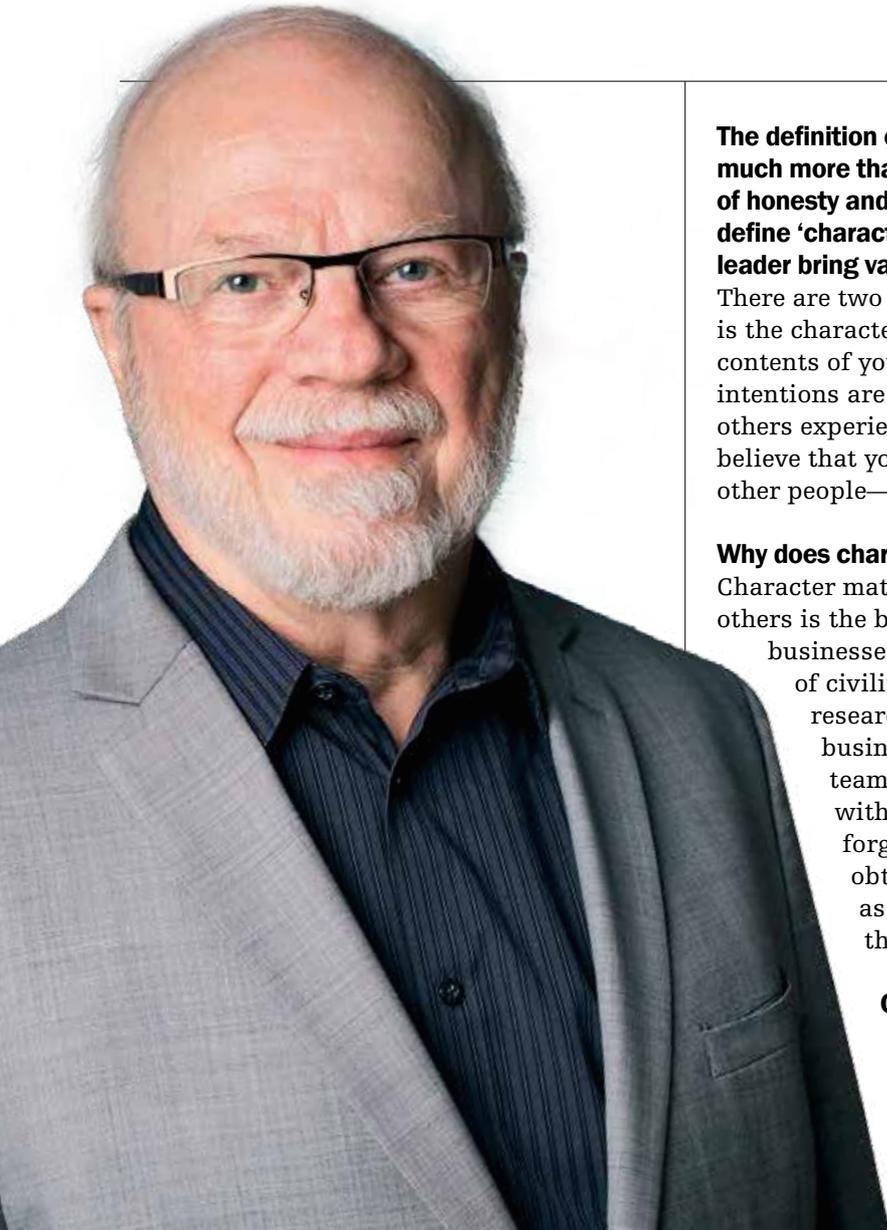# RIPPLE EFFECT

"Leaders change organizations. And it takes a Virtuoso leader to change an organization in the most positive way." Fred Kiel talks to Anitha Moosath about the inextricable connect between character and success he explores in his latest book *Return on Character: The Real Reason Leaders and Their Companies Win.*

The definition of 'character' encompasses much more than the fundamental elements of honesty and truthfulness. How would you define 'character,' the kind that makes a leader bring value to his or her organisation?
There are two aspects to character. There is the character that only you know—the contents of your heart. You know what your intentions are. The other aspect is how others experience you—your behaviour. We believe that your behaviour—how you treat other people—reflects your true character.

Why does character matter?
Character matters because how people treat others is the basis of civil society. Effective businesses depend on a certain amount of civility in order to function. Our research has shown that those businesses who are led by a team who treats the workforce with integrity, responsibility, forgiveness, and compassion obtain nearly 5X the bottom line as those who are led by teams that lack these qualities.

Could you elaborate on the keystone character habits of integrity, responsibility, compassion, and forgiveness?
These are universal moral

Fred Kiel is founding partner of the leadership development and strategic analytics firm KRW International.

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principles. People in all cultures honour these moral principles—parents in all parts of the world teach their children to tell the truth, keep promises, own up to their own mistakes, forgive others, and care for people as people instead of as objects.

How does the return on character (ROC) matrix entail a blend of the 'head' and the 'heart'?

Well, telling the truth (integrity) and admitting mistakes (responsibility) are primarily intellectual activities—they reside in the 'head'. Forgiving others and caring for them as people are primarily emotional or 'heart' activities.

How does the 'integrated human approach' help in assessing leadership character in a better way?

