

Leadership APTA 2015

Team 2

Transformative Leadership

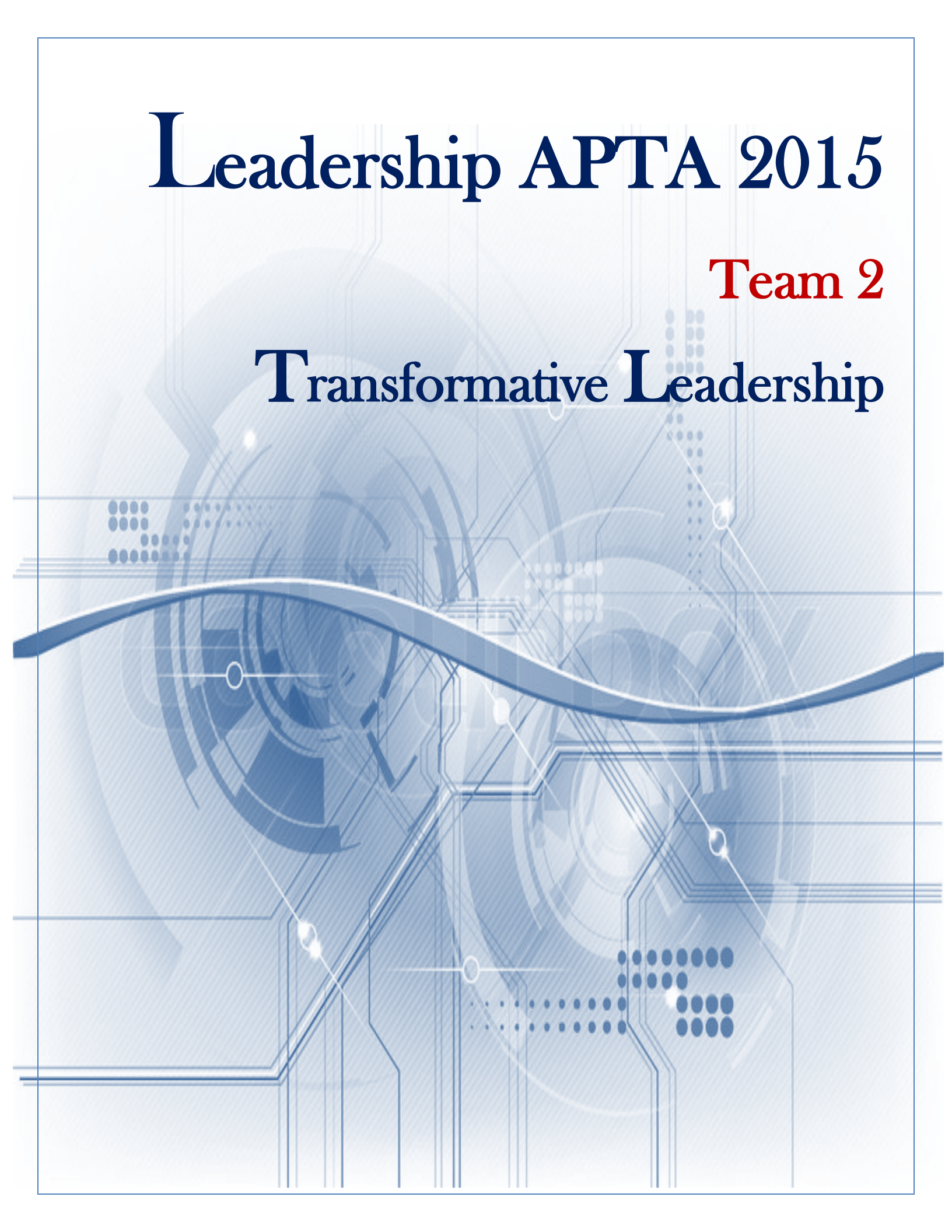




Table of Contents

Overview	3
Team 2 Members	4
Introduction	5
Credibility	7
QLS Model	9
There is no exact science	10
Confidence	11
Collaboration	15
Conclusion	19
Acknowledgements	20
Bibliography	21



