



## The New Director's Chair

Conversations with business leaders about changing board dynamics in an age of disruption.

📅 Biweekly newsletter

# What Separates Leaders Is Their Ability To Use Soft Skills To Drive Hard Results

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***David Novak, a veteran CEO and board director, and host of the [How Leaders Lead podcast](#), shared smart insights with me and my colleague, [David Reimer, CEO of The ExCo Group](#). [Subscribe here](#) to receive all our interviews with board directors.***

**Reimer: What were some early lessons you learned as a director?**

Novak: My first board assignment was with Bank One. Jamie Dimon was the CEO. You should really believe in the CEO before you join a board, and I was a huge fan of Jamie. You want to have expertise that you can bring to the party, and I could help them in retail banking because we had a lot of great retail experience with our restaurant business because I was CEO of Yum Brands.

At the same time, I wanted to learn so that I could add to my skill set for running my company. I was primarily a marketing and operations person, and to learn more about finance at Bank One was a big attraction for me.

**Bryant: How did being a board director make you a better CEO and vice-versa?**

Novak: I was the chairman of our board while I was CEO at Yum, and

you appreciate directors who provide good insight and input, but they know they're not there to operate the company. The last thing you want is a director who wishes they had your job and wants to meddle in the operations. You want a director who brings advice and expertise, adds value, and helps you with your talent pool.

When I went into a new board situation, I wanted to provide expertise. I didn't want to be meddling in the operations. There's nothing worse than a director who tries to show how smart they are by asking the gotcha questions. I've seen that, and you don't win any points by showing people how smart you are by being caustic. That just wasn't my style.

*You want to have a board that  
has camaraderie.*

I'm very good at understanding the culture at the company and then bringing the board together to help reinforce that culture and build camaraderie within the board. You want to have a board that has camaraderie, where people feel like they can talk about anything without being judged.

**Reimer: When you reflect on the patterns you've seen in leaders and the people you've mentored, what aspect of leadership do people struggle with most?**

Novak: For many people who are really smart and they have lots of

talent, they have to let go of the notion that they have to have all the answers. You have to become comfortable telling somebody that you don't know something and that you need them on your team, and that if it wasn't for them, you wouldn't have been able to do this.

A lot of leaders can't do that. They think they've got to have all the answers. They've got to be the one in control. But the best leaders have a way of being vulnerable, and have a way of really sharing that they don't have it all figured out.

**Bryant: That is a tough balancing act, isn't it? I've heard leaders say that they want to send a clear signal that they are not going to be held hostage by anyone on their team. The point is they don't want to be too vulnerable.**

Novak: I think they're missing out a little bit on joy if that's their mindset. I'd never let anybody hold me hostage. I've fired a lot of people, but I didn't brag about it. To me, recognition is a privilege of being a leader. People look up to you, and when you recognize them, you show people that you're watching.

Now some people can worry that if you recognize people, they won't work as hard because they got credit for something they did. That's the worst thing you could possibly think. People are going to work harder, and the people around who want to get recognized will work harder, too. You've got to "round up" on people until they give you reason to think otherwise.

**Reimer: What is the X-factor that's going to make you decide to pick one CEO candidate over another?**

Novak: The differentiator to me is their ability to use soft skills to drive hard results. So I would be looking at the soft skills. All things being equal, that's how you build a great culture, and that's how you get the intangibles.

Based on all the research I've done, the single biggest factor that all great companies share is the ability to create a work environment or a culture where everyone counts. So I would assess those candidates on their ability to continue building or to reignite a culture.

*Would I want my daughter to  
work for that person?*

I also would be looking at a CEO the same way I looked at everybody that I ever made the final hiring decision on, which was, would I want to work for that person? Would I want my daughter to work for that person? If I couldn't say yes to that, there is no way they'd get hired.

**Bryant: You've talked a lot about recognition. How did that become important to you?**

Novak: I think recognition is the secret weapon of every leader, and too often they don't use it. That insight came when I was coming up through the ranks at PepsiCo and running operations. I didn't know a

lot about operations, so I spent time in the field. I'd go into the plants, and I would buy donuts and coffee for everybody, and talk to groups of route salesmen about merchandising.

At one of the plants, they all start raving about this guy named Bob who was at the table with us. They would say that he taught them more in half a day than they learned in their first three years, and that nobody's better at talking to customers than Bob.

I looked at Bob and he was crying. And I said, "Bob, why are you crying?" He said, "All these people are heaping all this praise on me, and I didn't know they felt that way about me, and I'm retiring in two weeks. I've been here for 47 years." That hit me in the gut.

*Recognition shows people that  
you're watching.*

From that moment on, I said that I'm going to make recognition the number one cultural behavior characteristic that I'm going to drive in whatever team or company that I run. I wanted Bobs on my team, but I wanted them to feel recognized.

And recognition shows people that you're watching. And if you want to drive high performance, you better be doing that. If you recognize behaviors that are important to growing the business, you're going to get more of it. It's the formula for success. You get your people capability right, you satisfy more customers, you make more money.

Too many CEOs, too many boards, focus on the money. They don't focus on how you get there, which is through the people capability. You get that right, and then everything else will take care of itself.

**Reimer: What were some early influences that shaped who you are today?**

Novak: My dad was a government surveyor, so I lived in 23 states by the time I was in seventh grade. The largest house we lived in was 8 feet wide by 45 feet long, and it was a trailer. So we would move every three months because my dad would survey longitude and latitude points in small towns.

My mom would check me into these schools, and she'd say, "David, you better make friends because we're going to be leaving again at some point." And that that experience forced me to size up situations very early on, work through the anxiety of new situations, and learn how to get a handle on people in a hurry. That had a big influence. When you move every three months, you've got to be flexible.