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THE SEVEN INDISPUTABLE LAWS OF LEADERSHIP

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INTRODUCTION

Lead the Way to a Better Life

Being a leader means that people see things your way. It means that people want to do as you ask, want to please you, and want to follow you. It means earning a higher income... getting respect in your professional and personal life... and never having to settle for doing things someone else's way.

Whether you've never been much of a leader before or you just want to brush up on your leadership skills, our *Early to Rise* special report is here to help.

Early to Rise is a daily e-newsletter that mentors nearly 200,000 success-oriented men and women just like you. *Early to Rise* appears in your email inbox each morning, full of useful advice on finance, business and management skills, real estate, health, and marketing...to name just a few. Our goal is to help you accomplish all your dreams... and to become more successful than you ever imagined.

This special report, "The 7 Indisputable Laws of Leadership," comes from articles written by *Early to Rise* founder Michael Masterson. Michael is not only an expert in leadership and business-building (he's got literally dozens of successful businesses under his belt), he's also a *New York Times* and *Wall Street Journal* bestselling author. (In fact, if you're interested in learning more about leadership, you can pick up Michael's blockbuster book on the subject: *Power and Persuasion: How to Command Success in Business and Your Personal Life*.)

With the techniques Michael is about to provide you, you're sure to discover ideas that renew your own vision and inspire you to become the great leader you want to be.

Get ready to join the ranks of powerful leaders everywhere...

LEADERSHIP LAW #1

Find a Worthwhile Purpose... and People Will Follow You Anywhere

If you can learn to lead, you can conquer the world. You can accumulate wealth, amass power, and accomplish your most important goals. How do you become an effective leader? How do you develop personal power?

Think about the most successful people you know. Some of them may have achieved their status in life by the use of certain natural gifts. A singer, poet, or athlete might come to mind. But most successful people get to where they are by practicing a few very mundane skills – skills that anyone can learn and master, given a reasonable amount of time.

Picture this: You invite your boss to lunch, talk to him for 60 minutes about the weather, and then he interrupts the conversation to say, “I really think you deserve a raise. How much do you think I should give you?”

Imagine if you had the ability to subconsciously command anybody to do whatever you wanted. What if you could – without argument, aggression, or hard work – persuade your employees to work harder, your vendors to give you better prices, your customers to pay you more money, and your spouse and children to appreciate what you do for them?
Let’s talk about acquiring that sort of power.

You don’t want to get people to do what you want by bullying them. An effective leader is not someone who haggles and cajoles ... or begs and pleads ... or uses any sort of force. After all, it’s no great talent to push people into doing something. The only thing that takes is an advantage. A bigger body. A quicker mind. A position of authority. The great thing about great leaders is that they know how to get people they CAN’T bully to follow their lead.

Napoleon, for example, was a powerful leader who was able to run military campaigns that many of his contemporaries thought impossible. Part of his power came from his iron will. But there was no way he could have achieved all he did – getting so many thousands of men to sacrifice so much for him – had he relied strictly on brute force. The Duke of Wellington, who knew Napoleon as well as anyone, said that his strength came from his personality. The mere presence of Napoleon on the battlefield, Wellington said, made his soldiers braver and stronger.

But leadership isn’t about acquiring the military status of Napoleon. It’s about developing certain subtle but powerful personal skills that will give you the ability to accomplish what you want in life ... be it something as simple as retiring rich or as ambitious as building an empire.

BB, a friend and business partner who has applied the art of leadership to develop a very profitable international publishing company, built a large and successful business largely by getting very smart and talented people to work very hard for him. He isn’t, by conventional

standards, an inspiring guy. He doesn't make heart-stirring speeches or send out motivational memos. In fact, he hardly raises his voice. But what he does do is talk a lot about the quality of good ideas – and he allows his best people plenty of freedom to develop them.

If you work in an environment where good thinking is valued and the freedom to develop ideas is fostered, you are very likely to feel good about what you do. And if you feel good about what you do, you will work hard and smart.

Here's another example ...

