



## Stanford eCorner

### The Goal of Efficient Leadership

William McDonough, *William McDonough + Partners*

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An executive needs to structure the enterprise to do the right thing, and a manager needs to insure that this directive is carried out in the right way. The first question any institution needs to ask itself is that of the executive, says McDonough + Partners' William McDonough. If the organization is doing the right thing, it is indicative of its effective and thoughtful leadership.



#### Transcript

We've developed a simple diagram to help us understand this working with our clients and essentially put forward a flight path that says, wouldn't it be marvelous if we could articulate what 100 % sustainable goal looks like? Say, you took renewable power as an example. You could take diversity. You could take any issue you want and you could just say we have 100 % goal here and we have this trajectory. What we found is that efficiency, trying to do what we've been doing efficiently, is insufficient because if you're doing renewable energy, for example, you save as much energy as you can and you find yourself optimizing to a certain point or using as little of non-renewable power as possible, but you're still there because it's insufficient to get you there efficiently. That doesn't mean that efficiency is a bad thing to do. It's obviously a critical thing to do because the more efficient you can be, the sooner you can be 100 % renewably powered, for example. Because the effectiveness agenda, the one that says we're renewably powered crosses the point of efficiency at some point. And the faster we can get to that efficient point, the sooner we can find the inflexion point of crossing on our trajectory. Peter Drucker, the management consultant, pointed out that it's an executive's job to be effective and do the right thing. It's a manager's job to be efficient and do something the right way.

So it's really important to understand that distinction. It's a manager's job to do it the right way, but it's the executive's job to do the right thing. Because if you're doing the wrong thing the right way, it's pernicious. Think about a Nazi. An efficient Nazi is worse than an inefficient Nazi. So the question becomes: Are we doing the right thing first? Not, are we simply being efficient with the wrong thing. That difference is leadership. That distinction between efficiency and effectiveness is really the place that takes us to where we want to go, and that's leadership.