 *If your actions inspire others to dream more, learn more, do more and become more, you are a leader."*

John Quincy Adams

Overview

Behind each successful company lies a culture that inspires excellence. A major component that drives this success is the introduction of a transformative leadership style into an organization. Transformative leadership has the ability to alter the destiny of an organization. Through the years, we have seen new start entrepreneurs move their organizations from startups to billion dollar business enterprises. Advancements in computer technology have fueled innovation and created new models for moving and transporting people in ways we have never seen. Furthermore, this rapid and competitive evolution has encouraged organizations to promote not only, *"think outside of the box"* but, *"break the box"*. Drawing on comparative examples from some of the world's most transformative business leaders and unique business cultures - our research and subsequent analysis will produce a thought provoking resource that will help transit CEOs and other industry professionals analyze their leadership methodologies to become an agent for change and build a focused result-driven team. In addition, readers will envision better ways to inspire willful efficiency through credibility, confidence and collaboration.



Team 2 Members

We have a great team of leaders from across the United States and we look forward to sharing our findings with you. The team includes:

Travis Engstrom

Manager of Information Systems - Bay Area Rapid Transit (BART) in San Francisco, California.

Roland Cordero

Director of Maintenance & Vehicle Technology - Foothill Transit in West Covina, CA

Kimberly Williams

JD, Deputy Chief Procurement Officer - Houston METRO - Houston, Texas

Sidney Dimanche

Systems Assurance Manager at Bombardier - Jamaica NY

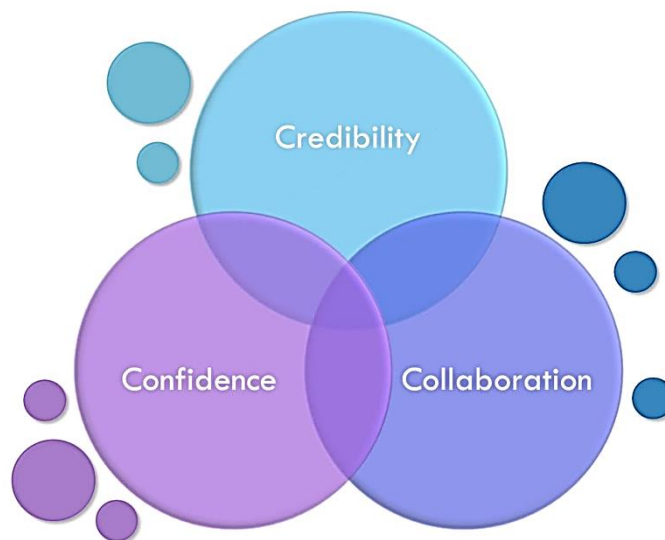
Kenyatta Lee

Senior Manager of Technology & Innovation - Jacksonville Transportation Authority in Jacksonville, FL.

Introduction

Together we've interviewed and collected research from some of the most transformative business leaders in the world. We've taken ideas from unique business cultures and drawn comparisons to the transit industry. Today we'll provide a window into the world of transformative leadership.

What we've discovered during our research is a central theme amongst these CEOs that makes them truly transformative. These leaders have successfully inspired their employees to carry out their mission with willful efficiency by establishing Credibility, Confidence and Collaboration.



Some people call it “*Buy-In*” others “*Team-Spirit*”. Regardless of its name, transformative leaders have the ability to help their employees catch fire. We are going to present findings that will help you imagine better ways to inspire willful efficiency.

CHANGE is happening in the Transportation Industry. We're seeing the end of an era of major highway construction, new modes of transportation and mobile applications that have allowed companies

like Uber to spread their reach and influence faster than we could ever imagine with asphalt and rail.

