Taking the Lead

The Kaleidoscope of Leadership
Leading in an Emerging Economy
Keeping it Simple
The Leadership Classroom
“To be a high-integrity leader and one who leads for consequential change is one of the most exciting callings there is.”

B. Joseph White, President, University of Illinois
James Towey Professor of Business and Leadership, College of Business

From the Editors

The call to leadership that President White describes is an opportunity and a challenge that College of Business faculty, staff, students, and alumni respond to every day. How they answer that call impacts not only the College, but businesses and organizations across the country and the world.

This special issue of Perspectives goes beyond our traditional focus on faculty research and innovative student programming to bring you a range of viewpoints on what it means to lead. We have sought out leaders from a variety of fields – including investing, entertainment, consumer products, the military, and nonprofits – and leaders in the College to share their expertise on the elusive, unquantifiable characteristics that play a significant part in the success of businesses and other enterprises.

On these pages, you will meet men and women who offer their views on what qualities are needed to be a successful leader, on how leadership can be taught, and on what can be learned by watching and listening to other leaders. Each article, each leader, offers you a perspective that is relevant, real, and very personal.

And that’s just what leadership is all about.

Ginny Hudak-David
Managing Editor

Cathy Lockman
Editor

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What is the nature of good leadership? How does one become a great leader? University of Illinois President B. Joseph White suggests that leadership is more of a performing art than a science, in the sense that while you can study the topic endlessly, nothing takes the place of practice and observing others at work.

“Great leadership,” says White, “is not something you ever completely achieve, but you can constantly strive for it.”

Nevertheless, White says it does help to have a conceptual framework to guide your practice. To this end, White has written a book, The Nature of Leadership: Reptiles, Mammals and the Challenge of Becoming a Great Leader, that lays out his philosophy about leadership gained over 30 years as a leader, both in academia and industry.

What Comes Naturally

What do reptiles and mammals have to do with leadership? It is White’s way of illustrating what he sees as the dual nature of leadership, with reptiles representing the detached, analytical, and sometimes adversarial side of leadership and mammals representing the nurturing, engaged, and cooperative side.

“Dichotomies, like the reptile versus the mammal, while perhaps overly simple and at best partially valid, when used constructively can instruct and entertain us,” says White, explaining his use of this metaphor. “They can stimulate new ways of thinking about familiar things and, as in the case of reptile and mammal, they can help us coin convenient, memorable language.”

Leaders need to be reptilian because people need order, stability, and routines, he says. Leaders need to be mammalian because people need attention, room to grow, and someone to believe in them in order to live up to their potential.

In his book, White notes that people bring certain natural skills to leadership positions, that they are naturally either a mammal or a reptile. While it is good to build on those strengths, he also argues that leaders must also learn to play to their weak side, working to develop those skills that come less naturally to them.

In White’s case, starting his career as an organizational behavior professor, his natural bias was mammalian. Then he became a corporate human resource executive and had to...
develop some reptilian skills to go along with his mammalian nature. Later he was named dean of the School of Business at the University of Michigan, which required both skill sets. He then served as interim head of a New York-based asset management firm and relied heavily on reptilian skills.

**Building the Base**

In *The Nature of Leadership*, White goes beyond this dichotomy to outline a broader framework, introducing his “leadership pyramid.” The reptilian and mammalian skill sets form the sides of the pyramid, while qualities White calls the “foundation requirements” form the base. Those requirements include ability, strength, and character, not to mention the desire to be in charge.

“When I reflect on all the conversations I’ve had as an executive or a board member about whether a candidate is suited to be a leader, I can fit every concern that has ever come up into one of these three foundation requirements: strength, ability, and character,” says White.

Character, or high integrity, is fundamental to excellent leadership — the cornerstone of anything you seek to build. If people cannot trust you and you are not trustworthy, you cannot be an excellent leader. How do you become a leader of high integrity? It’s deceptively simple, says White.

- You will never knowingly violate laws and regulations in any consequential way.
- You will be honest and not mislead.
- You will make commitments carefully and keep them faithfully.
- You will avoid conflicts of interest and, when they are unavoidable, resolve them in favor of your duties and responsibilities, rather than by benefiting personally.

That might seem easy, but temptations abound. White tells the story of being offered a position on the board of Sterling Software by Sam Wyly, Sterling CEO. Wyly, an alumnus of the University of Michigan, was in the midst of giving a major gift to the School of Business. White, then dean of the School, joined the Sterling board and then realized he might not be able to speak his mind with independence while Wyly’s gift to Michigan was pending. He also became concerned that it might appear to some that Wyly’s gift was in exchange for White’s support on the Sterling board. So White, not without regret, stepped off the board.

“It was a classic conflict of interest,” says White. “My first allegiance, however, was to the University of Michigan. My second was to Sam as a donor and an alumnus. My own interest serving as a director and receiving a director’s fee and option grant had to be third and was in conflict with the other two obligations.”

Many leaders have resolved these kinds of conflicts the opposite way — in favor of their own personal benefit. “To look at the examples set by people like Andrew Fastow at Enron and Dennis Kozlowski at Tyco, you would think that instead of servant leadership, these people have a philosophy of serve-me leadership,” says White. “I am concerned that a generation of young Americans has come to equate leadership with nothing more than the opportunity to get power, get rich, get whatever you want.”

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**Joseph White Fact File**

**Education**

- BA, Georgetown University; MBA, Harvard University; PhD, University of Michigan

**Current job title**

- Sixth President, University of Illinois; James Towey Professor of Business and Leadership, University of Illinois College of Business

**Research interests**

- Leadership and management

**Illinois initiatives**

- Development of the University’s strategic plan, “Creating a Brilliant Future,” and the forging of a compact among the state, the students, the faculty, the donors, and the University leadership to provide the resources needed to ensure excellence
The Innovation Factor

But while character, ability, and strength are necessary requirements for excelling as a leader, they are not sufficient to become a great leader. The pinnacle of White's leadership pyramid is where truly great leaders can be found. They are the exceptional individuals who have found a way to merge the foundation requirements as well as the reptilian and mammalian skills with the important and sometimes intangible leadership qualities required to effect change.

White's experience as vice president of Cummins Engine Company in Columbus, Indiana, introduced him to one such individual – Henry Schacht, CEO, someone White considers a master leader.

"When it came to a daily demonstration of ability, strength, and character, Henry gave a virtuoso performance every day at work," says White. "To this day I strive to emulate his behavioral repertoire, emotional strength, and steadiness, and his enveloping aura."

White reiterates that when these skills are coupled with an innovative spirit, you have an exceptional leader in the making. "Great leaders are successful at achieving important, consequential change," says White. "They are innovators and intelligent risk takers."

But innovation and change is often difficult to achieve. White tackled this at the University of Michigan with a compact he called "The Presumption of Yes."

This compact meant that every idea that was brought forth, whether from students, staff, faculty, alumni, or friends was implemented, if at all possible. It was a philosophy to welcome input, embrace collaboration, and initiate change. For example, during White's tenure, the African Business Development Corps was established, enabling students a chance to work on business projects in various African countries; students developed a way to go on recruiting trips to Silicon Valley and Wall Street to make it easier for companies to recruit them; and faculty exploring new intellectual areas had an opportunity to teach the latest material in shorter formats.

And the School was named the nation's most innovative business school in the late 1990s by BusinessWeek.