ME, an important direct-mail publisher, is much more hands-on and dogmatic than BB. Yet he gives his people the same thing: the feeling that what they are doing is good and worthwhile. In his case, it is less about creativity and more about quality. ME's employees feel ... and with some justification ... that the products they produce are better than most of those they compete against. This kind of feeling can fuel a long and productive career.

BB and ME are two very different people who conduct their day-to-day business activities very differently. Yet they have both achieved success by using the same secret. They both understand the power of purpose.

What is the power of purpose?

People work for money. And people work for praise. And people work for comfort and consideration. But if you want people to work harder than they have ever worked, to think harder than they have ever thought, to care more than they ever have, you can't ask them to do it for any of those reasons. There is only one motivation that will drive men to perform on a superhuman level ... and that is the desire to accomplish a worthwhile purpose.

The power of purpose is, in my experience, the single most important leadership skill there is. If you can give someone the idea that his life will have more meaning if he follows your ideas, you then have all the power you will ever need over him.

People who have great personal leadership skills never have to browbeat, badger, or bully their way through life. Nor do they have to beg, borrow, or steal. If you can learn how to make other

6 CHARACTERISTICS OF TOP LEADERS

- Great leaders discover how to make the work worthwhile and then distill it down to a phrase or philosophy that can easily be communicated to their employees.
- Good leaders recognize the importance of practicing all the skills essential to leadership – one of the most important being persuasion.
- Great leaders are perceived as powerful communicators because they listen more than they speak. When they do speak, they focus on the interests and concerns of the other person. They're also able to summarize and clearly present their case.
- Strong leaders know how to create strong relationships. They remain personable, friendly, and genuinely interested in other people, regardless of the person's social or professional position.
- Successful leaders present the facts passionately and stress one unifying idea
- Successful leaders develop the skills to persuade others in one-on-one situations, in small groups, and in front of larger groups.

people believe that your ideas have value, everything you want to accomplish will be available to you.

We all want the material comforts of life. But what we want more – and more deeply – is to feel like the life we are leading has some meaning. How did the great leaders of the modern era – Churchill, Roosevelt, Gandhi, and Martin Luther King – get so many people, rich and poor, to devote their time (and in some cases sacrifice their lives) for their causes? It wasn't their good looks or their elocution on the stage. It was because they knew how to persuade other people to see their ideas as valuable and to believe that if they pursued those ideas their lives would have more meaning.

LEADERSHIP LAW #2

Ready. Fire. Aim. The Best Leaders Make Fast Decisions

“Implementing the second-best idea now is a better strategy than doing the best idea a week from now. It’s a bigger risk to delay making decisions than to make marginal ones,” warns Stanford University Professor Charles O’Reilly in *Entrepreneur Magazine*.

It’s true. Business builders are decision makers. They get an idea. They run it by a few bright people for comments. Then they make a decision and go forward with it. The sooner they put an idea to the test, the sooner they find out if it was a good one.

That may be why people who are filled with trepidation seldom get ahead. They are so afraid of making the wrong decision that they stay pretty much where they are, sometimes forever.

I’m thinking of a buddy of mine who has refused to relocate his business. He really wants to make the move. His wife is going to move without him. But he’s frozen with fear over what might go wrong. He gives himself the feeling that he’s making progress by endlessly going over the pros and cons.

Success comes from experience. You make mistakes. You have some triumphs. You learn from both of them and move on. The secret to advancing quickly – to having a shining career — is to accelerate that learning process. And that means ready, fire, aim.

Effective Leaders Examine the Evidence Before They Make Big Decisions – but They Don’t Overdo It

In “*Lessons From the Top*,” by Tom Neff and Jim Citrin, a former CEO of AT&T said that he routinely made multimillion-dollar decisions knowing full well he didn’t have all the facts. He said something I’ve said before – something like “You’ll never be able to examine all the risks. Just get good information and use your judgment to make a good choice.”

Then, of course, you have to pay attention to what happens and make adjustments if necessary.

But the big point is this: You don’t need to get your ideas sanded and polished to find out if they make sense. If completing a project to perfection takes 100 hours and getting the basic idea down on paper (so that everyone can understand it) takes 10 hours, FIRE after you’ve invested 10 hours.

