

THE SELF-AWARE DIRECTOR

Research shows that self-awareness—knowing who we are and how others see us—forms the foundation of high performance, smart choices, and lasting relationships. However, people don't see themselves quite as clearly as they could. If they have always had a stagnant mindset, they are loathe to explore the disruption that truly knowing themselves might bring.

Every successful director eventually asks in some form, "Should I confront my shortcomings, or should I create a world where I have none?" The most successful ones never stop asking—thereby creating constant disruption in their lives—disruptions that challenge them and position them and the companies they serve for success.

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CEO - Kimberly-Clark**

Those not like Smith surround themselves with worshipers, exile their critics, and quickly lose touch with both reality and self-awareness. Just as often, leaders demonstrate a stagnant mindset at some points in their careers but not others. Lee Iacocca offers an interesting example of this phenomenon.

Iacocca joined the Ford Motor Company in 1946. After a brief stint in engineering, he asked to be

moved to sales and marketing, where his career flourished. He gained national recognition for his disruptive approach with his "56 for '56" campaign, offering loans on 1956 model year cars with a 20% down payment and \$56 in monthly payments for three years.

In the 1970s, Henry Ford II was the chairman of Ford; Lee Iacocca headed Ford US; and Hal Sperlich served as Iacocca's deputy of product design. In 1976, recognizing the American car buyer's need to respond to gas shortages and certain that the American market would demand smaller cars, Sperlich recommended Ford downsize its automobiles, advocating smaller, more fuel-efficient cars to compete with foreign imports. Even though the Mustang had enjoyed great success in the 1960s, Henry Ford disagreed. He pontificated from the outset that he did not want a small, new, front-wheel-drive car because he didn't think the market would change too much. He advocated taking an existing middle-level Ford car, stripping it down, and making it lighter. That car became known in the dustup as the "Panther," Ford's favorite. It also served as a metaphor for Ford's stagnant mindset.

Even before this debate, in late 1975, after hearing the arguments about how costly a new small-car line would be, Iacocca offered what he considered an inspired idea: Use a Honda engine. Honda's engineering and front-wheel-drive technology had impressed Iacocca, so, after a surreptitious trip to Japan to discuss a joint venture, Iacocca presented his idea to

Ford: Build the Fiesta within 18 months with a Honda engine and transmission in it. Eventually, Iacocca became the president of the Ford Motor Company, but he continued to clash with Henry Ford who fired him in 1978, even though the company posted a \$2 billion profit for the year.

Iacocca went to Chrysler in 1978 where he served as president and CEO, making him the only executive to preside over the operations of two of the Big Three automakers. Self-awareness and the disruptive mindset he displayed at Ford did not follow Iacocca to Chrysler, however.

After his initial success, Iacocca kept bringing out the same car models over and over with only superficial changes. The Iacocca magic, like Chrysler's earnings, faded as the nation dipped into recession. Iacocca started vilifying the Japanese as alien invaders, and his barnstorming backfired. Critics accused him of "Japan bashing" and said Chrysler's rebates suggested a fire sale. Finally surrendering to pressures to step down, Iacocca retired as Chrysler's chairman and chief executive in 1992.

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What happened to this man who had once demonstrated strong self-awareness? In short, he stagnated. He got comfortable and complacent—the two enemies of disruption. He created a world where he felt secure and content, so he quit learning, changing, innovating, and growing. A stagnant world lures directors into thinking that contentment and comfort are good enough. However, they won't ever be enough for the hard-charging, go-getters that tend to populate boardrooms. Successful directors are

destined to achieve and must achieve, or they won't be happy. That means, that if they choose to rest on their laurels, they won't hear lauding from within or without.

Helping Define Your Company's Future Success



We can help you formulate a strategy that works:

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- Doesn't serve as a rationalization for budgets
- Challenges assumptions
- Seeks to reduce risk, not avoid it
- Serves as a framework in which adjustments are expected and can be accommodated

We advise on any unaddressed issues to help the board and the company move forward. If you have any questions about The Board Mindset, visit www.theboardmindset.com or [contact us](#).