LEADERSHIP INSIGHTS

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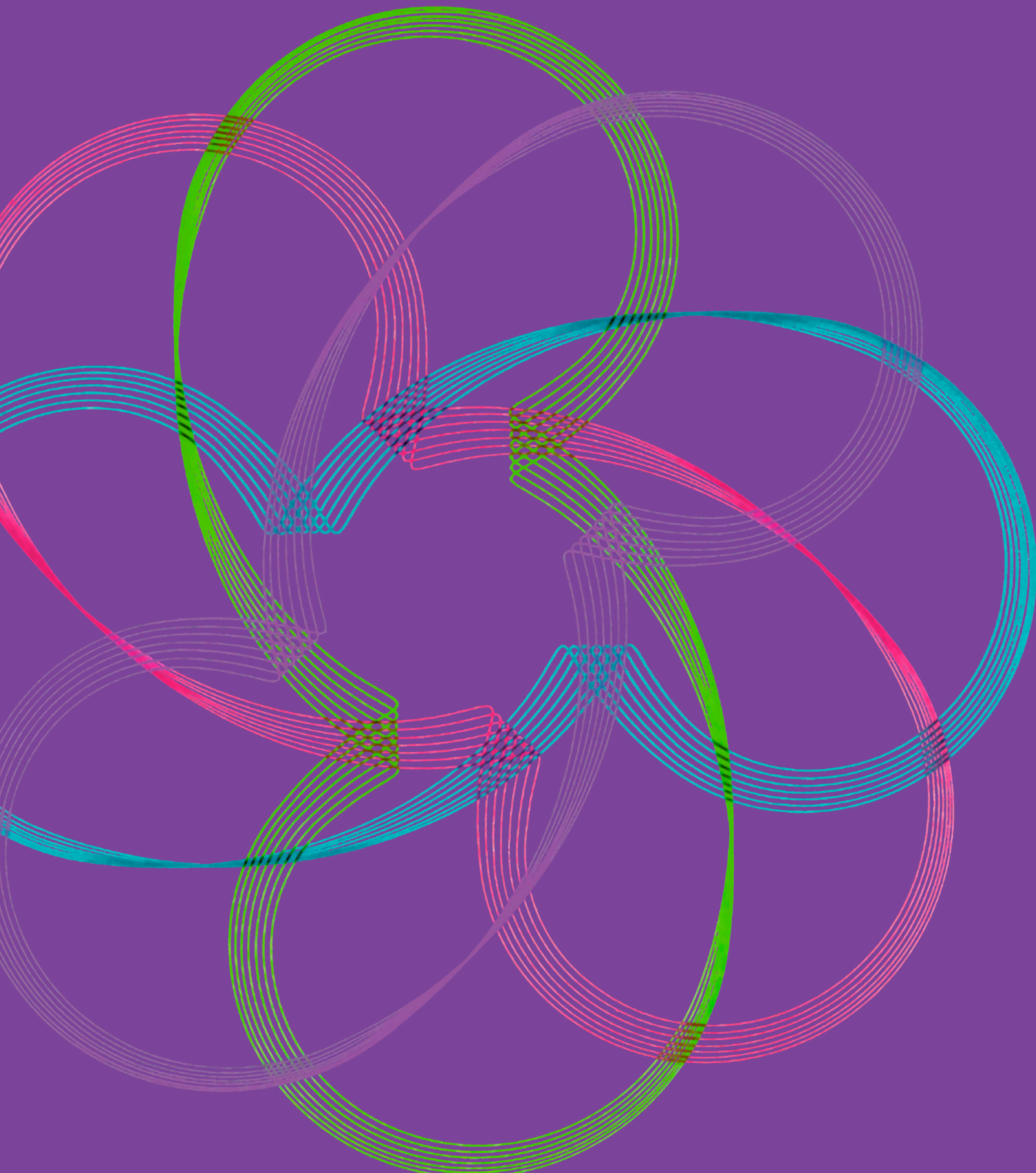

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The classical view says that the manager organizes, coordinates, plans, and controls; the facts suggest otherwise.

HBR CLASSIC

The Manager's Job

Folklore and Fact

by Henry Mintzberg

If you ask managers what they do, they will most likely tell you that they plan, organize, coordinate, and control. Then watch what they do. Don't be surprised if you can't relate what you see to these words.

When a manager is told that a factory has just burned down and then advises the caller to see whether temporary arrangements can be made to supply customers through a foreign subsidiary, is that manager planning, organizing, coordinating, or controlling? How about when he or she presents a gold watch to a retiring employee? Or attends a conference to meet people in the trade and returns with an interesting new product idea for employees to consider?

These four words, which have dominated management vocabulary since the French industrialist Henri Fayol first introduced them in 1916, tell us little about what managers actually do. At best, they indicate some vague objectives managers have when they work.

The field of management, so devoted to progress and change, has for more than half a century not seriously addressed *the* basic question: What do managers do? Without a proper answer, how can we teach management? How can we design planning or information systems for managers? How can we improve the practice of management at all?

Our ignorance of the nature of managerial work shows up in various ways in the modern organization—in boasts by successful managers who never spent a single day in a management training program; in the turnover of corporate planners who never quite understood what it was the manager wanted; in the computer consoles gathering dust in the back room because the managers never used the fancy online MIS some analyst thought they needed. Perhaps most important, our ignorance shows up in the inability of our large public organizations to come to grips with some of their most serious policy problems.

Somehow, in the rush to automate production, to use management science in the functional areas of marketing and finance, and to apply the skills of the behavioral scientist to the problem of worker motivation, the manager—the person in charge of the organization or one of its subunits—has been forgotten.

I intend to break the reader away from Fayol's words and introduce a more supportable and useful description of managerial work. This description derives from my review and synthesis of research on how various managers have spent their time.

In some studies, managers were observed intensively; in a number of others, they kept detailed diaries; in a few studies, their records were analyzed. All kinds of managers were studied—foremen, factory supervisors, staff managers, field sales managers, hospital administrators, presidents of companies and nations, and even street gang leaders. These "managers" worked in the United States, Canada, Sweden, and Great Britain.

A synthesis of these findings paints an interesting picture, one as different from Fayol's classical view as a cubist abstract is from a Renaissance painting. In a sense, this picture will be obvious to anyone who has ever spent a day in a manager's office, either in front of the desk or behind it. Yet, at the same time, this picture throws into doubt much of the folklore that we have accepted about the manager's work.

Folklore and Facts About Managerial Work

There are four myths about the manager's job that do not bear up under careful scrutiny of the facts.

Folklore: The manager is a reflective, systematic planner. The evidence on this issue is overwhelming, but not a shred of it supports this statement.

Fact: Study after study has shown that managers work at an unrelenting pace, that their activities are characterized by brevity, variety, and discontinuity, and that they are strongly oriented to action and dislike reflective activities. Consider this evidence:

Half the activities engaged in by the five chief executives of my study lasted less than nine minutes, and only 10% exceeded one hour.[1] A study of 56 U.S. foremen found that they averaged 583 activities per eight-hour shift, an average of 1 every 48 seconds.[2] The work pace for both chief executives and foremen was unrelenting. The chief executives met a steady stream of callers and mail from the moment they arrived in the morning until they left in the evening. Coffee breaks and lunches were inevitably work related, and ever-present subordinates seemed to usurp any free moment.

A diary study of 160 British middle and top managers found that they worked without interruption for a half hour or more only about once every two days.[3]

Of the verbal contacts the chief executives in my study engaged in, 93% were arranged on an ad hoc basis. Only 1% of the executives' time was spent in open-ended observational tours. Only 1 out of 368 verbal contacts was unrelated to a specific issue and could therefore be called general planning. Another researcher found that "in *not one single case* did a manager report obtaining important external information from a general conversation or other undirected personal communication."[4]

Is this the planner that the classical view describes? Hardly. The manager is simply responding to the pressures of the job. I found that my chief executives terminated many of their own activities, often leaving meetings before the end, and interrupted their desk work to call in subordinates. One president not only placed his desk so that he could look down a long hallway but also left his door open when he was alone—an invitation for subordinates to come in and interrupt him.

Clearly, these managers wanted to encourage the flow of current information. But more significantly, they seemed to be conditioned by their own work loads. They appreciated the opportunity cost of their own time, and they were continually aware of their ever-present obligations—mail to be answered, callers to attend to, and so on. It seems that a manager is always plagued by the possibilities of what might be done and what must be done.

When managers must plan, they seem to do so implicitly in the context of daily actions, not in some abstract process reserved for two weeks in the organization's mountain retreat. The plans of the chief executives I studied seemed to exist only in their heads—as flexible, but often specific, intentions. The traditional literature notwithstanding, the job of managing does not breed reflective planners; managers respond to stimuli, they are conditioned by their jobs to prefer live to delayed action.

Folklore: The effective manager has no regu-

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lar duties to perform. Managers are constantly being told to spend more time planning and delegating and less time seeing customers and engaging in negotiations. These are not, after all, the true tasks of the manager. To use the popular analogy, the good manager, like the good conductor, carefully orchestrates everything in advance, then sits back, responding occasionally to an unforeseeable exception. But here again the pleasant abstraction just does not seem to hold up.

Fact: Managerial work involves performing a number of regular duties, including ritual and ceremony, negotiations, and processing of soft information that links the organization with its environment. Consider some evidence from the research:

A study of the work of the presidents of small companies found that they engaged in routine activities because their companies could not afford staff specialists and were so thin on operating personnel that a single absence often required the president to substitute.[5]

One study of field sales managers and another of chief executives suggest that it is a natural part of both jobs to see important customers, assuming the managers wish to keep those customers.[6]

Someone, only half in jest, once described the manager as the person who sees visitors so that other people can get their work done. In my study, I found that certain ceremonial duties—meeting visiting dignitaries, giving out gold watches, presiding at Christmas dinners—were an intrinsic part of the chief executive's job.

Studies of managers' information flow suggest that managers play a key role in securing "soft" external information (much of it available only to them because of their status) and in passing it along to their subordinates.

Folklore: The senior manager needs aggregated information, which a formal management information system best provides. Not too long ago, the words *total information system* were everywhere in the management literature. In keeping with the classical view of the manager as that individual perched on the apex of a regulated, hierarchical system, the literature's manager was to receive all important information from a giant, comprehensive MIS.

But lately, these giant MIS systems are not working—managers are simply not using them. The enthusiasm has waned. A look at how managers actually process information makes it clear why.

Fact: Managers strongly favor verbal media, telephone calls and meetings, over documents. Consider the following:

In two British studies, managers spent an average of 66% and 80% of their time in verbal (oral) communication.[7] In my study of five American chief executives, the figure was 78%.

These five chief executives treated mail processing as a burden to be dispensed with. One came in Saturday morning to process 142 pieces of mail in just over three hours, to "get rid of all the stuff." This same manager looked at the first piece of "hard" mail he had received all week, a standard cost report, and put it aside with the comment, "I never look at this."

These same five chief executives responded immediately to 2 of the 40 routine reports they received during the five weeks of my study and to 4 items in the 104 periodicals. They skimmed most of these periodicals in seconds, almost ritualistically. In all, these chief executives of good-sized organizations initiated on their own—that is, not in response to something else—a grand total of 25 pieces of mail during the 25 days I observed them.

An analysis of the mail the executives received reveals an interesting picture—only 13% was of specific and immediate use. So now we have another piece in the puzzle: not much of the mail provides live, current information—the action of a competitor, the mood of a government legislator, or the rating of last night's television show. Yet this is the information that drove the managers, interrupting their meetings and rescheduling their workdays.

Consider another interesting finding. Managers seem to cherish "soft" information, especially gossip, hearsay, and speculation. Why? The reason is its timeliness; today's gossip may be tomorrow's fact. The manager who misses the telephone call revealing that the company's biggest customer was seen golfing with a main competitor may read about a dramatic drop in sales in the next quarterly report. But then it's too late.

To assess the value of historical, aggregated, "hard" MIS information, consider two of the manager's prime uses for information—to identify problems and opportunities[8] and to

How often can you work for a half an hour without interruption?

Today's gossip may be tomorrow's fact—that's why managers cherish hearsay.

build mental models (e.g., how the organization's budget system works, how customers buy products, how changes in the economy affect the organization). The evidence suggests that the manager identifies decision situations and builds models not with the aggregated abstractions an MIS provides but with specific tidbits of data.

Consider the words of Richard Neustadt, who studied the information-collecting habits of Presidents Roosevelt, Truman, and Eisenhower: "It is not information of a general sort that helps a President see personal stakes; not summaries, not surveys, not the *bland amalgams*. Rather…it is the odds and ends of *tangible detail* that pieced together in his mind illuminate the underside of issues put before him. To help himself he must reach out as widely as he can for every scrap of fact, opinion, gossip, bearing on his interests and relationships as President. He must become his own director of his own central intelligence."[9]

The manager's emphasis on this verbal media raises two important points. First, verbal information is stored in the brains of people. Only when people write this information down can it be stored in the files of the organization—whether in metal cabinets or on magnetic tape—and managers apparently do not write down much of what they hear. Thus the strategic data bank of the organization is not in the memory of its computers but in the minds of its managers.

Second, managers' extensive use of verbal media helps to explain why they are reluctant to delegate tasks. It is not as if they can hand a dossier over to subordinates; they must take the time to "dump memory"—to tell subordinates all about the subject. But this could take so long that managers may find it easier to do the task themselves. Thus they are damned by their own information system to a "dilemma of delegation"—to do too much or to delegate to subordinates with inadequate briefing.

Folklore: Management is, or at least is quickly becoming, a science and a profession. By almost any definition of *science* and *profession*, this statement is false. Brief observation of any manager will quickly lay to rest the notion that managers practice a science. A science involves the enaction of systematic, analytically determined procedures or programs. If we do not even know what procedures managers use, how can we prescribe them by scientific analysis? And how can we call management a profession if we cannot specify what managers are to learn? For after all, a profession involves "knowledge of some department of learning or science" *(Random House Dictionary)*.[10]

Fact: The managers' programs—to schedule time, process information, make decisions, and so on—remain locked deep inside their brains. Thus, to describe these programs, we rely on words like *judgment* and *intuition*, seldom stopping to realize that they are merely labels for our ignorance.

I was struck during my study by the fact that the executives I was observing—all very competent—are fundamentally indistinguishable from their counterparts of a hundred years ago (or a thousand years ago). The information they need differs, but they seek it in the same way—by word of mouth. Their decisions concern modern technology, but the procedures they use to make those decisions are the same as the procedures used by nineteenth century managers. Even the computer, so important for the specialized work of the organization, has apparently had no influence on the work procedures of general managers. In fact, the manager is in a kind of loop, with increasingly heavy work pressures but no aid forthcoming from management science.

