

HOW IT ALL STARTED

KF Andersen Leadership Academy



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THE TASK GIVEN

What qualifies people to become a better than average manager?

In the autumn of 1985 I received a call from the A. P. Moller Group – a shipping company and the largest privately owned Danish company. Mr. Flemming Kraik, deputy in the HR department gave me a call: “The time is now. My superior wants to create a training program for the entire management group including all talented people. So you better hurry up and be part of that process”.

He did not have to tell me twice. I moved fast and called Mr. Jens Boye Nielsen, who was responsible for all the practical details, including setting up a meeting with Executive HR Director Mr. Svend Vilborg, and chairman of Lønkomiteen¹. This meeting turned out to be a turning point for us in many ways.

Mr. Svend Vilborg went straight to the point; “What qualifies people to become a better than average manager?” My reply was “I had no clue”, because everything I had been taught during my business school management classes was pure nonsense. It was far too speculative; we had been taught for hours and hours about Blake and Mouton’s leadership model, Belbin team roles, and Erik Johnsen’s 81 different management styles. No principles and no practice - only thoughts.

Two of my favorite topics at business school was statistics and “flaws” in humans perception; the halo effect, lost pilot effect, generalizations, distortions, nepotism and other topics that distorts people’s judgment and blurs their vision, and especially how people obtain them and live them as the truth for their entire life.

One of my biggest concerns was that whatever we have been taught, it was merely built on assumptions, other than real knowledge. I had a passion; the exploration of true reality: “How do you know, that what you know is knowledge, and not an assumption”, was a question I constantly asked myself. I still have a tendency to make a distance to assumptions that I meet along the way through business life all over the world.

Today I think that my natural born skepticism towards “new trends in management and other hocus pocus” was what qualified me to take a couple more meetings with Mr. Svend Vilborg in the initial phase. Our meetings were quite fascinating. The task he wanted me to evaluate and how to maintain was given to the committee by Mr. Maersk Mc-Kinney Moller: “How to install a “contribution-preparedness” across the entire Group, to make sure that all managers and talented people were well prepared for the changes that inevitably will occur sooner or later, to the industry”.

Mr. Maersk Mc-Kinney Moller was especially concerned about managers with a blind prescription management style, where everything was decided beforehand, and where everyone was supposed to just act with no independent thinking involved and literally nothing left to the individuals own judgment, creativity and imagination, which he felt was more important than book knowledge and intelligence. Mr. Moller wanted to press through the understanding that this has to change, because he was afraid that managers lost their natural ability of responsiveness to change if something unforeseen happened. He wanted to change the direction of the business towards: “With foresight, initiatives and reliability we have to deliver second to none service to customers” focusing renewal, rethinking change and productivity. This will have a tremendous impact on the business and accordingly also influence all managers and leaders who had to act differently from the past.

¹Lønkomiteen: An HR committee reporting directly to Senior Shipowner Mr. Maersk Mc-Kinney Moller. Members of the Committee: Chairman - Svend Vilborg, Shipowner - Leif Arnesen, Senior Vice President for Maersk Line - Flemming R. Jacobs, CFO - Michael Fiorini, CTO - Bent Hansen and Jan Bagger from HR.



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In an effort to answer the question, we initiated interviews with a significant amount of managers who was selected based on two parameters:

1. They had to be selected by their mental strengths of convictions, attitudes and behaviors.
2. They should have a proven track record of more than five years of material and numerically increasing results delivered.

The selection was based on the yearly performance appraisal, including their superiors' subjective comments of their engagement and their main ability to live and demonstrate the shared “light blue” values at work.

Those who were chosen were later evaluated and approved for the interviews by the committee.

Our task was to uncover what our interviews, studies and observations would reveal, if there were any significant similarities of good management skills, abilities or styles between the people of this very carefully selected case group with a significant amount of managers, from across the entire Group including subsidiaries. And if there were any similarities found, then how could these similarities be strengthened and supported with an appropriate training program to amplify them even further.