There is something exciting happening in California. In July, Hyperloop broke ground on a \$100M test track in Quay Valley, California to produce a new form of transportation using high speed pods in a low pressure tube. Elon Musk is one of the only individuals in the world to have built more than one Billion dollar company. So far, he's done it 3 times with PayPal, Tesla and SpaceX. A few years ago, he applied his analytical process to high-speed rail with a central focus on innovation and economics. He said, *"If we are to make a massive investment in a new transportation system, then the return by rights should be equally as massive."*



One example of Musk's ability to respond to change was outlined in Ashlee Vance's, *Elon Musk: Tesla, SpaceX, and the Quest for a Fantastic Future*.

In this book, Vance describes the near bankruptcy of Telsa Motors as individuals were pulling out of sales due to glitchy software in the Model S sedan. Vance wrote, *"The Company's executives had ... hidden the severity of the problem from the intensely demanding Musk. When (Musk) found out, he pulled staff from every department — engineering, design, finance, HR — into a meeting and ordered them to call people who'd reserved Teslas and close those sales. "If we don't deliver these cars, we are f---ed," Musk told the employees, according to a person at the meeting.*

‘So I don’t care what job you were doing. Your new job is delivering cars!’ Musk fired senior executives, promoted hungry junior employees, and assigned former Daimler executive Jerome Guillen to fix Tesla’s repair service and get its glitchy cars back on the road.” (A. Vance)

Firms like Hyperloop and Uber are forcing the world to change with faster, cheaper and more efficient forms of transportation.

Steve Heminger, the Executive Director of the Metropolitan Transportation Commission understands this change. *“Transportation is a network utility. You need to think of it as a network. Major highway construction ended 40 years ago in the (California) Bay Area.”*

New challenges in the marketplace are driving the transportation industry. CFO David Leininger remarked, *“At DART we have a Mobile first strategy. You need a platform that allows deals to be planned and executed in rapid succession.”*

Preparing our industry for the future will require Transformative Leadership, and it will be built on Credibility, Confidence and Collaboration. Credibility is the first of our 3 C’s of Transformative Leadership.

For this section we turn to the research of our Leadership APTA teammate Sidney Dimanche.

Credibility

As Leaders at our respective organizations, we’re sometimes challenged with inspiring employees to willfully perform at the highest level. What has made a difference in effectively communicating inspirational messages to employees has been credibility.

The research that has been performed on leadership has found credibility to be one of the cornerstones of leadership. Leadership is a relationship between those that aspire to lead and those that chose to follow. Those that are viewed as more credible than less credible would have a greater tendency to inspire higher levels of performance, motivation, commitment and loyalty.

During interviews conducted with Jack McDowell of McDowell & Associates, Joseph Osterman - a regional director at Bombardier & Walter Whaley - a manager at the Long Island Rail Road, the question was asked on what were their thoughts and understanding on the relationship between credibility and leadership. Their answers were centered on the importance of establishing trust and improving working relationships with their colleagues.

They recalled accounts of how establishing trust within their respective teams would often result in positive performance and how the latter would result in a toxic work environment.

Joseph Osterman explained that credibility requires two important traits - Character and Competence.

CHARACTER includes being genuine as he believes most leaders have a high level of emotional intelligence and can easily identify with someone that is not being sincere or genuine.

COMPETENCE is dependent on your capabilities, skills and track record.

He went on to add that good character and strong competencies are the platforms that he uses to assemble his leadership team. Walter Whaley went on to add that you may know someone that is competent, dynamic and inspirational, but if you have a sense that he or she is not being honest, you will not accept what they're telling you and you will not follow them.

Emily Lee, APAC Finance Manager at Mind Speed Technologies described her most effective leader as someone that knows what he's doing and sets goals that are realistic and attainable. That alone creates confidence and motivation.

QLS Model

Leadership requires the ability to communicate well and in order to improve our communication we can use tools such as the QLS Model that is used to instruct future leaders at Cornell University's Johnson School of Business. The acronym stands for Questioning, Listening and Selling and for those that consider all 3 points, there's a greater chance to bolster their professional position.