"I remember thinking when I became dean in 1991 that we might never be the richest business school or the oldest, but we could be the most innovative, the one most willing to come up with and adopt intelligent new ways of educating and developing our students so they would knock the socks off the companies that came to us as a source of talent," says White.

Embracing the Challenge

So how does one lead change? According to White, "You surround yourself with people who are better than you and smarter than you. You are constantly curious about the world at large and are able to see how changes outside your organization will impact your business down the road."

White is fond of quoting Daniel Burnham, the mastermind of the 1893 Chicago Exposition, who said, "Make no little plans; they have no magic to stir men's blood. Make big plans; aim high in hope and work."

At the University of Illinois, White sees an opportunity to make big plans. He is excited about ideas designed to help the state of Illinois realize a prosperous future. He points, for example, to areas with enormous growth potential, such as health care, life sciences, and information technology, all arenas in which the University of Illinois excels. White also sees the potential for the University to play a major role in developing Illinois as a "global spire of excellence in sustainable energy production and consumption."

"Think about it," he says. "Illinois has every form of energy on which the world will depend: nuclear, coal, biomass, and wind, as well as some oil and gas. Equally important, we have, among the University of Illinois, the University of Chicago, Northwestern University, the Argonne National Laboratory, Fermilab, and our energy companies, the expertise to build this global spire of excellence. I say, let's do it."

White is exhilarated by the challenges he foresees.

"Making change successfully is a leader's greatest challenge," White says. "To be a high-integrity leader and one who leads for consequential change is one of the most exciting callings there is. It is exhilarating to lead an organization in the direction you know it needs to go and to see the results of your hard work and the hard work of those around you. I love this kind of work."

- Deb Aronson
Entrepreneurs have more to lose than most of us. If they fail, not only do they often lose their dreams and the money they’ve sunk into their venture, they also lose their jobs. Often, it means they lose other people’s money as well.

When Mannie Jackson quit his high-ranking post at Honeywell to become the largest shareholder, chairman, and CEO of what was then a troubled Harlem Globetrotters basketball team, he had all of that to lose, plus one more thing. If he failed, he would have presided over the demise of one of the most fabled names in sports.

Instead, he succeeded beyond all probability. How he did it illustrates entrepreneurial leadership – a commodity that America needs in order to compete in an increasingly competitive global marketplace.
Envisioning a Winning Strategy

The successful entrepreneur is a rare find. In fact, experts estimate that four out of every five new entrepreneurial ventures will eventually sink without a trace. Jackson, however, brought multiple skills to the task when he formed an investment group to buy the Globetrotters.

He knew basketball; he had been an All-American point guard at Illinois. He knew the Globetrotters; he had played for them after his college days. He knew business and had innumerable connections through his years as an executive at both General Motors and Honeywell. And he knew how to work with people, setting high standards for himself and then demanding the same of his employees. He also had a skill that is particularly important in any entrepreneurial venture – he could shift course when something wasn’t working.

Most importantly, he had a vision of what the Globetrotters could be, and he imparted that to everyone in the organization. “I knew that if I could construct a vision, the team could go where it had never been before,” says Jackson.

Part of that vision was the recognition that the Globetrotters – despite their faded glory – possessed bankable brand appeal. Tens of millions of people had seen the team during its heyday. Many of them remembered a Globetrotters performance of dazzling basketball skills mixed with comedy as one of the magical moments of their childhood.

Jackson put a premium on finding good people and building a management team to carry out that vision. “Selection of people in any business is the most critical task you have,” he says. “To be a Globetrotter player, you’ve got to be good at basketball. But a Globetrotter is also an ambassador of goodwill. I also want to know: would new hires become fully engaged in the success of the Harlem Globetrotters Brand? I would never build a business in any industry without making sure that my lowest trade person or contractor was fully engaged in all aspects of the business. I believe in flexible organizations based on accountability and leadership. High-performance teams built around knowledge, experience, and leadership have proven time and again to get the best results in this and other industries.”

The Globetrotters were ground breakers on two fronts. They pioneered and popularized the fast-paced game of no-look passes and dunks, which now dominates college and professional basketball, and they were instrumental in breaking down segregation in the once all-white professional National Basketball Association.

The Globetrotters were founded in 1926 by promoter Abe Saperstein, who put together a team of eight African-American ball players that barnstormed the country, beating everyone in sight. By the late 1940s, the team was as good as any in the world. But their players weren’t welcome in the NBA. Then on February 19, 1948, they made history by toppling the NBA champion Minneapolis Lakers before a sold-out crowd at Chicago Stadium. The next year the Lakers played them again, and again the Lakers lost. The following year, the NBA signed its first African-American player, Nat Clifton, the Globetrotters center. The color line was broken.

By the early 1990s, former Globetrotter M anne Jackson was a senior vice-president at Honeywell. But his old team was withering. In 1992, the year before Jackson formed an investor group to buy the team, the Globetrotters lost $1 million on revenues of $6 million and were drawing fewer than 300,000 people a year. The team’s corporate owner, International Broadcasting Company, was in bankruptcy.

By 2004, the Globetrotters completed its tenth consecutive year of double-digit growth, all the investors had been paid off, all bank debt retired, and over $10 million had been given to charities around the world. The Globetrotters had boosted gross revenues more than tenfold to over $60 million and turned a loss into a $9 million profit.

The Globetrotters now bring in money from licensing, local sponsorships, clinics, television, and rising ticket sales. Last year, more than two million people saw the Globetrotters play live. They also profit from a growing market for Globetrotters merchandise and from co-branding opportunities with national corporate sponsors such as Campbell’s Soup and Western Union, who benefit from their association with the Globetrotters’ popularity.

These efforts aren’t limited to the American market. The team has long played outside the U.S., but their reach is growing. For example, in 2004, the Globetrotters signed an agreement to play 260 games over five years in China and 20 other Asian countries. And they now have the talent base to put three teams on the road.
Finally, he was able to use the knowledge he had absorbed from his mentor, Ed Spencer, Honeywell's CEO from 1979 to 1987. Spencer taught Jackson that he must create a culture of accountability within an organization and that he should never be satisfied with last year's results.

Establishing a Formula for Success

Jackson's turnaround efforts began when he correctly perceived that the Globetrotters had value, despite the dismal financial numbers. Ironically, he initially thought the value lay in the Globetrotters name and legacy, not in the team itself. So he planned to fold the team and instead capitalize on the brand through a Globetrotters museum, a Hollywood movie, and licensed products that would carry the Harlem Globetrotters name.

But when he met with the team to deliver this news, he found himself talking about a revival of Globetrotters basketball instead. “Saving the Globetrotters has got to be a religion for us,” he told them. And then he set about rebuilding the team.

As time went by, he gained an increasingly sophisticated view of how hard that would be. “In the past, when people asked me about family entertainment and sports, I assumed it was all fun and games,” says Jackson. “I can tell you one thing I’ve come to appreciate: it’s really a complex service-oriented industry that has to be managed well in order to survive.”

One of his first moves was to assemble a brainstorming team made up of top marketing executives from Honeywell, former members of the team, and an arena owner. They gathered in a Minnesota farmhouse and pondered this question: What could the Globetrotters become?

Then he put together focus groups across the country asking average people for their takes on the team. The news wasn’t good. Young people knew nothing of the team. Older people wondered whether they were still any good or whether they were just clowns from another era on the court, a reference to the Globetrotters’ comic side.