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THE FINDINGS

The findings were very surprising both for the committee and us. The big surprises in the findings were that there was no statistically significant similarity, whatsoever in management, that could explain, stipulate or even make plausible how the managers obtained their results. Each and every one of them had their own unique style and abilities to achieve the results they pursued. Surprised? Yes – we too were very surprised and so was the committee with the lack of similarities.

We also had challenges in how to separate the professional skills – for instance, finance from management, technical operational excellence from management, and other areas - for example, a manager who had a profit and loss account, compared to someone who did not have that, or/and another kind of manager who was responsible for a whole country, or another again who was responsible for a business unit. We were only looking for pure management and nothing else and that made it difficult to be specific in our findings.

Another surprising observation was also that a few of the managers obviously did not act like a manager but merely like a clerk, confusing his people, not taking timely action to get things done. Instead, it was obvious that it was one of the employees around the manager, who took action. It is often the one who hates to waste time and effort on politics. These kinds of people finally had enough, took the initiative and finished the job. That taught us that we have to be on alert and not blindfold ourselves, with what we were told during the interviews and by their superiors, but that we also had to inquire into the behavior related to the results achieved.

No manager ever told us that he or she did not show responsibility. Despite this, it was very obvious that this was the case. Hence we had to change our observation method to look for “who took the initiative” on certain topics or issues. In general, decisions that involved social judgment and evaluation – for example aligning people’s attitude and behavior towards company standards, had a ten-

gency to be postponed by some managers.

All the managers in our case group were very different at how they practiced management. None of them fit into any of the theoretical management models you could read about. Our findings wouldn’t fit any management theory or book at that time, and I think that this is still the case in 2013.

All of these very successful managers followed their own good sense, used their unique strengths and achieved the results they were responsible for. Some of them were very provoking, others challenging or submissive, others again followed meticulously the guidelines and rules by the book, others never even looked into these “books” or guidelines. Others again had meetings, some even endless meetings, with their people. And then there were some who never or rarely had meetings with their people – and some walked randomly around in the office, others randomly met with their people over a lunch, some wrote messages and others preferred a dialog, some very emotional, others stout and emotionless. They were completely different - all of them, and with no similarities that could bond them together, or even just a few of them.

Yes, if we had 12 small boxes – assumptions, we could probably have done it like they did in some of the management books, and with a hammer “bam” each one of them into one of the boxes. But then we wouldn’t have needed to make the interviews. In that case we just needed an astrologer, people’s birth date and birth place, and then asked the astrologer to put these people into 12 boxes - what an astrologer exactly is doing - then we would have to have invented 12 new pompous words, and labeled the boxes with them..... AND – hocus-pocus - a new management theory is born.

But that is exactly what I can’t stand about egotistic people writing theories based on something they call case studies - research - and then write a book on “The Newest Understanding of Management”.

Conclusion: We had to observe in a different direction to uncover the path that explained, at least to some degree of validity and reliability, patterns that we were pursuing and searching for.



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The definition of a manager and a leader

What we found in the first place was both disappointing and surprising at the same time. That told me one thing – there must be a “flaw” either in the method used or in my thinking of what we were aiming for. It took us more than a week to discuss back and forth and finally to identify that “flaw”. The flaw was that we had made ourselves victims to “upfront expectations” and the reason why we became both disappointed and surprised were that our findings did not fit into these expectations!!! Wooow!

What we actually had tried to do was exactly the hocus-pocus mentioned above – we tried to put the interviewed persons into boxes instead of accepting the reality. Our findings were a description of reality, and our expectations were a distortion of that reality – that was why we felt disappointed and surprised at the same time.

That experience taught us a lesson, earlier expressed by an almost flawless thinker, Dr. Albert Einstein.

Quote:

“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”.

Unquote

Our expectations came from our environment. We had to reexamine our findings, and eliminate what clearly came from the prejudice of our consultant background.

