Seven Habits of Highly Effective People

Developing Habits

One of the ways in which we build character is by doing well through our habits. Habits are repeated routines or practices designed to foster virtuous behavior. Examples of good habits include working hard, telling the truth, giving to charity, standing up to peer pressure, and always turning in original work for school assignments. Every time we engage in one of these habits, it leaves a trace or residue. Over time, these residual effects become part of our personality and are integrated into our character. Aristotle sums up the process this way: "Men [and women] become builders by building, and lyre-players by playing the lyre, so too we become just be doing just acts, temperate by doing temperate acts, brave by doing brave acts."[48] Habits also help us become more competent at demonstrating virtues.

Business consultant Stephen Covey developed the most popular list of positive habits. Not only did he author the best-selling book *The Seven Habits of Highly Effective People*, but thousands of businesses, nonprofit groups, and government agencies have participated in workshops offered by FranklinCovey.[49] In his best seller, Covey argues that effectiveness is based on such character principles as integrity, fairness, service, excellence, and growth. The habits are the tools that enable leaders and followers to develop these characteristics. Covey defines a *habit* as a combination of knowledge (what to do and why to do it), skill (how to do it), and motivation (wanting to do it). Leadership development is an "inside-out" process that starts within the leader and then moves outward to affect others. The seven habits of effective and ethical leaders are described below. (The habits of ineffective and unethical leaders are described in Box 3.2.)

- *Habit 1: Be proactive*. Proactive leaders realize that they can choose how they respond to events. When faced with career setbacks, they try to grow from these experiences instead of feeling victimized by them. Proactive people also take the initiative by opting to attack problems instead of accepting defeat. Their language reflects their willingness to accept rather than avoid responsibility. A proactive leader makes statements such as "Let's examine our options." and "I can create a strategic plan." A reactive leader, in contrast, makes comments such as "The organization won't go along with that idea," "I'm too old to change," and "That's just who I am."
- *Habit 2*: *Begin with the end in mind*. This habit is based on the notion that "all things are created twice." First, we get a mental picture of what we want to accomplish, and then we follow through on our plans. If we're unhappy with the current direction of our lives, we can generate new mental images and goals, a process Covey calls *rescripting*. Creating personal and organizational mission statements is one way to identify the results we want and thus control the type of life we create. (I'll talk more about how to create a mission statement in the next section.) Covey urges leaders to center their lives on inner principles such as fairness and human dignity rather than on such external factors as family, money, friends, or work.
- *Habit 3: Put first things first*. A leader's time should be organized around priorities. Too many leaders spend their days coping with emergencies, mistakenly believing that urgent means important. Meetings, deadlines, and interruptions place immediate demands on their

time, but other, less pressing activities, such as relationship building and planning, are more important in the long run. Effective leaders carve out time for significant activities by identifying their most important roles, selecting their goals, creating schedules that enable them to reach their objectives, and modifying plans when necessary. They also know how to delegate tasks and have the courage to say no to requests that don’t fit their priorities.

- *Habit 4: Think win–win*. Those with a win–win perspective take a cooperative approach to communication, convinced that the best solution benefits both parties. The win–win habit is based on these dimensions: character (integrity, maturity, and a belief that the needs of everyone can be met), trusting relationships committed to mutual benefit, performance or partnership agreements that spell out conditions and responsibilities, organizational systems that fairly distribute rewards, and principled negotiation processes in which both sides generate possible solutions and then select the one that works best.
- *Habit 5: Seek first to understand, then to be understood*. Ethical leaders put aside their personal concerns to engage in empathetic listening. They seek to understand, not to evaluate, advise, or interpret. Empathetic listening is an excellent way to build a trusting relationship. Covey uses the metaphor of the emotional bank account to illustrate how trust develops. Principled leaders make deposits in the emotional bank account by showing kindness and courtesy, keeping commitments, paying attention to small details, and seeking to understand. These strong relational reserves help prevent misunderstandings and make it easier to resolve any problems that do arise.
- *Habit 6: Synergize*. Synergy creates a solution that is greater than the sum of its parts and uses right-brain thinking to generate a third, previously undiscovered alternative. Synergistic, creative solutions are generated in trusting relationships—those with full emotional bank accounts—where participants value their differences.
- *Habit 7: Sharpen the saw*. “Sharpening the saw” refers to the continual renewal of the physical, mental, social or emotional, and spiritual dimensions of the self. Healthy leaders care for their bodies through exercise, good nutrition, and stress management. They encourage their mental development by reading good literature and writing thoughtful letters and journal entries. They create meaningful relationships with others and nurture their inner or spiritual values through study or meditation and time in nature. Continual renewal, combined with the use of the first six habits, creates an upward spiral of character improvement.