Considering the facts about managerial work, we can see that the manager's job is enormously complicated and difficult. Managers are overburdened with obligations yet cannot easily delegate their tasks. As a result, they are driven to overwork and forced to do many tasks superficially. Brevity, fragmentation, and verbal communication characterize their work. Yet these are the very characteristics of managerial work that have impeded scientific attempts to improve it. As a result, management scientists have concentrated on the specialized functions of the organization, where it is easier to analyze the procedures and quantify the relevant information.[11]

But the pressures of a manager's job are becoming worse. Where before managers needed to respond only to owners and directors, now they find that subordinates with democratic norms continually reduce their freedom to issue unexplained orders, and a growing number of outside influences (consumer groups, government agencies, and so on) demand attention. Managers have had nowhere to turn for help. The first step in providing such help is to find out what the manager's job really is.

Back to a Basic Description of Managerial Work

Earlier, I defined the manager as that person in charge of an organization or subunit. Besides CEOs, this definition would include vice presidents, bishops, foremen, hockey coaches, and prime ministers. All these "managers" are vested with formal authority over an organizational unit. From formal authority comes status, which leads to various interpersonal relations, and from these comes access to information. Information, in turn, enables the manager to make decisions and strategies for the unit.

The manager's job can be described in terms of various "roles," or organized sets of behaviors identified with a position. My description, shown in "The Manager's Roles," comprises ten roles. As we shall see, formal authority gives rise to the three interpersonal roles, which in turn give rise to the three informational roles; these two sets of roles enable the manager to play the four decisional roles.

Interpersonal Roles

Three of the manager's roles arise directly from formal authority and involve basic interpersonal relationships. First is the *figurehead* role. As the head of an organizational unit, every manager must perform some ceremonial duties. The president greets the touring dignitaries. The foreman attends the wedding of a lathe operator. The sales manager takes an important customer to lunch.

The chief executives of my study spent 12% of their contact time on ceremonial duties; 17% of their incoming mail dealt with acknowledgments and requests related to their status. For example, a letter to a company president requested free merchandise for a crippled schoolchild; diplomas that needed to be signed were put on the desk of the school superinten-

Research on Managerial Work

In seeking to describe managerial work, I conducted my own research and also scanned the literature to integrate the findings of studies from many diverse sources with my own. These studies focused on two different aspects of managerial work. Some were concerned with the characteristics of work—how long managers work, where, at what pace, with what interruptions, with whom they work, and through what media they communicate. Other studies were concerned with the content of work—what activities the managers actually carry out, and why. Thus, after a meeting, one researcher might note that the manager spent 45 minutes with three government officials in their Washington office, while another might record that the manager presented the company's stand on some proposed legislation in order to change a regulation.

A few of the studies of managerial work are widely known, but most have remained buried as single journal articles or isolated books. Among the more important ones I cite are:

- Sune Carlson developed the diary method to study the work characteristics of nine Swedish managing directors. Each kept a detailed log of his activities. Carlson's results are reported in his book *Executive Behaviour*. A number of British researchers, notably Rosemary Stewart, have subsequently used Carlson's method. In *Managers and Their Jobs*, she describes the study of 160 top and middle managers of British companies.
- Leonard Sayles's book *Managerial Behavior* is another important reference. Using a method he refers to as "anthropological," Sayles studied the work content of middle and lower level managers in a large U.S. corporation. Sayles moved freely in the company, collecting whatever information struck him as important.
- Perhaps the best-known source is *Presidential Power*, in which Richard Neustadt analyzes the power and managerial behavior of Presidents Roosevelt, Truman, and Eisenhower. Neustadt used secondary sources—documents and interviews with other parties.
- Robert H. Guest, in *Personnel*, reports on a study of the foreman's working day. Fifty-six U.S. foremen were observed and each of their activities recorded during one eight-hour shift.
- Richard C. Hodgson, Daniel J. Levinson, and Abraham Zaleznik studied a team of three top executives of a U.S. hospital. From that study they wrote *The Executive Role Constellation*. They addressed the way in which work and socioemotional roles were divided among the three managers.
- William F. Whyte, from his study of a street gang during the Depression, wrote *Street Corner Society*. His findings about the gang's workings and leadership, which George C. Homans analyzed in *The Human Group*, suggest interesting similarities of job contents between street gang leaders and corporate managers.

My own study involved five American CEOs of middle- to large-sized organizations—a consulting firm, a technology company, a hospital, a consumer goods company, and a school system. Using a method called "structural observation," during one intensive week of observation for each executive, I recorded various aspects of every piece of mail and every verbal contact. In all, I analyzed 890 pieces of incoming and outgoing mail and 368 verbal contacts.

dent.

Duties that involve interpersonal roles may sometimes be routine, involving little serious communication and no important decision making. Nevertheless, they are important to the smooth functioning of an organization and cannot be ignored.

Managers are responsible for the work of the people of their unit. Their actions in this regard constitute the *leader* role. Some of these actions involve leadership directly—for example, in most organizations the managers are normally responsible for hiring and training their own staff.

In addition, there is the indirect exercise of the leader role. For example, every manager must motivate and encourage employees, somehow reconciling their individual needs with the goals of the organization. In virtually every contact with the manager, subordinates seeking leadership clues ask: "Does she approve?" "How would she like the report to turn out?" "Is she more interested in market share than high profits?"

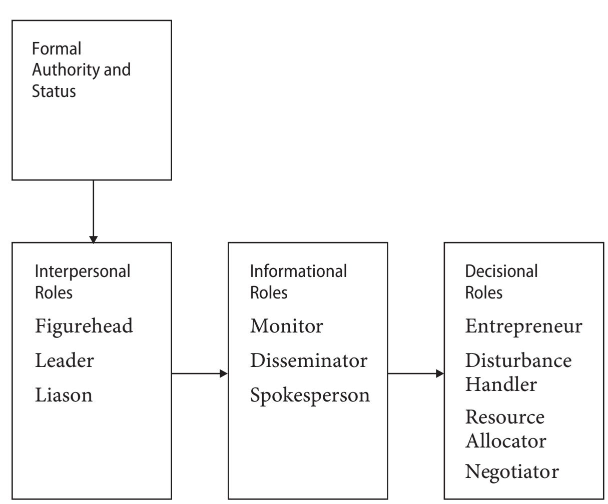
The influence of managers is most clearly seen in the leader role. Formal authority vests them with great potential power; leadership determines in large part how much of it they will realize.

The literature of management has always recognized the leader role, particularly those aspects of it related to motivation. In comparison, until recently it has hardly mentioned the *liaison* role, in which the manager makes contacts outside the vertical chain of command. This is remarkable in light of the finding of virtually every study of managerial work that managers spend as much time with peers and other people outside their units as they do with their own subordinates—and, surprisingly, very little time with their own superiors.

In Rosemary Stewart's diary study, the 160 British middle and top managers spent 47% of their time with peers, 41% of their time with people inside their unit, and only 12% of their time with their superiors. For Robert H. Guest's study of U.S. foremen, the figures were 44%, 46%, and 10%. The chief executives of my study averaged 44% of their contact time with people outside their organizations, 48% with subordinates, and 7% with directors and trustees.

The contacts the five CEOs made were with an incredibly wide range of people: subordinates; clients, business associates, and suppliers; and peers—managers of similar organizations, government and trade organization officials, fellow directors on outside boards, and independents with no relevant organizational affiliations. The chief executives' time with and mail from these groups is shown in "The Chief Executive's Contacts." Guest's study of foremen shows, likewise, that their contacts were numerous and wide-ranging, seldom involving fewer than 25 individuals, and often more than 50.

The Manager's Roles



Informational Roles

By virtue of interpersonal contacts, both with subordinates and with a network of contacts, the manager emerges as the nerve center of the organizational unit. The manager may not know everything but typically knows more than subordinates do.

Studies have shown this relationship to hold for all managers, from street gang leaders to U.S. presidents. In *The Human Group*, George C. Homans explains how, because they were at the center of the information flow in their own gangs and were also in close touch with other gang leaders, street gang leaders were better informed than any of their followers.[12] As for presidents, Richard Neustadt observes: "The essence of {Franklin} Roosevelt's technique for information-gathering was competition. 'He would call you in,' one of his aides once told me, 'and he'd ask you to get the story on some complicated business, and you'd come back after a couple of days of hard labor and present the juicy morsel you'd uncovered under a stone somewhere, and *then* you'd find out he knew all about it, along with something else you *didn't* know. Where he got this information from he wouldn't mention, usually, but after he had done this to you once or twice you got damn careful about *your* information.'"[13]

We can see where Roosevelt "got this information" when we consider the relationship between the interpersonal and informational roles. As leader, the manager has formal and easy access to every staff member. In addition, liaison contacts expose the manager to external information to which subordinates often lack access. Many of these contacts are with other managers of equal status, who are themselves nerve centers in their own organization. In this way, the manager develops a powerful database of information.

Processing information is a key part of the manager's job. In my study, the CEOs spent 40% of their contact time on activities devoted exclusively to the transmission of information; 70% of their incoming mail was purely informational (as opposed to requests for action). Managers don't leave meetings or hang up the telephone to get back to work. In large part, communication *is* their work. Three roles describe these informational aspects of managerial work.

As *monitor*, the manager is perpetually scanning the environment for information, interrogating liaison contacts and subordinates, and receiving unsolicited information, much of it as a result of the network of personal contacts. Remember that a good part of the information the manager collects in the monitor role arrives in verbal form, often as gossip, hearsay, and speculation.

In the *disseminator* role, the manager passes some privileged information directly to subordinates, who would otherwise have no access to it. When subordinates lack easy contact with one another, the manager may pass information from one to another.

In the *spokesperson* role, the manager sends some information to people outside the unit—a president makes a speech to lobby for an organization cause, or a foreman suggests a product modification to a supplier. In addition, as a spokesperson, every manager must inform and satisfy the influential people who control the organizational unit. For the foreman, this may simply involve keeping the plant manager informed about the flow of work through the shop.

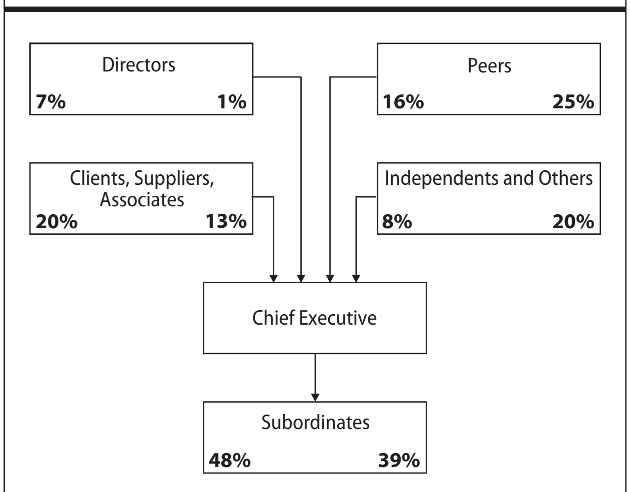
The president of a large corporation, however, may spend a great amount of time dealing with a host of influences. Directors and shareholders must be advised about finances; consumer groups must be assured that the organization is fulfilling its social responsibilities; and government officials must be satisfied that the organization is abiding by the law.

Decisional Roles

Information is not, of course, an end in itself; it is the basic input to decision making. One thing is clear in the study of managerial work: the manager plays the major role in the unit's decision-making system. As its formal authority, only the manager can commit the unit to important new courses of action; and as its nerve center, only the manager has full and current information to make the set of decisions that determines the unit's strategy. Four roles describe the manager as decision maker.

As *entrepreneur*, the manager seeks to improve the unit, to adapt it to changing conditions in the environment. In the monitor role, a president is constantly on the lookout for new ideas. When a good one appears, he initiates a development project that he may supervise himself or delegate to an employee

The Chief Executive's Contacts



Note: The first figure indicates the proportion of total contact time spent with each group and the second figure, the proportion of mail from each group.

Retrospective Commentary

Henry Mintzberg

Over the years, one reaction has dominated the comments I have received from managers who read "The Manager's Job: Folklore and Fact": "You make me feel so good. I thought all those other managers were planning, organizing, coordinating, and controlling, while I was busy being interrupted, jumping from one issue to another, and trying to keep the lid on the chaos." Yet everything in this article must have been patently obvious to these people. Why such a reaction to reading what they already knew?

Conversely, how to explain the very different reaction of two media people who called to line up interviews after an article based on this one appeared in the *New York Times*. "Are we glad someone finally let managers have it," both said in passing, a comment that still takes me aback. True, they had read only the account in the *Times*, but that no more let managers have it than did this article. Why that reaction?

One explanation grows out of the way I now see this article—as proposing not so much another view of management as another face of it. I like to call it the insightful face, in contrast to the long-dominant professional or cerebral face. One stresses commitment, the other calculation; one sees the world with integrated perspective, the other figures it as the components of a portfolio. The cerebral face operates with the words and numbers of rationality; the insightful face is rooted in the images and feel of a manager's integrity.

Each of these faces implies a different kind of "knowing," and that, I believe, explains many managers' reaction to this article. Rationally, they "knew" what managers did—planned, organized, coordinated, and controlled. But deep down that did not feel quite right. The description in this article may have come closer to what they really "knew." As for those media people, they weren't railing against management as such but against the cerebral form of management, so pervasive, that they saw impersonalizing the world around them.

In practice, management has to be two-faced—there has to be a balance between the cerebral and the insightful. So, for example, I realized originally that managerial communication was largely oral and that the advent of the computer had not changed anything fundamental in the executive suite—a conclusion I continue to hold. (The greatest threat the personal computer poses is that managers will take it seriously and come to believe that they can manage by remaining in their offices and looking at displays of digital characters.) But I also thought that the dilemma of delegating could be dealt with by periodic debriefings—disseminating words. Now, however, I believe that managers need more ways to convey the images and impressions they carry inside of them. This explains the renewed interest in strategic vision, in culture, and in the roles of intuition and insight in management.

The ten roles I used to describe the manager's job also reflect management's cerebral face, in that they decompose the job more than capture the integration. Indeed, my effort to show a sequence among these roles now seems more consistent with the traditional face of management work than an insightful one. Might we not just as well say that people throughout the organization take actions that inform managers who, by making sense of those actions, develop images and visions that inspire people to subsequent efforts?

Perhaps my greatest disappointment about the research reported here is that it did not stimulate new efforts. In a world so concerned with management, much of the popular literature is superficial and the academic research pedestrian. Certainly, many studies have been carried out over the last 15 years, but the vast majority sought to replicate earlier research. In particular, we remain grossly ignorant about the fundamental content of the manager's job and have barely addressed the major issues and dilemmas in its practice.