We had to start from the very beginning by the definition of management and leadership.

After a longer book study, we found a useful definition in a book by Peter F. Drucker: The Practice of Management, page 158 in the edition of Perennial Library from 1982. There was a useful definition of both management and leadership right in the center of a whole business concept.

Quote:

“We have defined the purpose of an organization

as making common men do uncommon things”. We have not talked, however, about “making common men into uncommon men”. We have not in other words talked about Leadership”.

Unquote

Hence a manager is making uncommon things – great achievements, leaders are uncommon men, people with admirable human character traits. But how do these managers and leaders by that definition, act at work? Our findings went into explaining exactly that.

We moved in the direction of uncovering “uncommon things” and “uncommon men” with focusing clearly and only on the bright side of the human personality; their strengths, unique abilities - character trait, convictions, standpoints and values, attitudes, behaviors and results.

That took our findings through a U-turn and we uncovered very similar patterns expressed as heroic, faith and trust - by every one of our interviewees. We were even able both to map patterns and measure the power of each of these patterns and how they influenced the way the interviewees manage their people and how they achieved great results.

We ended up identifying six significant and sharp different patterns, and four others that were not significant. Sampled together these six patterns draw an almost perfect holistic sample space – view - on the practice of management and leadership across the entire A.P. Moller Group – globally, and how they achieved mental fulfillment, material and financial results:

1. A very emotional and highly esteemed personal intention and determination for their job and life at large.
2. To keep themselves on track, all of them had developed a strong conscientious self-discipline.
3. All of the interviewees developed and aligned their own admirable human values to the sample of business values belonging to the Group.



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4. All of them interviewed expressed daily respect to the Groups historical background, and protected the founders' reputation with high dignity, as a part of the business concept, and in compliance with their own self-assurance – “We pursue to be like them” one explained.
5. Strong relationships and unity. All declared their admirable respect and loyalty to their managers, peers and employees. Everyone expressed uniquely that everyone working for the Group was second to none in all needed aspects with no exceptions. Any kind of internal disputes, disagreements or dissatisfactions were confronted, solved or eradicated. It would never just “vent” on.
6. Training through deliberate hard practicing. Each and everyone trained their people and got trained by their superior, to exceed past performance, even from an already very high level.

The path for personal development and professional development and for that sake organizational development always, clearly and uniquely went through practicing more challenging work - training to achieve better results. None of the interviewees ever used the words overloaded or burden; on the contrary, huge challenges equaled huge talent. Reality had proven that right through time, and everyone had and told “tales” about these challenges, when less formal and relaxed circumstances allowed that.

Managers versus Leaders

We can have an unending discussion about what is management and what is leadership in these findings. But it is undisputable; that many, not to say all of the interviewees were uncommon men, and especially the majority in the top of the organization. And it is also undisputable that the total outcome of all people's efforts ended up being uncommon things – great achievements.

We will try to explain this the following way: The majority of Leaders we found at the top of the or-

ganization and two to three layers down the organization chart, and in every single team in these layers we found experts (working on uncommon things) with no or only a little staff to support the leaders with data and facts which gave them the information needed to execute change, improve or reposition the business. So at each level there was a nice, appropriate, needed and useful mix of leaders and management qualities, means on each level right from the top and in each top team.

When we moved from the bottom of the organization chart and two to three layers up, it was also very clear that here we found the majority of men who delivered the great results – continuously. They operated as managers. They had their spreadsheets, methods, systems, guidelines and rules that supported the fully synchronized operational process. Everything they did, added value to both the customer and to the bottom line. Everything flawlessly executed and second to none made possible by a hard working, diligent, knowledgeable well-trained professional staff, at a standard best in class – globally.

Recognize one thing – and that is that everyone across the entire organization was trained from the top of the organization followed by demanding results. This was done intentionally, and this was deliberate training tirelessly executed by people's superior with the attitude: “How far can we take this?” And not this, “modern coaching nonsense”. People who couldn't take the heat jumped out of the Group.