Those who wait till they get it “exactly right” are wasting their own, their business’s, and everyone else’s valuable time and money.

Ready. Fire. Aim.

Figure out – quickly – if your idea is worth testing. Test it. If it works but only marginally, kill it or fix it. Then move on to the next thing.

LEADERSHIP LAW #3

Make Everyone's Ideas Better with Artful Criticism and Skillful Praise

There is something in business (and life) we never learn well enough – how to criticize and encourage those who rely on us for advice.

It's more than a skill; it's an art. Because, like other arts, criticism and praise are always imperfect (so they contain within them both the affirmation of their need and the possibility of their improvement).

Right now, there are people in your life whose work and behavior you are called on to evaluate, either regularly or from time to time. They may be immediate subordinates, clients, business associates, or competitors, for example.

These people can make your future immensely richer, fuller, and happier, but it's equally true that they may rise up against you. Much depends on how you treat them. (Don't think for a moment that just because someone seems weak or powerless you don't have to be concerned about him. It is the meek who will inherit your future . . . not only because they have a lot of pent-up energy, but also because you won't see them coming.)

How do you provide someone with productive feedback? That is, how do you get him to quickly and substantially develop the skills and talents you are looking for? How do you get him to see things your way? How do you get him to succeed?

There's a Reason They Call It the Golden Rule

The first and most important secret of criticizing others is to forget about yourself.

If you criticize simply to give yourself some advantage, it will be apparent and resisted. If you criticize to demonstrate your superiority, it will be felt and rejected. If you criticize to exorcise some angry spirit inside you, it will be apparent and resented.

Criticize, if you can, because you want to help. If you can clear away other motivations, you will be successful. By putting yourself out of the picture, it is much easier to have good judgment. You have a much better idea about what to say and when, because your thinking is not clouded by self-interest. Moreover, your enthusiasm shows through. And the person you are helping will respond to that.

Begin with a show of faith.

You need fertile soil in which to plant your ideas. Fertile soil is nourished soil. So always begin any relationship with regular doses of praise.

Resist the urge to criticize first, even if your first experience is negative. Frankness may feel good, but it is often counterproductive. Find something that is good and worthy and praise it. Do it publicly and repeatedly. You need to build a foundation of trust –something you can stand on later when it comes time to say something critical.

It's Just As Important to Give Criticism When It's Due

In the world of copywriting, I am known to be a fierce editor. It is not beyond me to write “gibberish” in the margin of a protégé’s heartfelt writing. Recently, PH (one of the most successful copywriters I know and himself a former protégé of mine) sent out a memo remarking on some harsh criticism that I leveled at a writer (and a good friend of mine) whom we had both been mentoring for some time. Here is what PH had to say:

“Those comments on AB really take me back. They are direct and right on the money. Now, I truly realize why I’ve had some success writing this stuff. I remember reading comments similar to these and they jolted . . . forced . . . embarrassed me into becoming a better writer. It’s good, in a way, that AB wrote such a terrible copy. Otherwise you wouldn’t have responded as you did. And AB would never have gotten the benefit of your frank criticism. A turning point in AB’s copywriting career will be the next letter he writes. I now realize that’s how DM and I got better. There’s no way we’d be here if you or anyone else had ‘pussyfooted’ around bad copy and tried to spare our feelings.”

But here’s the point . . .my earliest thought about PH was that he was a natural–born copywriter . . .and I said so. Not just once, but many times over. This, I think, gave him the legs to stand my criticism when it finally came.

Here’s How the Process Works

The following is a formula for training someone (an employee or a protégé) that should work for you:

- First, make him believe that you believe in him.
- Next, work with him for a while, giving him helpful hints and gentle criticism. Expect some progress during this process, but not a lot. What you are really looking to do is establish (a) your authority (which you both need) and (b) a common vocabulary (so you don’t confuse him).
- Then – after he has reached a plateau – hit him with some direct, strong advice. Don’t be nasty, but be honest. Expect him to be devastated. Ignore his first, defensive response.

