

MAXWELL MOMENT**First Place Is Not An Easy Place To Stay**

by Dr. John C. Maxwell

Of the original Fortune 500 companies listed in 1955, only 71 remain on the list today. Companies once deemed indestructible have fallen by the wayside. Corporate titans of enormous influence have completely disappeared in the span of a few decades. Staying power has been rare atop the Fortune 500. Instead, the list has undergone a steady turnover from year to year. Reaching the top is a monumental achievement, but remaining there may be the most spectacular feat of all.

The fate of the Fortune 500 begs the question: Why haven't the best of the best been able to maintain success?

In this edition of *Leadership Wired*, we'll explore reasons why first place is not an easy place to stay, and we'll look at suggestions to help leaders keep hold of the top spot.

FIRST PLACE ERASERS

The biggest detriment to tomorrow's success is today's success. Winning carries with it a slate of temptations dangerous enough to topple the grandest of corporate CEO's. I call these temptations the first place erasers. Falling prey to them is a surefire ticket to the second tier.

The Momentum Myth - Leaders presiding over good times and high profits begin to relax. Comfort sets in, and the leaders lose their edge. Hard work and a sense of urgency are replaced by naive optimism and idleness. Falsely believing they can coast, leaders fall asleep at the wheel. The end of their vigilance coincides with the end of their time at the top.

The Reputation Factor - Leaders begin to place their position above their production. They live off of yesterday and their best moments. Having already notched big victories, they quit fighting to reach their potential. Consequently, they drive the organization downhill toward mediocrity.

The Entitlement Mindset - Leaders believe they have a right to be number one. Oftentimes these leaders have been given their position rather than having earned it. Expecting preferential treatment, they have an underdeveloped work ethic. As a result, they are unable or unwilling to make the sacrifices required to stay in first place.

The Revolving Door - Leaders quit attributing their success to talented performers at all levels of the organization. People tire of laboring in obscurity, and they move on to new opportunities. Leaders fail to patch the slow leak of talent leaving their teams, and they eventually sink from first place to the middle of the pack.

The Ego Issue - The ego issue trips up leaders who cannot face or admit failure. Since their identity is wrapped in their accomplishments, they do not take ownership of mistakes. To avoid taking responsibility for poor decisions, they may have remarkably high degrees of denial or self-deception. Out of touch, they cannot steer the ship to a first place finish.

Playing Not to Lose - Leaders become cautious and defensive of their perch at the top. They begin to be motivated by fear rather than purpose. Instead of playing to win, they play not to lose. Risk averse and small-minded, they are deficient of the boldness and courage necessary to command a first place team.

HOW TO STAY IN FIRST PLACE

To preserve their first place status, leaders should give extra attention to their passion, practices and people.

Passion

When passion fades, so does a leader's trustworthiness. Gallup conducted a poll in which passion ranked as the leading indicator of credibility within an organization. The results of the survey are hardly surprising. After all, if the leader isn't excited about the purpose of the organization, then why should he or she be trusted? On the flip side, when leaders passionately sacrifice, commit, and invest in their business, they earn the respect of followers and the good faith of constituents.

Passion creates energy. When a leader exudes joy and excitement, he or she magnetically pulls co-workers and customers into a shared vision. Passion is exceptionally strong when linked with a leader's values. When leaders demonstrate principled passion, they are able to appeal to the moral and emotional instincts of those around them.

Practices

Leaders don't rise to the pinnacle of success without developing the right set of attitudes and habits. Healthy habits, practiced consistently over time, will always reap dividends. On the contrary, occasional compromises of values eventually snowball into poor decisions with negative consequences. To keep hold on number one, a leader has to make every day a masterpiece.

People

The best leaders are humble enough to realize their victories depend upon their people. When finding themselves in first place, leaders recognize they are indebted to the ingenuity and talent of those they lead. To stay in first place, leaders have to hand out credit and shine the spotlight on the contributors all around them.

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Leadership Lessons from the Mortgage Mess

Drive through the typical American neighborhood these days, and you will see disturbing signs of the housing collapse. Whether advertising homes for sale or foreclosures, these signs stand as evidence of leadership failures in the mortgage market.