It was an indication of how much the team’s historic relationships and the quality of its promotions had slipped from the era when they delivered both comedy and state-of-the-art championship basketball. “In the 1960s, the Globetrotters were used to attract crowds to NBA games,” Jackson says. “Back then, I don’t think anybody on the Globetrotters had any doubt where the better basketball was being played.”

So Jackson decided the Globetrotters had to play good basketball, and he recruited quality players. Jackson also wanted to maintain the showmanship that had been their trademark—behind-the-back hook shots and dunking through a hoop set well above regulation height. The third element was comedy. Jackson wanted to get families laughing and having fun again.

Always Looking Ahead

Even after the formula was set, he followed the classic entrepreneurial tactic of continuing to tinker with the product. For instance, he cut the show to 90 minutes after an executive from one of the team’s sponsors explained that it went on too long. He also kept ticket prices down, a rarity in the pro sports world where a family night out can put a big dent in a household budget. “Our average ticket price is $24, and some tickets are as little as $10, depending on the event,” he says.

These efforts have brought the Globetrotters back from the edge of oblivion. But Jackson continues to heed the advice of Spencer, his mentor, who told him to never be satisfied with last year’s results.

“Despite 12 years of record-breaking success, I think we’ve now hit a new platform from which to take the next step,” says Jackson. “We believe there’s a bigger market for Globetrotters products, particularly with regard to fashion. We also want to boost our global touring business. We can be virtually ubiquitous.”

– Doug McInnis
When we think of the military, names of great leaders often come to mind. Presidents Washington, Grant, and Eisenhower, among others, were military commanders who went on to lead the country. But it's not just presidents, generals, or colonels who understand the unique dimensions of military leadership. No matter the rank or the branch of service, everyone in the military has a personal understanding of the expectations, rigors, and opportunities associated with military leadership — leadership that is often learned and exercised under pressure, hardships, and a culture simply not found in the civilian sector.

Army Lieutenant Colonel (LTC) Thomas C. Modeszto, a military lawyer who has served across the world, knows firsthand these demands and opportunities. He served three years in the Air Force after graduating from high school and then worked several jobs before enrolling as an undergraduate at Rutgers University on the G.I. Bill. He earned his MBA/JD from the University of Illinois in 1989 before entering active duty in the US Army Judge Advocate General's Corps, more commonly known as the “JAG Corps.”

Earlier this year, while serving in Iraq, where work hours of between 90 and 100 per week are the norm, he took the time to share his perspective on the extraordinary leadership training his experience in the military has provided him. His first-person account follows.
Nothing Compares to Hands-On Training

I already knew from friends who were serving as Judge Advocates, or JAGs, that the JAG Corps offered an immediate opportunity to practice law in the courtroom and to hone skills in several areas of the law. What I was unaware of is the extent of hands-on leadership training I would experience at every level. Here are some of the lessons.

Accentuate the Positive

My first assignment was with the 2nd Infantry Division in Korea, a short distance from the infamous Demilitarized Zone, or DMZ, which separates North and South Korea. With the end of the Cold War, the Republic of Korea was one of the few locations where JAGs could be imbedded with combat troops in a high-risk environment. Here, I was able to observe new and experienced officers perform under high stress.

The most effective leaders I encountered in Korea were those who maximized the strongest skills of their subordinates. Just as important, they recognized the less mature skills of subordinates in order to minimize adverse events. The bottom line is that when dealing with humans, zero defects are aspirational goals – not a reality. In an environment where a mistake could cost lives, knowing your people and their skill levels will increase the possibility of success.

Teach Your Officers Well

Eventually I was stationed with the 3rd Infantry Division in Germany, near Nuremberg. The majority of my time was spent as a trial defense counsel, representing soldiers facing adverse administrative actions or courts-martial. This was truly a baptism under fire. The trials came quickly. The Criminal Rules of Evidence I learned in law school took on tangible meaning, and most of the trial counsels – as military prosecutors are known – were experienced and savvy litigators.

In addition to having senior officers conduct training, the most helpful mentors were the trial judges. These trial judges had served on both sides of the aisle – that is, they had both prosecuted and defended soldiers through a large portion of their careers. After each court-martial, the trial judges would hold sessions with all the JAGs to discuss the strengths and weaknesses of each side’s presentation.

I quickly learned that the most effective judge teachers in these sessions were those that exercised solid leadership qualities in the courtroom. They firmly instructed witnesses to refrain from evading answers to the questions posed. They answered lawyers’ objections clearly, concisely, and without a hint of indignation at the lack of litigation experience the objection may have revealed. In the process, they provided valuable lessons to less-experienced litigators – some of whom would rise through the ranks and gain leadership positions in which they too would become mentors. The majority of these judges are retired, but I occasionally encounter them at various JAG functions. To this day, they are still willing to offer advice and selflessly share their expertise.

Raise the Bar

My last assignment before my deployment to Iraq was as a branch chief supervising several trial attorneys who litigated contract dispute appeals and bid protests on behalf of the Army. To do that job, you needed to coordinate with a hodgepodge of government and private sector attorneys, contracting officers, project managers, quality assurance managers, engineers, accountants, and other interested parties. Last, there was the meticulous review of voluminous documentation in what could be a highly complex, high-visibility case.

Despite the challenges, my supervisor was not one to rely on past success and status quo. Novel ideas of how to improve the office were actively solicited. His door was always open when he was alone in his office – sending a message to others that they should feel comfortable discussing legal nuances of their cases with him or other attorneys. Any fear of offering a nonsensical idea was quickly disabused. He enjoyed engaging with others who thought out of the box. The effect of his leadership was measurable. All of the attorneys’ performances moved up a notch.

Seeing Clearly Through a Sandstorm

Throughout my career, I’ve attempted to assimilate the strong leadership characteristics of past leaders into my own management style. I remember the patience some leaders exercised with me on my first assignment. It seems only natural that I should hold that attitude now that younger officers rely on me for feedback and professional growth. Taking the time to talk through a legal issue without disparaging a subordinate officer is crucial to the learning experience.

Nearly fifteen years in the JAG Corps has offered me an opportunity to observe a variety of leadership styles. The key to leadership success is to observe and adopt as your own style some of the characteristics of other successful leaders you have worked for. Although my experience with this technique has survived the test of time during my military career, I am certain it would equally apply in the private sector. People enjoy following others who have a vision, articulate it clearly, and invite others to contribute.
In this world, there are about 300 million people who call themselves Americans, and some six billion people who don’t. The Americans make up the world’s richest market. The six billion represent the future.

For that reason, US corporate leaders must have a global outlook if their products are to make inroads on the rest of the planet. One of the biggest global players is Kraft Foods, headquartered in Northfield, Illinois.

“We’re a $34 billion food and beverage company that operates in more than 150 countries, and our biggest growth prospects are in the world’s developing markets,” says Karen May, Kraft’s executive vice-president for global human resources. “As a leader at Kraft, you have to be sensitive to the changing needs of consumers in over 150 countries. The leadership job at Kraft is to create products that help people around the world eat and live better.”