But superficiality is not only a problem of the literature. It is also an occupational hazard of the manager's job. Originally, I believed this problem could be dealt with; now I see it as inherent in the job. This is because managing insightfully depends on the direct experience and personal knowledge that come from intimate contact. But in organizations grown larger and more diversified, that becomes difficult to achieve. And so managers turn increasingly to the cerebral face, and the delicate balance between the two faces is lost.

Certainly, some organizations manage to sustain their humanity despite their large size—as Tom Peters and Robert Waterman show in their book *In Search of Excellence*. But that book attained its outstanding success precisely because it is about the exceptions, about the organizations so many of us long to be a part of—not the organizations in which we actually work.

Fifteen years ago, I stated that "No job is more vital to our society than that of the manager. It is the manager who determines whether our social institutions serve us well or whether they squander our talents and resources." Now, more than ever, we must strip away the folklore of the manager's job and begin to face its difficult facts.

(perhaps with the stipulation that he must approve the final proposal).

There are two interesting features about these development projects at the CEO level. First, these projects do not involve single decisions or even unified clusters of decisions. Rather, they emerge as a series of small decisions and actions sequenced over time. Apparently, chief executives prolong each project both to fit it into a busy, disjointed schedule, and so that they can comprehend complex issues gradually.

Second, the chief executives I studied supervised as many as 50 of these projects at the same time. Some projects entailed new products or processes; others involved public relations campaigns, improvement of the cash position, reorganization of a weak department, resolution of a morale problem in a foreign division, integration of computer operations, various acquisitions at different stages of development, and so on.

Chief executives appear to maintain a kind of inventory of the development projects in various stages of development. Like jugglers, they keep a number of projects in the air; periodically, one comes down, is given a new burst of energy, and sent back into orbit. At various intervals, they put new projects on-stream and discard old ones.

While the entrepreneur role describes the manager as the voluntary initiator of change, the *disturbance handler* role depicts the manager involuntarily responding to pressures. Here change is beyond the manager's control. The pressures of a situation are too severe to be ignored—a strike looms, a major customer has gone bankrupt, or a supplier reneges on a contract—so the manager must act.

Leonard R. Sayles, who has carried out appropriate research on the manager's job, likens the manager to a symphony orchestra conductor who must "maintain a melodious performance,"[14] while handling musicians' problems and other external disturbances. Indeed, every manager must spend a considerable amount of time responding to high-pressure disturbances. No organization can be so well run, so standardized, that it has considered every contingency in the uncertain environment in advance. Disturbances arise not only because poor managers ignore situations until they reach crisis proportions but also because good managers cannot possibly anticipate all the consequences of the actions they take.

The third decisional role is that of *resource allocator*. The manager is responsible for deciding who will get what. Perhaps the most important resource the manager allocates is his or her own time. Access to the manager constitutes exposure to the unit's nerve center and decision maker. The manager is also charged with designing the unit's structure, that pattern of formal relationships that determines how work is to be divided and coordinated.

Also, as resource allocator, the manager authorizes the important decisions of the unit before they are implemented. By retaining this power, the manager can ensure that decisions are interrelated. To fragment this power encourages discontinuous decision making and a disjointed strategy.

There are a number of interesting features about the manager's authorization of others' decisions. First, despite the widespread use of capital budgeting procedures—a means of authorizing various capital expenditures at one time—executives in my study made a great many authorization decisions on an ad hoc basis. Apparently, many projects cannot wait or simply do not have the quantifiable costs and benefits that capital budgeting requires.

Second, I found that the chief executives faced incredibly complex choices. They had to consider the impact of each decision on other decisions and on the organization's strategy. They had to ensure that the decision would be acceptable to those who influence the organization, as well as ensure that resources would not be overextended. They had to understand the various costs and benefits as well as the feasibility of the proposal. They also had to consider questions of timing. All this was necessary for the simple approval of someone else's proposal. At the same time, however, the delay could lose time, while quick approval could be ill-considered and quick rejection might discourage the subordinate who had spent months developing a pet project.

One common solution to approving projects is to pick the person instead of the proposal. That is, the manager authorizes those projects presented by people whose judgment he or she trusts. But the manager cannot always use this simple dodge.

The final decisional role is that of *negotiator*. Managers spend considerable time in negotiations: the president of the football team

The scarcest resource managers have to allocate is their own time.

works out a contract with the holdout superstar; the corporation president leads the company's contingent to negotiate a new strike issue; the foreman argues a grievance problem to its conclusion with the shop steward.

These negotiations are an integral part of the manager's job, for only he or she has the authority to commit organizational resources in "real time" and the nerve-center information that important negotiations require.

The Integrated Job

It should be clear by now that these ten roles are not easily separable. In the terminology of the psychologist, they form a gestalt, an integrated whole. No role can be pulled out of the framework and the job be left intact. For example, a manager without liaison contacts lacks external information. As a result, that manager can neither disseminate the information that employees need nor make decisions that adequately reflect external conditions. (This is a problem for the new person in a managerial position, since he or she has to build up a network of contacts before making effective decisions.)

Here lies a clue to the problems of team management.[15] Two or three people cannot share a single managerial position unless they can act as one entity. This means that they cannot divide up the ten roles unless they can very carefully reintegrate them. The real difficulty lies with the informational roles. Unless there can be full sharing of managerial information—and, as I pointed out earlier, it is primarily verbal—team management breaks down. A single managerial job cannot be arbitrarily split, for example, into internal and external roles, for information from both sources must be brought to bear on the same decisions.

To say that the ten roles form a gestalt is not to say that all managers give equal attention to each role. In fact, I found in my review of the various research studies that sales managers seem to spend relatively more of their time in the interpersonal roles, presumably a reflection of the extrovert nature of the marketing activity. Production managers, on the other hand, give relatively more attention to the decisional roles, presumably a reflection of their concern with efficient work flow. And staff managers spend the most time in the informational roles, since they are experts who manage departments that advise other parts of the organization. Nevertheless, in all cases, the interpersonal, informational, and decisional roles remain inseparable.

Toward More Effective Management

This description of managerial work should prove more important to managers than any prescription they might derive from it. That is to say, *the managers' effectiveness is significantly influenced by their insight into their own work*. Performance depends on how well a manager understands and responds to the pressures and dilemmas of the job. Thus managers who can be introspective about their work are likely to be effective at their jobs. The questions in "Self-Study Questions for Managers" may sound rhetorical; none is meant to be. Even though the questions cannot be answered simply, the manager should address them.

Let us take a look at three specific areas of concern. For the most part, the managerial logjams—the dilemma of delegation, the database centralized in one brain, the problems of working with the management scientist—revolve around the verbal nature of the manager's information. There are great dangers in centralizing the organization's data bank in the minds of its managers. When they leave, they take their memory with them. And when subordinates are out of convenient verbal reach of the manager, they are at an informational disadvantage.

The manager is challenged to find systematic ways to share privileged information. A regular debriefing session with key subordinates, a weekly memory dump on the dictating machine, maintaining a diary for limited circulation, or other similar methods may ease the logjam of work considerably. The time spent disseminating this information will be more than regained when decisions must be made. Of course, some will undoubtedly raise the question of confidentiality. But managers would be well advised to weigh the risks of exposing privileged information against having subordinates who can make effective decisions.

If there is a single theme that runs through this article, it is that the pressures of the job drive the manager to take on too much work, encourage interruption, respond quickly to every stimulus, seek the tangible and avoid the abstract, make decisions in small increments, and do everything abruptly.

Here again, the manager is challenged to deal consciously with the pressures of superficiality by giving serious attention to the issues that require it, by stepping back in order to see a broad picture, and by making use of analytical inputs. Although effective managers have to be adept at responding quickly to numerous and varying problems, the danger in managerial work is that they will respond to every issue equally (and that means abruptly) and that they will never work the tangible bits and pieces of information into a comprehensive picture of their world.

To create this comprehensive picture, managers can supplement their own models with those of specialists. Economists describe the functioning of markets, operations researchers simulate financial flow processes, and behavioral scientists explain the needs and goals of people. The best of these models can be searched out and learned.

In dealing with complex issues, the senior manager has much to gain from a close relationship with the organization's own management scientists. They have something important that the manager lacks—time to probe complex issues. An effective working relationship hinges on the resolution of what a colleague and I have called "the planning dilemma."[16] Managers have the information and the authority; analysts have the time and the technology. A successful working relationship between the two will be effected when the

Self-Study Questions for Managers

1. Where do I get my information, and how? Can I make greater use of my contacts? Can other people do some of my scanning? In what areas is my knowledge weakest, and how can I get others to provide me with the information I need? Do I have sufficiently powerful mental models of those things I must understand within the organization and in its environment?

2. What information do I disseminate? How important is that information to my subordinates? Do I keep too much information to myself because disseminating it is time consuming or inconvenient? How can I get more information to others so they can make better decisions?

3. Do I tend to act before information is in? Or do I wait so long for all the information that opportunities pass me by?

4. What pace of change am I asking my organization to tolerate? Is this change balanced so that our operations are neither excessively static nor overly disrupted? Have we sufficiently analyzed the impact of this change on the future of our organization?

5. Am I sufficiently well-informed to pass judgment on subordinate's proposals? Can I leave final authorization for more of the proposals with subordinates? Do we have problems of coordination because subordinates already make too many decisions independently?

6. What is my vision for this organization? Are these plans primarily in my own mind in loose form? Should I make them explicit to guide the decisions of others better? Or do I need flexibility to change them at will?

7. How do my subordinates react to my managerial style? Am I sufficiently sensitive to the powerful influence of my actions? Do I fully understand their reactions to my actions? Do I find an appropriate balance between encouragement and pressure? Do I stifle their initiative?

8. What kind of external relationships do I maintain, and how? Do I spend too much of my time maintaining them? Are there certain people whom I should get to know better?

9. Is there any system to my time scheduling, or am I just reacting to the pressures of the moment? Do I find the appropriate mix of activities or concentrate on one particular function or problem just because I find it interesting? Am I more efficient with particular kinds of work, at special times of the day or week? Does my schedule reflect this? Can someone else schedule my time (besides my secretary)?

10. Do I overwork? What effect does my work load have on my efficiency? Should I force myself to take breaks or to reduce the pace of my activity?

11. Am I too superficial in what I do? Can I really shift moods as quickly and frequently as my work requires? Should I decrease the amount of fragmentation and interruption in my work?

12. Do I spend too much time on current, tangible activities? Am I a slave to the action and excitement of my work, so that I am no longer able to concentrate on issues? Do key problems receive the attention they deserve? Should I spend more time reading and probing deeply into certain issues? Could I be more reflective? Should I be?

13. Do I use the different media appropriately? Do I know how to make the most of written communication? Do I rely excessively on face-to-face communication, thereby putting all but a few of my subordinates at an informational disadvantage? Do I schedule enough of my meetings on a regular basis? Do I spend enough time observing activities firsthand, or am I detached from the heart of my organization's activities?

14. How do I blend my personal rights and duties? Do my obligations consume all my time? How can I free myself from obligations to ensure that I am taking this organization where I want it to go? How can I turn my obligations to my advantage?

manager learns to share information and the analyst learns to adapt to the manager's needs. For the analyst, adaptation means worrying less about the elegance of the method and more about its speed and flexibility.

Analysts can help the top manager schedule time, feed in analytical information, monitor projects, develop models to aid in making choices, design contingency plans for disturbances that can be anticipated, and conduct "quick and dirty" analyses for those that cannot. But there can be no cooperation if the analysts are out of the mainstream of the manager's information flow.

The manager is challenged to gain control of his or her own time by turning obligations into advantages and by turning those things he or she wishes to do into obligations. The chief executives of my study initiated only 32% of their own contacts (and another 5% by mutual agreement). And yet to a considerable extent they seemed to control their time. There were two key factors that enabled them to do so.

First, managers have to spend so much time discharging obligations that if they were to view them as just that, they would leave no mark on the organization. Unsuccessful managers blame failure on the obligations. Effective managers turn obligations to advantages. A speech is a chance to lobby for a cause; a meeting is a chance to reorganize a weak department; a visit to an important customer is a chance to extract trade information.

Second, the manager frees some time to do the things that he or she—perhaps no one else—thinks important by turning them into obligations. Free time is made, not found. Hoping to leave some time open for contemplation or general planning is tantamount to hoping that the pressures of the job will go away. Managers who want to innovate initiate projects and obligate others to report back to them. Managers who need certain environmental information establish channels that will automatically keep them informed. Managers who have to tour facilities commit themselves publicly.

The Educator's Job

Finally, a word about the training of managers. Our management schools have done an admirable job of training the organization's specialists—management scientists, marketing researchers, accountants, and organizational development specialists. But for the most part, they have not trained managers.[17]

Management schools will begin the serious training of managers when skill training takes a serious place next to cognitive learning. Cognitive learning is detached and informational, like reading a book or listening to a lecture. No doubt much important cognitive material must be assimilated by the manager-to-be. But cognitive learning no more makes a manager than it does a swimmer. The latter will drown the first time she jumps into the water if her coach never takes her out of the lecture hall, gets her wet, and gives her feedback on her performance.

In other words, we are taught a skill through practice plus feedback, whether in a real or a simulated situation. Our management schools need to identify the skills managers use, select students who show potential in these skills, put the students into situations where these skills can be practiced and developed, and then give them systematic feedback on their performance.

My description of managerial work suggests a number of important managerial skills—developing peer relationships, carrying out negotiations, motivating subordinates, resolving conflicts, establishing information networks and subsequently disseminating information, making decisions in conditions of extreme ambiguity, and allocating resources. Above all, the manager needs to be introspective in order to continue to learn on the job.

No job is more vital to our society than that of the manager. The manager determines whether our social institutions will serve us well or whether they will squander our talents and resources. It is time to strip away the folklore about managerial work and study it realistically so that we can begin the difficult task of making significant improvements in its performance.

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Business leaders have much more in common with artists than they do with managers.

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Managers and Leaders

Are They Different?

by Abraham Zaleznik

What is the ideal way to develop leadership? Every society provides its own answer to this question, and each, in groping for answers, defines its deepest concerns about the purposes, distributions, and uses of power. Business has contributed its answer to the leadership question by evolving a new breed called the manager. Simultaneously, business has established a new power ethic that favors collective over individual leadership, the cult of the group over that of personality. While ensuring the competence, control, and the balance of power among groups with the potential for rivalry, managerial leadership unfortunately does not necessarily ensure imagination, creativity, or ethical behavior in guiding the destinies of corporate enterprises.

