

Jim Champy, Chairman of Perot Systems' consulting practice, is recognized throughout the world for his work on leadership and management issues, and on organizational change and business reengineering. His first book, [REENGINEERING THE CORPORATION: A Manifesto for Business Revolution](#), sold more than 3 million copies and spent more than a year on *The New York Times* best seller list. He is also the author of the best seller, [REENGINEERING MANAGEMENT: The Mandate for New Leadership](#), which was recognized by *Business Week* as one of the top ten best business books of 1995.

Jim's latest book is [OUTSMART!, How To Do What Your Competitors Can't](#). Published in April of 2008, [OUTSMART!](#) shows how to achieve breakthrough growth by consistently outsmarting your competition. Champy reveals surprising, counterintuitive lessons learned by companies that have achieved super-high growth for at least three straight years. Drawing on the strategies of today's "high velocity" companies, he identifies six powerful new ways to compete in even the toughest marketplace. You can read more about [OUTSMART!](#), at www.jimchampy.com.

We are thrilled to present this interview with Jim Champy.

Greg Selker Well, Jim, first of all, thank you for participating in this series of leadership interviews with us. I've known you for a number of years, and it's always thrilling to talk with you – and particularly talk about issues of leadership.

Jim Champy Greg, pleased to do it.

Greg Selker As the world we live in today becomes increasingly flat and fast moving, leaders are confronted by issues of intergenerational and cross cultural workforces, increasing demands on our time – and often those demands are accompanied with the dictum to do more with less. And I'm very interested in how you see leaders today dealing with these challenges?

Jim Champy Greg, I agree with your assessment of the conditions that we're living in, and that there is a tremendous pressure on companies and therefore, leaders, to produce more with less. You know I think it's the result of both where we are in the application of new technologies – particularly information technology and what that enables in terms of just becoming dramatically more efficient. And secondly, the opportunities that living in the "flat world" provides. These conditions translate to a dramatic increase in the need to be more competitive. So we are living, without question, in a "more with less" economy. I do see leaders adapting and the way I think they best adapt is to stay focused on real work.

You know there's a great opportunity, particularly in large organizations, to get pulled into an excess of meetings and process that don't produce anything. And so the most important thing a leader can do is keep asking himself or herself the question, "Am I spending my time doing really productive work that's going to move the performance of my business forward?"

Because that's what you've got to do and that's what the "more with less" economy requires. Improved productivity and performance of the business.

Greg Selker

So given that, what new leadership competencies or capabilities need to be brought to the forefront to deal with the situations and circumstances of today?

Jim Champy

You know in many ways I don't think they are new capabilities. I think leadership capabilities have always been pretty constant, but there are some that become more important than others.

And the first capability is the ability to make choices – hard choices about where you put your time, and where your company puts its resources. I'm an optimist. I think this is a time of tremendous opportunity. Given that, you have to be even better at making choices. It's called strategy, - where are you going to put your time, where are you going to put your company's resources, where are you going to focus, where is work going to get done – you know, what's the nature of your product service offering. The number of choices out there is virtually unlimited. That is one of the biggest fundamental changes.

Greg Selker

I would think that you also see the results of your choices now much sooner than you ever did before.

Jim Champy

Actually depending on the nature of your business, you see the results almost instantaneously.

Greg Selker

Given this, I would think that one of the necessary competencies of a leader today is to be as self aware and as aware of his/her circumstances in the business to the greatest degree possible, so that actions can be taken quickly to redirect yourself, and redirect your organization.

Jim Champy

I think about those, Greg, as sensibilities. You know what are your sensibilities and how are you developing your sensibilities – and what do they have to be about. And back to one of your earlier observations, I do think you need even stronger sensibilities about people and the nature of their work and where work is being performed and the cultural differences that exist in the areas in which you/your company are performing work. So I think you need heightened sensibilities about where work gets done and who's doing that work.

Greg Selker

So, in your opinion, what are leaders and organizations doing to ensure that these heightened sensibilities are actually there and developed to a greater degree?