In summary the QLS Model explains that powerful questions are future-oriented, open ended and generally begin with "what" and "how." Powerful Listening: Listening strengthens credibility. Leaders must listen and listen well. From a personal perspective, I learn more when I'm faced with a problem and I have to work with others to resolve it. It gives me an opportunity to listen to other viewpoints and perspectives. Next is Powerful Selling where Credible leaders help introduce diverse viewpoints that is convincing and recognizes the needs of others.

In my interview with Walter Whaley, he expressed that leadership was not necessarily his calling and that if you were to ask him - he's encountered more reasons to avoid the corporate ladder than climb it. Much of his testimony was tied to personal experiences where he could not improve his department's position without being two or three levels above those that were on the pecking order. In order to be effective, he studied and observed those within his organization that were strong communicators (Powerful Selling), Attentive (Powerful Listening) and always seem to ask the right questions (Powerful Questioning).

In review of Jack Ma's journey to leadership - the founder of Alibaba, he stated it was a learned behavior that was riddled with rejection. He believes his transition into leadership was a direct result of the number of rejections that he received, which ultimately forced him to approach situations in a different way.

There is no exact science

The concept of leadership has evolved and it will continue to evolve. Going back as far as the 1940's there was this concept that leaders were born, hence the term "Born Leaders." That concept later evolved into leaders can be developed. At one point organizations believed that they could simply find someone, put them into an executive position and turn them into a leader. Eventually, it was understood that people are not born as leaders and that developing leaders is not as simple as picking and choosing someone that you like. It requires several core competencies that are usually developed over a span of time. The process of building and sustaining credibility includes the following:

1. Discover yourself
2. Appreciate constituents
3. Affirm shared values
4. Develop capacity
5. Serving a purpose
6. Sustaining hope

I asked Walter Whaley what he is measured on by his constituents. He replied "DWYSYWD." The acronym stands for Do What You Say You Will Do. He went on to explain that his credibility is established by his constituents.

Constituents do not serve leaders. Leaders serve constituents and they both have a common goal. He went on to add the following:

- 1) Allow employees to feel empowered and more compelled to own their area. When asked to explain it was along the lines of providing guidance without micro managing or taking over an assigned task.
- 2) Leaders can't decide who leads - The follower does.
- 3) Establishes a relationship of trust so that employees can work autonomously.
- 4) Ensure that if employees are to be corrected for errors, they must be recognized for good work.
- 5) Lastly, always provide support.





Leadership is above all a relationship, with credibility as the cornerstone and the reason why leaders must say what they mean and mean what they say.”

Confidence

Leadership is above all else about relationships. Relationships for transformative leaders are extremely important. Which is why the second characteristic - Confidence is critical. In every definition of confidence the term trust appears and is necessary to any successful relationship.

How else do you get stakeholders, customers, elected officials, your Board and importantly your employees to buy-in, support the idea that's never been done, to do something different when the way they currently do it is how it's always been done, to go from good to great -- without confidence.

Clearly those sitting in this room possess confidence but it's more than self-confidence. It's important to look at all stages. A transformative leader must learn to earn confidence, keep confidence and since often times transformative leaders fail before they succeed -- regain confidence.

CONFIDENT ENTREPRENEUR	vs	ARROGANT ENTREPRENEUR
<p>TALKS TO POWERFUL PEOPLE because he doesn't doubt the value of his ideas</p>		<p>TALKS TO POWERFUL PEOPLE because he wants to be seen as one</p>
<p>ADMITS IGNORANCE because he doesn't doubt his intellect</p>		<p>SHOWS HE IS RIGHT because he thinks being wrong hurts his credibility</p>
<p>APPROACHES STRANGERS because he doesn't doubt the value of his company or conversation</p>		<p>WORKS THROUGH HIS NETWORKS because he already knows they accept him</p>
<p>ACTS LIKE A FOOL WHEN HE FEELS LIKE IT because he doesn't doubt his worth</p>		<p>ACTS LIKE HE'S CONFIDENT ALL THE TIME because he believes otherwise people won't take him seriously</p>

The Harvard Business Review (HBR) tackled the question of "Why Good Companies Go Bad". These companies became successful for innovating new products, services or improving on the existing. But fell into a status quo, lost business and eventually their confidence. As a result many of them are not here with us today.

