need guidance, a supportive environment, and major challenges to succeed; in addition, you must decide for yourself to become a great human being with no limits or challenges.

As a swimming coach, you would be in for disaster if you threw 100 students in the English Channel hoping that everyone would make it across. This, however, systematically occurs in companies. Young, bright, people walk in the wilderness for years with little or no guidance or support, career development, or skill upgrades, because management expects them miraculously to become great on their own.

The perfect organisation is built of imperfect individuals. It is your choice and effort to turn people into a long term planned success; a business opportunity with return-on-investments far better than assets. Doing and thinking otherwise is a systematic social flaw leading to destruction of human and shareholders value.

Five Capabilities of Elitist Individuals

"How do you identify our best people early on?" In business, this is the \$1 Million question.

McKinsey looks for sheer brainpower and humble upbringings. The company's thinking is that these factors breed hunger and a willingness to absorb endless working hours while rubbing shoulders with executives should make gold dust fall on young shoulders.

This may be right for their business model, but we think that we must look in the catalogue of human capabilities for clues as to who can become elitist. The "five strengths" to look for and to be developed are as follows:

1) Mental Capabilities

Display hope, honesty, integrity, dignity, self-discipline, energy.

We all have bright sides of our personalities and some imperfect character traits. The question is: "What do you do about it?"

Can you be in a splendid mood every day? Can you deliberately be upset when it serves a purpose? Can you be a person of honesty and high integrity? Absolutely – it is a choice you make.

It is choosing to be robust and to not let fear and emotions overwhelm you in adversity. It is optimism, acceptance of executive roles as 'the loneliest place in organizations'. It is the choice to be one of ten to circumvent common thinking; it is innovation and having the strength to make the right decision, however difficult it is, because it is what needs to be done.



Furthermore, it is living and amplifying what we call "The golden values of humanity" of wisdom, prudence, modesty, tenacity, integrity, high ethics, strong morals, and beautiful aesthetics.

We all have strengths, and we are all flawed. What we call for is self-discipline to always step into character and never step out of character. Always use your strengths in balance with other people. Always seek to train your less successful traits and, support with complementary skills. And never, parade the shadowy side of your personality! Nobody has asked for it!

2) Personal Capabilities

Display technical and professional skills, solve problems, analyse issues, innovate, and practice self-development.

You have learned by experience and have been taught during years of general schooling or adult education in, for instance, MBA programs. We are no fans of high-profile MBA programs; their content and value are recognized, but we are troubled by how little attention is paid to practicing leadership and collaborating with other people.

As McKinsey has recognized, provide us with an individual from a troubled background who has learned to face life's reality, who ran a paper route by age 10, who became chairman of the school's student council, or who moved out early to study far from home. Furthermore, we will be looking for his or her adaptability to life, early understanding of human collaboration, willingness to learn, willingness to innovate, and level of humility.

In our experience, many people stop learning before they turn 45 years old. Organizations can stop learning as well. This collective out-dating will ensure an expiration date before you know of it.

We meet 40-year-old people who claim 25 years of industrial experience. They may have started working early (in a family business) and continued into adulthood. Soon, however, it is evident that they stopped learning at age 20 only to recycle the knowledge thereafter.

This is intellectually arrogant and complacent. When you leave home at age 18, your parents have programmed you with 'control system version 1.0'. Now, your job is to keep upgrading the mental hard disk and not carry forward convictions, attitudes and behaviors from a teenager's school yard.

The objective must be to learn what is equivalent to one centimetre a day; to constantly search the external landscape, competitors, and customers for news and clues to the future.

3) Performance Capability

Display a focus on results, establish stretch goals, and take initiative.



I find that many people assume that they know how they perform when, in fact, they do not. Vast amounts of people become stuck in jobs, functions, or industries without knowing whether their contribution could have served better elsewhere.

Management ranks are full of people who were promoted due to 'technical excellence'; unfortunately, this shows in their leadership role forever. Some even go so far as believing psychology is the 'inner mechanics of humans'.

We need to test and assess people, both in current and other roles. Feedback analysis must be on-going (and increasingly ruthless when ascending in organizations) to validate objectives vs. results and to figure out how people achieved as they did and what must be strengthened.

This knowledge of performance allows an organization to spread practices and standards, to train towards new thresholds and role models, and thus to create and mass-produce over-performance.

4) Relationship Responsibility

Display powerful and broad communication, inspire and motivate, build relationships, develop others, collaborate, and foster teamwork.

Because no one ever did anything alone, we conclude that 'strong relationships = strong results'. Just ask yourself, "What can you build or create with weak relationships?"

Modern leadership takes much inspiration from Ernest Shackleton (1874-1922), a British polar explorer. Ernest is called a 'non-anxious leader' whose "calm, reflective demeanour becomes the antibiotic warning of the toxicity of reactive behavior"⁵.

Shackleton's people-centred approach to leadership returned unquestionable loyalty and performance. In that time of social hierarchies, Shackleton's methods of bond building were unheard of, but his approaches resonate today with social media, flexible work, and work-from-home jobs that distance leaders from their colleagues. His approach is exemplified by Sir Alex Ferguson, Jack Welch and even Steve Jobs.

