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Minding Your Business

Shared leadership offers edge

Wrightwood Capital grows through open communication, push to collaborate

By Ann Meyer

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With the pink slips flying at many financial-services firms, Chicago-based Wrightwood Capital is giving its workers lessons in shared leadership instead.

Chairman and Chief Executive Bruce Cohen believes in ownership among employees and open communication throughout the firm to foster new ideas for growth. As a result, the firm is better able to compete with much larger companies. "People take the ball and run with it," Cohen said.

The shared-leadership approach is helping Wrightwood Capital grow in a down economy. It has about 85 employees in eight offices and \$2.5 billion in assets, up from 24 people and \$250 million in assets four years ago, Cohen said. Earnings have climbed tenfold over the same period, he said, and in March the company raised \$55 million in capital for future growth.

Wrightwood's success shows how the old-school, command-and-control style of leadership is coming under scrutiny among business owners, experts said. Collaborative leadership can make companies more innovative and competitive while creating better workplaces for employees.

"Leadership is not a solo activity," said Michelle Buck, director of leadership initiatives at Northwestern University's Kellogg School of Management.

It includes being open-minded, encouraging ideas from the ranks and being willing to act on them. "Leadership is the domain of change, rather than the status quo," Buck said. Central to a collaborative leadership approach is the ability to listen to others and communicate openly, she said.

Wrightwood encourages its staffers to take classes in leadership, communication and other business topics, including many that might not seem pertinent to their area of expertise, said Jason Choulochas, managing director of investments. For example, the firm offers a legal class for non-lawyers and accounting for non-accountants.



"The idea is to broaden people's understanding and skills," he said.

Sharing information

Beyond the classes, Wrightwood believes in keeping workers apprised of new industry developments, good and bad.

"In today's environment, with every financial-services company under pressure, if you're not communicating, people are going to assume the worst," Choulochas said. "Their minds will spin and reel and say, 'I'm going to assume it's bad.' "

On the flip side, the more people know, the more likely they are to be understanding of the situation, he said. Wrightwood's commitment to open communication has made it a happier, more productive workplace, Choulochas said.

"I've had opportunities to do more, achieve more and push for more responsibility," said Michael Eglit, 27, Wrightwood's associate director of fund management. "There's a respect at all levels. I've been encouraged to express my ideas and be part of the innovation."

Wrightwood, which was spun off from closely held Cohen Financial in 2004 and provides capital to commercial real estate buyers, encourages its employees to be "intrapreneurs," or entrepreneurs within the firm. "We have to be nimble, creative and innovative," Cohen said.

Unlike its predecessor, a family-owned firm where information about the company and its performance was guarded closely, Wrightwood is built on a team leadership approach that shares information readily. Its seven-member executive committee and 13-member leadership council are encouraged to discuss issues openly.

"As we expanded our shareholder base and the size of the company, we decided we had to share more information," Choulochas said.

The open communication approach trickles down to all levels of workers, with the company's financial results shared and questions from employees encouraged at quarterly all-company meetings. What's more, the company's business plan is shared with workers annually but updated more frequently as the market shifts, he said.

Most meetings include members of other departments. "We try to break down the silos of communication that only go up and down," Choulochas said.

Among its workers, the firm builds trust and a sense of fairness partly through a merit-based approach to performance reviews and compensation. "I've been judged by the quality of my work as opposed to other factors," Eglit said. Most workers have only one manager between them and the executive committee, which cuts down on bureaucracy and miscommunication.

Raising self-awareness

When creating its shared leadership approach in 2003, Cohen turned for help to executive coach Jeff Anderson, who is also associate dean of leadership at the University of Chicago Graduate School of Business.

"It all starts with self-awareness," Anderson said. Leaders need to understand that the way they've been managing a company might not work going forward.

Cohen said entrepreneurs often find it difficult to give up control and let others perform tasks they once performed themselves. But leading a growing firm requires bringing in new workers and nurturing them to collectively accomplish more than anyone could alone.

Still, it can be easier said than done. "It's hard to go out and confidently bring in people who are better than you," he said, but Wrightwood is committed to it.

"Leadership by definition is putting the organization ahead of you and everyone else," Cohen said. Once that philosophy is understood throughout the company, he said, people will rise to a higher level of production, innovation and teamwork.

"People want an environment that encourages leadership, so it's this culture of people who are driving the business, and not one individual," Cohen said. "The most interesting thing is to see how many people want to be leaders."

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