Ford Motor Company almost found itself in this number. That is until former Boeing Engineer Alan Mulally took the helm. Known as one of the greatest transformative leaders by Forbes magazine his plan to bring confidence back to the company was simple -- focus on the product, people and the plan.

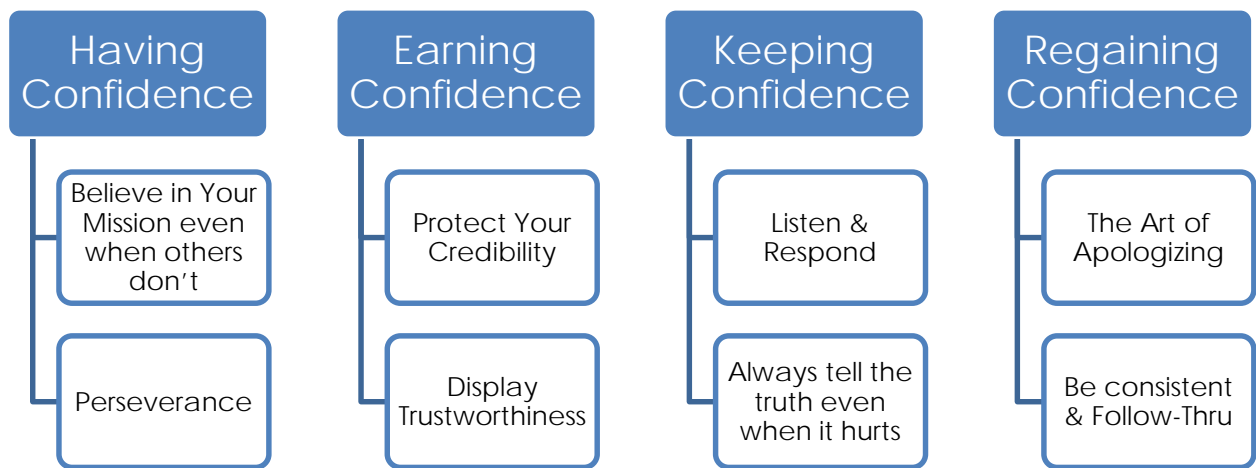
How does the company that invented car manufacturing go out of the car business? As we all saw, very easily. They fell behind, didn't keep up, and stayed in status quo too long. Ignored what was going on in their market. Sound familiar?

While this example shows where confidence works. It's important to talk about the flip side of confidence - Arrogance. Arrogance can undermine your credibility and destroy the very relationships transformative leaders need to succeed. Enron Corp is a prime example. Once the most successful company in the world, the overconfidence and arrogance of its leaders led to its downfall. Even more startling is that their failure caused a crisis of confidence in the entire U.S. economy with some believing it precipitated the 2008 recession.

At a local level, I moved to Houston in 2004 right after the opening of Houston's first light rail line. Then President/CEO Shirley A. DeLibero described the experience of building a light rail line in this fiercely car centric culture. She described her uphill battle against the road and highway builders, her own federal congressional delegation, and the powerful business community as "Against All Odds".

Much like Alan Mulally she had to earn and keep confidence and she did so by first focusing on getting buy-in from the employees then the community. The others reluctantly followed. The result is one of the most successful light rail lines in the country and paved the way for a 3 line expansion that opened this year.

As one who worked on the expansion I owe her a debt of gratitude for transforming the community from "there's no way this is going to happen in Houston!" to "why doesn't Houston have more."