Leadership inevitably requires using power to influence the thoughts and actions of other people. Power in the hands of an individual entails human risks: first, the risk of equating power with the ability to get immediate results; second, the risk of ignoring the many different ways people can legitimately accumulate power; and third, the risk of losing self-control in the desire for power. The need to hedge these risks accounts in part for the development of collective leadership and the managerial ethic. Consequently, an inherent conservatism dominates the culture of large organizations. In *The Second American Revolution*, John D. Rockefeller III describes the conservatism of organizations:

"An organization is a system, with a logic of its own, and all the weight of tradition and inertia. The deck is stacked in favor of the tried and proven way of doing things and against the taking of risks and striking out in new directions."[1]

Out of this conservatism and inertia, organizations provide succession to power through the development of managers rather than individual leaders. Ironically, this ethic fosters a bureaucratic culture in business, supposedly the last bastion protecting us from the encroachments and controls of bureaucracy in government and education.

Manager vs. Leader Personality

A managerial culture emphasizes rationality and control. Whether his or her energies are directed toward goals, resources, organization structures, or people, a manager is a problem solver. The manager asks: "What problems have to be solved, and what are the best ways to achieve results so that people will continue to contribute to this organization?" From this perspective, leadership is simply a practical effort to direct affairs; and to fulfill his or her task, a manager requires that many people operate efficiently at different levels of status and responsibility. It takes neither genius nor heroism to be a manager, but rather persistence, tough-mindedness, hard work, intelligence, analytical ability, and perhaps most important, tolerance and goodwill.

Another conception of leadership, however, attaches almost mystical beliefs to what a leader is and assumes that only great people are worthy of the drama of power and politics. Here leadership is a psychodrama in which a brilliant, lonely person must gain control of himself or herself as a precondition for controlling others. Such an expectation of leadership contrasts sharply with the mundane, practical, and yet important conception that leadership is really managing work that other people do.

Two questions come to mind. Is this leadership mystique merely a holdover from our childhood—from a sense of dependency and a longing for good and heroic parents? Or is it true that no matter how competent managers are, their leadership stagnates because of their limitations in visualizing purposes and generating value in work? Driven by narrow purposes, without an imaginative capacity and the ability to communicate, do managers then perpetuate group conflicts instead of reforming them into broader desires and goals?

If indeed problems demand greatness, then judging by past performance, the selection and development of leaders leave a great deal to chance. There are no known ways to train "great" leaders. Further, beyond what we leave to chance, there is a deeper issue in the relationship between the need for competent managers and the longing for great leaders.

What it takes to ensure a supply of people who will assume practical responsibility may inhibit the development of great leaders. On the other hand, the presence of great leaders may undermine the development of managers who typically become very anxious in the relative disorder that leaders seem to generate.

It is easy enough to dismiss the dilemma of training managers, though we may need new leaders or leaders at the expense of managers, by saying that the need is for people who can be both. But just as a managerial culture differs from the entrepreneurial culture that develops when leaders appear in organizations, managers and leaders are very different kinds of people. They differ in motivation, personal history, and in how they think and act.

Attitudes Toward Goals

Managers tend to adopt impersonal, if not passive, attitudes toward goals. Managerial goals arise out of necessities rather than desires and, therefore, are deeply embedded in their organization's history and culture.

Frederic G. Donner, chairman and chief executive officer of General Motors from 1958 to 1967, expressed this kind of attitude toward goals in defining GM's position on product development:

"To meet the challenge of the marketplace, we must recognize changes in customer needs and desires far enough ahead to have the right products in the right places at the right time and in the right quantity.

"We must balance trends in preference against the many compromises that are necessary to make a final product that is both reliable and good looking, that performs well and that sells at a competitive price in the necessary volume. We must design not just the cars we would like to build but, more important, the cars that our customers want to buy."[2]

Nowhere in this statement is there a notion that consumer tastes and preferences arise in part as a result of what manufacturers do. In reality, through product design, advertising, and promotion, consumers learn to like what they then say they need. Few would argue that people who enjoy taking snapshots need a camera that also develops pictures. But in response to a need for novelty, convenience, and a shorter interval between acting (snapping the picture) and gaining pleasure (seeing the shot), the Polaroid camera succeeded in the marketplace. It is inconceivable that Edwin Land responded to impressions of consumer need. Instead, he translated a technology (polarization of light) into a product, which proliferated and stimulated consumers' desires.

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The example of Polaroid and Land suggests how leaders think about goals. They are active instead of reactive, shaping ideas instead of responding to them. Leaders adopt a personal and active attitude toward goals. The influence a leader exerts in altering moods, evoking images and expectations, and in establishing specific desires and objectives determines the direction a business takes. The net result of this influence changes the way people think about what is desirable, possible, and necessary.

Conceptions of Work

Managers tend to view work as an enabling process involving some combination of people and ideas interacting to establish strategies and make decisions. They help the process along by calculating the interests in opposition, planning when controversial issues should surface, and reducing tensions. In this enabling process, managers' tactics appear flexible: on one hand, they negotiate and bargain; on the other, they use rewards, punishments, and other forms of coercion.

Alfred P. Sloan's actions at General Motors illustrate how this process works in situations of conflict. The time was the early 1920s when Ford Motor Company still dominated the automobile industry using, as did General Motors, the conventional water-cooled engine. With the full backing of Pierre du Pont, Charles Kettering dedicated himself to the design of an air-cooled copper engine, which, if successful, would be a great technical and marketing coup for GM. Kettering believed in his product, but the manufacturing division heads opposed the new design on two grounds: first, it was technically unreliable, and second, the corporation was putting all its eggs in one basket by investing in a new product instead of attending to the current marketing situation.

In the summer of 1923, after a series of false starts and after its decision to recall the copper engine Chevrolets from dealers and customers, GM management scrapped the project. When it dawned on Kettering that the company had rejected the engine, he was deeply discouraged and wrote to Sloan that, without the "organized resistance" against the project, it would have succeeded and that, unless the project were saved, he would leave the company.

Alfred Sloan was all too aware that Kettering was unhappy and indeed intended to leave General Motors. Sloan was also aware that, while the manufacturing divisions strongly opposed the new engine, Pierre du Pont supported Kettering. Further, Sloan had himself gone on record in a letter to Kettering less than two years earlier expressing full confidence in him. The problem Sloan had was how to make his decision stick, keep Kettering in the organization (he was much too valuable to lose), avoid alienating du Pont, and encourage the division heads to continue developing product lines using conventional water-cooled engines.

Sloan's actions in the face of this conflict reveal much about how managers work. First, he tried to reassure Kettering by presenting the problem in a very ambiguous fashion, suggesting that he and the executive committee sided with Kettering, but that it would not be practical to force the divisions to do what they were opposed to. He presented the problem as being a question of the people, not the product. Second, he proposed to reorganize around the problem by consolidating all functions in a new division that would be responsible for the design, production, and marketing of the new engine. This solution appeared as ambiguous as his efforts to placate Kettering. Sloan wrote: "My plan was to create an independent pilot operation under the sole jurisdiction of Mr. Kettering, a kind of copper-cooled car division. Mr. Kettering would designate his own chief engineer and his production staff to solve the technical problems of manufacture."[3]

Sloan did not discuss the practical value of this solution, which included saddling an inventor with management responsibility, but in effect, he used this plan to limit his conflict with Pierre du Pont.

Essentially, the managerial solution that Sloan arranged limited the options available to others. The structural solution narrowed choices, even limiting emotional reactions to the point where the key people could do nothing but go along. It allowed Sloan to say in his memorandum to du Pont, "We have discussed the matter with Mr. Kettering at some length this morning, and he agrees with us absolutely on every point we made. He appears to receive the suggestion enthusiastically and has every confidence that it can be put across along these lines."[4]

Sloan placated people who opposed his views by developing a structural solution that appeared to give something but in reality only

What it takes to develop managers may inhibit developing leaders.

limited options. He could then authorize the car division's general manager, with whom he basically agreed, to move quickly in designing water-cooled cars for the immediate market demand.

Years later, Sloan wrote, evidently with tongue in cheek, "The copper-cooled car never came up again in a big way. It just died out; I don't know why."[5]

To get people to accept solutions to problems, managers continually need to coordinate and balance opposing views. Interestingly enough, this type of work has much in common with what diplomats and mediators do, with Henry Kissinger apparently an outstanding practitioner. Managers aim to shift balances of power toward solutions acceptable as compromises among conflicting values.

Leaders work in the opposite direction. Where managers act to limit choices, leaders develop fresh approaches to long-standing problems and open issues to new options. To be effective, leaders must project their ideas onto images that excite people and only then develop choices that give those images substance.

John F. Kennedy's brief presidency shows both the strengths and weaknesses connected with the excitement leaders generate in their work. In his inaugural address he said, "Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe, in order to assure the survival and the success of liberty."

This much-quoted statement forced people to react beyond immediate concerns and to identify with Kennedy and with important shared ideals. On closer scrutiny, however, the statement is absurd because it promises a position, which, if adopted, as in the Vietnam War, could produce disastrous results. Yet unless ex-

Retrospective Commentary

It was not so long ago that Bert Lance, President Jimmy Carter's budget director and confidant, declared, "If it ain't broke, don't fix it." This piece of advice fits with how managers think. Leaders understand a different truth: "When it ain't broke may be the only time you can fix it."

In the splendid discipline of the marketplace, past formulas for success today contain the seeds of decay. The U.S. automobile industry has been cited so often as the prime example of the suicidal effect of continuing to do what one has been doing in the wake of success that its story borders on the banal. But it's true. Top executives in the automobile industry, along with managers in many other industries in the United States, have failed to understand the misleading lessons of success, revealing the chronic fault of the managerial mystique.

As a consequence of placing such reliance on the practical measure of continuing to do today and tomorrow what had proven successful yesterday, we face the chilling fact that the United States's largest export during the last decade or more has been jobs. We live with the grim reality that the storehouse of expertise called know-how has diminished. Perhaps most dismal of all, our children and our children's children may not be able to enjoy the same standard of living we worked so hard to achieve, let alone enjoy a higher standard of living as a legacy of the generations.

When "Managers and Leaders: Are They Different?" first appeared in HBR, practicing managers and academics, including many of my colleagues at the Harvard Business School, thought I had taken leave of my senses. Don't ordinary people in an organization with superior structure and process outperform superior people operating in an ordinary organization? To those indoctrinated in the "managerial mystique," talent is ephemeral while organization structure and process are real. The possibility that it takes talent to make a company hum counts for less than acting on those variables managers feel they understand and can control.

Talent is critical to continued success in the marketplace. Yet most organizations today persist in perpetuating the development of managers over leaders. Fortunately, however, there may be an awakening. The chairman of IBM, John Akers, startled the business community with his announcement that IBM intended to abandon its long-held course of running its business as one large corporation. Akers intends to break IBM up into a number of corporations. And while "Big Blue" will continue to be big by most standards, the businesses will run under a leadership and not a managerial mentality. The corporation will no longer rest on the false comforts of economy of scale. Nor will executives be preoccupied with coordination and control, with decentralized operations and centralized financial controls. Process will take a backseat to substance, and the power will flow to executives who are creative and, above all, aggressive.

If other large companies follow this lead, corporate America may recharge, and its ability to compete may rebound. But if left to professional management, U.S. corporations will continue to stagnate.

Since "Managers and Leaders: Are They Different?" was first published, strategy has catapulted itself into the number one position on the managerial hit parade. No aspect of corporate life is indifferent to strategy. Every problem leads to strategic solutions, ranging from how to position products to how to compensate executives. We have a plethora of marketing strategies, employee benefit strategies, and executive development strategies. Strategy, it seems, has repectations are aroused and mobilized, with all the dangers of frustration inherent in heightened desire, new thinking and new choice can never come to light.

Leaders work from high-risk positions; indeed, they are often temperamentally disposed to seek out risk and danger, especially where the chance of opportunity and reward appears promising. From my observations, the reason one individual seeks risks while another approaches problems conservatively depends more on his or her personality and less on conscious choice. For those who become managers, a survival instinct dominates the need for risk, and with that instinct comes an ability to tolerate mundane, practical work. Leaders sometimes react to mundane work as to an affliction.

Relations with Others

Managers prefer to work with people; they avoid solitary activity because it makes them anxious. Several years ago, I directed studies on the psychological aspects of careers. The need to seek out others with whom to work and collaborate seemed to stand out as an important characteristic of managers. When asked, for example, to write imaginative stories in response to a picture showing a single figure (a boy contemplating a violin or a man silhouetted in a state of reflection), managers populated their stories with people. The following is an example of a manager's imaginative story about the young boy contemplating a violin:

"Mom and Dad insisted that their son take music lessons so that someday he can become a concert musician. His instrument was ordered and had just arrived. The boy is weighing the alternatives of playing football with the other kids or playing with the squeak box. He can't understand how his parents could

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placed business policy as the conceptual handle for establishing a corporation's directives.

In relying on strategy, organizations have largely overlooked results. Strategy is an offspring of the branch of economics called industrial organization; it builds models of competition and attempts to position products in competitive markets through analytic techniques. The aggregation of these product positions establishes mission statements and direction for businesses. With the ascendancy of industrial organization in the 1980s, management consultants prospered and faith in the managerial mystique was strengthened, despite the poor performance in the U.S. economy.

To me, the most influential development in management in the last 10 or 15 years has been Lotus 1-2-3. This popular software program makes it possible to create spreadsheets rapidly and repetitively, and that has given form and language to strategic planning. With this methodology, technicians can play with the question, "What if?" Best of all, everyone with access to a computer and the appropriate software can join in the "what if" game.

Alas, while everyone can become a strategist, few can become, and sustain, the position of creator. Vision, the hallmark of leadership, is less a derivative of spreadsheets and more a product of the mind called imagination.

And vision is needed at least as much as strategy to succeed. Business leaders bring to bear a variety of imaginations on the growth of corporations. These imaginations—the marketing imagination, the manufacturing imagination, and others—originate in perceptual capacities we recognize as talent. Talented leaders grasp the significance of anomalies, such as unfulfilled customer needs, manufacturing operations that can be improved significantly, and the potential of technological applications in product development.

Business imaginations are substantive. A leader's imagination impels others to act in ways that are truly, to use James MacGregor Burns's felicitous term, "transformational." But leaders often experience their talent as restlessness, as a desire to upset other people's applecarts, an impelling need to "do things better." As a consequence, a leader may not create a stable working environment; rather, he or she may create a chaotic workplace, with highly charged emotional peaks and valleys.