Jim Champy

You know what I see really good leaders and great leaders doing to develop those sensibilities is to walk in the market place. You

know Peter Drucker told us 30 years ago, if you want to understand what's going on you've got to walk in the market place. And for example, if you're going to source in India or you're going to source in Romania, you'd better go to India and better spend some time there. You'd better go to Romania and spend some time there. And you'd better understand what inspires people in Romania – and what their behaviors are likely to be, and the same thing in India. You actually get out there, and walk in the market and feel it.

Greg Selker

So in addition to walking in the market place, what are the other ways that you see the best leaders today making certain that they are tuned into and sensitive to the market place and their employees?

Jim Champy

Look, I think you also sample what's going on in the business. And I just had a question the other day about why very large information technology projects still seem to grow out of control and over budget, and my advice to this executive was – “look, sit in on a couple of the design meetings. See how decisions are being made, see whether those decisions being made are aligned with the business principles that you believe you need to run the business with.”

And so, walk in your own organization – sit in some of those meetings, don't make the decisions – but at least watch, at least initially don't make the decisions. But I also think, Greg, that this is a time when leaders might be called upon to make some tough sound decisions in ways that they might not have 5 or 10 years ago. Five or ten years ago, we were arguing that we needed to disperse decision making. Well we do – you know in the flat and global world you do. But at the same time, when you're talking about making choices – and sometimes making change in an organization, I think you have to be prepared to make some tough sound decisions and make them very clearly.

Greg Selker

So this really moves us to talking about how a leader allocates his or her time– and the prioritization of a leader's time, and the organization's time and resources. So part of being a leader today is also saying these are the most important decisions that I need to make personally?

Jim Champy

That's right.

Greg Selker

And this is where I will spend my time to better inform myself about what is going on in my organization so I have greater knowledge, awareness and sensitivity to what is happening at all levels.

Jim Champy

Absolutely, and there are other operating domains where a leader has to make decisions. You know a leader in my view just doesn't

make decisions around strategy. I think there are operating questions that a leader has to answer and deal with, and there are a few of them that I think are very prominent today.

One is the issue of who are my business partners going to be, and how should my company interact with those business partners. What's the nature of the relationship that we want to have? You know, Michael Dell, for example, decided many, many years ago that he wanted to keep healthy suppliers for the benefit of his company – and to the suppliers' benefit. On the opposite side, I think there have been short sighted leaders running the automotive industry that have just beat the heck out of their suppliers. So there's nobody left to supply the automotive industry that isn't bankrupt. There are questions that a leader has to make about the nature of relationships with partners – and really lead in that respect. It isn't just about leading your own people – you've got to lead and be a leader with your partners.

Secondly, there are questions about standardization. There are so many choices – not only about strategy and markets, but about technologies and systems and processes – that if you want to lead a company that runs well, you need to think about standardization, and what gets standardized in a company. And by the way, I think those decisions only get made top down by leaders. When you ask people to sit on committees or task forces that are supposed to decide those kinds of questions, you often get compromises. There are hard questions, operating questions about standardization. And then there are questions about transparency. I think transparency today in all respects is very important. It isn't just about regulation and what the SEC wants, it's about what your suppliers need, about what your customers want, it's about how you want to be open to the market place so people can see and understand what you're doing. And those issues of collaboration, standardization and transparency are best driven from the top.

Greg Selker

So when you look at an organization that is committed to hire and develop the best leaders, and develop the best leadership competencies – how do you see them determining whether or not someone has the capability of excelling in these areas of collaboration, standardization, transparency, walking in the market place, walking in the workplace, having the sensitivity to those sensibilities we talked about?

Jim Champy

I think you find that first by discussion, and if I were going out and recruiting a person for a leadership position – I'd want to hear about their experience. I'd want to hear about the difficult situations they've managed, how they made decisions – and try to get a sense as much as I can in advance about how they behaved.