And that’s the hitch. Every country is different. For example, consumers are on average more affluent in the United States than they are in the Philippines, so their needs and buying patterns are quite different. “In the United States, a lot of consumers want value packaging,” she says. “They want a large quantity so they can get discount pricing. In the Philippines, the people have limited income, limited storage, and limited refrigeration. So in the Philippines, most consumers will buy the food for their evening meal on the way home. Products need to be affordable and packaged in a size that meets their needs.”

Stepping Up: Kraft’s Global Vision

That means Kraft must have the right product mix for each country if it wants to do business, and it must have a corporate culture that responds quickly as new markets open up and as its far-flung consumers change their tastes.

That’s where executives like May come in. “In my role, I’m not designing the products,” says May. “But I am making sure that we have the right corporate culture, mind set, and talent to deal with change. I don’t define success as having a world-class human resources department or in terms of personal excellence. My job is to help make the business successful. I define success for Kraft as being successful for all of its constituencies – our consumers, our employees, and our shareholders. My goal is to have a human resources group that will help Kraft be a world-class company.”
Confidence, Courage, Communication

Part of May's responsibilities include both hiring and staff development programs, two areas that help determine whether Kraft will have the talent, skills, and leadership to compete in the global economy. "Our goal is to help someone develop their leadership and technical ability over their career here."

Toward those ends, May must exhibit leadership everyday. But leadership is a nebulous quality, a bit different for each person who attempts to define it. In May's view, three things are required to be a good leader. "First, you must have the confidence to know that you are doing the right things, and that means you must have the courage to take a stand on where you want to go. Second, you must be able to motivate others and communicate to them what you want them to accomplish. Third, you must hold people accountable to get the job done and, if necessary, be prepared to make people change."

If any of these are missing, the results may be less than optimal, she says. "For example, if you can't communicate your vision and get buy-in from your team, you're not going to get out of the chute. Or if a leader is on the field playing the game while a member of his team is up in the stands eating popcorn, this will undermine the ability of a team to move forward."

"These leadership qualities are vital in an era when change is constant, the competition is global, and the biggest growth markets are outside the U.S. "The emerging economies are called that because they have growth prospects you don't see in the rest of the world," says May.

Leadership and the Balancing Act

Globalization – with its 24/7 production cycle – is a mixed blessing for the executives caught up in the whirlwind of change it has wrought.

"There are advantages and pressures that come with globalization and all of the tools we have to manage in that kind of world, such as Blackberries, emails, etc." says Karen May. "The advantage is that you can get things done at any time of the day or night. And if you're willing to be flexible, there are endless ways to fit your personal and business life together."

"But if you're unable to prioritize or turn off the work spigot, the job can now take over your life," she says. "I work very hard. But I have three children, so I also work very hard to be involved in their lives and be at the places I need to be for them. It's a constant balancing act."

"So if you want to be a good leader over a sustained period of time, you have to figure out the balance between your work life and your personal life. This is about personal leadership. It's necessary to manage and lead yourself before you can lead others."

Adapting to Change

May has an easier time with globalization and rapid change than some executives. "My father worked for an oil company and we moved a lot," she says. "By the time I got to college, I had lived in eight or nine cities. I went to three high schools, so I knew a lot about change."

"I also like to travel. I have always worked for global companies and enjoy the opportunity to visit other countries. Global travel gives you perspective and constantly bombards you with new ideas."

But globalization also puts a strain on many businesses that are struggling to adapt. The glut of data and information that characterizes our age adds to the strain. "There's so much access to information and technology, and change is so rapid. Just because you're innovative today doesn't mean you'll be out front very long," May says.

"A competitive advantage is harder and harder to achieve and even tougher to sustain. So speed becomes all the more critical. That just puts a greater premium on leadership that can do the kinds of things I've talked about, and that can move quickly so that their company can get to market first."

– Doug McInnis

Karen May Fact File

Education
BS, University of Illinois

Career path
PricewaterhouseCoopers
Baxter International, Inc.
Kraft Foods Inc.

Leadership tips
Be confident
Be willing to take a stand for what is right
Be ready to motivate and communicate
Hold people accountable
“Just like you turn a kaleidoscope and suddenly see beautiful designs, leaders can connect all these kinds of data and form the patterns about how their business might evolve and how their particular organization fits into the picture.”
Earlier this year, Dean Ghosh announced the establishment in the College of the Center for Professional Responsibilities in Business and Society. The Center will develop innovative learning experiences that will integrate professional responsibilities modules into the curriculum, coordinate a visiting speaker series open to all Urbana students, and host a symposia on professional responsibility for leading academics and professionals. The newly developed modules will initially be used in classes on the Illinois campus and are expected to be made available for use by faculty at other colleges and universities.

The Center is funded by a $4 million grant from the US District Court, Northern District of Illinois. The Deloitte Foundation is providing an additional $4 million, making Deloitte & Touche USA LLP the founding partner of the Center.

If leaders are indeed made, not born, then it stands to reason that effective teaching of leadership is central to creating more and better leaders.

According to Avijit Ghosh, dean of the College of Business, the secret to teaching leadership is to make the concepts and opportunities so pervasive throughout the curriculum that students live and breathe its principles. The skills that form the foundation of leadership are taught throughout the College in every class and even outside the classroom.

“Our goal at the College is to help students develop the maximum level of leadership, and to be as effective as they can be as leaders,” says Ghosh. “We try to integrate these skills into our entire program, rather than just teach them in a single course.”

One of the most critical skills, says Ghosh, is the ability to make connections between seemingly different things.

“Yes, the students learn about finance, accounting, and marketing management, but it is also important that they learn how to make connections between all these topics and, through that, understand how a business might evolve in the future,” he says.

Students learn through studying cases, conducting research, and completing hands-on projects, with a focus on integrating several concepts at a time.

“I always like to compare this aspect of leadership to a kaleidoscope,” says Ghosh. “We equip students with a kaleidoscope, which looks like it has random pieces or broken artifacts in it. In the same way, everybody is exposed to bits of data, facts, concepts, and theories. Just like you turn a kaleidoscope and suddenly see beautiful designs, leaders can connect all these kinds of data and form the patterns about how their business might evolve and how their particular organization fits into the picture.”

The Power of Persuasion

Ghosh notes that in addition to being able to make these important theoretical and practical connections, leaders must also possess strong communication skills. This tool is essential for all leaders, not just those in business, he says.

“Think about it,” explains Ghosh. “Your idea about a strategy is only as powerful as your ability to convince somebody else that it is a powerful idea. If you cannot convince somebody else, then there is no power in the idea. Persuading is not cajoling or pushing, it’s how you construct your logic and put together the steps in a logical argument that brings power to your idea.”

In the classroom setting, students make oral and written presentations to both faculty and fellow students. It’s an important exercise because students have to think through how best to persuade two different audiences. Often their classmates are the most skeptical and difficult to convince, says Ghosh.

Leadership by Example

It’s also important to learn about leadership from those who excel at it. The College has several speaker series for both graduate and undergraduate students. Guests, typically leaders in business and society, share their perspectives about leadership, how it is developed in general, and how they, personally, developed as leaders. In yet another leadership opportunity, it is often students themselves who organize and run many of these speaker programs.

Another initiative that will provide important leadership development opportunities to business students is the
Center for Professional Responsibilities in Business and Society, which was recently established within the College. According to Ghosh, professional responsibility is a fundamental aspect of being a good leader, and it is broader than just using the term “ethics.”