In "Managers and Leaders: Are They Different?", I argued that a crucial difference between managers and leaders lies in the conceptions they hold, deep in their psyches, of chaos and order. Leaders tolerate chaos and lack of structure and are thus prepared to keep answers in suspense, avoiding premature closure on important issues. Managers seek order and control and are almost compulsively addicted to disposing of problems even before they understand their potential significance. In my experience, seldom do the uncertainties of potential chaos cause problems. Instead, it is the instinctive move to impose order on potential chaos that makes trouble for organizations.

It seems to me that business leaders have much more in common with artists, scientists, and other creative thinkers than they do with managers. For business schools to exploit this commonality of dispositions and interests, the curriculum should worry less about the logics of strategy and imposing the constraints of computer exercises and more about thought experiments in the play of creativity and imagination. If they are successful, they would then do a better job of preparing exceptional men and women for positions of leadership.

—Abraham Zaleznik

think a violin is better than a touchdown.

"After four months of practicing the violin, the boy has had more than enough, Dad is going out of his mind, and Mom is willing to give in reluctantly to their wishes. Football season is now over, but a good third baseman will take the field next spring."

This story illustrates two themes that clarify managerial attitudes toward human relations. The first, as I have suggested, is to seek out activity with other people (that is, the football team), and the second is to maintain a low level of emotional involvement in those relationships. Low emotional involvement appears in the writer's use of conventional metaphors, even clichés, and in the depiction of the ready transformation of potential conflict into harmonious decisions. In this case, the boy, Mom, and Dad agree to give up the violin for sports.

These two themes may seem paradoxical, but their coexistence supports what a manager does, including reconciling differences, seeking compromises, and establishing a balance of power. The story further demonstrates that managers may lack empathy, or the capacity to sense intuitively the thoughts and feelings of others. Consider another story written to the same stimulus picture by someone thought of as a leader by his peers:

"This little boy has the appearance of being a sincere artist, one who is deeply affected by the violin, and has an intense desire to master the instrument.

"He seems to have just completed his normal practice session and appears to be somewhat crestfallen at his inability to produce the sounds that he is sure lie within the violin.

"He appears to be in the process of making a vow to himself to expend the necessary time and effort to play this instrument until he satisfies himself that he is able to bring forth the qualities of music that he feels within himself.

"With this type of determination and carry through, this boy became one of the great violinists of his day."

Empathy is not simply a matter of paying attention to other people. It is also the capacity to take in emotional signals and make them meaningful in a relationship. People who describe another person as "deeply affected," with "intense desire," "crestfallen," and as one who can "vow to himself" would seem to have an inner perceptiveness that they can use in their relationships with others.

Managers relate to people according to the role they play in a sequence of events or in a decision-making process, while leaders, who are concerned with ideas, relate in more intuitive and empathetic ways. The distinction is simply between a manager's attention to *how* things get done and a leader's to *what* the events and decisions mean to participants.

In recent years, managers have adopted from game theory the notion that decision-making events can be one of two types: the win-lose situation (or zero-sum game) or the win-win situation in which everybody in the action comes out ahead. Managers strive to convert win-lose into win-win situations as part of the process of reconciling differences among people and maintaining balances of power.

As an illustration, take the decision of how to allocate capital resources among operating divisions in a large, decentralized organization. On the surface, the dollars available for distribution are limited at any given time. Presumably, therefore, the more one division gets, the less is available for other divisions.

Managers tend to view this situation (as it affects human relations) as a conversion issue: how to make what seems like a win-lose problem into a win-win problem. From that perspective, several solutions come to mind. First, the manager focuses others' attention on procedure and not on substance. Here the players become engrossed in the bigger problem of *how* to make decisions, not *what* decisions to make. Once committed to the bigger problem, these people have to support the outcome since they were involved in formulating the decision-making rules. Because they believe in the rules they formulated, they will accept present losses, believing that next time they will win.

Second, the manager communicates to subordinates indirectly, using "signals" instead of "messages." A signal holds a number of implicit positions, while a message clearly states a position. Signals are inconclusive and subject to reinterpretation should people become upset and angry; messages involve the direct consequence that some people will indeed not like what they hear. The nature of messages heightens emotional response and makes managers anxious. With signals, the question of who wins and who loses often becomes obscured.

Third, the manager plays for time. Managers seem to recognize that with the passage of time and the delay of major decisions, compromises emerge that take the sting out of win-lose situations, and the original "game" will be superseded by additional situations. Compromises mean that one may win and lose simultaneously, depending on which of the games one evaluates.

There are undoubtedly many other tactical moves managers use to change human situations from win-lose to win-win. But the point is that such tactics focus on the decision-making process itself, and that process interests managers rather than leaders. Tactical interests involve costs as well as benefits; they make organizations fatter in bureaucratic and political intrigue and leaner in direct, hard activity and warm human relationships. Consequently, one often hears subordinates characterize managers as inscrutable, detached, and manipulative. These adjectives arise from the subordinates' perception that they are linked together in a process whose purpose is to maintain a controlled as well as rational and equitable structure.

In contrast, one often hears leaders referred to with adjectives rich in emotional content. Leaders attract strong feelings of identity and difference or of love and hate. Human relations in leader-dominated structures often appear turbulent, intense, and at times even disorganized. Such an atmosphere intensifies individual motivation and often produces unanticipated outcomes.

Senses of Self

In *The Varieties of Religious Experience*, William James describes two basic personality types, "once-born" and "twice-born." People of the former personality type are those for whom adjustments to life have been straightforward and whose lives have been more or less a peaceful flow since birth. Twice-borns, on the other hand, have not had an easy time of it. Their lives are marked by a continual struggle to attain some sense of order. Unlike once-borns, they cannot take things for granted. According to James, these personalities have equally different worldviews. For a once-born personality, the sense of self as a guide to conduct and attitude derives from a feeling of being at home and in harmony with one's environment. For a twice-born, the sense of self derives from a feeling of profound separateness.

A sense of belonging or of being separate has a practical significance for the kinds of investments managers and leaders make in their careers. Managers see themselves as conservators and regulators of an existing order of affairs with which they personally identify and from which they gain rewards. A manager's sense of self-worth is enhanced by perpetuating and strengthening existing institutions: he or she is performing in a role that harmonizes with ideals of duty and responsibility. William James had this harmony in mind—this sense of self as flowing easily to and from the outer world—in defining a once-born personality.

Leaders tend to be twice-born personalities, people who feel separate from their environment. They may work in organizations, but they never belong to them. Their sense of who they are does not depend on memberships, work roles, or other social indicators of identity. And that perception of identity may form the theoretical basis for explaining why certain individuals seek opportunities for change. The methods to bring about change may be technological, political, or ideological, but the object is the same: to profoundly alter human, economic, and political relationships.

In considering the development of leadership, we have to examine two different courses of life history: (1) development through socialization, which prepares the individual to guide institutions and to maintain the existing balance of social relations; and (2) development through personal mastery, which impels an individual to struggle for psychological and social change. Society produces its managerial talent through the first line of development; leaders emerge through the second.

Development of Leadership

Every person's development begins with family. Each person experiences the traumas associated with separating from his or her parents, as well as the pain that follows such a wrench. In the same vein, all individuals face the difficulties of achieving self-regulation and self-control. But for some, perhaps a majority, the fortunes of childhood provide adequate gratifications and sufficient opportunities to find substitutes for rewards no longer available. Such individuals, the "once-borns," make moderate identifications with parents and

Leaders' lives are marked by a continual struggle to attain some sense of order.

find a harmony between what they expect and what they are able to realize from life.

But suppose the pains of separation are amplified by a combination of parental demands and individual needs to the degree that a sense of isolation, of being special, or of wariness disrupts the bonds that attach children to parents and other authority figures? Given a special aptitude under such conditions, the person becomes deeply involved in his or her inner world at the expense of interest in the outer world. For such a person, self-esteem no longer depends solely on positive attachments and real rewards. A form of self-reliance takes hold along with expectations of performance and achievement, and perhaps even the desire to do great works.

Such self-perceptions can come to nothing if the individual's talents are negligible. Even with strong talents, there are no guarantees that achievement will follow, let alone that the end result will be for good rather than evil. Other factors enter into development as well. For one, leaders are like artists and other gifted people who often struggle with neuroses; their ability to function varies considerably even over the short run, and some potential leaders lose the struggle altogether. Also, beyond early childhood, the development patterns that affect managers and leaders involve the selective influence of particular people. Managerial personalities form moderate and widely distributed attachments. Leaders, on the other hand, establish, and also break off, intensive one-to-one relationships.

It is a common observation that people with great talents are often indifferent students. No one, for example, could have predicted Einstein's great achievements on the basis of his mediocre record in school. The reason for mediocrity is obviously not the absence of ability. It may result, instead, from self-absorption and the inability to pay attention to the ordinary tasks at hand. The only sure way an individual can interrupt reverie-like preoccupation and self-absorption is to form a deep attachment to a great teacher or other person who understands and has the ability to communicate with the gifted individual.

Whether gifted individuals find what they need in one-to-one relationships depends on the availability of teachers, possibly parental surrogates, whose strengths lie in cultivating talent. Fortunately, when generations meet and the self-selections occur, we learn more about how to develop leaders and how talented people of different generations influence each other.

While apparently destined for mediocre careers, people who form important one-to-one apprenticeship relationships often are able to accelerate and intensify their development. The psychological readiness of an individual to benefit from such a relationship depends on some experience in life that forces that person to turn inward.

Consider Dwight Eisenhower, whose early career in the army foreshadowed very little about his future development. During World War I, while some of his West Point classmates were already experiencing the war firsthand in France, Eisenhower felt "embedded in the monotony and unsought safety of the Zone of the Interior…that was intolerable punishment."[6]

Shortly after World War I, Eisenhower, then a young officer somewhat pessimistic about his career chances, asked for a transfer to Panama to work under General Fox Connor, a senior officer whom he admired. The army turned down his request. This setback was very much on Eisenhower's mind when Ikey, his first born son, succumbed to influenza. Through some sense of responsibility for its own, the army then transferred Eisenhower to Panama, where he took up his duties under General Connor with the shadow of his lost son very much upon him.

In a relationship with the kind of father he would have wanted to be, Eisenhower reverted to being the son he had lost. And in this highly charged situation, he began to learn from his teacher. General Connor offered, and Eisenhower gladly took, a magnificent tutorial on the military. The effects of this relationship on Eisenhower cannot be measured quantitatively, but in examining his career path from that point, one cannot overestimate its significance.

As Eisenhower wrote later about Connor, "Life with General Connor was a sort of graduate school in military affairs and the humanities, leavened by a man who was experienced in his knowledge of men and their conduct. I can never adequately express my gratitude to this one gentleman.…In a lifetime of association with great and good men, he is the one more or less invisible figure to whom I owe an incalculable debt."[7]

Some time after his tour of duty with General Connor, Eisenhower's breakthrough occurred. He received orders to attend the Command and General Staff School at Fort Leavenworth, one of the most competitive schools in the army. It was a coveted appointment, and Eisenhower took advantage of the opportunity. Unlike his performance in high school and West Point, his work at the Command School was excellent; he was graduated first in his class.

Psychological biographies of gifted people repeatedly demonstrate the important part a teacher plays in developing an individual. Andrew Carnegie owed much to his senior, Thomas A. Scott. As head of the Western Division of the Pennsylvania Railroad, Scott recognized talent and the desire to learn in the young telegrapher assigned to him. By giving Carnegie increasing responsibility and by providing him with the opportunity to learn through close personal observation, Scott added to Carnegie's self-confidence and sense of achievement. Because of his own personal strength and achievement, Scott did not fear Carnegie's aggressiveness. Rather, he gave it full play in encouraging Carnegie's initiative.

Great teachers take risks. They bet initially on talent they perceive in younger people. And they risk emotional involvement in working closely with their juniors. The risks do not always pay off, but the willingness to take them appears to be crucial in developing leaders.

Can Organizations Develop Leaders?

A myth about how people learn and develop that seems to have taken hold in American culture also dominates thinking in business. The myth is that people learn best from their peers. Supposedly, the threat of evaluation and even humiliation recedes in peer relations because of the tendency for mutual identification and the social restraints on authoritarian behavior among equals. Peer training in organizations occurs in various forms. The use, for example, of task forces made up of peers from several interested occupational groups (sales, production, research, and finance) supposedly removes the restraints of authority on the individual's willingness to assert and exchange ideas. As a result, so the theory goes, people interact more freely, listen more objectively to criticism and other points of view, and, finally, learn from this healthy interchange.

Another application of peer training exists in some large corporations, such as Philips N.V. in Holland, where organizational structure is built on the principle of joint responsibility of two peers, one representing the commercial end of the business and the other the technical. Formally, both hold equal responsibility for geographic operations or product groups, as the case may be. As a practical matter, it may turn out that one or the other of the peers dominates the management. Nevertheless, the main interaction is between two or more equals.

The principal question I raise about such arrangements is whether they perpetuate the managerial orientation and preclude the formation of one-to-one relationships between senior people and potential leaders.

Aware of the possible stifling effects of peer relationships on aggressiveness and individual initiative, another company, much smaller than Philips, utilizes joint responsibility of peers for operating units, with one important difference. The chief executive of this company encourages competition and rivalry among peers, ultimately rewarding the one who comes out on top with increased responsibility. These hybrid arrangements produce some unintended consequences that can be disastrous. There is no easy way to limit rivalry. Instead, it permeates all levels of the operation and opens the way for the formation of cliques in an atmosphere of intrigue.

One large, integrated oil company has accepted the importance of developing leaders through the direct influence of senior on junior executives. The chairman and chief executive officer regularly selects one talented university graduate whom he appoints his special assistant, and with whom he will work closely for a year. At the end of the year, the junior executive becomes available for assignment to one of the operating divisions, where he or she will be assigned to a responsible post rather than a training position. This apprenticeship acquaints the junior executive firsthand with the use of power and with the important antidotes to the power disease called *hubris*—performance and integrity.

Working in one-to-one relationships, where there is a formal and recognized difference in the power of the players, takes a great deal of

Gifted people need one-to-one relationships. Eisenhower had General Connor, Carnegie had Thomas Scott.

tolerance for emotional interchange. This interchange, inevitable in close working arrangements, probably accounts for the reluctance of many executives to become involved in such relationships. *Fortune* carried an interesting story on the departure of a key executive, John W. Hanley, from the top management of Procter & Gamble to the chief executive officer position at Monsanto.[8] According to this account, the chief executive and chairman of P&G passed over Hanley for appointment to the presidency, instead naming another executive vice president to this post.

The chairman evidently felt he could not work well with Hanley who, by his own acknowledgment, was aggressive, eager to experiment and change practices, and constantly challenged his superior. A chief executive officer naturally has the right to select people with whom he feels congenial. But I wonder whether a greater capacity on the part of senior officers to tolerate the competitive impulses and behavior of their subordinates might not be healthy for corporations. At least a greater tolerance for interchange would not favor the managerial team player at the expense of the individual who might become a leader.