In the end, leadership shows up in how a person behaves. And unfortunately, you don't always know that until you put a person in a leadership role. By the way, I also believe that a person is never fully prepared for a leadership role. Many times I have seen an organization looking to elevate someone to a higher position and the question is, is he or she ready? Well they're never completely ready – they've never done the job. And so there's always some risk. But I certainly think you look at past behaviors and past performance, and you ask some "belief" questions to see how they respond.

Greg Selker

So what is the best approach to identify and develop these leadership competencies today?

Jim Champy

I think it's open engagement with your people – the ability to have very open conversations about what they see, about what they think, about what you see – and then coming to agreement and alignment about points. But today this needs to be done more quickly than ever before, because time is of the essence in making decisions about people and their leadership skills. I think one of the biggest mistakes I see organizations making is that they stay too long – far too long with people who frankly are unable to do the job. And one of the things that I think needs to be different today is to make decisions around performance and leadership skills more quickly, – and then take the appropriate action.

Greg Selker

I agree with you. It's my experience that the vast majority of organizations essentially manage to the adequate or the average.

Jim Champy

That's right. When I'm in conversations with other CEO's – and I ask them what they might have done differently in the last year or two – or once they've made a tough decision, these are sometimes tough decisions to make about a person who didn't have leadership skills they'll often say to me, "I wish I had made that decision earlier".

Greg Selker

Absolutely.

Jim Champy

It's almost always the case.

Greg Selker

I think this is a great segue, given the critical nature of making certain that you are hiring people who are not just adequate and average, but people who are leaders and raise the bar. What do you see that needs to happen so organizations and individuals interact with the hiring process as a critical leadership obligation?

Jim Champy

Again, it's a process which entails a very thorough discussion, both among the interviewing team, and with the candidate. Certainly some amount of testing is also called for, but I also think that really great leaders aren't always comfortable with being

tested. And so, I come back to the need for conversation and discussion that lets you and the candidate become comfortable. And then putting the person frankly into the job as quickly as possible, so you can really experience how they behave. The faster you can get them into their real job, the faster you see whether or not you made the right choice.

Greg Selker

So it sounds like the greater ability that you have – that an organization has to really understand how a person has behaved in similar situations in the past, will give you an indication of how that person will behave in your situation – and then the sooner you actually get that person in those situations, then you can see whether or not your assessment has been validated.

Jim Champy

Yes, and I also think there's a need to assess someone around the alignment of their values and their principles – with the values and principles of your own company. In looking at hiring a leader – a very senior manager, you may not be quite sure about whether he or she has the immediate skills to do what you need or has had the immediate experience in the job. Also, when an executive starts in a new job, the job can change. And as I said earlier, very few people are completely ready for the next job. So, the most important and reliable thing is to find out if the new executive shares the fundamental beliefs and principles of your company.

Greg Selker

What are the best methods of determining that today?

Jim Champy

You need to go back and look at how they behaved in difficult situations, and how they made choices in the past. And I think you can actually ask them quite directly about what they believe. You can ask them hypotheticals about how they would behave in certain situations. Or in your own company if you had difficult situation that you had to deal with – you can ask them how they might have managed it. But you know, I think there are ways of asking the right questions. I've always experienced that, in the discussion with a candidate, you can see whether there's a real resonance between what you believe and what they believe.

Greg Selker

Jim it sounds like you're describing something that is dangerously close to Selker Leadership's Performance Values Assessment.

Jim Champy

Well, for your sake I hope so. I'm also a strong believer Greg, that in the end you've got to hire people you like – and you've got to feel that. That is a judgment that you make. You've got to hire people who you like, in addition to hiring on competence, skills and a match on values and principles.

Greg Selker

Let's shift the conversation a little bit and move it now to a board's obligation, and I'm very interested in your thoughts on this. I know you sit on several boards. What do you think should be a board's

obligation in this post-SOX world to guide the competitive development of its leadership cadre?