“Again, our belief here is that issues like professional responsibility cannot be developed by just having a single course that everyone takes, and even feels forced to take,” says Ghosh. “It has to be integrated with the regular curriculum of the program. So when you are teaching accounting, there are certain aspects of professional responsibility in accounting that must be addressed. Likewise, with marketing, what is our responsibility to our customers?”

“What is missing, quite honestly, right now, are effective teaching materials devoted to how to integrate professional responsibility into the curriculum. These could be case studies, exercises, projects, and a variety of debates and discussions about what issues might come up in your professional life.”

The Center for Professional Responsibilities in Business and Society will help achieve this goal of integrating professional responsibility into the curriculum and will provide a vehicle to further develop effective course material.

Identifying Future Leaders

The College also provides some unique opportunities for students to further develop their leadership skills both inside and outside the classroom. A prime example is the undergraduate honors program, which was established two years ago and is led by John Hedeman, assistant dean. The College invites 40 students from the incoming freshman class to participate in the program and, once selected, the students participate all four years.

The program is, first and foremost, a leadership honors program, and as such it emphasizes all aspects of leadership, rather than simply a heavier or more intense academic course load. Second, the goal is not to segregate these students from their classmates but, in fact, to have them connect with other students and pass on the leadership skills and lessons they have learned.

“Our honors students get these leadership experiences early on, and then they are expected to use those experiences to both build on their own skills and to get their classmates involved, which raises the whole level of leadership experience,” says Hedeman.

The program is structured so that students get to know each other as freshmen, attend a specific class about leadership their first year, and participate that year in an international experience. For instance, honors freshmen who entered the College in 2005 went to Germany and Poland at the end of their first year. The second year, the honors students have a project, which they work on in groups, but don’t have a specific class they take together.

The projects always involve improving the College. Last year students worked to develop an honor code for the College. It involved examining other models, researching the University’s code so the new honor code wouldn’t conflict with it, understanding the College campus culture, consulting with faculty and students, building consensus, and learning how to present their case convincingly to the faculty and students.

“When he meets with the honors students, the Dean always tells them, ‘We’re giving you this opportunity to learn leadership skills and in return we want you to make the College better.’” says Hedeman.

Creating Synergies through Teamwork

The undergraduate honors program stresses leadership and teamwork, as does another important program affiliated with the College. Each year, approximately 200 students, both graduate and undergraduate students from Business as well as other colleges on campus, complete 40 to 50 projects for Fortune 500, mid-sized, new venture, and non-profit clients through Illinois Business Consulting (IBC), a student consulting organization established by the College. The students not only apply specific information they learned in class, but they also learn to be responsible to clients, to work with them, and to understand and fulfill the client’s expectations.

Similarly, a small business consulting class offers teams of students an opportunity to be exposed to a client’s sensitive business and financial information and propose a responsible business solution to a business problem.

“Leadership is about creating synergies and forming consensus,” says Ghosh. “And by working in teams, students learn how to do this. The whole notion of teamwork is the idea that you can merge two ideas into a third one that is more powerful than the two that fed it.”

These experiential learning opportunities, combined with the in-class material, likewise create a synergy that produces the strongest possible leaders and the best leadership experiences possible. It’s a process that puts all the pieces in the kaleidoscope together to ensure that each Business graduate is well prepared for the future.

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Avijit Ghosh Fact File

Education
BS, Calcutta University
MA and PhD, University of Iowa

Current job title
Dean, University of Illinois College of Business

Research interests
Retail and Marketing Strategy

Deb Aronson
What's the best way to develop leadership skills? According to Kathy Iversen, the business world provides an exceptional classroom. And it's where she's been both teacher and student.

As a former business professor and senior vice president of Target Corporation and now the global managing director of the BearingPoint Institute for Executive Insight, Iversen has spent 30 years honing her own leadership skills as well as studying and collaborating with leaders across a variety of organizations. It's an experience that has convinced her that leadership not only can be taught but that it must be taught for future generations of leaders to be successful. But what skills do you need and where is the best classroom to learn them?

It Starts With the ABCs

Although it's certainly not as easy as A, B, C, those letters are definitely a good place to start when it comes to defining leadership.

"Simply put, leadership is all about Attitude, Belief, and Competency," says Iversen. "You must exhibit all three to be a successful leader. But the real differentiator is attitude. You have to want to lead and you have to be convinced that the work and the wait are worth it if you are going to convince others. There's no substitute for an attitude that inspires."

And what are those intangible qualities that inspire? According to Iversen, empathy is the key. "Good leaders know when their people are confused or frustrated, and they do something about it," she says. They have the capacity to turn a vision into understandable goals, and they can motivate others to aspire to those goals. They assess the abilities of each team member and know how to get the most from each individual. Empathetic leaders are successful because they are not threatened by the capabilities of others; in fact, they welcome them.

"The best leaders are those who give their team members the latitude to make decisions because they're the people who execute the vision," she explains. "The team has to know that the leader trusts them. And the leader must find ways to publicly recognize their efforts and contributions."

Reasoning Power

True leadership success also hinges on a person's inductive and deductive reasoning capacities. "Strong leadership requires both the ability to be a visionary and a tactician," says Iversen. And each requires different competencies.
On one hand, you have creative, intuitive, strategic abilities; on the other, you have deductive, deliberate, problem-solving skills. Where a person falls on this scale of skills and orientation often determines whether he or she is prepared for management or leadership.

Successful managers, for instance, exhibit strong deductive thinking. They are tactical, task-oriented, and organized. Often their competencies are in budgeting, programming, and breaking problems into definable tasks.

"Intuition isn’t as necessary a competency for management," says Iversen. "However, it is vital for leadership because leaders must be able to see a problem, envision a creative solution, and sell everyone on it. Every task must be done with engagement," which also requires strong inductive skills.

Learning by the Book and Learning by Example

Can you teach empathy? How about inductive and deductive reasoning? Iversen thinks so, at least if potential leaders take advantage of all the opportunities. There are two important avenues where leadership skills can be learned, she says: through mentoring and role modeling and through deliberate, focused classroom learning.

"By coaching and counseling someone who is not on your team, there is an openness and an objectivity that really helps develop skills," she explains. "It’s a learning experience for both people. Plus, it’s a stewardship responsibility that all leaders should take seriously."

Iversen also believes there is no substitute for what leaders and potential leaders can learn by going back to the classroom. "Even empathy can be developed when people are taught how to get in touch with their emotional quotient. Experts in classroom settings can help people do that. Formal education is required for certain skills to be explored and refined," says Iversen. It is advice she received early in her career when a mentor told her that her creative and visionary strengths were weakened by her poor writing skills. Classes in creative writing and public speaking sold her on the value of returning to the classroom.

She admits, however, that there are limitations. "Though reasoning skills, interpersonal skills, and communication skills can be taught," says Iversen, "natural leaders have a kind of DNA that seems to tell them which skills to use in which situations. And that can’t always be learned."

But, she continues, "The formal education process is vital to building leaders now and in the future. Some naturally talented and lucky ones will get there anyway, but everyone can benefit from having some formal training to supplement his or her natural skills."

Brain Drain

Collaborating in formal training is something Iversen is committed to doing. Graduate students in the College benefit from her knowledge and expertise, as she is a frequent guest in the classroom and also mentors students involved with Illinois Business Consulting. And her employer is dedicated to collaborative learning partnerships as well.