If he comes back later open-minded and eager to progress, you’ll have made the leap you both needed. Progress should come pretty quickly after that point.

LEADERSHIP LAW #4

Do the Important Work Yourself... and Delegate the Rest

In any endeavor, there is a natural pyramidal structure to progress. You begin doing everything yourself. You have some success and hire two people to help you. Things continue to do well, and you hire four more.

Every person “below” you does something you were doing at one time. If you are smart (and normal), you give away the less-important tasks (or those you don’t do well) and focus on the critical ones that make your project grow.

The process can continue indefinitely unless someone you’ve hired won’t make a pyramid of his own. The reluctance to create such pyramids is known in management theory as “a problem with delegation.”

People who have such problems typically build inverted pyramids with themselves on the bottom and the weight of all the people they’ve hired on top of them. Since they don’t (won’t or can’t) trust these others to do the details of their work (“No one can do it as well as I,” “It’s faster if I just do it myself,” or, “I can’t afford the mistakes”), they end up supporting the people who are supposed to be supporting them. Eventually, the weight is too great and they break down – as fallen heroes.

Some of the best and smartest people I’ve ever worked with are inverted-pyramid builders. Often they are technical people, but sometimes they are marketers and product managers.

If you are an inverted-pyramid builder, you are:

- Extremely busy
- Irreplaceable
- Very stressed

MICHAEL MASTERSON ON LEADERSHIP

“A leader can delegate a great deal of responsibility if he surrounds himself with good people. But the one thing he can never delegate is the job of establishing goals and creating a vision – unless, that is, he wants to cease being a leader.”

(Source: [Power & Persuasion](#))

Pyramids are not meant to be inverted. And for good reason. There is a natural law of economics that corresponds to the physical laws that determine the correct position of pyramids. It’s called “the law of comparative advantage,” and it says that you should spend your time where you’ll get the greatest benefit from your effort.

Management consultant Stan Portny points out (in some article I took notes from but have since lost) that “you need to recognize that even if a person is not as good as you are at a task, it may

be worth it to delegate so it frees you up to do another task you're uniquely qualified to do and one that will generate more benefits.”

But even if you don't invert your pyramids, you may still have a problem with delegation. You may have a problem deciding how much responsibility to give up to whom and when. If you think of delegation in those terms, you can see that everyone to some extent has a delegation problem — or challenge.

It may help to think of delegation in terms of six levels. As Portny suggests, an employee should understand that you expect him to handle his assignments in one of the following ways:

- Level 1. Get some facts and bring them to you.
- Level 2. Get some facts and make several recommendations.
- Level 3. Do the above (level 2), and be prepared to implement the recommendation that you pick.
- Level 4. Do the above and then pick one of his own recommendations and be ready to go with it unless you say “no.”
- Level 5. Take on the task. Do the analysis. Take action. And let you know what happened.
- Level 6. Do his job. Consult with you only if he has questions.

Think about the people in your pyramid. Where are they in terms of these levels? Do they know what you expect of them? If not, you'd better make it clear.

What about you and your boss? Where are you in terms of his pyramid? Are you both clear on that?

Clarifying such unspoken arrangements now can avoid finger-pointing and recriminations later.

LEADERSHIP LAW #5

A Worthy Partner Makes a World of Difference

Great leaders don't often get to the top on their own. That's why it's so important to find a great partner to help you along the way.

In my own experience, a great partner can be a business partner, a spouse, a mentor, or even a superstar employee. And without them, there's no telling where I'd be.

In my view, a great partner has the following characteristics:

- He has something besides money to offer the partnership that you don't. This might be intelligence, assertiveness, creativity, perspicacity, a capacity for networking, an indomitable spirit — anything, so long as it is helpful to getting the job done.
- She is fair-minded. By that, I mean she understands that there are many ways to contribute to a relationship (see above) and values the way you contribute.
- He is long-term-oriented. He understands that building a business takes time.
- She is loyal. She will never try to break the original deal even if it seems unbalanced or unfair.

A great partner doesn't need all of these qualities. Of those listed above (and there may be others on your list), there are two that are essential. You need a partner who is fair-minded and loyal.