The Committee was thrilled.

It turned out to be groundbreaking findings for the A. P. Moller Group and for the basis of the training that followed for almost 20 years. The following is our findings:

1. All of them had an intention for their life that was stored deep into their soul and mind. Every single one of them wanted to become shipowner, sit on top of the organization and feel the pride and fulfillment, and decide everything together



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with the other shipowners. Hundreds and hundreds of young men and women hold, with a fixed determination, that intention in front and center of themselves for their job and life at large. The daily enrichment and the proudness they felt when they went home or together with their friends kept that intention going for years, with a little step closer to the top for each passing year. That also kept the direction and fueled all the efforts they had to deliver on the career path up the organization; becoming a personal assistant for a shipowner, or a desk manager, next a country manager for a little country, and next again for a larger country, then for an even larger country with responsibility for billions of dollars, next regional manager for several countries or a whole continent, or an entire business unit and finally make it into the inner circle and become a shipowner before you turned 55. That was the well where all the energy, enthusiasm, edge, enrichment and execution power came from. And ultimately they installed the same intention and dedication into their people, and especially newcomers.

Smell it, taste it, feel it, wish it, and deliver results second to none. This created an excellent, hard working atmosphere with a winning mentality for the fast learner. You were either in or out. No gray zones and you knew, on what side you were, based on the next move, which has to happen in less than five years. If it lasted longer you knew that you were behind, and you had to work even harder to catch up.

2. All the interviewees had a very high-developed conscientious self-discipline. They were dedicated to their work, day and night and never stopped working. They pursued professional excellence at whatever step you found them on the career ladder, from the very bottom to the very top all the same conscientious self-discipline.

They were self-sacrificing and from time to time suffering to a degree even Calvinists would think was too much, and many of them worked under conditions where their friend's perception would have been, that they put their lives on the line. Especially when they lived in countries with poor law

and order conditions. But that was part of the game. Others before them had done the same. They knew that if something went wrong, Mr. Moller would always be there for them. He had never spared himself, and consequently nobody wanted to position them self with weaknesses – only strength. This also counted for the women in line. Stand still and stagnation was a step backwards, everyone knew that. Demonstrate prudence and tenacity, take the initiative and try one more time. Visionless workaholics moved nowhere.

3. Every one of the interviewees provided admirable human values belonging to the bright side of human character traits; authentic, high ethic, strong morals, dedication, constant and timely care, prudence, modesty including personal modesty and tenacity, diligence, righteousness and loyal, strong relationships to each other, and helpful and respectful in any high degree of these words. With all these fine values the Group will succeed. That was the common denominator by everyone we spoke to.

They all lived the “light blue” A. P. Moller Way with its upright principles, good conduct and good manners – they operated in a multicultural environment which was a welcomed challenge and never an issue. You simply asked people to move to another place of the world and they moved within a week, and were fully functioning by the following week. No effort was too great and no detail was too small.

Everyone knew the unwritten rules of the game; you would never be laid off making a business mistake, even if the costs ran into millions of dollars, but if you tried to make a smart or a crafty shortcoming even a very profitable one - you were out. Top management had demonstrated some very drastic cases on this. Bribery and blackmailing of people was forbidden, without any exceptions.

4. All showed honorable respect to the Group, and never hesitated to talk about its family background and contributed with dignity to its reputation and the Groups historical background. They were aware



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and protected the A. P. Moller Groups image that always had to be top-notch.

Dignity and respect were also a part of the wisdom behind everyone's effort to contribute to the group's financial health which included: all has to be second to none, profitable growth, financial liquid and the Group highly esteemed. All of them talked about the seven-pointed star as a symbol of the Group.