BearingPoint currently assigns several of their high-potential consultants to work as research fellows each year, pulling them from their regular work to conduct applied research with external leaders. This serves not only to develop the research fellows’ leadership potential but pays dividends in the overall business environment by focusing some of this applied research on determining how to build better leaders and better businesses.
One such project that holds promise for improving the business climate focuses on knowledge management. “Right now there is a brain drain that is impacting the work force,” explains Iversen. “Currently, 50 percent of all state and local government workers are baby boomers, and 50 percent of those baby boomers will be old enough to retire in the next three years. This means that there will likely be lots of jobs for today’s high school and college students, but it also means that there will be a tremendous brain drain with the experienced employees leaving the workplace and the less experienced moving in.

Good leadership, he explains, means having a large set of skills useful in handling diverse situations. Teaching leadership comes down to providing students with a complete toolbox to handle changing scenarios. Some of the skills that make up the leader’s toolbox are conflict management, change management, coaching and feedback for performance, and human resource management. Organization and negotiating skills are also vital for aspiring leaders, as are aligning individual goals with those of the organization, managing diversity, and team building. Providing students this entire package of skills is a goal of the overall Business curriculum.

According to Northcraft, it’s also important to remember that different leadership skills are needed at different stages of a company’s growth. For instance, start-up companies need the entrepreneur’s technical knowledge and skills and passion for the product to carry the company forward. Later, when the company is up and running and producing the product, the skills required for successful leadership shift to those of managing the elements of producing, supply-chain, marketing, and human resource management.

Northcraft cites Steve Jobs as a case in point. He was a brilliant leader when he started Apple. His passion, enthusiasm, and ideas stimulated and inspired the company and moved it forward to great success. However, Jobs’ talents were not those needed to run the company after the start-up phase. He left at that time, but returned when Apple was stagnating from a lack of new ideas and passion. Jobs’ skills of creativity and passion that had originally inspired Apple have helped reinvigorate the company.

— Janet Fitch

**Kathy Iversen Fact File**

**Education**
- BS and MS, Pennsylvania State University
- PhD, Carnegie–Mellon University

**Current job title**
Global Managing Director of the BearingPoint Institute for Executive Insight

**Quote of note**
“Strong leadership requires both the ability to be a visionary and a tactician.”

**College connection**
Mentors Illinois Business Consulting team members and teaches “Turning Data into Insight” and “Strategic Consulting” each semester

“We have to find a way to get that knowledge into the heads of those younger people who will be taking over those jobs in the not-too-distant future,” says Iversen. Knowledge management is the key to doing that successfully. But knowledge management is something that is still relatively untested in terms of its full potential, especially in the public sector. Corporate leaders must take the initiative to collaborate with educational institutions to establish a system of knowledge management that can be put to work to serve everyone. It’s never too late to learn.”

— Cathy Lockman
Any of us have read how-to books that offer 100 ways to do this or 50 ways to improve that. Often the advice is both plentiful and good. But for some topics, fewer tips may be more useful than many, and leadership seems to be a subject where that's particularly true.

Michael Tokarz, one of the country's most successful investment specialists, keeps the number of leadership rules he operates by to just a critical few. The first and most important: keep things simple. "The successful way to be a leader is you make things simple – very, very simple," he says. "You set a simple goal. You set a simple strategy to achieve it. You set a simple tactical plan, such as you do this first, this second, this third. Then you communicate it simply to the people in your organization. If you want to be a leader, you need simple, effective communication. You need to say, ‘This is the goal. Here’s how we’ll do it. Let’s go.’"

Tokarz has spent his career investing other people’s money – billions of dollars of it. In that environment, leadership is critical. A plan that is not followed because no one understands it can spell disaster in the investment field.

Tokarz has one of the best track records in the business. Among other posts, he served as a senior general partner and administrative partner at Kohlberg Kravis Roberts & Co., one of the world’s oldest and most experienced private equity firms. In his 17 years at Kohlberg Kravis – a leader in leveraged buyouts – he worked on some of the firm’s most successful ventures, including the $8.7 billion buyout of Beatrice Companies. He is now chairman of suburban New York-based MVC Capital.

Communicating What’s Complex

Tokarz doesn’t maintain that the investment business is simple. “Things like technology investments, venture capital, and leveraged buyouts are considered very detailed, complex matters. In almost every case, you do need the ability to deal with complex issues in order to comprehend an investment.”

But the process of leading the troops must be reduced to and stated in simple terms. The logic behind this is irrefutable. The troops can’t take action if they don’t know what you want them to do.

According to Tokarz, “The leader who exemplified this to perfection was a man named Jim Walter. This guy had a way of taking the most complex, difficult problem, articulating it simply, and then giving it a simple solution. And to the people in his organization he would say, ‘Well, here’s what you do.’”

Walter founded the Tampa home building firm that bears his name, Walter Industries. It eventually evolved into a conglomerate with investments ranging from coal mining to a water company and grew in size to become one of the country’s 300 largest companies. It was one of the companies Kohlberg Kravis acquired – a buyout accomplished at Tokarz’s suggestion.

Walter didn’t set out to be a home builder when he left the Navy after World War II. With less than a high school education, he borrowed money to buy a truck and began hauling things. One day he delivered a load of lumber to a home building site. A day before the house was completed, the builder sold it for a $400
profit, an enormous sum in the 1940s. “It would be like making $20,000 on an $80,000 house today,” Tokarz says.

It turns out that $400 was equal to what Walter had paid for the truck, and he had borrowed the money to buy it over five years. It didn’t take long for Walter to do the math and come up with a simple solution and a simple game plan. “He said, ‘I’m in the wrong business,’” Tokarz explains. “He went out and sold his truck and started in the home building business.”

The Fatal Flaw Theory

Beyond simplicity, Tokarz said a few other basics are required for effective leadership. “You always need to be able to put yourself in the other guy’s shoes. That was something I learned from my Dad. The other thing my Dad taught me was an extension of that same concept, which is: If you want to lead, you’ve got to be able to do what you’re asking others to do. If you want them to clean the john, you’ve got to be able to clean the john yourself. That keeps you in touch with reality.

“I repair all the appliances in my house. It’s a hobby, but it keeps me in touch with how things really work. There are a lot of sophisticated people who are not in touch with reality, and they’re not good leaders. They don’t have the interpersonal skills.”

One other thing is required – a measure of self-control. This stems from what Tokarz calls the fatal flaw theory. “In one’s life, whether it’s work, or interpersonal relationships, or marriage, you will use countless characteristics that you have collected. Some are strengths. Some are weaknesses. If you have some characteristics that don’t meet minimum standards, these are flaws or potential failure points. For example, if you are by chance at the wrong place at the wrong time and you get angry, it could cost you your job or your life.

“Some people react poorly. Some people don’t plan. Some people don’t prepare. In business, if you’re not prepared for a meeting, there’s a risk that something could go wrong. So a minimum characteristic for a businessman is that he should be prepared.

“If you want to be a leader, learn to control your flaws. Everybody has them. Work on those flaws and know when you’re most vulnerable to them so that at any time you’re ready to meet the minimum standards.”