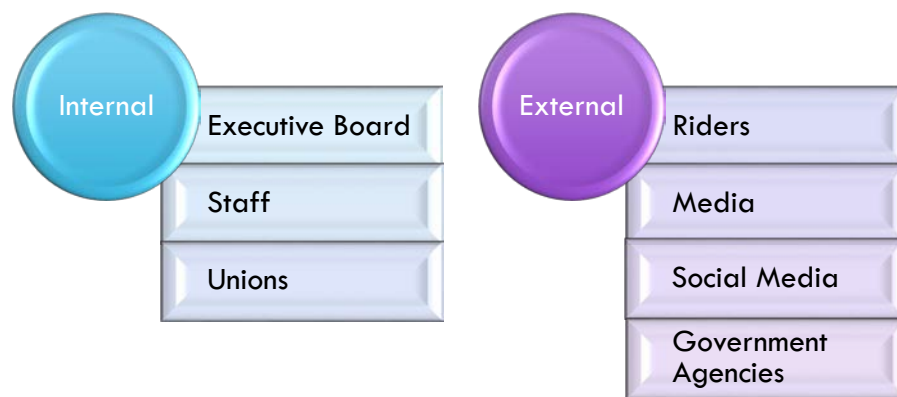


Transformational leaders must have a high degree of confidence if they are to take effective leadership action. Even more important, they need such confidence to instill self confidence in followers who carry out organizational tasks and achieve organizational goals. Because according to Inc. Magazine Business writer Francisco Dao "*Without Confidence, There is No Leadership*".

Collaboration

The third C of transformative leadership embraces the process where people with different views and perspectives come together and self-interests are set-aside. Issues are discussed openly and supportively in an attempt to find ways of helping each other to solve a larger problem or achieve broader goals.

During our interviews with transit CEOs, they emphasized the importance of collaboration with external agencies and how it contributed to their success. Some of the external collaborations have resulted in funding opportunities, partners in innovation and community support.



Collaboration is not only internal but external as well. Our team's research led us to review some private companies whose CEOs exemplified outstanding leadership as evidenced by their company's performance.

Jeff Bezos, Amazon's innovative CEO is known for pulling an empty chair into the conference room during meetings to remind them of the customer. According to the Amazon team, this helps them be aware of the importance of the customer in their decision making and that the customer is a priority. Now, that's out of the box thinking by extending the collaborative process externally through awareness.

This approach resulted in Amazon's high customer satisfaction rate and propelled the company as the top online retailer.

Leadership at Southwest Airlines plays a paramount role in the success of the company. Leadership is not easily defined at Southwest Airlines because it is a way of life, culture, desire, and commitment at Southwest Airlines.

Southwest Airlines founder and former CEO Herb Kelleher's leadership style is the opposite of many autocratic leaders that have thrived in business for centuries. He does not rule over his employees but rather rules with his employees. Kelleher believes that leadership is the job of everyone, not just upper level management. Kelleher believes that every employee should have the ability to ascertain situations and be able to act on their decisions. Employees should be able to lead other employees to make decisions.

Kelleher describes his organization as an upside down pyramid. At the bottom is upper management and at the top are the front line employees.

Our research with transit agency CEOs consistently emphasized how important external collaboration was to the success of their agencies and how much time they dedicated to this effort.

Keith Parker, CEO of MARTA said that leadership involves finding the right team and never to look over their shoulder, He also said that as CEO it is not his job to offer a solution but rather give the employee a chance to fix the problem.



Another way for him to collaborate is to reach out to Millennials. He feels they have the right answers. This approach has allowed MARTA to create a partnership with UBER to provide the first and last mile trip to a segment of MARTA's customers.

It's amazing how collaboration leads to innovation. Reaching out to outside sources such as your community, civic leaders, and youth creates spontaneous connections.

Ms. Lauren Skiver, GM at Sunline Transit Agency in Thousand Palms, California feels that to be a successful leader, one must have a network of people to solve problems. Leaders must create a dynamic, open to talk environment where people are empowered to help. Ms. Skiver believes problem solving involves having a team of people in a collaborative environment. To unlock a team's potential; leaders must create projects with depth. People get excited when they get involved.



