



Leaders on Leadership July 2003

Pat Daniel

An Authentic Voice

Leaders on Leadership synthesizes Canadian leaders' insights. This issue features Pat Daniel, President and Chief Executive Officer (CEO) of Enbridge Inc. Our interview reveals a leader with high integrity and a deep sense of service to his employees and the community. Like BP's Group Chief Executive, Lord John Browne, Mr. Daniel stresses that a firm—as an integral part of society—has a profound obligation to help improve citizens' quality of life. His focus on building community leadership is as intense as his commitment to new energy technologies and renewable energy sources. He proposes values-based leadership as part of an agenda designed to restore trust in business. He further suggests that today's dizzying pace of change should drive a company towards continuous self-renewal. For this to happen, a total rethink of organizational leadership is a sine qua non. He believes leadership should transcend the senior cadre; it should be a process shared by all employees instead of being the sole responsibility of a few top-level executives. To Mr. Daniel, each and every one of Enbridge's 4,000 employees has the potential to be a leader.

A high-performing organization is invariably correlated with a high sense of purpose, says Mr. Daniel. Employees respond more positively to an organization

committed to a cause than to one solely focused on the critical, albeit narrow, proverbial quarterly earnings. In his view, today's socially engaged and better-educated employees are looking for meaning in their work; they want to know what the organization stands for, in addition to what it should shoot for.

TRUE BUSINESS LEADERS TRANSCEND THE CONFINES OF CORPORATIONS

It is, therefore, not surprising that Enbridge focuses on making corporate social responsibility a core corporate value. Mr. Daniel says, "For too long, corporations have been viewed as pursuing their own self-interest that is contrary to the communities they operate within. In the new millennium, we have to earn the right to keep doing business."

This requires a strong focus on improving the quality of life in the communities where the company's employees work. "Business success comes from listening and responding to stakeholders. Our commitment to the communities we operate in is unswerving," says Mr. Daniel.

This philosophy permeates Enbridge’s organizational culture. Employee volunteerism, with the aim of contributing to the communities’ well-being, is high. Specific company initiatives—such as the Northern Alberta Hospital Campaign and Health Smart Solutions—are complemented by a strong investment in building leadership strength in the community.

BUILDING LEADERSHIP IN COMMUNITIES

The future of communities should also be a priority of leaders, Mr. Daniel argues. While infusion of funds into specific initiatives is important, the long-term well-being of communities lies in the development of leadership capacity. This, in his view, is the most critical factor in ensuring the sustainability of communities. Rejecting the view that leadership is necessarily an innate quality, he is a firm proponent that leadership characteristics can be developed and learned. “It is critical for leaders to nurture the next generation of leaders in our communities,” he says.

The reason for his emphasis is obvious. “The demographic situation in several communities means that leadership will be a scarce resource in our country as the ageing baby boomers retire. This has resulted in calls for the urgent need to create a new generation of leaders across the country. It is this next generation of leaders who will ensure the ongoing wealth, health, and well-being of our communities,” he states.

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Enbridge directly participates in a series of community-building leadership initiatives in major Canadian cities such as Calgary, Edmonton, Regina, Ottawa, and Fredericton. These unique action/study, community-focused programs are designed to identify and motivate aspiring leaders. They expose participants to the history and make-up of their communities so they can act in the communities’ best interests. “Once the potential leaders have been identified, we have to instill a sense of community trusteeship among them,” says Mr. Daniel. He is convinced that, through such initiatives, Enbridge is creating measurable, sustainable solutions to meet future community needs.

LEADERSHIP ON THE ENVIRONMENTAL FRONT

As a leader in the energy delivery sector, Enbridge is conscious of the critical role it should play in protecting and improving our environment. Despite immediate pressures for quarterly earnings, Enbridge has invested in wind power and other alternative forms of energy that have longer-term paybacks. “These initiatives will not provide a significant portion of our revenues anytime soon. However, we need to start positioning the company for the future. We want to play a key role in ensuring that we are part of the solution to the climate change challenge,” he says.

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While it is clear that the issue of emissions reduction cannot be resolved without citizen engagement, Mr. Daniel contends that companies need to take a leadership role in raising consumers’ awareness of the importance of efficient energy use. In addition, he argues that companies need to take specific actions to reduce emissions in their own operations; and Enbridge is doing just that. It is taking specific steps to reduce greenhouse gas emissions throughout the company and its subsidiaries, and is aggressively pursuing energy efficiencies designed to reduce consumption of electricity and natural gas.

LEADERSHIP AT ALL LEVELS OF THE ORGANIZATION: KEY TO SUSTAINED SUCCESS

While corporate social responsibility is a high priority at Enbridge, Mr. Daniel argues that his main role as CEO is to ensure that his company has a strong balance sheet and continued growth in earnings per share. “We would not be of much value to our community if we did not have a thriving organization. My primary objective is to ensure that my company delivers results to our investors,” he states.