“ – Doug McInnis

Michael Tokarz Fact File

Education
BA and MBA, University of Illinois

Current job title
Chairman, MVC Capital

UI leadership roles
Vice-chair, University of Illinois Foundation
Co-chair, College of Business Investing in Excellence campaign

Quote of note
“If you want to lead, you’ve got to be able to do what you’re asking others to do.”

www.business.uiuc.edu
What Volunteer Leadership Brings to the Table

Pick a cause. From the American Red Cross to the National Endowment for the Arts to your local humane society to the nearly 2 million other small and large non-profit organizations in between, there is a long list of worthy causes in every community across the country.

But there is also no doubt that it takes more than a worthy cause to create a successful non-profit organization. In fact, the strength of the organization often is directly tied to the volunteer leadership base the group relies on for support. And with annual donations to non-profits totaling nearly $250 billion a year, that volunteer leadership translates into big business. Jeffrey Golman knows about those big business needs and the leadership skills required to manage them. As vice chairman of Mesirow Financial’s Corporate Investment Banking group, he offers strategic advice to companies in creating opportunities for their businesses. As a member of the Leadership Council for the national Cystic Fibrosis Foundation and of the Development Council of BUILD, an organization that helps at-risk youth, he volunteers to create opportunities for others. And in both capacities, similar leadership skills are required.

It’s About Integrity

As Golman sees it, the most critical quality is integrity. “No matter what your job is or what cause you are trying to advance, people must be confident that you are committed to the highest ethical standards,” he says. It may not be the most obvious aspect of leadership, but it is the most valued.

“Ethical conduct creates a trust level and an example for others that can’t be duplicated,” he says. It’s true not only for the individual volunteer but for the non-profit organization as well, which must be able to stand up to scrutiny of its business practices and standards.

Golman speaks proudly of the Cystic Fibrosis Foundation’s track record in this regard. “CF has one of the highest ratios of net after expenses to contributions,” he says. “The organization is very efficient and disciplined on expenses. Nearly 91 cents of every dollar goes to finding a cure. The organization has been managed professionally and consistently over the years and has been led with integrity.”

According to Golman, when you match that integrity with the intangible quality of passion you have a winning leadership combination. With so much competition for donation dollars, many potential donors are moved by volunteers’ commitment to the work of a particular group and their faith in the worthiness of the organization.
The Power of Passion

For the past 17 years, CF has been one of the beneficiaries of Golman’s passion. He and his wife, Cidney, have been involved in fundraising, educational, and other volunteer efforts since their oldest child, Randell, was diagnosed with cystic fibrosis. She is now following in her dad’s footsteps as a student in the University of Illinois College of Business.

Another beneficiary of Golman’s leadership is BUILD, which stands for Broader Urban Involvement and Leadership Development. An organization that works with inner city youth to promote the stability, safety, and well-being of the communities, BUILD is another cause Golman is passionate about. “We are working to raise funds to help establish programming that will break the cycle for some of these kids,” Golman says. “We want to show them that there are alternatives to gangs. We want to help get them into college. It’s a people-intensive effort that requires a lot of fundraising.” And again, a lot of passion.

Building relationships and networking with others is also vital if volunteers are to be effective leaders for their cause. “Just as in business, the relationships you build are key to making a difference. In a volunteer capacity, you build up a network where people are helping each other for the mutual benefit of a larger group. There is a reciprocity that is important. I support the causes of others whom I’ve built relationships with, and they embrace mine as well.”

What’s the Priority?

Coincidentally, it was a message delivered at a charitable function that most influenced Golman’s thoughts on leadership as it relates to both business and volunteering. He was attending a fundraiser for the Boys and Girls Clubs about 20 years ago, where George Steinbrenner, the owner of the New York Yankees, was talking about leadership and his ball club.

“He has a reputation for being ruthless, and not everyone would see him as a great role model,” says Golman. “But what he said about leadership that day made a real impression on me. He talked about how leaders are decisive about what is most important and how they work to always make that a priority. In his case, he talked about family, which might have surprised a lot of people there. I’ve always remembered that message about decisiveness and prioritizing, and I’ve tried to do it in my business and in my volunteer activities.”

For Golman, those priorities mean “giving back to the extent that you’re in a position to help others. I believe it’s an obligation of leaders to find a way to make things better. Some people make things better with time and talent. And others do it with donations of money. All of it is needed, and all of it is a part of being a leader.”

–Cathy Lockman

Jeff Golman Fact File

Education
BS, University of Illinois
JD, Northwestern University

Current job title
Vice Chairman, Mesirow Financial’s Corporate Investment Banking group

Volunteer positions
Cystic Fibrosis Foundation Leadership Council
BUILD Development Council
College of Business Investing in Excellence Campaign Committee
What attributes do you think make a good leader in the field of accountancy, particularly in the international arena?

One important characteristic is the ability to look at an environment, identify opportunities, formulate a vision and, then, to execute and capture that opportunity. You've got to have a vision, and you've got to know the goals.

Good leaders are also the ones who have the courage to act, to go beyond their comfort zone. That's something that should be learned starting in the university setting. Most of us don't like change. Most of us don't like what is not familiar.

Intellectual curiosity is also important, especially in our profession where we look at new regulations and new situations. It is important to look at a situation, try to identify the characteristics that are unique, and then see how they fit into our current frame of reference. If there is no current frame of reference, the task is to determine how to build a new frame of reference. The ability to team together, to cooperate, is also key. One plus one is more than two. We can actually come up with better solutions as a result of working together.

In the international arena, of course, cultural sensitivity is very important. People don't work and behave in the same ways. There is no right and wrong in that; it is just different. We just need to identify and understand cultural differences. Once you understand them, you begin to appreciate them a bit more.

Perhaps the most important attribute, especially in our industry, is integrity. You have to have the moral excellence, the ability, and the courage to say no sometimes, even when it's costly.

During a recent visit to Asia where he visited alumni and business leaders in Japan, Korea, Taipai, and China, Dean Avijit Ghosh met with David Sun, chairman of Ernst & Young's China practice. In an interview for Perspectives conducted by Ghosh, Sun offered his thoughts on leadership, the new profession of accountancy in China, and the challenges faced by an emerging economy.

The accountancy profession in China is growing very rapidly. What is your assessment of the current status and what does the future hold?

The accountancy profession is still very, very young in China. For example, until a little over a decade ago, China did not have an external independent audit profession. The CICPA – the Chinese Institute of CPAs – has approximately 140,000 members with roughly 80,000 practicing members and the remainder non-practicing.

In China, we only have one CPA for every 10,000 people, where in America you have one CPA for every 1,000 people (assuming that the AICPA has 300,000+ members). That is a simple statistic that shows that China has a long way to go in developing the profession. Currently, we see a dire need to increase the number of qualified CPAs as well as the quality of the practitioners.

The large international accountancy firms all have a presence in China. Our business is to provide professional services to companies, but, in so doing, we actually train quite a number of accountants in this developing country.

**David Sun Fact File**

**Education**

- BS, Kansas State University
- MAS, University of Illinois

**Current job title**

Chairman, Ernst & Young, China

**Career highlight**

Growing E&Y’s presence in China from 800 staff to more than 5,000
What are the special challenges of helping to establish the profession in China? What advice would you give to a US professional who is interested in working in China?

One challenge we face is to try to get people up to speed regarding the professional standards to the point where they are considered to be a qualified accountant. Another is retaining the qualified staff. Recruitment and retention are the two key challenges for us. For the past five years, Ernst & Young has had a philosophy called “People First.” Our strategy is to recruit and retain the best people that we can find, train them to provide quality services to our clients, and, through that, seek profitable growth in whatever jurisdiction we are in.