Box 3.2 The Seven Habits of Highly Unsuccessful Executives

Dartmouth College professor Sidney Finkelstein wondered why highly competent CEOs could make terrible mistakes and then, instead of correcting their errors, make them worse. To answer this question, he and his research team studied 51 companies in the United States, Japan, Britain, South Korea, Germany, and Australia. Each of the firms experienced a major business failure resulting in the loss, in most cases, of hundreds of millions of dollars. Some of the firms went out of business. Quaker Oats, Mattel, Saatchi and Saatchi, Wang Laboratories, General Motors, Samsung, Sony, and Schwinn were among the corporations included in the sample. Finkelstein and his team found that spectacular failure often goes hand in hand with spectacular success:

Box 3.2 The Seven Habits of Highly Unsuccessful Executives Dartmouth College professor Sidney Finkelstein wondered why highly competent CEOs could make terrible mistakes and then, instead of correcting their errors, make them worse. To answer this question, he and his research team studied 51 companies in the United States, Japan, Britain, South Korea, Germany, and Australia. Each of the firms experienced a major business failure resulting in the loss, in most cases, of hundreds of millions of dollars. Some of the firms went out of business. Quaker Oats, Mattel, Saatchi and Saatchi, Wang Laboratories, General Motors, Samsung, Sony, and Schwinn were among the corporations included in the sample. Finkelstein and his team found that spectacular failure often goes hand in hand with spectacular success: We’re talking about people whose failures were breathtakingly gigantic, who have taken huge, world-renowned business operations and made them almost worthless. They have caused thousands of people to lose their jobs and thousands of investors to lose their investments. They’ve managed to destroy hundreds of millions or even billions of dollars of value. Their destructive effect is so beyond the range of ordinary human beings that it’s on a scale normally associated only with earthquakes and hurricanes. The personal qualities that make this awesome scale of destruction possible are all the more fascinating because they are regularly found in conjunction with truly admirable qualities. After all, hardly anyone gets a chance to destroy so much value without also demonstrating a potential to create it. (p. 213) Understanding the qualities that lead to executive failure can keep them from occurring in the first place, according to Finkelstein. Drawing a sharp contrast to the habits of highly effective people, he identifies the following as The Seven Habits of Spectacularly Unsuccessful People. While most dangerous when found in CEOS, they can also cause harm when practiced by lower level leaders.

Habit #1: They see themselves and their companies as dominating their environments. Failed leaders mistakenly believe that they can control events around them. They overestimate their abilities while downplaying the fact that luck and circumstances often determine success or failure. These execs assume that they are responsible for the company’s past accomplishments and, instead of responding to changing conditions, mistakenly believe they can impose their will on the larger business environment. Convinced of their own importance, unsuccessful CEOs often intimidate subordinates through angry outbursts. At the same time, they believe that their companies don’t have to meet the needs of consumers since their firms offer superior products and services.

Habit #2: They identify so completely with the company that there is no clear boundary between their personal interests and the corporation’s interest. Executives should identify with their businesses but problems arise when they overidentify with their organizations. Instead of caring for and protecting their firms, they see them as extensions of themselves. When a company becomes the “private

empire" of the CEO, it is all too easy for the top executive to use company resources to fulfil personal wishes. He or she is prone to take large risks, viewing the firm's money as his or her own. In the "darkest" manifestation of this habit, leaders use corporate funds for personal wishes—to pay for multimillion dollar home renovations, to give to favorite charities, to host lavish birthday parties. Unsuccessful executives also become too invested in their projects. To end a project is seen as a betrayal of the self. Personal enemies become enemies of the company to be defeated at all costs.
Habit #3: They think they have all the answers. Failed leaders believe that they can quickly make snap decisions without consulting others. They only gather additional information if it supports their initial decision. Control freaks, they want to have the final say on everything and trust no one. Decisiveness appeals to followers who want leaders who seem to know what they are doing. Nevertheless, nobody can have all the answers in a rapidly changing business environment. Failing to listen and consider other options contributed to many of the missteps studied by the Dartmouth team.
Habit #4: They ruthlessly eliminate anyone who isn't 100% behind them. Too many executives have the unrealistic expectation that every follower will enthusiastically support their visions. They eliminate anyone who might have doubts or express a different viewpoint. Either they fire dissenters or banish them to distant corporate outposts where they will have little influence. In so doing, these leaders eliminate the possibility of correcting any problems that emerge.
Habit #5: They are consummate company spokespersons, obsessed with the company image. High profile CEOs make it a habit to stay in the public eye through television, blog and radio interviews, public speeches, magazine stories and commercials. They devote less and less attention to their managerial duties and don't want to be bothered with the details of daily operations. Performance suffers as a result. Image conscious CEOs, who appear confident and charismatic, can create unrealistic expectations as they promote their visions. They go to great lengths to maintain the appearance of success through extravagant spending, and in some cases, accounting fraud. Habit
#6: They underestimate major obstacles. Confident CEOs tend to treat difficulties, even major hurdles, as minor issues. They are convinced that all problems have a solution, even when some are insolvable or can only be solved at great cost. Leaders who have enjoyed a string of recent successes are particularly vulnerable to this habit, as are leaders who are masters at solving technical problems. Technical experts mistakenly think they easily overcome business problems. Once committed to new ventures, unsuccessful executives refuse to scale back in the face of defeat. Instead, they commit more resources to a failing effort.
Habit #7: They stubbornly rely on what worked for them in the past. Failed CEOs rely on what has worked for them in the past even though the world has changed. Most have one or two defining moments that helped propel them to the top of the corporation. When faced with a crisis, CEOs revert back to the behavior that led to earlier success in these key moments, even when that behavior—cutting costs, introducing a new product line, buying another company—won't work in current conditions. Source: Finkelstein, S. (2003). Why smart executives fail and what you can learn from their mistakes. New York, NY: Portfolio. See also Jackson, E. (2012, February 9). The seven habits of unsuccessful CEOs hall of shame. Fortune.