Mr. Daniel also contends that results are a function of the leadership capacity at all levels within an organization. He says that in today's environment, companies no longer compete on the basis of their products or technology alone; they also compete in terms of the quality of their employees. The winner is the company that is best able to attract and retain people with drive and talent, and unleash their leadership potential.

Mr. Daniel strongly advocates the dismantling of command-and-control hierarchies in favour of a structure that requires leadership qualities be spread across a greater number of people at all levels of the organization.

In an era where knowledge and capability empower more than position, Mr. Daniel argues that leadership should not rest on status or position. "At Enbridge, I would like to see every employee exercise leadership within his or her sphere of responsibility," he states, adding that he views his own role to be that of a policy maker rather than a commander.

This means Enbridge employees have the opportunity to influence others, to comment on the context in which they work, and to enhance the organization's ability to achieve results. "We need to make leadership inclusive. This is how we will foster innovation in the workplace, execute with speed, and provide superior service to our customers," he says.

LEADERSHIP DEVELOPMENT: A KEY CEO RESPONSIBILITY

The commitment to leadership development at Enbridge is widespread, and closely linked with the CEO's expectation that employees exercise leadership. "Leadership development is a fundamental requirement of any CEO's job. We need to build an exemplary leadership pipeline, and leadership development succeeds only when management makes it a priority. My support for our people development is there through the thick and thin of the business performance cycle. This is the only way we can create a winning team," states Mr. Daniel, who chairs Enbridge's newly created Leadership Development Council.

This Council originated principally because Enbridge believes that a piecemeal approach to leadership development is no longer appropriate, given the growth strategy envisioned for the company. The Council's mission is to "support, advise, and help set up the strategic direction of all Enbridge leadership development to ensure that development is properly focused and resourced to meet Enbridge's needs."

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The Council has the following five strategic objectives: 1. define a common operational excellence model for Enbridge; 2. develop a common vision of leadership within Enbridge; 3. implement leadership development programs to support the company's business direction; 4. develop a system to provide a supply of leaders to the company; and 5. provide tools to manage performance.

The work of the Leadership Development Council is complemented by the ongoing efforts and initiatives of the various business units, and by Mr. Daniel's belief that learning also requires employees be given the opportunity for stretch assignments. These assignments can be powerful learning tools. "However, action learning is also about reflecting on and learning from what one is already doing," he says.

In addition, Mr. Daniel asserts that learning and leadership development occur in an organizational culture that is focused on risk taking and has a willingness to tolerate failures. An effective performance management system is also a strong developmental tool, he offers. "We want a strong performance orientation and a continuous improvement mindset with a view to seeing performance management as a vehicle for development."

THE ROLE OF A CEO

Mr. Daniel states that the task of leadership is significantly more complex today than ever before. While financial success is essential if corporations are to survive, CEOs have a responsibility beyond the confines of their operations and balance sheets; they also need to have a broader perspective if they are to have impact at the local, regional, and national levels. CEOs need to focus on what is best for society, and not view their position too narrowly or simply as an opportunity for quick self-enrichment. Effectiveness in this role requires CEOs to transcend “purely financial interests. The public will not listen if we cater only to the financial interests of our shareholders in our positions on national issues,” states Mr. Daniel. In his view, it is important for leaders to understand the disciplines involved in relationship management if they are to be effective at winning trust and inspiring confidence.

Providing a long-term vision for the organization is also a pivotal part of the CEO’s role. Mr. Daniel argues that companies’ failures can invariably be attributed to leaders who had very short-term perspectives. “Most leaders, whether in politics or in business and NGOs, are afflicted with short-term thinking. It is absolutely essential for a CEO to position the organization for success in the next decade,” he says. This explains his interest in such issues as renewable energy sources: “The future generation of consumers will be more conscious of the environment, and they will reward those organizations that are proactive in this area.”

It is important for CEOs to model the behaviour they want in their employees.

Mr. Daniel is also a firm believer that CEOs play a critical role in inspiring their employees by example and through values-based leadership, rather than through their speeches. CEOs’ behaviours and espousal of values have significant impacts across their organizations. It is important for them to model the behaviour they want in their employees.

The disconnect between CEO discourses and their actions in the recent past troubles him. Citing the examples of mismanagement at Enron and WorldCom, Mr. Daniel urges for CEOs to distinguish between self and ego, and company and work. “My ambition is for the greatness of my company rather than for myself.”

The central leadership issue today is integrity at very high levels.

Mr. Daniel also speaks about two other personal attributes of a leader—determination and humility. As a CEO, he is determined to create results for his company. “It is my job to show unwavering resolve, set enduring standards, and accept responsibility for our results.” He believes that a CEO must demonstrate a “compelling modesty,” should channel ambition into the firm rather than oneself, and should continually recognize the contributions of others. CEOs who present themselves as the sole deliverers of results are suspect to him. “I have learned through the lives of great leaders that greatness comes from humility and being, at times, self-effacing.”