I am constantly surprised at the frequency with which chief executives feel threatened by open challenges to their ideas, as though the source of their authority, rather than their specific ideas, was at issue. In one case, a chief executive officer, who was troubled by the aggressiveness and sometimes outright rudeness of one of his talented vice presidents, used various indirect methods such as group meetings and hints from outside directors to avoid dealing with his subordinate. I advised the executive to deal head-on with what irritated him. I suggested that by direct, face-to-face confrontation, both he and his subordinate would learn to validate the distinction between the authority to be preserved and the issues to be debated.

The ability to confront is also the ability to tolerate aggressive interchange. And that skill not only has the net effect of stripping away the veils of ambiguity and signaling so characteristic of managerial cultures, but also it encourages the emotional relationships leaders need if they are to survive.

1. New York: Harper-Row, 1973, p. 72.

2. Alfred P. Sloan, Jr., *My Years with General Motors* (New York: Doubleday, 1964), p. 440.

3. Ibid, p. 91.

4. Ibid.

5. Ibid, p. 93.

6. Dwight D. Eisenhower, *At Ease: Stories I Tell To Friends* (New York: Doubleday, 1967), p. 136.

7. Ibid, p. 187.

8. "Jack Hanley Got There by Selling Harder," *Fortune*, November 1976.

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What Leaders Really Do

The article reprinted here stands on its own, of course, but it can also be seen as a crucial contribution to a debate that began in 1977, when Harvard Business School professor Abraham Zaleznik published an HBR article with the deceptively mild title "Managers and Leaders: Are They Different?" The piece caused an uproar in business schools. It argued that the theoreticians of scientific management, with their organizational diagrams and time-and-motion studies, were missing half the picture – the half filled with inspiration, vision, and the full spectrum of human drives and desires. The study of leadership hasn't been the same since.

"What Leaders Really Do," first published in 1990, deepens and extends the insights of the 1977 article. Introducing one of those brand-new ideas that seems obvious once it's expressed, retired Harvard Business School professor John Kotter proposes that management and leadership are different but complementary, and that in a changing world, one cannot function without the other. He then enumerates and contrasts the primary tasks of the manager and the leader. His key point bears repeating: Managers promote stability while leaders press for change, and only organizations that embrace both sides of that contradiction can thrive in turbulent times.

They don't make plans; they don't solve problems; they don't even organize people. What leaders really do is prepare organizations for change and help them cope as they struggle through it.

by John P. Kotter

Leadership is different from management, but not for the reasons most people think. Leadership isn't mystical and mysterious. It has nothing to do with having "charisma" or other exotic personality traits. It is not the province of a chosen few. Nor is leadership necessarily better than management or a replacement for it.

Rather, leadership and management are two distinctive and complementary systems of action. Each has its own function and characteristic activities. Both are necessary for success in an increasingly complex and volatile business environment.

Most U.S. corporations today are overmanaged and underled. They need to develop their capacity to exercise leadership. Successful corporations don't wait for leaders to come along. They actively seek out people with leadership potential and expose them to career experiences designed to develop that

Management is about coping with complexity. Leadership, by contrast, is about coping with change.

potential. Indeed, with careful selection, nurturing, and encouragement, dozens of people can play important leadership roles in a business organization.

But while improving their ability to lead, companies should remember that strong leadership with weak management is no better, and is sometimes actually worse, than the reverse. The real challenge is to combine strong leadership and strong management and use each to balance the other.

Of course, not everyone can be good at both leading and managing. Some people have the capacity to become excellent managers but not strong leaders. Others have great leadership potential but, for a variety of reasons, have great difficulty becoming strong managers. Smart companies value both kinds of people and work hard to make them a part of the team.

But when it comes to preparing people for executive jobs, such companies rightly ignore the recent literature that says people cannot manage *and* lead. They try to develop leader-managers. Once companies understand the fundamental difference between leadership and management, they can begin to groom their top people to provide both.

The Difference Between Management and Leadership

Management is about coping with complexity. Its practices and procedures are largely a response to one of the most significant developments of the twentieth century: the emergence of large organizations. Without good management, complex enterprises tend to become chaotic in ways that threaten their very existence. Good management brings a degree of order and consistency to key dimensions like the quality and profitability of products.

Leadership, by contrast, is about coping with change. Part of the reason it has become so important in recent years is that the business world has become more competitive and more volatile. Faster technological change, greater international competition, the deregulation of markets, overcapacity in capital-intensive industries, an unstable oil cartel, raiders with junk bonds, and the changing demographics of the workforce are among the many factors that have contributed to this shift. The net result is that doing what was done yesterday, or doing it 5% better, is no longer a formula for success. Major changes are more and more necessary to survive and compete effectively in this new environment. More change always demands more leadership.

Consider a simple military analogy: A peacetime army can usually survive with good administration and management up and down the hierarchy, coupled with good leadership concentrated at the very top. A wartime army, however, needs competent leadership at all levels. No one yet has figured out how to manage people effectively into battle; they must be led.

These two different functions – coping with complexity and coping with change – shape the characteristic activities of management and leadership. Each system of action involves deciding what needs to be done, creating networks of people and relationships that can accomplish an agenda, and then trying to ensure that those people actually do the job. But each accomplishes these three tasks in different ways.

Companies manage complexity first by *planning and budgeting* – setting targets or goals for the future (typically for the next month or year), establishing detailed steps for achieving those targets, and then allocating resources to accomplish those plans. By contrast, leading an organization to constructive change begins by *setting a direction* – developing a vision of the future (often the distant future) along with strategies for producing the changes needed to achieve that vision.

Management develops the capacity to achieve its plan by *organizing and staffing* – creating an organizational structure and set of jobs for accomplishing plan requirements, staffing the jobs with qualified individuals, communicating the plan to those people, delegating responsibility for carrying out the plan, and devising systems to monitor implementation. The equivalent leadership activity, however, is *aligning people.* This means communicating the new direction to those who can create coalitions that understand the vision and are committed to its achievement.

Finally, management ensures plan accomplishment by *controlling and problem solving* – monitoring results versus the plan in some detail, both formally and informally, by means of reports, meetings, and other tools; identifying deviations; and then planning and organizing to solve the problems. But for leadership, achieving a vision requires *motivating and inspiring* – keeping people moving in the right direction, despite major obstacles to change, by appealing to basic but often untapped human needs, values, and emotions.

A closer examination of each of these activities will help clarify the skills leaders need.

Now retired, ***John P. Kotter*** *was a professor of organizational behavior at Harvard Business School in Boston. He is the author of such books as* The General Managers *(Free Press, 1986),* The Leadership Factor *(Free Press, 1988), and* A Force for Change: How Leadership Differs from Management *(Free Press, 1990).*

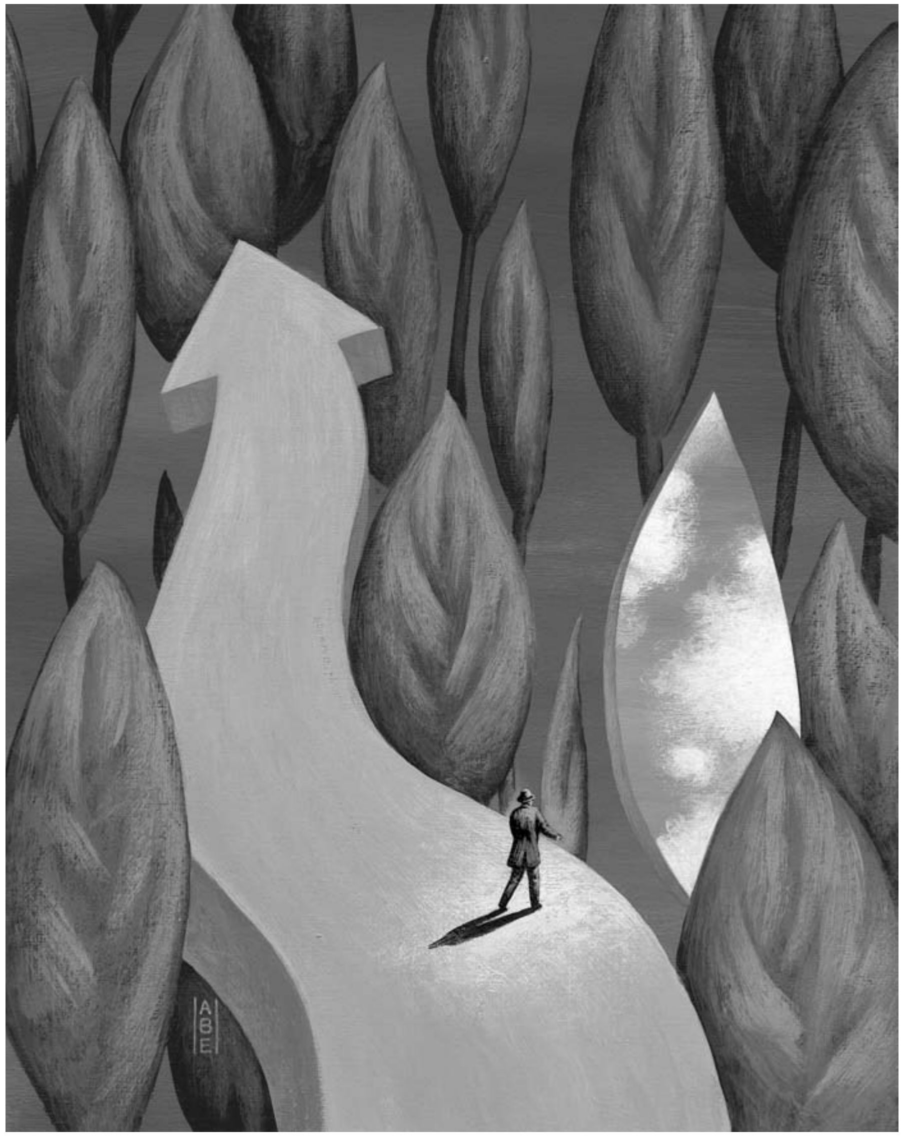
Setting a Direction Versus Planning and Budgeting

Since the function of leadership is to produce change, setting the direction of that change is fundamental to leadership. Setting direction is never the same as planning or even long-term planning, although people often confuse the two. Planning is a management process, deductive in nature and designed to produce orderly results, not change. Setting a direction is more inductive. Leaders gather a broad range of data and look for patterns, relationships, and linkages that help explain things. What's more, the direction-setting aspect of leadership does not produce plans; it creates vision and strategies. These describe a business, technology, or corporate culture in terms of what it should become over the long term and articulate a feasible way of achieving this goal.

Most discussions of vision have a tendency to degenerate into the mystical. The implication is that a vision is something mysterious that mere mortals, even talented ones, could never hope to have. But developing good business direction isn't magic. It is a tough, sometimes exhausting process of gathering and analyzing information. People who articulate such visions aren't magicians but broad-based strategic thinkers who are willing to take risks.

Nor do visions and strategies have to be brilliantly innovative; in fact, some of the best are not. Effective business visions regularly have an almost mundane quality, usually consisting of ideas that are already well known. The particular combination or patterning of the ideas may be new, but sometimes even that is not the case.

For example, when CEO Jan Carlzon articulated his vision to make Scandinavian Airlines System (SAS) the best airline in the world for the frequent business traveler, he was not saying anything that everyone in the airline industry didn't already know. Business travelers fly more consistently than



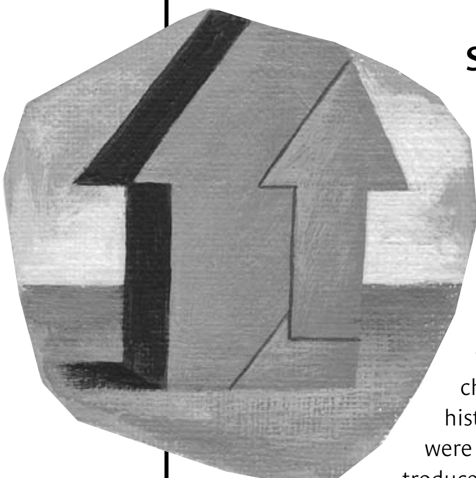
other market segments and are generally willing to pay higher fares. Thus, focusing on business customers offers an airline the possibility of high margins, steady business, and considerable growth. But in an industry known more for bureaucracy than vision, no company had ever put these simple ideas together and dedicated itself to implementing them. SAS did, and it worked.

What's crucial about a vision is not its originality but how well it serves the interests of important constituencies – customers, stockholders, employees – and how easily it can be translated into a realistic competitive strategy. Bad visions tend to ignore the legitimate needs and rights of important constituencies – favoring, say, employees over customers or stockholders. Or they are strategically unsound. When a company that has never been better than a weak competitor in an industry suddenly starts talking about becoming number one, that is a pipe dream, not a vision.

One of the most frequent mistakes that overmanaged and underled corporations make is to embrace long-term planning as a panacea for their lack of direction and inability to adapt to an increasingly competitive and dynamic business environment. But such an approach misinterprets the nature of direction setting and can never work.

Long-term planning is always time consuming. Whenever something unexpected happens, plans have to be redone. In a dynamic business environment, the unexpected often becomes the norm, and long-term planning can become an extraordinarily burdensome activity. That is why most successful corporations limit the time frame of their planning activities. Indeed, some even consider "long-term planning" a contradiction in terms.

ILLUSTRATION: GEORGE ABE



SETTING A DIRECTION:
Lou Gerstner at American Express

When Lou Gerstner became president of the Travel Related Services (TRS) arm at American Express in 1979, the unit was facing one of its biggest challenges in AmEx's 130-year history. Hundreds of banks were offering or planning to introduce credit cards through Visa and MasterCard that would compete with the American Express card. And more than two dozen financial service firms were coming into the traveler's checks business. In a mature marketplace, this increase in competition usually reduces margins and prohibits growth.

But that was not how Gerstner saw the business. Before joining American Express, he had spent five years as a consultant to TRS, analyzing the money-losing travel division and the increasingly competitive card operation. Gerstner and his team asked fundamental questions about the economics, market, and competition and developed a deep understanding of the business. In the process, he began to craft a vision of TRS that looked nothing like a 130-year-old company in a mature industry.

Gerstner thought TRS had the potential to become a dynamic and growing enterprise, despite the onslaught of Visa and MasterCard competition from thousands of banks. The key was to focus on the global marketplace and, specifically, on the relatively affluent customer American Express had been traditionally serving with top-of-the-line products. By further segmenting this market, aggressively developing a broad range of new products and services, and investing to increase productivity and to lower costs, TRS could provide the best service possible to customers who had enough discretionary income to buy many more services from TRS than they had in the past.