In closing, inspired by Albert Einstein, we have formulated this piece of math that you may try to solve.

$$\text{EGO} = \frac{1}{\text{Human understanding}}$$

A clue is that great human understanding and insights diminish the need for a large ego to get things done.

⁵ http://en.wikipedia.org/wiki/Ernest_Shackleton#Legacy



5) Perceptual Acuity

Display strategic perspective, champion change, and connect with the outside world.

When we confront executives on an issue, we start by asking, "How do you know that what you know is a fact and not an assumption?"

Elitist performers have a laser-sharp eye on reality and on the complexity and dynamics of the current and future landscapes in which they will operate.

This requires being curious and noticing all sorts of cues in the internal and external environment, being able to immerse oneself into a wealth of information, and crystalizing the actual state of affairs and long-term vision.

Perceptual acuity is a process that we call "sense-making"; it becomes a competitive advantage as reality without make-up takes priority over concepts, guesswork, 'what ifs' or over filtered information having ascended through multiple people.

To emphasize this concept, we have found that elitist individuals have a dual set of spectacles;

- 1) Meta-perspective, which is up to a 25-year horizon combined with an understanding of which decisions need to be taken now, or in five or 10 years' time, to create the foundation or basis for the actions necessary to realize a vision in due time.
- 2) Operational perspective of 1-5 years with an ability to break these down into shorter periods and to finally prioritizes them into short-term actions.

In our 30 years of business, we have met two handfuls of people who had the ability to articulate the evolution of their industry 10-20 years out; most intriguingly, we found that they were right!

Elitist individuals may not be aware that their actions fall into these five capabilities, but they take every opportunity to harness and train their competencies. As a result, we have found that this behavior leads them to develop a greater perspective and a wider map of human understanding from which to operate.

In the best organizations the high performers are training the medium performers; which effectively means that the "Masters of Corporate Outperformance" takes on the role of teachers in corporate settings to translate business and leadership curriculum into "the modus operandi of our company". Taken further it becomes a water-fall model of leadership education as the newly educated managers/employees now have the obligation to train their colleagues, and in by way of training others they train themselves. The essence of Elitership!

Specifically on perceptual acuity; it is the chief source of elitism because you confront facts and reality and stay away from distorted assumptions and perceptions. Running a business is about filtering, weighting, and prioritizing information without bias and



emotions; thus, you see the world through clear glasses, which enables the correct decisions to be made.

Too often we find distorted judgments of reality, which leads to devastating results and the destruction of economic value.

Sense-Making - Hope and Focus - Act and Adapt

We have promoted 'sense-making' to a vital role and thus owe you additional details.

"Humans are attached to their upbringing, experiences and expectations means that humans cling to the familiar"⁶. When unfamiliar situations arise such as a 9/11 situation (God forbid), a financial meltdown, new competitors, technological advances, or a new strategy, the frame of reference is disrupted, and new needs are established.

'Sense-making' is an iterative process in which the leader and his or her people 'act' or labour their way to a better understanding of the challenges on hand. This process can be drawn out with the leader to deliver solely 'the best sense of reality', which are the expected results, while his or her people act and adapt, lead and change.

As reality is often blurred and complex, the process calls for:

1. Knowledge – first-hand facts and information from customers, suppliers, and employees
2. Absorption of the news and positioning into one's understanding of the external landscape
3. Explaining the new reality using one's own words
4. Incorporating facts into new decision making
5. Drilling 'six feet' into reality to find support for a new understanding and to find the underlying layers and dynamics of the truth
6. Revaluating facts, and
7. Creating hope and actions to address the new external landscape.

We call this "ascending high-quality thinking".

Interestingly, this becomes a persuasion process whereby the leader and his or her people revise past knowledge and impressions to ensure that they can jointly adapt to twists, turns, and changes as the scenario evolves. The process is about getting people to accept responsibility for their positions and organization and constantly training them to comprehend and operate on a higher level.

Throughout 'sense-making' the leader must:

- Navigate a fine line of not affecting the process with personal ideas and opinions
- Be patient; hastening a project or new strategy can be devastating

⁶ Quote by Albert Einstein: "Few people are capable of expressing with equanimity opinions, which differ from the prejudice of their social environment. Most people are even incapable of forming such opinions".



- Instil hope for the outcome
- Remind people of the process' purpose and the consequences involved during and after the process to ensure that no one loses track of the end goal.

The patience required to avoid making immediate decisions will make the leader vulnerable to a 'lack of results', but the leader's human understanding will dictate the course of action to use to persuade people to act against their instincts. In the process of change, people will occasionally need to go down the wrong paths before finding their way again.

Ordinary leaders would want to direct or grant immediate actions, which may become a trap if people are led down the wrong avenues, become stuck, and fail to make their way back, with no clear idea of their circumstances. This is often costly and time consuming and jams or paralyzes the organization.