Let me tell you why I see it that way.

I have been in many successful partnerships. The best of these were with great partners – men and women who had all the virtues listed above and more. But some of the successful deals I've done have been with partners who had nothing valuable to give except the willingness to give it a try. I can think of two such relationships right off the bat that netted hundreds of thousands of dollars. I was always happy to give my partner his share, and I think I was right in feeling that way.

I don't believe I'm ever truly objective about how much value I'm contributing or how "little" value the business is getting from my partner.

Often, partnerships deconstruct because of arguments over who does what and – a related topic – how much everybody is making. That's bound to happen if you go into a partnership expecting it to be "fair."

I think the reason I've had such good experiences with partnerships has to do with three things, all attitudinal:

- I recognize that however much I “bring to the table,” it's not enough.
- I know from experience that everyone, every partner, has something to teach me.
- I know I'm a better performer and can make tougher decisions when I have a partner to run ideas by.

More important, I have a very special – and I think correct – view of how value in a business should be decided. In my view, the profits of a business are decided when the partners originally cut up the shares.

The best partnerships are those that value the shares based on resources (intellectual, capital, reputation, etc.) contributed at the inception of a business. All contributions made later – whether one partner runs the business or gives advice or simply attends meetings now and then – should be paid for on an arms-length, free-market basis. If you do it like that, you will never have any need to fight about who does what. If one partner wants to stop working, no problem. Just cut his salary (for working) and use it to hire his replacement. If your arms-length evaluations for such contributions are accurate, you'll have just enough money to pay for a very good replacement.

Here's another thing. Some partnerships begin with one partner contributing most of the valuable work and end up with the other partner taking the lead. If you bicker in the first instance, you'll end up screaming later on.

A colleague of mine once said, “Never begin a venture as a partnership unless you're convinced your partner brings something irreplaceable to the table. Only two things will happen. You'll fail and blame each other or succeed and fight over it.”

That makes a good deal of sense. Especially if you are the type of person who is always measuring relationships and believes that a good relationship is one in which your partner puts as much or more into it than you do.

But it's not a rule that I want to use in my life.

When I think about it, I'd say this to my colleague: If I had applied your standard to all of the partnerships I've been in, I would have been in very few indeed. And I can count up millions of dollars worth of income I'd have given up.

Don't be afraid of partnerships. Pick a partner you trust and make sure you agree on how these sorts of things should be fairly worked out. Ask a few “What if ...?” questions before you sign the contract. Then get to work and enjoy each other.

LEADERSHIP LAW #6

A Skilled Negotiator Is a Successful Leader

Mastering the art of persuasion is one the keys to being a powerful leader. And one persuasive skill you'll use time and again is negotiation.

The first skill of a good negotiator is to know when to negotiate. Most of the deals I've made in my career have required little or no negotiating. I know what I want out of the arrangement. I find out what the others want by asking. Then I think about how everyone can have what they want, and I usually come up with a mutually beneficial answer.

Once you have an answer that appeals to all parties involved, you have the basis for a good and sustainable deal. But getting to that point often requires a good deal of thought and study, including a lot of attention to detail.

You have to know the issue inside and out if you're going to present a persuasive argument for your side. This includes knowing how your deal is unique and positioning those special characteristics to your advantage.

Richard Shell, a Wharton professor and author of *Bargaining for Advantage*, makes the case that successful negotiation is 10 percent technique and 90 percent attitude. He says that good negotiating is a mix of competition and cooperation – which means you don't have to sell your soul to get what you want.

I couldn't agree more.

The great negotiators I know are those who can see the big picture. They envision the most promising scenario and take action to bring it into being. They have a keen sense of the potential value to be created and understand how to get it.

For most people, these skills are not natural ... but every one of them can be learned.

There are many different techniques involved in negotiating. Below are those that have helped me the most. I think they'll help you, too.

Step 1: Assess All Interests

Focus on the full set of interests of all parties. To do this, you must learn as much as possible about who you're dealing with. This is very important. For example, if you're going to be negotiating with someone representing a business, pick up company brochures and the latest news articles and trade journal clips about the company. And if you're negotiating with an entrepreneur, talk to people who have dealt with him before.