Within a week of his appointment, Gerstner brought together the people running the card organization and questioned all the principles by which they conducted their business. In particular, he challenged two widely shared beliefs – that the division should have only one product, the green card, and that this product was limited in potential for growth and innovation.

Gerstner also moved quickly to develop a more entrepreneurial culture, to hire and train people who would thrive in it, and to clearly communicate to them the overall direction. He and other top managers rewarded intelligent risk taking. To make entrepreneurship easier, they discouraged unnecessary bureaucracy. They also upgraded hiring standards and created the TRS Graduate Management Program, which offered high-potential young people special training, an enriched set of experiences, and an unusual degree of exposure to people in top management. To encourage risk taking among all TRS employees, Gerstner also established something called the Great Performers program to recognize and reward truly exceptional customer service, a central tenet in the organization's vision.

These incentives led quickly to new markets, products, and services. TRS expanded its overseas presence dramatically. By 1988, AmEx cards were issued in 29 currencies (as opposed to only 11 a decade earlier). The unit also focused aggressively on two market segments that had historically received little attention: college students and women. In 1981, TRS combined its card and travel-service capabilities to offer corporate clients a unified system to monitor and control travel expenses. And by 1988, AmEx had grown to become the fifth largest direct-mail merchant in the United States.

Other new products and services included 90-day insurance on all purchases made with the AmEx card, a Platinum American Express card, and a revolving credit card known as Optima. In 1988, the company also switched to image-processing technology for billing, producing a more convenient monthly statement for customers and reducing billing costs by 25%.

As a result of these innovations, TRS's net income increased a phenomenal 500% between 1978 and 1987 – a compounded annual rate of about 18%. The business outperformed many so-called high-tech/high-growth companies. With a 1988 return on equity of 28%, it also outperformed most low-growth but high-profit businesses.

In a company without direction, even short-term planning can become a black hole capable of absorbing an infinite amount of time and energy. With no vision and strategy to provide constraints around the planning process or to guide it, every eventuality deserves a plan. Under these circumstances, contingency planning can go on forever, draining time and attention from far more essential activities, yet without ever providing the clear sense of direction that a company desperately needs. After awhile, managers inevitably become cynical, and the planning process can degenerate into a highly politicized game.

Planning works best not as a substitute for direction setting but as a complement to it. A competent planning process serves as a useful reality check on direction-setting activities. Likewise, a competent direction-setting process provides a focus in which planning can then be realistically carried out. It helps clarify what kind of planning is essential and what kind is irrelevant.

Aligning People Versus Organizing and Staffing

A central feature of modern organizations is interdependence, where no one has complete autonomy, where most employees are tied to many others by their work, technology, management systems, and hierarchy. These linkages present a special challenge when organizations attempt to change. Unless many individuals line up and move together in the same direction, people will tend to fall all over one another. To executives who are overeducated in management and undereducated in leadership, the idea of getting people moving in the same direction appears to be an organizational problem. What executives need to do, however, is not organize people but align them.

Managers "organize" to create human systems that can implement plans as precisely and efficiently as possible. Typically, this requires a number of potentially complex decisions. A company must choose a structure of jobs and reporting relationships, staff it with individuals suited to the jobs, provide training for those who need it, communicate plans to the workforce, and decide how much authority to delegate and to whom. Economic incentives also need to be constructed to accomplish the plan, as well as systems to monitor its implementation. These organizational judgments are much like architectural decisions. It's a question of fit within a particular context.

The idea of getting people moving in the same direction appears to be an organizational problem. But what executives need to do is not organize people but align them.

Aligning is different. It is more of a communications challenge than a design problem. Aligning invariably involves talking to many more individuals than organizing does. The target population can involve not only a manager's subordinates but also bosses, peers, staff in other parts of the organization, as well as suppliers, government officials, and even customers. Anyone who can help implement the vision and strategies or who can block implementation is relevant.

Trying to get people to comprehend a vision of an alternative future is also a communications challenge of a completely different magnitude from organizing them to fulfill a short-term plan. It's much like the difference between a football quarterback attempting to describe to his team the next two or three plays versus his trying to explain to them a totally new approach to the game to be used in the second half of the season.

Whether delivered with many words or a few carefully chosen symbols, such messages are not necessarily accepted just because they are understood. Another big challenge in leadership efforts is credibility – getting people to believe the message. Many things contribute to credibility: the track record of the person delivering the message, the content of the message itself, the communicator's reputation for integrity and trustworthiness, and the consistency between words and deeds.

Finally, aligning leads to empowerment in a way that organizing rarely does. One of the reasons some organizations have difficulty adjusting to rapid changes in markets or technology is that so many people in those companies feel relatively powerless. They have learned from experience that even if they correctly perceive important external changes and then initiate appropriate actions, they are vulnerable to someone higher up who does not like what they have done. Reprimands can take many different forms: "That's against policy," or "We can't afford it," or "Shut up and do as you're told."

Alignment helps overcome this problem by empowering people in at least two ways. First, when a clear sense of direction has been communicated throughout an organization, lower-level employees can initiate actions without the same degree of vulnerability. As long as their behavior is consistent with the vision, superiors will have more difficulty reprimanding them. Second, because everyone is aiming at the same target, the probability is less that one person's initiative will be stalled when it comes into conflict with someone else's.

ALIGNING PEOPLE:
Chuck Trowbridge and Bob Crandall at Eastman Kodak

Eastman Kodak entered the copy business in the early 1970s, concentrating on technically sophisticated machines that sold, on average, for about $60,000 each. Over the next decade, this business grew to nearly $1 billion in revenues. But costs were high, profits were hard to find, and problems were nearly everywhere. In 1984, Kodak had to write off $40 million in inventory.

Most people at the company knew there were problems, but they couldn't agree on how to solve them. So in his first two months as general manager of the new copy products group, established in 1984, Chuck Trowbridge met with nearly every key person inside his group, as well as with people elsewhere at Kodak who could be important to the copier business. An especially crucial area was the engineering and manufacturing organization, headed by Bob Crandall.

Trowbridge and Crandall's vision for engineering and manufacturing was simple: to become a world-class manufacturing operation and to create a less bureaucratic and more decentralized organization. Still, this message was difficult to convey because it was such a radical departure from previous communications, not only in the copy products group but throughout most of Kodak. So Crandall set up dozens of vehicles to emphasize the new direction and align people to it: weekly meetings with his own 12 direct reports; monthly "copy product forums" in which a different employee from each of his departments would meet with him as a group; discussions of recent improvements and new projects to achieve still better results; and quarterly "State of the Department" meetings, where his managers met with everybody in their own departments.

Once a month, Crandall and all those who reported to him would also meet with 80 to 100 people from some area of his organization to discuss anything they wanted. To align his biggest supplier – the Kodak Apparatus Division, which supplied one-third of the parts used in design and manufacturing – he and his managers met with the top management of that group over lunch every Thursday. Later, he created a format called "business meetings," where his managers meet with 12 to 20 people on a specific topic, such as inventory or master scheduling. The goal: to get all of his 1,500 employees in at least one of these focused business meetings each year.

Trowbridge and Crandall also enlisted written communication in their cause. A four- to eight-page "Copy Products Journal" was sent to employees once a month. A program called "Dialog Letters" gave employees the opportunity to anonymously ask questions of Crandall and his top managers and be guaranteed a reply. But the most visible and powerful written communications were the charts. In a main hallway near the cafeteria, these huge charts vividly reported the quality, cost, and delivery results for each product, measured against difficult targets. A hundred smaller versions of these charts were scattered throughout the manufacturing area, reporting quality levels and costs for specific work groups.

Results of this intensive alignment process began to appear within six months, and still more surfaced after a year. These successes made the message more credible and helped get more people on board. Between 1984 and 1988, quality on one of the main product lines increased nearly 100-fold. Defects per unit went from 30 to 0.3. Over a three-year period, costs on another product line went down nearly 24%. Deliveries on schedule increased from 82% in 1985 to 95% in 1987. Inventory levels dropped by over 50% between 1984 and 1988, even though the volume of products was increasing. And productivity, measured in units per manufacturing employee, more than doubled between 1985 and 1988.

Motivation and inspiration energize people, not by pushing them in the right direction but by satisfying basic human needs.

Motivating People Versus Controlling and Problem Solving

Since change is the function of leadership, being able to generate highly energized behavior is important for coping with the inevitable barriers to change. Just as direction setting identifies an appropriate path for movement and just as effective alignment gets people moving down that path, successful motivation ensures that they will have the energy to overcome obstacles.

According to the logic of management, control mechanisms compare system behavior with the plan and take action when a deviation is detected. In a well-managed factory, for example, this means the planning process establishes sensible quality targets, the organizing process builds an organization that can achieve those targets, and a control process makes sure that quality lapses are spotted immediately, not in 30 or 60 days, and corrected.

For some of the same reasons that control is so central to management, highly motivated or inspired behavior is almost irrelevant. Managerial processes must be as close as possible to fail-safe and risk free. That means they cannot be dependent on the unusual or hard to obtain. The whole purpose of systems and structures is to help normal people who behave in normal ways to complete routine jobs successfully, day after day. It's not exciting or glamorous. But that's management.

Leadership is different. Achieving grand visions always requires a burst of energy. Motivation and inspiration energize people, not by pushing them in the right direction as control mechanisms do but by satisfying basic human needs for achievement, a sense of belonging, recognition, self-esteem, a feeling of control over one's life, and the ability to live up to one's ideals. Such feelings touch us deeply and elicit a powerful response.

Good leaders motivate people in a variety of ways. First, they always articulate the organization's vision in a manner that stresses the values of the audience they are addressing. This makes the work important to those individuals. Leaders also regularly involve people in deciding how to achieve the organization's vision (or the part most relevant to a particular individual). This gives people a sense of control. Another important motivational technique is to support employee efforts to realize the vision by providing coaching, feedback, and role modeling, thereby helping people grow professionally and enhancing their self-esteem. Finally, good leaders recognize and reward success, which not only gives people a sense of accomplishment but also makes them feel like they belong to an organization that cares about them. When all this is done, the work itself becomes intrinsically motivating.

The more that change characterizes the business environment, the more that leaders must motivate people to provide leadership as well. When this works, it tends to reproduce leadership across the entire organization, with people occupying multiple leadership roles throughout the hierarchy. This is highly valuable, because coping with change in any complex business demands initiatives from a multitude of people. Nothing less will work.

Of course, leadership from many sources does not necessarily converge. To the contrary, it can easily conflict. For multiple leadership roles to work together, people's actions must be carefully coordinated by mechanisms that differ from those coordinating traditional management roles.

Strong networks of informal relationships – the kind found in companies with healthy cultures – help coordinate leadership activities in much the same way that formal structure coordinates managerial activities. The key difference is that informal networks can deal with the greater demands for coordination associated with nonroutine activities and change. The multitude of communication channels and the trust among the individuals connected by those channels allow for an ongoing process of accommodation and adaptation. When conflicts arise among roles, those same relationships help resolve the conflicts. Perhaps most important, this process of dialogue and accommodation can produce visions that are linked and compatible instead of remote and competitive. All this requires a great deal more communication than is needed to coordinate managerial roles, but unlike formal structure, strong informal networks can handle it.

Informal relations of some sort exist in all corporations. But too often these networks are either very weak – some people are well connected but most are not – or they are highly fragmented – a strong network exists inside the marketing group and inside R&D but not across the two departments. Such networks do not support multiple leadership initiatives well. In fact, extensive informal networks are so important that if they do not exist, creating them has to be the focus of activity early in a major leadership initiative.

Creating a Culture of Leadership

Despite the increasing importance of leadership to business success, the on-the-job experiences of most people actually seem to undermine the development of the attributes needed for leadership. Nevertheless, some companies have consistently demonstrated an ability to

MOTIVATING PEOPLE:
Richard Nicolosi at Procter & Gamble

For about 20 years after its founding in 1956, Procter & Gamble's paper products division had experienced little competition for its high-quality, reasonably priced, and well-marketed consumer goods. By the late 1970s, however, the market position of the division had changed. New competitive thrusts hurt P&G badly. For example, industry analysts estimate that the company's market share for disposable diapers fell from 75% in the mid-1970s to 52% in 1984.

That year, Richard Nicolosi came to paper products as the associate general manager, after three years in P&G's smaller and faster moving soft-drink business. He found a heavily bureaucratic and centralized organization that was overly preoccupied with internal functional goals and projects. Almost all information about customers came through highly quantitative market research. The technical people were rewarded for cost savings, the commercial people focused on volume and share, and the two groups were nearly at war with each other.

During the late summer of 1984, top management announced that Nicolosi would become the head of paper products in October, and by August he was unofficially running the division. Immediately he began to stress the need for the division to become more creative and market driven, instead of just trying to be a low-cost producer. "I had to make it very clear," Nicolosi later reported, "that the rules of the game had changed."

The new direction included a much greater stress on teamwork and multiple leadership roles. Nicolosi pushed a strategy of using groups to manage the division and its specific products. In October, he and his team designated themselves as the paper division "board" and began meeting first monthly and then weekly. In November, they established "category teams" to manage their major brand groups (like diapers, tissues, towels) and started pushing responsibility down to these teams. "Shun the incremental," Nicolosi stressed, "and go for the leap."

In December, Nicolosi selectively involved himself in more detail in certain activities. He met with the advertising agency and got to know key creative people. He asked the marketing manager of diapers to report directly to him, eliminating a layer in the hierarchy. He talked more to the people who were working on new product development projects.

In January 1985, the board announced a new organizational structure that included not only category teams but also new-brand business teams. By the spring, the board was ready to plan an important motivational event to communicate the new paper products vision to as many people as possible. On June 4, 1985, all the Cincinnati-based personnel in paper plus sales district managers and paper plant managers – several thousand people in all – met in the local Masonic Temple. Nicolosi and other board members described their vision of an organization where "each of us is a leader." The event was videotaped, and an edited version was sent to all sales offices and plants for everyone to see.

All these activities helped create an entrepreneurial environment where large numbers of people were motivated to realize the new vision. Most innovations came from people dealing with new products. Ultra Pampers, first introduced in February 1985, took the market share of the entire Pampers product line from 40% to 58% and profitability from break-even to positive. And within only a few months of the introduction of Luvs Delux in May 1987, market share for the overall brand grew by 150%.

Other employee initiatives were oriented more toward a functional area, and some came from the bottom of the hierarchy. In the spring of 1986, a few of the division's secretaries, feeling empowered by the new culture, developed a secretaries network. This association established subcommittees on training, on rewards and recognition, and on the "secretary of the future." Echoing the sentiments of many of her peers, one paper products secretary said: "I don't see why we, too, can't contribute to the division's new direction."