Jim Champy

You know, a board can not manage an enterprise. But one of the most important responsibilities they have to their shareholders is to make sure there are a very highly competent Chief Operating Officer and Chief Executive Officer in place. And then to be certain that those officers – particularly the CEO, has put in place some set of processes around development and succession.

I think it's legitimate for a board to actually expect to see and hear from the next line of management -those reporting to the CEO- so that the board can actually sample and sense whether the development job is being done and whether there is within the company potential for succession, and if not, then encourage the CEO to go outside and bring in people who in fact can be his or her successor. So the first priority is to put in place a CEO with the right competencies, and then to encourage that CEO to address issues of succession and development, and lastly for the board to be sure that the issues of succession and development are in fact being dealt with. If a board doesn't do that, Greg, what happens is that the board finds itself in some trouble when the CEO retires because there's nobody there. It means the board has to go outside. That's a dangerous thing to do because then you are betting on someone who you don't know and who does not know your company. A really well-run company has been hiring and developing leaders all along in kind of a steady stage, so that you always can look and say – I can see three successors getting developed here for our CEO.

Greg Selker

Do you see in this new era of SOX compliancy a shift or a trend to move toward a new level of board accountability for leadership and the development of leadership in a company – as well as the existing new level of board accountability around financial obligations?

Jim Champy

I certainly see boards feeling that – I really do. Boards today are feeling much more accountable for leadership, in part because you can't comply with SOX, and you can't run a good business and have a business perform the way it has to perform competitively today unless you've got very strong leadership. And so it appears to me, Greg, to be a very natural progression that's happening. I think boards are much more on top of – not running, but on top of how a company is being managed today than I have ever seen before. Part of it is SOX, the other part is around the competitive nature of business – and also the unforgiving, if you're a publicly held company, character of your investors.

Greg Selker

That's right.

- Jim Champy** You know, if your performance is off a little bit – the markets will really Beat you up, almost irrationally at times. Thus the issue of performance is so much more in the minds of boards, that they have become more sensitized to the need for strong leadership.
- Greg Selker** Right. So anything that they can do to get their arms around and understand better what leadership is within their companies – a board is naturally more interested today than they have been in the past.
- Jim Champy** That’s right. Fortunately the boards I serve on and the boards I advise have very strong leaders and very strong CEO’s. I would not sit on a board that had marginal leadership. You know business is just too tough today not to have strong leadership.
- Greg Selker** Well I know that you’re familiar with the McKinsey report that was published in ’98, that was nicknamed “the war for talent”. That study which was fairly extensive at that time, basically predicted that the most important corporate resource over the next 20 years would be talent, and it described that talent as smart, sophisticated business people who are technologically literate, globally astute, and operationally agile – and they predicted that as the demand for talent goes up, the supply of it will be going down.
- Now it is our opinion here at Selker Leadership that the war for talent was only a skirmish. I’m interested in what are your thoughts on the war for talent – how you see the talent accessibility to availability curve, or the gap between those two things widening or shortening – and really what you see as the next kind of era that we’re moving into with respect to companies being able to find talent?
- Jim Champy** I believe there’s a lot of talent out there in companies – lots. I think much of it is undeveloped. But I’m always impressed and surprised – frankly I shouldn’t be any longer, when I go into a company and look down a couple of layers and I see a lot of really smart people trying to do the right thing. But they’re not fully developed. And that’s particularly true in larger companies. In smaller and medium size companies, there’s an informal set of systems or processes that develop folks. But I think the...
- Greg Selker** Let me stop you for a second. Why is that in larger companies you would essentially have untapped resources or undeveloped resources, and that in smaller or mid size companies those resources are potentially more naturally developed?
- Jim Champy** I think in larger companies people get put into very narrow roles early – too early. And they’re kept in narrow roles for a great deal of their career – and of course, some companies have job rotation programs that actually do work –but most people get locked into a

role – locked into a function, and their ability to see and understand becomes limited and narrow. And unfortunately, they can develop a limited and narrow perspective. Whereas in a small or medium size company, you move around more naturally – you not only move around, but you have problems thrust upon you more directly – big problems that you have to deal with and the work isn't fragmented the way it's fragmented in a large company. Yet in large companies, there are very, very capable people whose development I think is just stunted by the fact that they're put into very narrow roles.