What happened to create the mortgage mess? What leadership lessons can be drawn from the situation?

Although the housing decline has been fueled by a variety of complex factors, the mortgage mess was predicated upon a basic human vice - **greed**. No segment of the industry has been exempt from greed, and the behaviors of homebuyers, mortgage brokers, and investment bankers alike have contributed to the crisis.

THE (FORMER) HOMEOWNER

Homebuyers yielded to the great American temptation of living beyond their means. Many undertook obscene amounts of debt to finance homes that their income could not support in the long run. Lacking the discipline to save for a down payment, they recklessly entered into interest-only loans or adjustable rate mortgages. As long as the home value increased, they stayed afloat. However, when home prices plunged downward, these buyers found themselves living in homes worth less than the money they owed for them.

The Lesson: Patience

Walk before you run. Get rid of consumer debt before making major purchases. Build savings before you build a home.

THE (BROKE) MORTGAGE BROKER

During the housing bubble, mortgage brokers profited at the expense of uneducated homebuyers. Since the brokers' pay was based on commission, they had incentive to push consumers into buying bigger houses than they could afford. Brokers pressured homebuyers to overstate their earnings, and deceived them into making dubious choices on their mortgages.

For a time, the brokers raked in money. Then the economy took a downturn. Suddenly, everyone was looking to sell and no one wanted to buy. Business for the brokers went dry. As homeowners began to face foreclosures, the mortgage industry fell under greater scrutiny. News outlets exposed the most flagrant abuses committed by brokers, and society began to view them as dishonest middlemen. Consumers began bypassing them to work directly with lending institutions, leaving many mortgage brokers jobless.

The Lesson: Honesty

Ethical shortcuts lead to unsustainable successes. While deceitful mortgage brokers amassed wealth, they unwittingly sabotaged their careers and livelihoods.

THE (BANKRUPT) INVESTMENT BANKER

Impaired by greed, investment bankers leveraged their portfolios too much in the hopes of cashing in on soaring home prices. Through an array of complex schemes, they over-invested in high-risk mortgages that had been made to borrowers with poor credit.

As the housing market crumbled, investment banks could no longer sell funds laden with mortgage-backed securities. The value of their securities tumbled as homebuyers defaulted on their loans at record-breaking levels. Giants like Bear Stearns collapsed, the repercussions echoed throughout Wall Street.

The Lesson: Contentment

Not content to turn a modest profit, investment bankers attempted to squeeze every penny of profit from the booming housing market. They ignored the wisdom of a balanced portfolio, and they tried to tilt the scales in their favor by burying questionable investments into complex hedge funds. In the end, they rode the crest of the market for too long, and when the wave fell, they crashed hard.

Starting Over

"Our greatest glory is not in never falling but in rising every time we fall." ~ Confucius

Rarely does a person coast through life without having to start over after a major setback. Consider the following situations in which people must start anew.

- Factory workers in America have had no choice but to start over as their manufacturing jobs have been outsourced internationally.
- Hurricane Katrina victims have been forced to start over after their homes, businesses, and schools were destroyed by the storm.
- Thousands of households have been forced to start over after losing their homes in the mortgage crisis.

In the Winter 2008 edition of *Leader to Leader Journal*, Robert L. Dilenschneider writes a revealing article about being forced to start over professionally. After losing a position of far-reaching influence, Dilenschneider journeyed through a season of joblessness before regaining his footing. His experience yields healthy insights for leaders going through the painful trial of getting back up after being knocked down.

Let Go of Humiliation

The difficulty of starting over professionally (polishing the resume, learning new job skills, etc.) pales in comparison to the personal humiliation of hitting rock bottom. Dilenschneider warns against two unhealthy responses to the hurt that accompanies a serious setback: (1) self-pity and (2) desire for revenge.

Self-pity focuses pain inwardly. By succumbing to self-pity, people heap blame upon themselves in both real and imagined ways. They interpret negative circumstances

as evidence of their worthlessness. At worst, such behavior may cause the person to spiral into depression. At the very least, it takes a toll on their self-esteem and undercuts their confidence.