THE NEED TO BUILD TRUST IN CORPORATE LEADERS

According to Mr. Daniel, leadership must have a moral manifestation with inviolable principles. The recent spate of corporate scandals causes him serious concern. “The central leadership issue today is integrity at very high levels. A betrayal of trust is primarily responsible for the loss of trust in traditional leadership. We have lost faith in the clergy, in politicians, as well as in corporate leaders.”

He says the problem is so acute because today’s fallen corporate idols were once some of the most celebrated business leaders. In his view, revelations about corporate mismanagement have created a confidence crisis of unparalleled proportions in the business community.

Investor and consumer confidence have already taken their toll. Employee reaction to these revelations is also emerging as a critical challenge to CEOs who want extraordinary performance out of ordinary people.

The confidence gap has serious ramifications for organizational performance, states Mr. Daniel. One of his key concerns is keeping employees fully engaged in the corporate mission after so many top business leaders have been knocked off their pedestals unceremoniously. He says in a knowledge economy, the human mind is the primary creator of value. “We must continually ensure a high proportion of employee mind-share is dedicated to the corporate mission, and it is therefore very important for CEOs to work towards restoring confidence.”

We live in a world where terms like “star leadership” and “credibility” have become hollow. Mr. Daniel represents a shift in the leadership paradigm—he bases his leadership on a foundation of ethics. With the derailment of flamboyant CEOs, the new exponent of successful leadership comes from those exhibiting humility, integrity, and an authentic voice. Mr. Daniel demonstrates these qualities. To him, personal success means providing Enbridge with a solid financial future so that it can continue to play its corporate social responsibility role while providing a secure workplace for its employees.



About Pat Daniel

President and Chief Executive Officer
Enbridge Inc.

Pat Daniel was appointed President and Chief Executive Officer of Enbridge Inc. in January 2001 and became a Director of the company in May 2000.

Mr. Daniel's energy sector experience spans over 30 years, and his track record with Enbridge is extensive. He has served as President and Chief Operating Officer; Executive Vice-President; and Chief Operating Officer, Energy Transportation Services. Prior to that, he was Chief Executive Officer of Interprovincial Pipe Line Inc.—now Enbridge Pipelines—and President of IPL Energy (U.S.A.)—now Enbridge (U.S.) Inc.

His background includes process engineering, information technology, and corporate planning positions with Hudson's Bay Oil & Gas and Home Oil. Following Home Oil's acquisition by IPL, he served as Director, Planning for Interhome Energy Inc., and was responsible for the start-up of Enbridge's technology and consulting business unit, its international division, and its expansion into the natural gas business.

Mr. Daniel is a Director of several wholly owned Enbridge subsidiary companies, and is also a Director of Enbridge Energy Company, Inc.; EnCana Corporation; and Enerflex Systems Ltd., a manufacturer of compression systems.

An active industry and community volunteer, Mr. Daniel is a past Chairman of the Energy Council of Canada; a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta; Chairman of the Business Advisory Council for the University of Alberta's Faculty of Business; and a member of the Alberta Provincial Audit Committee.

Mr. Daniel holds a Bachelor of Science degree from the University of Alberta and a Master of Science degree from the University of British Columbia, both in Chemical Engineering.

About Enbridge Inc.

Headquartered in Calgary, Alberta, Enbridge Inc. is an international leader in energy transportation and distribution. As an energy transporter, Enbridge operates the world's longest crude oil and liquids pipeline system, located in Canada and the United States. As an energy distributor, it owns and operates Canada's largest natural gas distribution company, providing service in Ontario, Quebec, and New York state. Enbridge employs about 4,000 people.

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Aligned with the Conference Board's mission to build leadership capacity for a better Canada, the *Leaders on Leadership* series features insights from exemplary Canadian leaders who are making a unique contribution to our society and to their organizations. The insights of these leaders—who are drawn from all sectors of the economy—are aimed at enriching our understanding of the role of leaders in society and their impacts on leadership development.

Leaders on Leadership: Pat Daniel—An Authentic Voice
by Prem Benimadhu

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255 Smyth Road, Ottawa, ON K1H 8M7 Canada
Tel. (613) 526-3280 • Fax (613) 526-4857 • Inquiries 1-866-711-2262

The Conference Board, Inc. 845 Third Avenue, New York, N.Y., 10022-6679 U.S.A. Tel. (212) 759-0900 • Fax (212) 980-7014 • www.conference-board.org
The Conference Board Europe Chaussée de La Hulpe 130, Box 11, B-1000 Brussels, Belgium Tel. (32) 2.675 54 05 • Fax (32) 2.675 03 95

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and outline the implications for member organizations.

