

# Austin American-Statesman

## Building a better leadership:

Austin couple helps Dell executives see their strengths, weaknesses.

BY DAN ZEHR

**K**ate Ludeman and Eddie Erlandson are corporate lion tamers, training a beast they call the "alpha" executive.

The alpha's natural habitat extends through boardrooms and glass offices, where these high-powered, hard-charging executives run some of the nation's largest companies. Dell Inc. has its share of alpha executives, including Chairman Michael Dell and CEO Kevin Rollins.

Even executives who have worked closely for decades, as Rollins and Dell have, sometimes have issues to work out.

By 2002, Rollins had become firmly ensconced as Dell's right-hand man but felt that he was not on equal footing with the founder of the company: Dell held veto power over his ideas, yet Rollins didn't have the same level of input into Dell's plans. Rollins wanted to change that.

"He'd talked to me for some time about how important that was" so that he and Dell could work more closely together, says Ludeman, who is an executive coach. "He said he felt that was too much to ask of someone who was (then) CEO and the founder of the company."

When Dell later asked Rollins how they could improve their relationship, Rollins didn't hesitate. Spurred in part by Ludeman's encouragement, Rollins suggested that both he and Dell approve an idea before it goes forward.

Dell agreed.

"It was a pivotal moment," Ludeman says. "It made them come from being more independent into being much more together in how they thought about things."

That conversation set the course for the successful "two-in-a-box" strategy that Dell and Rollins now use to run the company. It has become part of the Dell

playbook, used to run individual units of the computer maker.

Ludeman started working with Dell executives about a decade ago during her first stint in Austin. In 2000, she moved her company, Worth Ethic Corp., to



Dell founder Michael Dell, right, and CEO Kevin Rollins were supportive of the idea to provide executive coaching to the company's managers. Feedback has become a constant practice at Dell, where Worth Ethic consultants work with managers on a regular basis.

Santa Barbara, Calif., but continued to fly back to Central Texas. She married Erlandson in 2002, and they moved their home and business to Austin last month to get closer to clients in Round Rock and across the country.

Dell ranks among Worth Ethic's largest clients, but Erlandson has done work with administrators at the Austin school district, too. The firm also works with several other Fortune 500 companies and a range of startup firms, all of which come to it for executive coaching.

A key component in Worth Ethic's program is getting powerful, successful executives to swallow their pride and admit they have faults.

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In 2001, Ludeman worked with Michael Dell on an assessment of his leadership skills. The review took into account Dell's observations as well as those of people around him. His intense focus often made him appear remote to his colleagues, for example. After going through the results with him privately,

not from Dell and Rollins.

"It's unfair to just rank-order an individual's performance without giving them the opportunity to get feedback on their strengths and weaknesses and provide them the coaching to improve themselves," Topfer says. "I think that's part of building a great corpora-



"Michael (Dell) and Kevin (Rollins) have been very effective (in saying) that it's not OK to just compete with each other. They just don't tolerate it. That is unusual."

Kate Ludeman, Corporate trainer whose company, Worth Ethic Corp., has worked with executives at Dell Inc. for

Ludeman suggested that he share them with his top executive team.

He did that and later shared them with all the company's vice presidents, even videotaping the discussion.

"When you're a real strong leader, you usually think the whole thing about, 'Don't let them see me sweat,' " Ludeman says. "You don't tend to think, 'The thing I need to do is let people know when I need help, or that I'm struggling with something, or that I have these kinds of issues.' And yet as soon as you disclose those things about yourself, other people can connect with you better."

Now, these sessions are part of a regular program for all of Dell's top executives, who periodically discuss their strengths and weaknesses with some of their colleagues.

One conversation focused on how the company would keep its senior management team once the tech industry rebounded and headhunters came calling.

Rollins and Dell ultimately came up with an idea called "the Soul of Dell," which called for the creation of a better work environment and clear ethical standards. One part of the plan includes rating all managers on their relationships with their subordinates.

"Michael and Kevin have been very effective (in saying) that it's not OK to just compete with each other," Ludeman says. "They just don't tolerate it. That is unusual."

To help the company's executives work together better, Dell turned to Ludeman in 1995. Former Dell Vice Chairman Mort Topfer had met Ludeman while at Motorola Inc. and introduced her to Dell. There was some hesitancy at the company at first, he says, but

tion."