Bypassing the sense-making process and making instant recommendations can be done solely by elitist individuals when a supreme business culture is pre-installed and the management ranks are well trained to address it.

Impact on Society

Elitist leaders create jobs; they do not destroy them!

We need to align ourselves with the thought that weak or mediocre leadership will make poor decisions and create poor-performing businesses, leaving a clean-up job that must be addressed.

When the right decisions are made, a turnaround implemented; you will see long-term progress in which increasing revenue and bottom line numbers exceed those of class best. Planned results are not a matter of long-term luck.

What you will find is that a concept or competitive business proposition becomes formulated; with this leadership can define a vivid business culture and start identifying the individuals necessary to implement and operate the concept.

This is a very humbling process where business concept and business culture take priority; this should have no bearing on personalities or who is the current CEO or executives.

You may say that Sir Alex Ferguson became the concept, culture and possibly the sole driver of the club's 26 years of unbroken success, and this may not be replicable. Time will tell.

Instead, look to how Maersk McKinney Moller developed the A.P. Moller-Maersk Group into a maritime powerhouse stacked with talented people who have taken over the mantle and, today, drive the company onwards in ever-demanding markets. The company's vital and everlasting culture is, in large part, due to Mr. Moller's personal integrity, training of leaders, and iconic status.



Thousands of people have left the company, over time, for opportunities outside the Maersk Group; many have been successful in building new business concepts and establishing high-level and powered business cultures similar to the one they came from.

The outcomes must be as follows: profitable growth, not stagnation; creation of jobs; mental enrichment of people; wealth accumulation; opportunities for savings and (re-) investments; long-term sustainability; and respect for people and society.

Just think about it. A society of poor companies cannot become rich, build an infrastructure, establish health care, and educate their people. Only successful and rich companies can create a rich society.

Elitership

Management and leadership mastery are just stepping stones toward an elitist business standard.

Outliers:

- Hold a standard of perfection
- Strive for simplicity
- Make other people do what they never thought was possible
- Challenge other geniuses
- Appreciate diversity

When studying elitist business people, we become fascinated by one, several or all factors such as personality, results, abilities, worldliness, and impact on society and people.

Make no mistake, working for and with elitist individuals is no “walk in the park”; instead, they are the opposite. You will continuously be subjected to demanding tasks, challenging problems, horrendous working hours, and much more that put most people on their knees

However, there is a reason why people stay on or simply thrive in the eye of the tornado; it is fascination.

People feel fascinated by working with elitist individuals.

People strive to be part of the success of elitist individuals.

People want to replicate and become an elitist human being themselves.

Just think, where else, outside the world of business, sports and art, do we see a similar attraction?

Elitist individuals in business are admirable because they practice the ‘religion’ of noble leadership, which means, in the process of training others, they train themselves to new standards; collectively, this will create great achievements.

Elitership!

Elitership Is the Pinnacle

Elitership is the pinnacle of leadership and management, and only 1 in 100 is destined for this business practice. This is not a moon shot⁷; it is no new reality or imperative, but is merely an intensive and deliberate training of convictions, attitudes and behaviors for 10 years and beyond.

Your target group is 24- to 42-year-old because people over 45 years old are rarely inclined to change anything because they become victims of the success of becoming CEOs or executives and see no need to rock the boat. Many people wants to change the World; however, few are ready to change themselves accordingly.

Elitist leaders will be working to:

- Consolidate egos in teams to one voice
- Provide the freedom and duty to speak freely in teams
- Confront distorted perceptions of reality
- Examine the right functions to do the right work
- Amplify and promote high-quality thinking
- Embrace the dialogue of confrontation on issues, but never on people
- Root out 'feeding problems' and 'starving possibilities'
- Invent and challenge the future
- Have a laser sharp focus on execution and make things happen with precision and speed
- Believe everyone can make a difference by challenging and appreciating an individual's potential
- Chase growth by training for collective strength
- Take responsibility for relationships

Finally, what is the value of an elitist performer in business? In the sporting world transfer costs and salaries of talents are ever increasing as a reflection of 'on field' abilities, age vs future re-sale value, and general contribution to the club – read marketing potential.

Corporately you should be asking similar questions:

- What will it cost to build an organisation with multiple outliers on every layer?
- Do we build a talent bench by hiring from outside or grooming internally?
- Are you willing to come to terms with that some individuals are '5 - 15 - 25 or 50 Million USD men' – either in terms of contribution to the company or in salaries?
- Which championship do we want to be fighting for – the 'World Cup of Outperformance'...or?

As such, we may ask, "Are you an elitist individual in business?"

⁷ Gary Hamel, <http://hbr.org/2009/02/moon-shots-for-management/ar/1>



Who is?

KF Andersen Leadership Academy?

Founded by Mr Siegfried W Andersen we have trained leaders on a global basis since 1986. More than 15,000 people have attended in aspiration to become great leaders from esteemed domestic and international organisations.

Annually we train on all continents with open and in-house programs; such is our quality and appeal.

KF Andersen Leadership Academy

Master of Business Leadership

Ascending + Accumulated
Business Leadership Capabilities