Greg Selker

Yes.

Jim Champy

I'll tell you the way I think about this. There are global things going on around talent shortage – or talent development. By the way, if you look at the world globally, there's a lot of talent out there. It may not all be sitting here in the United States, but when I go to India, I see an incredible amount of available talent. Some of its mobile, some of it isn't – but I don't really sit here worrying about the global problem, ok. Because I might or might not be able to solve it. The most important question for me, is how do I get the best people into my company, no matter where they are.

Greg Selker

Yes

Jim Champy

And if I can populate my company with the most talented leaders – and the most talented managers –I'm a long way to winning the game. And so, yes it's difficult – but how do I get them to come to my company and want to be in my company.

Greg Selker

This really brings it back frankly to what we've been discussing all along. How do you make certain that you are identifying the top talent or top leadership, screen for it, develop it, and hire it?

Jim Champy

It's about where you set your standards. Where do you set the standards for the performance of your business, and therefore – where do you set the standards for the performance of your people? And what skills do you cultivate and how do you cultivate and develop people towards those standards? And once you get a set of processes going that are based on really high standards for performance and have an underlying set of very good values and principles – I think Greg the whole process becomes self reinforcing, it perpetuates itself. Now I can tell you I see organizations that have very high standards and very strong people that I would not want to be part of because I don't like their values. And so for me, building the really high performing organization is a combination of very high performance standards – both for the company and the individual, but also a set of values that will attract the kind of people that you really need and that you really want.

- Greg Selker** Yes, correct.
- Jim Champy** So it's a values thing, as well as you know a performance thing.
- Greg Selker** Very clear, and couldn't agree with you more. Well Jim, my last question is what you think search firms should be providing to their clients that they are not providing today?
- Jim Champy** A lot of searches that I've experienced and seen are transactional. You hire the search firm – the company hires the search firm, the search firm develops a job description – presents a number of candidates, and hopefully there's one there that the company likes and you close the deal. It's too transactional. I think the search firm has to operate increasingly inside the company to really understand the needs of the company– and always to be searching for people that fit the company, whether or not there's a search or a transaction on the table.
- That's what I would like of a search firm, because a company that's growing and developing has a constant need for talent. So I would want my search firm to be a partner that's deeply integrated into how I operate and not to operate just on a transactional basis. That's what I would look for.
- Greg Selker** And do you think that partnership would then naturally allow a search firm to have a better understanding of what the cultural attributes are and the values are within that company.
- Jim Champy** It has to. I mean that's one of the purposes of a partnership, a transparency between the search firm and the client company so that the search firm becomes intimately aware of its' client's values and needs. So that when the search firm encounters someone as you will from time to time that might be a really good candidate, you can bring that person to the client whether or not there's an on-going search and get out of the transactional way of doing business. When a search firm is engaged to hire a leader, it means that something didn't work inside the firm – or inside the company to generate that leader internally.
- Greg Selker** Right.
- Jim Champy** So if the search firm can get inside the company and understand what leadership development (development) looks like – and assist in the development of leadership, they can see the company's needs, both in terms of processes and people. Then they can help address the leadership issues for the company.
- Greg Selker** Well that assumes then that the search firm has the capability of being able to discern leadership along the lines of which we have spoken about this morning.

Jim Champy Both the capability and the appetite to do it.

Greg Selker Well that's correct. And the values match – and the leadership attributes along those fronts that we've spoken about of collaboration, standardization, transparency, and the sensitivity to the sensibilities that need to be there.

Jim Champy That's right. The search firm has to have those attributes as well.

Greg Selker Well this has been a fascinating conversation Jim, and I can't tell you how much I appreciate interacting with you in this manner. It's always a great privilege to talk with you, and today is no exception.

Jim Champy Thank you. Good to chat with you.