The desire for revenge focuses pain externally. When finger-pointing or assigning blame, you're more likely to amplify your hurt than to heal it. Don't play the victim. As long as you cede responsibility for your setback to someone else, then you've surrendered your joy and wellness to their control.

Hold tightly to hope

Don't let yourself become accustomed to the darkness. As surely as the sun will set tonight, it will rise again tomorrow. Life has a rhythm. Sometimes failure presses down on us, but just as often we triumph against the odds. As you start over, concentrate on your talents and replay successes in your mind. Surround yourself with encouragement and the support of family and loved ones.

As Dilenschneider recommends, learn from the ordeal of staring over. Find purpose in failure, and mine it for invaluable insights. View adversity as a test of your strength rather than proof of your weakness. Remember: people with hope are elastic rather than fragile. When they fall, they don't break; they rebound.

To read the full text of Robert Dilenschneider's article, "Be Prepared to Start Over - Again and Again," visit the *Leader to Leader Institute*:
<http://www.leadertoleader.org/knowledgecenter/journal.aspx?ArticleID=694>

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BOOK REVIEW

Hug Your People: The Proven Way to Hire, Inspire, and Recognize Your Employees and Achieve Remarkable Results by Jack Mitchell (Hyperion, 2008)

Do you remember the ugly sweater? The one your aunt gave to you at Christmas when you were nine years old? The sweater you buried so deep in your closet that it wouldn't be rediscovered for decades? On top of being a crime against fashion, the gift was a flop because the gift-giver hadn't invested the effort into discovering your preferences or style.

Thankfully, not all gifts are wool sweaters. There's something special about unwrapping a present that's perfectly in step with your taste and interests. Over and above getting a gift you love, you receive affirmation that someone knows and cares about you. The perfect gift makes you feel valued at a personal level.

In *Hug Your People*, Jack Mitchell shares how the power of personalization attributes to the legendary work culture at upscale clothier Mitchells / Richards / Marshs. As CEO, Mitchell makes hugging his people a top priority. For Jack, hugging serves as a metaphor for personalized praise, encouragement, or friendliness. His company is

infected with huggers, and, consequently, his retail stores have become some of the most sought after workplaces in New York City.

Mitchell encourages his associates to develop holistic relationships with one another that transcend the artificial boundaries of personal and professional. He advises managers to connect with those they lead, "as real people rather than as job responsibilities." His premium on personalized relationships translates into an environment where people are both understood and genuinely cared for as individuals.

As a writer, Jack Mitchell's style seems to be a reflection of his personality: upbeat, authentic, and fun. Throughout the book, he liberally doles out exclamation points while casually drifting in and out of stories about friends and colleagues. Some writers can be heavy on motivation and light on applicable content, but Mitchell deftly mixes the inspirational and the practical.

The book's highlights are too numerous to recount during a brief review, but a few areas merit special attention:

- Chapter Two's tips on hiring to fit culture;
- The emphasis on expectations rather than rules in Chapter Ten;
- The entire section on inclusion (Chapters 22-27).

Additionally, nearly every chapter sounds out Mitchell's recurring mantra: "Personalization delivered positively with passion."

Hug Your People floods the reader with reminders that the foremost ingredient of successful business is people. Author Jack Mitchell advises leaders to appreciate, admire, and connect with the uniqueness inside of every person. Mitchell writes with passion, wisdom, and the credibility of having a track record of impressive success. LW subscribers are highly encouraged to embrace his management philosophy as spelled out in *Hug Your People*.

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QUOTES

Money

"A wise man should have money in his head, but not in his heart." ~ Jonathan Swift

"Too many people spend money they haven't earned, to buy things they don't want, to impress people they don't like." ~ Will Rogers

"A penny saved is a penny earned." ~ Benjamin Franklin

"Do not value money for any more nor any less than its worth; it is a good servant but a bad master." ~ Alexandre Dumas

"It comes down to this: either you control money, or it controls you." ~ T. Harv Eker

For more information on Dr. John C. Maxwell, please [visit our website](#). In our effort to become your new content provider, portions of *Leadership Wired* are often written by editors other than John C. Maxwell and do not necessarily reflect his opinions.

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