We found that strong character leaders were all integrated human beings. They were congruent—their behaviour matched up with their 'talk'. They all could tell a coherent story about their personal history. They were self-aware. These are all qualities exhibited by integrated people.

What is the importance of self-awareness and feedback for a virtuoso CEO?

Virtuoso CEOs were all highly self-aware. They had a long history of seeking feedback. They made it safe for people to give them feedback and tell them the truth.

'A high level of self-integration and mental complexity go hand in hand.' Could you elaborate on this thought?

Self-integration and mental complexity are two sides of the same coin. As a person matures into a more integrated person, they typically develop a higher level of mental complexity.

How difficult is it to build a culture of accountability?

It is actually quite difficult to do it without instilling fear. Certainly, there are leaders who use fear and 'public hangings' to establish a culture of accountability. But the leaders who do this without fear are known for their sense of fairness, honesty, and compassion, and a determination to bring value to the bottom line. They do it by inspiring people to give their best and to learn from their mistakes. They do not use fear as a motivator.

Virtuoso CEOs can engineer organisational change and produce better financial results. But can this be achieved without the active participation of a team/workforce?

Of course not. Virtuoso CEOs are masters at leading a high-performance senior team, which in turn engages the workforce. A highly energised and productive workforce naturally brings more value to the bottom line.

What are the implications of a high ROC matrix quotient on workforce engagement? Could you please cite an example?

They go hand in hand. The correlation between strong character (the ROC Index Score) and the level of workforce engagement is quite strong. Costco Wholesale (the fourth largest retailer in the world) enjoys a very high level of workforce engagement. A byproduct of this is a very high retention rate (reducing the costs of

**Return
On
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employee turnover, recruiting, and training.) An additional byproduct of a high level of workforce engagement is that Costco has a very low level of employee theft. Individuals who steal are typically caught (other employees turn them in) and they are fired.

Our life experiences shape our character and hence it becomes deeply entrenched in us. How difficult is then to rewire oneself and change/ improve character?
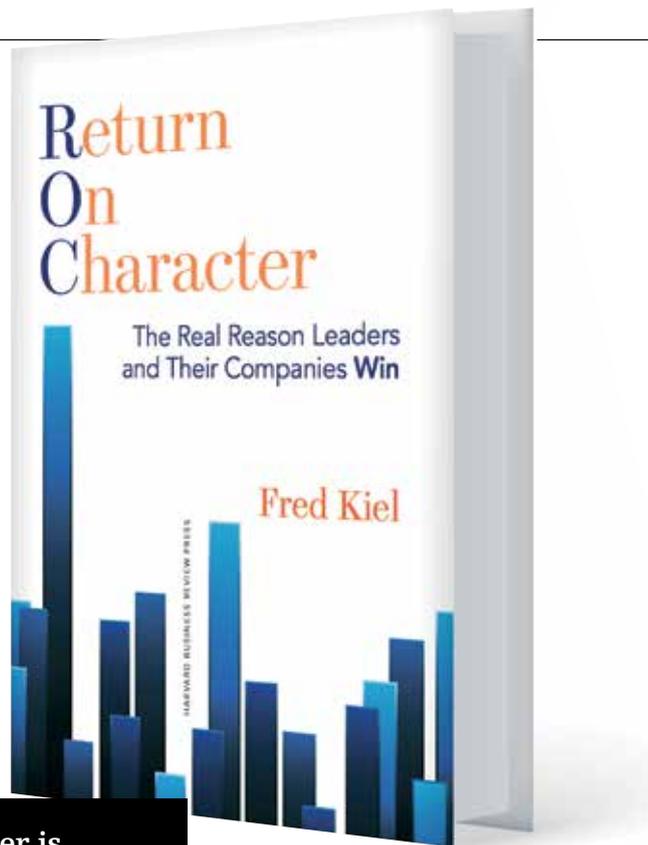
How difficult it is depends on how important it is to the individual that he or she changes. Our character is reflected by our character 'habits' and because how we treat others is a matter of habit, we can change. Habits can be unlearned, strengthened, acquired. Some people suddenly find the inspiration to make a dramatic change in their character habits. Others go about changing in a more gradual way. For some, this is very difficult—for others, it comes easy. Everyone is different.

What are the dangers of 'pyshopaths in a C-suite' you had spoken about in a TEDx talk?

Individuals who display psychopathic behaviour are dangerous—they always destroy value for all stakeholders.

During the course of the talk, you had mentioned the three things you would like to see happening. Could you elaborate on the relevance of each of these?

■ 'Character development' should be included

> **Our character is reflected by our character 'habits' and because how we treat others is a matter of habit, we can change.**

in leadership development programmes.
The level of workforce engagement is stuck at around 30% or lower around the world. This means that more than 70% of people do not feel emotionally engaged or connected to the purpose of the work they do. This is a tragic waste of human talent. If character development was embedded in all leadership development programmes, this statistic could change.
■ Tools should be developed to assess character—to screen out psychopaths from getting on to leadership positions.
At the time I gave the TEDx talk, we did not have such tools developed. We now have them and they are available for companies to use in evaluating potential leaders.
■ B-schools should embrace 'character development' as core of the curriculum.
Now that we know that 'who' a leader is as a person (their character) either magnifies or undermines their actual business skills, it only makes sense to embrace character development as part of the core curricula. **IM**