

Pennington on Leadership

By Randy G. Pennington



Texas Town & City is proud to introduce a continuing series written by a longtime and greatly admired friend of the Texas Municipal League. A frequent speaker at TML education events, Randy combines more than twenty years of front-line leadership and consulting experience with extensive research and writing to deliver practical ideas that can be applied at many levels. His expertise has made him an internationally respected guest commentator, with appearances on CNN, PBS, Fox News, the ABC Radio Network, and the BBC. He is also a prolific writer, and his ideas have appeared in *The Wall Street Journal*, *The New York Times*, *Entrepreneur*, *Executive Excellence*, *Training & Development*, numerous newspapers, and many professional/trade association journals.

Truth, Trust, Greed & Fear

Bear Sterns, Lehman Brothers, Merrill Lynch, AIG. In case you missed it, the financial markets have been on a roller coaster ride. The root cause for the pain and suffering can be described by four words ... truth, trust, greed, and fear.

Here is the quick explanation:

- **Greed & Fear:** The desire for outsized profits at any cost caused a few – OK maybe more than a few – individuals and organizations to disregard the fear associated with risk. And, bad things happen when the balance of greed and fear tilts too far in one direction or the other.
- **Truth & Trust:** Trust has been severely diminished because no one is sure that they are being told the truth. As a result, lenders are more cautious about making loans, and investors are more cautious about depositing their money in anything other than the safest of options.

The Lesson for Leaders

So who's to blame? The list is long, and there is more than enough to go around. In the end, it all comes back to leadership. Here are two lessons we can take from the mess in the financial markets and apply to leading in municipal government.

1. **Judgment defines your legacy.** Leaders are judged by their decisions, and some decisions count more than others. You have to get the big ones correct. Too much greed exposes you to risk and unintended consequences. Too much fear limits you from moving forward in a timely and effective manner. The key is to manage the risk-reward balance to achieve long-term success. It's about building a dynasty rather than having a single winning season.
2. **Trust defines your relationships, and relationships determine your effectiveness.** Truth and trust are the lubricants of successful relationships. Their absence drives people to protect their own immediate interests often at the expense of their long-term benefit. Your constituents and colleagues react the same way. Mistrust paints with a roller not a small brush.

Another bubble or crisis will occur the future. And, we'll have another opportunity to see if we have learned from the past.

In the meantime, use this as a lesson about the pitfalls that occur when truth and trust are sacrificed at the alter of greed and irrational expedience that ignores risk.

Randy Pennington helps leaders create cultures focused on results, relationships, and accountability. He is author of *Results Rule! Build a Culture that Blows the Competition Away* and *On My Honor, I Will: Leading with Integrity In Changing Times*. For additional information, contact him at 972-980-9857, randy@penningtongroup.com, www.penningtongroup-cities.com, or www.resultsrule.com.