All of those interviewed knew where the Group came from, and what they pursued to achieve in the future. All of them were visible proud of working for the Group, their job, peers, superiors and employees and looked with excitement forward for the future "to arrive at full speed".

Another essential factor is that every one of the interviewees explained that they worked for Maersk, and none ever expressed that they had a job at AP Moller, which we saw, as an emotional, but very significant difference of thinking and attitude. The top leaders of Maersk had installed through training a business culture that successfully draws people into repeated patterns of convictions and attitudes, behavior and great results!

5. A few of the managers we interviewed had worked for other companies, and the few who had that experience told us that silo thinking doesn't exist at Maersk. The managers we asked couldn't even describe what silo thinking was all about. So they were probably right.

Everyone declared that they had a strong relationship to their superiors, peers and employees and anyone else across the group when they randomly met them in a supermarket or abroad. All of them felt that belonging to the A. P. Moller Group was something special, and even if you did not know a person, but randomly met them out there in the big world, they felt united with an unexplainable imaginary power of strength and common understanding.

Our conclusion is that the strong relationships everyone feels at work and outside, is a primary driving force to the big business challenges people are able to overcome. Everyone helped each other, as

much as they possibly could, and they never say no, or this is not my responsibility. The imaginary bond between people was very loyal, strong and powerful, and they never felt let alone.

6. Everyone we interviewed from the top to the bottom of the organization trained their own people how to deliver great achievements. Training one's own team members to aim and achieve high, was the single most important job a manager could possibly do. If he failed with this, he failed completely. The manager had to point the direction for the job to be done, show the way how to do it, let people train themselves, give high quality feedback and make corrections, re-train and strict follow up on fulfilling KPI's, plans and budgets.

It was perceived as deliberate and tough training – some would call it brutal training. Agonizing, hurting and exhaustion was a part of the training, but never an option to quit a job to be done. People only went home when the job of the day was completed. They felt very proud. They had again made a difference to the customers and to Mr. Moller, and they loved it.

It was surprising to observe, how people/managers learned the professional skills necessary on both their own level, and the level above from their superior, at any given time, it was simply cascaded down through thorough training throughout the organization.

The amount of briefing, clarifying and effort that was put into improving the fit between the priorities and tasks of managers, their direct reports, and their supervisors – all the way up to the top, was very impressive. The content of the information from the top changed slightly on its way down the organization to the managers in command, whose people had to deliver the results. It changed from intentions decided to pursue over change of strategy, to goals, over drafts, to plans, budgets and finally with maximum 5 KPI's delivered to each individual, who did the actual job, and who fed the operational process with specific and precise data and facts. All progress was collected once a month and facts and figures returned up the organization in a



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report, which again changed in context matching the information on the way down.

This was a very beautifully executed programmed management process, where leaders on the top refused to get overwhelmed with “baggage” of detailed information. There were but a few exceptions, and especially when progress did not deliver the expected results as planned. They started an accelerated dialog, which included laser sharp corrective actions decided, and executed with the “speed of light”. Please recognize that any leader at the top knew all aspects of any job below them into the deepest detail, they had the job themselves years back.

It is a well-known fact that the single strongest predictor of organizations effectiveness is the amount of dialogs support help and training people give to one another. The people working in small teams invested extensive time and energy in dialogs, training, supporting and helping their colleagues, managers, suppliers and customers. This contribution attitude help people questioning their own assumptions, fill gaps in their knowledge, gain access to new perspectives, and recognizes patterns in seemingly disconnected threads of information, facts and data.

Any meeting was a training session, besides what had to be discussed or resolved. And you had to contribute, even if your only contribution was to say, that you did not understand either the topic discussed, or the decision made, or the solution. That encouraged each individual to both seek and provide help. Overcoming natural reluctant attitudes were challenged with straightforward talk and actions that encouraged everyone – and teams – to use their knowledge, resources, efforts and relationships for a better result, which supports the healthy competition that drives ideas and productivity.