The idea is to find common ground – deeper issues that both you and the other party can agree on. Those issues will be the basis for your negotiations.

Step 2: Set Your Bottom–Line Goal

Determine what *Nation's Business* magazine called your “bottom-line goal” – the one thing you must come away with. Ask yourself, “If I could walk away from the table with only one thing, what would it be?” That’s your “bottom-line goal.” Do enough thinking here to make sure this goal is realistic and attainable.

Step 3: Search for Value–Creating Differences

Look beyond common ground to find value-creating differences. What’s unique about your position? What’s unique about the position of the other side? Think about how you can use those differences to your advantage and make the acceptance of your position more valuable to both of you.

Step 4: Ask Yourself “What’s the Worst That Could Happen?”

A very useful technique for negotiating differences is called BATNA – an acronym for “Best Alternative To a Negotiated Agreement.” The phrase was coined years ago by Roger Fisher, Bill Ury, and Bruce Patton in their book *Getting to Yes: Negotiating Agreement Without Giving In*.

The basic idea of BATNA is to figure out what the consequences would be if you and the other party can’t reach an agreement. This is your worst-case scenario. You then plan out the course of action you would take – your best alternative to a negotiated agreement. Going into negotiations armed with your BATNA will allow you to negotiate strongly without feeling anxious if things aren’t moving forward well.

Step 5: Make Sure You’ve Met the Other Person

Don’t let your first-ever meeting be at the bargaining table. If you don’t know the person or people you’ll be negotiating with, try to set up an initial “get-acquainted” meeting. This step is especially important when there’s a lot riding on the outcome of the negotiation.

Step 6: Set an Agenda

Create a negotiating agenda – an outline of the issues that you plan to discuss. It should be flexible and agreed upon by both parties. The agenda is a way of making sure that the negotiations stay on course and that unrelated issues aren’t brought in. I don’t think it’s necessary in all cases – but, again, if there’s a lot at stake, an agenda can certainly help.

Step 7: Watch Out for Biases

Most people involved in negotiations understandably have a built-in bias toward their own position. *Harvard Business Review* writer James Sebenius says that despite the clear advantages of trying to reconcile deeper interests, most negotiating parties come to the table with a “My gain is your loss” type of thinking. In most situations, however, there is common ground – deeper issues that all parties can agree on. It’s just a matter of finding them.

Step 8: Control Your Temper

Keep a level head when tempers flair. Lashing out during any negotiation is a big mistake, even if the other party started it. If the negotiation starts to get heated, the best thing to do is remain polite. Listen. Make it clear that you can be trusted. Acknowledge the other side’s point of view.

Then try, if you can, to steer the discussion to smaller, less–important issues that need to be agreed upon.

And by all means never, ever get personal. Never make any threats. They’ll come back to haunt you ... and you’ll have made an enemy you would have been better off without.

Step 10: Know How to Handle a Deadlock

When you’re deadlocked, buy some time. Take a break. Walk away from the negotiating table for a while and clear your head. Set a time for all parties to return – 15 minutes, an hour, or even later in the week.

The main thing to remember when you’re involved in any type of negotiation (and that includes ordinary, day-to-day negotiations with friends and family): Always keep in mind that the outcome must benefit both parties.

LEADERSHIP LAW #7

The Most Effective Leaders Inspire Great Work

Throw three darts at the table of contents of any business magazine and chances are very good that you will have barbed an article on leadership. Unfortunately, most of them are based on half-baked notions and even a few potentially false ideas.

When I think about my experience in business – what I actually did that worked – I see that much of it runs contrary to the advice you’re likely to read in the popular business press. But I want to help people like you become effective leaders by taking advantage of what I have learned – what I personally know to be true ... and false.

As you know from Leadership Law #1 in this special report, a leader’s primary job is to get people to do what needs to be done. Ideally, you should do this by persuading others to follow you ... not by bullying them into submission.