Under the supervision of a state ministry, many of the largest state enterprises—more than 100,000—are being incorporated, reorganized, and embarking on fundraising exercises. As part of that, they need an independent auditor to look at three years of financial records. In the early 1990s, we had to translate those records from the Chinese system into a more internationally understood type of accountancy system or principles. Back in 1992, very few people understood the Chinese system. The challenge from our standpoint in both recruiting and training was to help our staff learn the Chinese system very quickly. We tried to relate it to the Hong Kong system that is a lot closer to international accounting standards. Part of the technical and training challenges is to cultivate good problem identifiers and problem solvers to get the work done.

For people interested in coming to China, my strongest recommendation is to learn Chinese! The higher the position, the less the person needs to know Chinese, but a third- or fourth-year person will definitely need proficiency with the Chinese language. My advice to anyone who speaks Chinese, whether in the US or elsewhere, is that there has never been a better time to be in China. It’s a sometimes challenging environment but at the same time incredibly dynamic, and the opportunities for talented and ambitious people are enormous.

I believe this century will be the Asian century. It is certainly starting this way, and hopefully we can keep it going. China and India are increasingly becoming the two engines of the global economy. China is a bit ahead when it comes to economic development. India is actually catching up very quickly because it has the advantage of the English language. The Indian population is more proficient in English, and this combined with India’s continued investment in its burgeoning technology sector, will help give momentum to that growth.

China in the last 20 years has really been the factory to the world. If you want anything made these days, there is an 80 percent chance that it will be made in China. Manufacturing quality has been steadily improving and will continue to improve.

China will continue to make things for the world and the US economy. We often hear about the trade imbalance between the US and China, but the flip side of that is if China had not been able to produce more inexpensive goods, US consumers would not be able to enjoy the benefits of cheaper end products.

The next step for China is to grow the economy, perhaps not at the same fast pace as it has experienced because no one can keep up 8 to 9 percent GDP growth indefinitely. I think the focus will be on high-value products and more innovation, which is required to climb the value chain.

I don’t think America has to be too worried though. The Chinese economy at this point is only about $4 trillion, and the US is roughly $12 trillion. It will take some time for the Chinese economy at the absolute quantum basis to get anywhere close to the US economy. The Chinese economy will continue to grow assuming that the country’s national leadership can keep a few emerging threats under control. One threat is the distribution of wealth that we always hear about—fewer than 10 percent of the population holds 60 percent of the wealth.

All the Asian economies are doing well. What is your perspective on the Asian economy?

According to David Sun, successful leaders understand and appreciate cultural differences. And research conducted by William J. Qualls, professor of business administration, supports that idea.

“Knowledge of cultural norms of a country and their relationship to the bonds that exist between partners is a key predictor of long-term success of a cross-national business relationship,” says Qualls. His research analyzes the role of culture by focusing on a society’s tendency toward individualism or collectivism and the dynamics of social and structural bonding.

Relationships strong in social bonding form by virtue of personal factors, such as trust and satisfaction, says Qualls, while relationships strong in structural bonding develop more as a result of a mutually beneficial economic, strategic, or organizational objective. His research indicates that the effect of structural bonding on cross-national business relationships is greater than the effect of social bonding. Furthermore, the effect of social bonding on commitment to the partnership in collectivist countries is greater than that of social bonding in individualistic countries. For example, the United States and Germany, highly individualistic countries, have stronger structural bonding relationships than do China, Jamaica, and Costa Rica. Of all the countries studied, China is the one that most values social bonding.

Qualls also explains that while American firms are more likely to define a business relationship in a contractual way, firms from the Asian-Pacific Rim are more likely to focus on the social requirements between the two organizations as a prerequisite for establishing the business relationship. Effective leaders take steps to assure that these cultural differences are understood, respected, and accommodated during negotiations and the day-to-day operations of the partnership.

- Janet Fitch
that the students, who are generally sponsored by their employers, are highly qualified and enthusiastic about the opportunity to learn from faculty from the US. Program graduates receive an MBA degree from the University of Illinois and a Postgraduate Executive Management certificate granted by Warsaw University.

**LEAD Sponsors Make the Difference**

High-achieving high school students who are considering careers in business spent three weeks on campus in July testing the academic waters, courtesy of the LEAD Program and the College of Business. The Leadership Education and Development program exposes students from around the country to business topics through classes, skill-development sessions, a case competition, and corporate visits to PricewaterhouseCoopers, Quaker Oats, Ernst & Young, and Philip Morris.

The LEAD program, now in its third year, is coordinated by the Office for Undergraduate Affairs. Associate Dean Victor Mullins says the program would not be possible without the financial support and collaboration of the 2007 corporate sponsors: Archer Daniels Midland, ChicagoLand Companies, Eaton, Ernst & Young, Harris Bank, John Deere, and Philip Morris.

Historically, the brightest minority students have gravitated to professions such as medicine and law, which results in a limited pool of African American, Hispanic, Native American, and under-represented Asian Americans in business. The LEAD program is designed to showcase the variety of career options students will have if they pursue a business major in college. Currently, 17 alumni of the Urbana program are enrolled in the College and will graduate in 2009 and 2010. Those students hail from Colorado, Florida, Illinois, Indiana, Michigan, New York, Washington D.C., and Puerto Rico.

**CIBER Funding Renewed**

The US Department of Education is continuing funding for the College of Business Center for International Business Education and Research (CIBER) for the period 2006-2010. The award provides $331,000 annually for the Center.

Illinois CIBER has three primary objectives to build a national resource for international business and language on the campus at Urbana-Champaign:

1. Develop and deliver new courses in business languages, particularly the less-commonly taught languages (LCTLs), for delivery to on-campus and off-campus audiences
2. Expand the opportunities for students across the Urbana campus to have a meaningful overseas experience through the International Business Immersion Programs (IBIPs)
3. Develop programs in research, education, and outreach on US competitiveness in technology, the food industries, and other industries important to the region

Illinois CIBER’s mission is to equip business leaders to compete in the global marketplace by supporting development of the tools they need: foreign languages and cultures, understanding of the business environment abroad, and fundamentals of international business, management, marketing, and strategy. Illinois CIBER is one of 31 such centers around the country. Professor of Business Administration Randall Westgren became the director of Illinois CIBER in August.

**Warsaw-Based EMBA Program Leads in Poland**

For the fourth consecutive year, the Executive MBA program jointly offered by Warsaw University and the University of Illinois has been ranked first in Poland by the influential weekly magazine, WPROST. The program recently graduated 45 students from the 13th cohort. Susan Cohen, associate professor of business administration and the MBA coordinator in Urbana,
Illinois CIBER is a leader in designing and delivering programs that equip business leaders with language skills, cultural awareness, and the specific business skills needed to be at the vanguard of international business management. Funded by a grant from the U.S. Department of Education, Illinois CIBER:

- Coordinates seminars and workshops for professional audiences
- Funds faculty research on international competitiveness
- Underwrites development and delivery of new business language courses
- Develops and sponsors overseas experiences for undergraduate and graduate students
- Supports an annual international business case competition
- Serves as a resource for the business community through its website, conferences, and consulting

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