This “take the lead” business culture had developed a relationship pattern; where everyone aims to add value wherever they can, having the individual reach out more broadly and counted on help from the most qualified person.

This “take the lead” contribution, support and help discipline, forced everyone to provide messages in a professional manner; correct, short, plain and simple, comprehensive and has to make good sense, even to people who were at the meeting for the first time. By doing that – clear statements and simplicity became buzzwords - don’t complicate things. If it takes too long time – more than 15 min - to explain a topic, then it is probably wrong, and the presenter faced a challenge - immediately.

THE TRAINING PROGRAM

These findings were the very beginning of a draft for the management and leadership training. With background in our observations, we then designed a training program that both supported and strengthened all these extraordinary good human qualities, and professional skills, aiming at supporting and improving the financial results across the Group, by challenging each individual manager’s talent and capability.

Our observations also revealed that despite all the good human and management qualities, there were equal tasks to be achieved to a high standard, even though it was manifested differently on each level of the organizational ladder towards the top.

We designed four training programs. Take special notice of the word training, as it is intentional. It was not teaching nor educating, but training.

Personal Management, Management, and Strategic Management, plus one two-week program, training professional principles and practice.

Topics trained, at the two-week program were business disciplines and functions, though still from a leadership perspective to make training of their own people easier for them, more comprehensible, and about what made good sense to the situation back at work.

Each of these five weeks covered all the different professional principles and practice necessary to master how to run a company from a leadership perspective. This was our best shot in 1986, where



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we started rolling out these four modules for almost the next 20 years.

Since then, a lot of additional observations made us more precise and sharp in our general understanding of the qualities managers and leaders need in order to train their own people, including professional skills that really count as the Group succeeds. Also the specific professional skills you need to run a certain job, at a specific level in any company in general and for the A. P. Moller Group specifically.

That in turn provided us with the understanding, that we actually had made a breakthrough in leadership thinking and practice. Our conclusion was that the good character trait and qualities – personal trait of characters was molded by convictions, attitudes and behaviors. Furthermore, we captured a very clear picture of the different functional business leadership skills that are necessary to run a company related to each step on the career ladder.

We now know that there are six contribution levels, each containing different knowledge, insights and behaviors belonging to different tasks to be fulfilled on the different organizational layers. It ends up being six different perspectives of Leadership. The six contribution levels from the top of the organization are:

1. **Lead the Change** in the industry. Crack the code and become a leading factor.
2. **Lead the Value** means, lead the capitalized value of the business.
3. **Lead the Business** - Master both diversity, hard and soft KPIs and get things done.



Siegfried W. Andersen, Founder and CEO.

Siegfried W. Andersen is well known in the international business community for carrying out Leadership training programs with more than 15,000 participants for more than 30 years. He has acquired comprehensive hands on practical understanding of what it takes to qualify for the World Cup of Corporate Outperformance and a deep knowledge of what it takes to master leadership and management to the elite standard of practice including how to capitalize on both.

4. **Lead Your Team** – use the implications between perception and reality to get your message through, where the team grasp the message, walk out and do exactly what you want them to do.
5. **The Will to Lead** - training people's will-power, intentions and determination, aim high and let people feel enriched.
6. **Take the Lead** – on business acumen. What your boss want you to know.

Our observations over the years revealed that the six behavioral patterns from our findings are the basic leadership character traits and practice that every leader must master to be able to train their people accomplishing great achievements. You might need more of one than the other, but that doesn't change their importance. All patterns are a must to be trained within the frame of running a business.

When you then are offered a promotion one step higher on the career ladder towards the top, then you are offered new training with a different functional insight above you including an overview to be able to contribute to the job on the level offered.

That is the reason why we call the six steps on the career ladder for “Six Contribution Levels”. These different Contribution Levels train you “how to obtain the training from your superior” making you a functional, excellent manager. That gives valuable insight, overview and understanding, and makes new topics more comprehensive. That process makes good sense.

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