If getting people to do the work is the first job of a leader, creating and promoting a view of what that work will look like once completed is a close second. Successful leaders need not be clever or original, but they must have a good, attractive idea about the future of their business.

Once you have a mental picture of your business goal, you have to be able to project that picture so that everyone on your team – including your employees, colleagues, vendors, and other supporters – can see it. That makes communication, both orally and in writing, the third job of a leader.

Of course, your support team needs to embrace your goal as well as see it. This brings us back to the first job of a leader. If you can develop the skill to convince others that your ideas are worth following, you will have the power to make truly astonishing changes. Great change requires power. And lasting, market- and culture-changing power comes from persuasion.

But creating ideas, promoting vision, and communicating your ideas aren’t anywhere near the only things you need to know. Here are twelve keys to becoming a powerful, effective leader. Master these, and you’ll be virtually unstoppable.

- **Effective leaders do NOT “look out for Number One.”**

The great leaders I know focus on goals – growing the business, improving the product, pleasing the customer. Effective leaders are outwardly focused, which means they tend to be people-friendly, loyal, and eager to improve things. And they purposefully use their strongest talents.

- **Effective leaders understand how to follow.**

Leadership is like ballroom dancing. You can lead by throwing your weight around and yanking your followers with you. Or you can learn the secrets of leadership and arrive at your destination

sooner – with better results and much happier followers – by putting yourself in their shoes to see things from their perspective.

- **Effective leaders know when NOT to be competitive.**

Competition is not nearly as important as cooperation and sharing. I’ve achieved most of my success by forcing myself to ignore my naturally competitive instincts and focus on the business. Co-operating, helping, innovating, and sharing can lead to a long, happy career. Remember, the good things you do in business – the help you give others, the information you share, etc. – will show you to be someone other people want to be around.

<p style="text-align: center;">Five Mistakes Bad Leaders Frequently Make</p> <ul style="list-style-type: none">• Blame everyone else but yourself for mistakes.• Refuse to listen to good advice.• Repeat “what’s worked in the past” after things have changed.• Hide mistakes and hope nobody will find out about them.• Freeze when action is called for. <p>(Source: <i>Across the Board</i> magazine)</p>

- **Effective leaders are considerate.**

The best leaders I know focus on making things better, not on being liked. But they achieve corporate goals by treating everyone around them with kindness and consideration. Arrogance and rudeness, they realize, are counterproductive. If you want to reach all of your business goals in the shortest amount of time, you have to learn to be instinctively considerate.

- **Effective leaders attach deadlines to their goals.**

This is not a “contrarian” idea, but it’s so important that it has to be included in here. Getting to success requires a plan – one that is well-thought-out, written down, and developed into specific objectives.

Great leaders set goals and communicate them well. And they know how to delegate objectives to responsible people and attach deadlines to them.

- **Effective leaders take follow-up to the next level.**

Serious follow-up involves much more than sending a series of urgent reminders. It requires setting aside time to ensure the objective is clearly understood, to discuss and review the plan for accomplishing it, and to help brainstorm solutions to any problems.

- **Effective leaders create a culture of accountability.**

If you expect your business to grow, you have to develop a sense of accountability among your staff, so they feel responsible for the success of specific projects and the well-being of the business overall. This requires you to trust people to do what they’re supposed to do.

- **Effective leaders don’t try to control everything.**

If you want to be a strong leader, you must learn to give up control over certain tasks. Delegation is essential to leadership, because it frees up time for the things you should be focusing on – like improving your business.

- **Effective leaders listen as well as talk.**

Effective leaders listen first. After they're done listening, they listen some more. When they do speak, they measure their words and realize that saying more often means saying less.

- **Effective leaders understand *proper* teamwork.**

Don't buy into the notion that teamwork means giving every person, every idea, every suggestion, and every interest equal support. Successful business leaders treat all of their team members with equal respect, but have different expectations for each one. Those expectations are based on individual performance, not idealistic beliefs.

- **Effective leaders don't become therapists for their employees.**

Don't spend too much time solving problems and answering employee complaints. Succumbing to this temptation steals valuable time from more profitable endeavors ... and reinforces the nonproductive behavior of the employee. While you might listen briefly, make it clear that the solution lies with him, not you.