The feedback was especially important for the many young executives who had come to work at Dell in the mid-1990s, Topfer said. Coaching and feedback became accepted and constant practices, and both Ludeman and Erlandson now consult with Dell's managers on a regular basis.

At its core, the Worth Ethic program is designed to get executives to become more aware of the physical and emotional states they fall into when they face stress. It can involve something as simple as a few deep breaths to "reset" their minds and bodies, says Erlandson, formerly a vascular surgeon. But it extends to an understanding and recognition of the roles an individual resorts to in the face of stress.

It's those habitual roles - a hero, a villain, a victim - that can pull business leaders away from addressing the true cause of a problem.

Dell employs several programs to improve its executives' business and personal skills, says Mike Summers, Dell's vice president for global learning and development. Worth Ethic is just one part of that, he says, but a part that mimics Dell's direct style of doing business.

"If there is an open dialogue around people - recognizing what they're good at and what their opportunities for improvement are - you have a personal level of trust that develops," Summers says. "That allows you to have very open discussions about the business itself."

Dell isn't the only company that seeks outside assessment of its internal operations.

One of Worth Ethic's clients has two huge business units headed by two people who "barely communicate with each other," Ludeman says. Almost all communi-

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Kate Ludeman and Eddie Erlandson spend their time teaching executives at companies such as Dell how to improve communications and other skills. The husband-and-wife team brought their executive coaching business, Worth Ethic Corp., to Austin last month to be closer to clients in Round Rock and elsewhere.

cation occurs between members of their teams, she says, and everyone sort of manages around them.

Ludeman declined to name the company but said it was larger than Dell.

"I think this particular company could massively increase their profits if they would force these two guys to work together," Ludeman says. "But they're very concerned . . . that if they apply pressure to make them work together, that one or both of them will leave."

The same often goes for other companies, as well, says James Fredrickson, a management professor at the University of Texas' McCombs School of Business.

The stereotypical hard-charging, numbers-crunching approach does not always lead to success. As leaders move up the corporate ladder, personal and conceptual skills can become more important than technical business skills, Fredrickson said.

Former General Electric Co. CEO Jack Welch, ranked by many among the most influential business leaders ever, has said he always wondered why top executives spent so much time with number-crunchers. He said he always preferred the human resources people.

"He decided early on that he could make his biggest contribution on the people side," Fredrickson says.

In Dell's case, other managers and workers took note

of the top rank's commitment to the softer side of management.

Ben Bentzin, a marketing executive who left Dell in 2002, says coaching was especially vital to the company's talented but relatively young managers. Business at Dell was booming in the late-1990s, and it would have been easy for them to say they didn't need to deal with the soft side of leadership.

"There was strong support from Michael Dell, Mort Topfer and Kevin Rollins," Bentzin says. "They made it clear this was an area on which we were going to focus because, in the long term, it was vital to the strength of the company."

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Kate, a widely recognized executive coach, speaker and author, founded Worth Ethic Corporation in 1988. Her BS in engineering and PhD in psychology give her a unique approach when working with analytical, data-oriented executives, who want to expand their emotional intelligence and create company cultures where people perform at their peak. Kate has worked with over 1,000 senior executives in a wide range of industries. She has coached executives globally on all major continents.

Previously, she was vice president of human resources for a high-tech Silicon Valley company. Her books include *The Worth Ethic*, *Earn What You're Worth*, *The Corporate Mystic* (now in its 11th printing).



Eddie Erlandson coaches executives to transform entrenched leadership habits, especially leaders who need to make their style more inspiring or more trustworthy. As an accomplished physician, Eddie draws on his knowledge of the physiological aspects of change, he's also developed a strategies from competing in endurance sports that he applies to leadership. He's worked with executive teams across a number of industries, including consumer products, education, government, high tech, heavy industrial, medical care, pharmaceutical, and the military.

Previously, Eddie served as Chief of Staff at St. Joseph Mercy Hospital in Ann Arbor, Michigan, where he also practiced as a vascular surgeon for over 20 years and co-directed a wellness program.

Eddie Erlandson and Kate Ludeman consult both individually and together, and have co-authored *Alpha Male Syndrome* (2006) and *Radical Change, Radical Results* (2003). They live and work in Austin, Texas.



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