Linda A. Hill, Harvard Professor and Author of *“Where Will We Find Tomorrow’s Leaders”* talked about leading from behind, a concept she



learned from reading Nelson Mandela’s biography. Ms. Hill said that instead of being in the front, leaders should lead from the back to coach and architect to allow talented people to flourish. Leaders need to pay attention not to their formal authority but need to build a web of

interdependencies. To be a leader you must be able to build an inclusive/collaborative approach to what you are doing. It’s not about you in the center and you must subrogate your ego.

To quote Ms. Linda Hill, innovation is a journey, a type of collaborative problem solving usually among people with different expertise and different points of views.

Finally, if leaders want to build an organization that can innovate time and again, today’s leaders must unlearn the conventional type of leadership. Because innovation is not about a solo genius, it’s about collective genius.

Leadership requires action. The goal of our research was to share a common theme in how today's leaders have to drive willful efficiency through their actions by being credible, inspiring collaboration and demonstrating confidence.

John Quincy Adams stated: *"If your actions inspire others to dream more, learn more, do more and become more, you are a leader."* Leaders like Larry Ellison and Tony Hsieh make actionable decisions to ensure the success of their organizations. Larry Ellison stated: *"Great achievers are driven not so much the pursuit of success but by the fear of failure"*.

The fear of failure drove Larry Ellison to make Oracle into a multi-billion dollar company that created an open world for innovative and creative technologies.

Tony Hsieh collaborated with Amazon to ensure the continuity of his multi-billion dollar business, Zappos.com and his happy corporate culture. Tony Hsieh once stated: *"Businesses often forget about the culture, and ultimately, they suffer for it because you can't deliver good service from unhappy employees."* Transformative leaders are innovative because they can see things in the present as they can be in the future.

Nathaniel Ford, the CEO for JTA, undertook a transformational initiative which required working collaboratively with stakeholders, building confidence and establishing credibility. Mr. Ford once told a story at an Employee Town Hall Meeting, that when he first began working at JTA he heard that local businesses would not hire people who relied on JTA buses to get them to work. He knew that had to change. This story also inspires me every day to use my role in the organization to give our riders the best customer experience possible using innovative technology.

In keeping with being transformative, in December 2014 the JTA made major changes in its route structure. This was the first major change in 30 years. This initiative resulted in the JTA having a new system, developing new routes and doing business in a new way.

In San Francisco, Grace Crunican is leading the way on 3 simultaneous rail extensions, a \$4B dollar bond measure, \$1B new rail fleet, and a \$1B new train control system. This sort of change requires transformative leadership. Grace exhibits the 3 Cs and emphasizes the importance of building relationships through collaboration as a principle mission of executive leadership. It is the leader's responsibility to constantly build relationships, even before they are needed.

The transportation industry is changing. We are seeing the end of an era of highway construction. We are seeing new modes of transportation. Our riders expect technology to plan their trips, purchase their fares and deliver them where they want to go.

Our industry needs leaders that can help ignite the potential within their organizations. A Transformative Leader has the ability to unlock innovation by accessing the collective talent of many.

Conclusion

So I ask you, as a transformative leader what are you prepared to do? Are you willing to do more, be more and inspire others to do same? Being a transformative leader is not for the faint of heart because they are not just building for today they are creating for the future. Creating an environment of willful efficiency that stretches beyond the reach of a single executive requires Confidence, Credibility and Collaboration.

Acknowledgments

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- Emily Lee, APAC Finance Manager, Mind Speed Technologies
- David Leininger, Chief Financial Officer, DART, Dallas, Texas
- Jack McDowell, President, McDowell & Associates
- Joseph Niegoski, APTA, Leadership APTA
- Joseph Osterman, Regional Director, Bombardier
- Keith Parker, President/CEO, MARTA, Atlanta Georgia
- Lauren Skiver, General Manager, Sunline Transit Agency, Thousand Palms, California
- Walter Whaley, Manager, Long Island Rail Road
- Paul Soubry, CEO, New Flyer Industries
- Joe Policarpio, Vice President of Sales and Marketing, Gillig Bus

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