- **Effective leaders don't manipulate better performances out of people.**

Rather than resorting to feel-good incentives (awards, T-shirts, retreats, etc.) to manipulate your employees into working harder and smarter, motivate them by spurring their inner desire to do better. Create an inspiring vision, set high standards, give employees power, make them accountable, offer feedback, establish a sense of momentum.

Great leaders inspire great work. They do so by finding and nurturing extraordinary talent, setting substantial goals, making those goals seem exciting, and then focusing the entire team on the necessary tasks required to achieve them.

Great leaders are willing to do hard thinking, make tough decisions, and get the job done. They have the vision, knowledge, skills, and good ideas. But, more importantly, they've learned how to get people to embrace those ideas and work to achieve them, even in the face of adversity and criticism.

Inspiring that kind of work isn't an easy thing to do. It takes a rare combination of openness and resolution, toughness and compassion, cooperation and competition. Challenging, yes. But, like so many other important skills, it can be learned.

*** BONUS MESSAGE ***

**Dynamic Indifference:
the Most Powerful Leadership Technique I Know**

by Bill Bonner

I practice a leadership technique that might be called “dynamic indifference.” I do not try to lead – probably because I am no good at it. Instead, I merely focus on the work itself.

What needs to be done? Who’s got a better idea? Who’s going to do it? No attempt is made to lead.

To the contrary, people are ignored. Finally, they get tired of being ignored and turn to me for leadership. Then I tell them that I can’t help them. This forces them to figure out the problem for themselves and resolve it.

For instance, we had a publication that had been our flagship newsletter but had become very difficult. It was losing money. No one knew quite what to do about it.

Part of the problem, I realized, was that I was being too much of a leader. People waited for me to come up with a solution, to tell them what to do.

So I cleverly abdicated. I said to the team, “If you want this product to survive, you’d better figure something out yourselves. I’m taking myself out of this project.” The young woman who was then the editor took the knife between her teeth and went to work. Within six months, the publication was profitable again.

Our business is an example of what economist Friedrich Hayek called a “spontaneous order.” People are brought in because there is work to do. Those who need someone to tell them what to do generally leave after a few months. Others learn pretty quickly that they have to figure it out for themselves.

In France, for example, we tried telling people what to do – from London, no less. It was a disaster. Then, at the end of our rope, we told the remaining French employees that they would have to figure it out for themselves. “Who will be in charge?” they wanted to know. “Whoever takes charge,” we replied.

It was chaos for a while. Then, a young guy who is probably a closet Marxist, and who had resisted everything we had tried to do previously, gradually took the bit between his teeth, rallied the others, cut expenses, and now seems to be on his way to figuring out how to run a profitable enterprise.

For a long time, we thought we were completely alone in our business practices. We also thought they were a result of our own inadequacies. We could not run a business, so the business had to run itself.

Then, we discovered that our approach had a serious business-school following. What we do is called “market-based management,” and it is studied at George Mason University. So we invited the professor to come out and explain it to us. “Hey, that’s what we already do,” said our key managers.

So, forget about leadership and focus on the work.

It is not the only way to run a business. And may not even the best way. But it is one way.

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Michael Masterson has been making money for himself and others for almost four decades. At one time or another, he has owned and managed multi-million dollar companies that were either public/private, onshore/overseas, local/international, service-/product-oriented, retail/wholesale/direct mail, and even profit/not-for-profit.

Masterson is the author of the *Wall Street Journal* bestsellers *Seven Years to Seven Figures: The Fast Track Plan to Becoming a Millionaire*; *Automatic Wealth: The Six Steps to Financial Independence*; *Automatic Wealth for Grads... and Anyone Else Just Starting Out*; *Power and Persuasion: How to Command Success in Business and Your Personal Life* (all published by John Wiley & Sons); and *Confessions of a Self-Made Millionaire*.

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We want to hear exactly what you think – no holds barred, the good comments and the bad.

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We can't wait to hear what you have to say...

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