By the end of 1988, revenues at the paper products division were up 40% over a four-year period. Profits were up 68%. And this happened despite the fact that the competition continued to get tougher.

develop people into outstanding leader-managers. Recruiting people with leadership potential is only the first step. Equally important is managing their career patterns. Individuals who are effective in large leadership roles often share a number of career experiences.

Perhaps the most typical and most important is significant challenge early in a career. Leaders almost always have had opportunities during their twenties and thirties to actually try to lead, to take a risk, and to learn from both triumphs and failures. Such learning seems essential in developing a wide range of leadership skills and perspectives. These opportunities also teach people something about both the difficulty of leadership and its potential for producing change.

Later in their careers, something equally important happens that has to do with broadening. People who provide effective leadership in important jobs always have a chance, before they get into those jobs, to grow beyond the narrow base that characterizes most managerial careers. This is usually the result of lateral career moves or of early promotions to unusually broad job assignments. Sometimes other vehicles help, like special task-force assignments or a lengthy general management course. Whatever the case, the breadth of knowledge developed in this way seems to be helpful in all aspects of leadership. So does the network of relationships that is often acquired both inside and outside the company. When enough people get opportunities like this, the relationships that are built also help create the strong informal networks needed to support multiple leadership initiatives.

Corporations that do a better-than-average job of developing leaders put an emphasis on creating challenging opportunities for relatively young employees. In many businesses, decentralization is the key. By definition, it pushes responsibility lower in an organization and in the process creates more challenging jobs at lower levels. Johnson & Johnson, 3M, Hewlett-Packard, General Electric, and many other well-known companies have used that approach quite successfully. Some of those same companies also create as many small units as possible so there are a lot of challenging lower-level general management jobs available.

Sometimes these businesses develop additional challenging opportunities by stressing growth through new products or services. Over the years, 3M has had a policy that at least 25% of its revenue should come from products introduced within the last five years. That encourages small new ventures, which in turn offer hundreds of opportunities to test and stretch young people with leadership potential.

Such practices can, almost by themselves, prepare people for small- and medium-sized leadership jobs. But developing people for important leadership positions requires more work on the part of senior executives, often over a long period of time. That work begins with efforts to spot people with great leadership potential early in their careers and to identify what will be needed to stretch and develop them.

Again, there is nothing magic about this process. The methods successful companies use are surprisingly straightforward. They go out of their way to make young employees and people at lower levels in their organizations visible to senior management. Senior managers then judge for themselves who has potential and what the development needs of those people are. Executives also discuss their tentative conclusions among themselves to draw more accurate judgments.

Armed with a clear sense of who has considerable leadership potential and what skills they need to develop, executives in these companies then spend time planning for that development. Sometimes that is done as part of a formal succession planning or high-potential development process; often it is more informal. In either case, the key ingredient appears to be an intelligent assessment of what feasible development opportunities fit each candidate's needs.

Well-led businesses tend to recognize and reward people who successfully develop leaders.

To encourage managers to participate in these activities, well-led businesses tend to recognize and reward people who successfully develop leaders. This is rarely done as part of a formal compensation or bonus formula, simply because it is so difficult to measure such achievements with precision. But it does become a factor in decisions about promotion, especially to the most senior levels, and that seems to make a big difference. When told that future promotions will depend to some degree on their ability to nurture leaders, even people who say that leadership cannot be developed somehow find ways to do it.

Such strategies help create a corporate culture where people value strong leadership and strive to create it. Just as we need more people to provide leadership in the complex organizations that dominate our world today, we also need more people to develop the cultures that will create that leadership. Institutionalizing a leadership-centered culture is the ultimate act of leadership.

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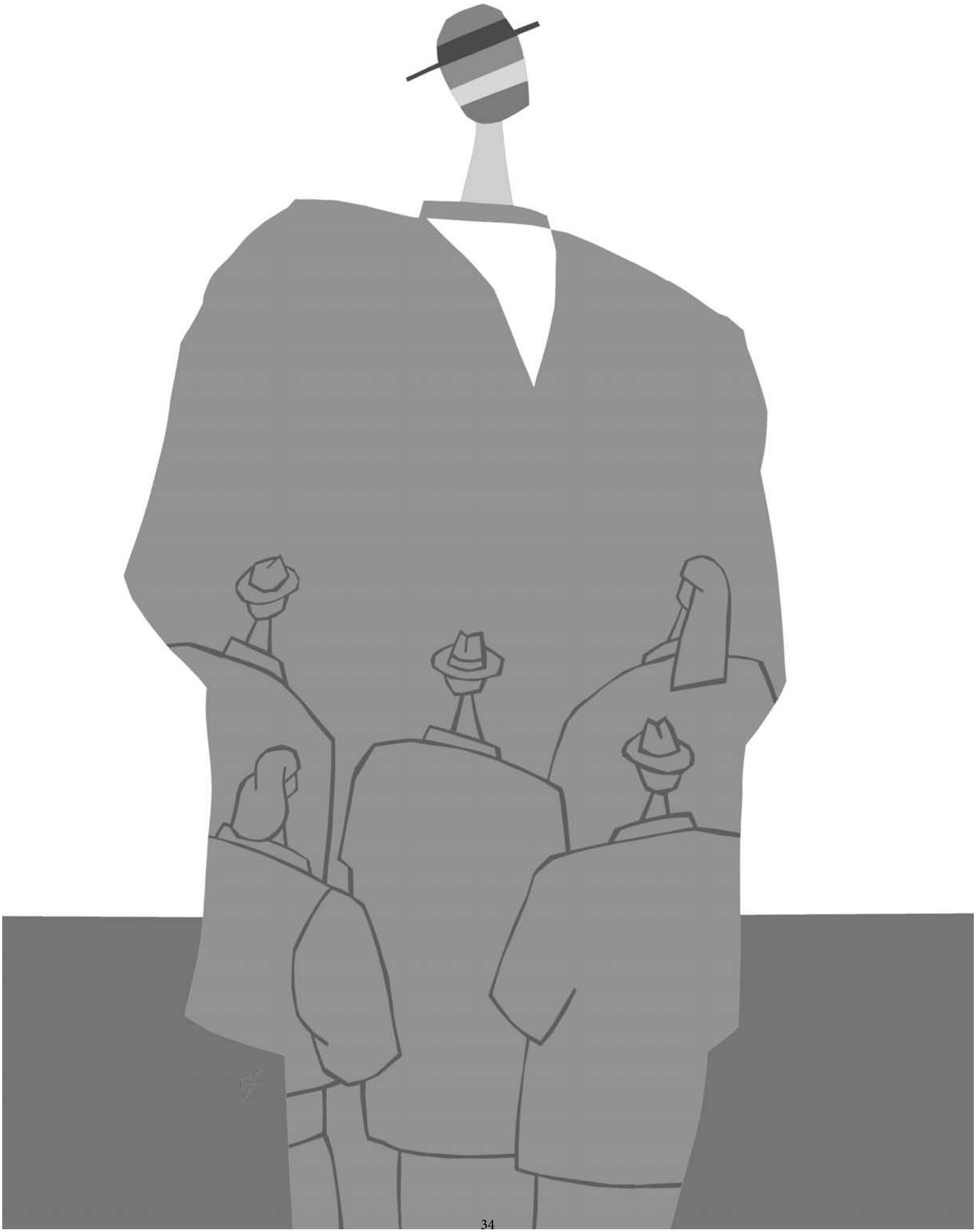

IQ and technical skills are important, but emotional intelligence is the sine qua non of leadership.

What Makes a Leader?

BY DANIEL GOLEMAN

Every businessperson knows a story about a highly intelligent, highly skilled executive who was promoted into a leadership position only to fail at the job. And they also know a story about someone with solid – but not extraordinary – intellectual abilities and technical skills who was promoted into a similar position and then soared.

Such anecdotes support the widespread belief that identifying individuals with the "right stuff" to be leaders is more art than science. After all, the personal styles of superb leaders vary: some leaders are subdued and analytical; others shout their manifestos from the mountaintops. And just as important, different situations call for different

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ARTWORK BY CRAIG FRAZIER

types of leadership. Most mergers need a sensitive negotiator at the helm, whereas many turnarounds require a more forceful authority.

I have found, however, that the most effective leaders are alike in one crucial way: they all have a high degree of what has come to be known as *emotional intelligence.* It's not that IQ and technical skills are irrelevant. They do matter, but mainly as "threshold capabilities"; that is, they are the entry-level requirements for executive positions. But my research, along with other recent studies, clearly shows that emotional intelligence is the sine qua non of leadership. Without it, a person can have the best training in the world, an incisive, analytical mind, and an endless supply of smart ideas, but he still won't make a great leader.

In the course of the past year, my colleagues and I have focused on how emotional intelligence operates at work. We have examined the relationship between emotional intelligence and effective performance, especially in leaders. And we have observed how emotional intelligence shows itself on the job. How can you tell if someone has high emotional intelligence, for example, and how can you recognize it in yourself? In the following pages, we'll explore these questions, taking each of the components of emotional intelligence – self-awareness, self-regulation, motivation, empathy, and social skill – in turn.

Evaluating Emotional Intelligence

Most large companies today have employed trained psychologists to develop what are known as "competency models" to aid them in identifying, training, and promoting likely stars in the leadership firmament. The psychologists have also developed such models for lower-level positions. And in recent years, I have analyzed competency models from 188 companies, most of which were large and global and included the likes of Lucent Technologies, British Airways, and Credit Suisse.

In carrying out this work, my objective was to determine which personal capabilities drove outstanding performance within these organizations, and to what degree they did so. I grouped capabilities into three categories: purely technical skills like accounting and business planning; cognitive abilities like analytical reasoning; and competencies demonstrating emotional intelligence such as the ability to work with others and effectiveness in leading change.

To create some of the competency models, psychologists asked senior managers at the companies to identify the capabilities that typified the organization's most outstanding leaders. To create other models, the psychologists used objective criteria such as a division's profitability to differentiate the star performers at senior levels within their organizations from the average ones. Those individuals were then extensively interviewed and tested, and their capabilities were compared. This process resulted in the creation of lists of ingredients for highly effective leaders. The lists ranged in length from 7 to 15 items and included such ingredients as initiative and strategic vision.

Effective leaders are alike in one crucial way: they all have a high degree of emotional intelligence.

When I analyzed all this data, I found dramatic results. To be sure, intellect was a driver of outstanding performance. Cognitive skills such as big-picture thinking and long-term vision were particularly important. But when I calculated the ratio of technical skills, IQ, and emotional intelligence as ingredients of excellent performance, emotional intelligence proved to be twice as important as the others for jobs at all levels.

Moreover, my analysis showed that emotional intelligence played an increasingly important role at the highest levels of the company, where differences in technical skills are of negligible importance. In other words, the higher the rank of a person considered to be a star performer, the more emotional intelligence capabilities showed up as the reason for his or her effectiveness. When I compared star performers with average ones in senior leadership positions, nearly 90% of the difference in their profiles was attributable to emotional intelligence factors rather than cognitive abilities.

Other researchers have confirmed that emotional intelligence not only distinguishes outstanding leaders but can also be linked to strong performance. The findings of the late David McClelland, the renowned researcher in human and organizational behavior, are a good example. In a 1996 study of a global food and beverage company, McClelland found that when senior managers had a critical mass of emotional intelligence capabilities, their

The Five Components of Emotional Intelligence at Work

	Definition	Hallmarks
Self-Awareness	the ability to recognize and understand your moods, emotions, and drives, as well as their effect on others	self-confidence realistic self-assessment self-deprecating sense of humor
Self-Regulation	the ability to control or redirect disruptive impulses and moods the propensity to suspend judgment – to think before acting	trustworthiness and integrity comfort with ambiguity openness to change
Motivation	a passion to work for reasons that go beyond money or status a propensity to pursue goals with energy and persistence	strong drive to achieve optimism, even in the face of failure organizational commitment
Empathy	the ability to understand the emotional makeup of other people skill in treating people according to their emotional reactions	expertise in building and retaining talent cross-cultural sensitivity service to clients and customers
Social Skill	proficiency in managing relationships and building networks an ability to find common ground and build rapport	effectiveness in leading change persuasiveness expertise in building and leading teams

divisions outperformed yearly earnings goals by 20%. Meanwhile, division leaders without that critical mass underperformed by almost the same amount. McClelland's findings, interestingly, held as true in the company's U.S. divisions as in its divisions in Asia and Europe.

In short, the numbers are beginning to tell us a persuasive story about the link between a company's success and the emotional intelligence of its leaders. And just as important, research is also demonstrating that people can, if they take the right approach, develop their emotional intelligence. (See the insert "Can Emotional Intelligence Be Learned?")

Self-Awareness

Self-awareness is the first component of emotional intelligence – which makes sense when one considers that the Delphic oracle gave the advice to "know thyself" thousands of years ago. Self-awareness means having a deep understanding of one's emotions, strengths, weaknesses, needs, and drives. People with strong self-awareness are neither overly critical nor unrealistically hopeful. Rather, they are honest – with themselves and with others.

People who have a high degree of self-awareness recognize how their feelings affect them, other people, and their job performance. Thus a self-aware person who knows that tight deadlines bring out the worst in him plans his time carefully and gets his work done well in advance. Another person with high self-awareness will be able to work with a demanding client. She will understand the client's impact on her moods and the deeper reasons for her frustration. "Their trivial demands take us away from the real work that needs to be done," she might explain. And she will go one step further and turn her anger into something constructive.

Self-awareness extends to a person's understanding of his or her values and goals. Someone who is highly self-aware knows where he is headed and why; so, for example, he will be able to be firm in turning down a job offer that is tempting financially but does not fit with his principles or long-term goals. A person who lacks self-awareness is apt to make decisions that bring on inner turmoil by treading on buried values. "The money looked good so I signed on," someone might say two years into a job, "but the work means so little to me that I'm constantly bored." The decisions of self-aware people mesh with their values; consequently, they often find work to be energizing.

How can one recognize self-awareness? First and foremost, it shows itself as candor and an ability to assess oneself realistically. People with high self-awareness are able to speak accurately and openly – although not necessarily effusively or confessionally – about their emotions and the impact they have on their work. For instance, one manager I know of was skeptical about a new personal-shopper service that her company, a major department-store chain, was about to introduce. Without prompting from her team or her boss, she offered them an explanation: "It's hard for me to get behind the rollout of this service," she admitted, "because I really wanted to run the project, but I wasn't selected. Bear with me while I deal with that." The manager did indeed examine her feelings; a week later, she was supporting the project fully.

Such self-knowledge often shows itself in the hiring process. Ask a candidate to describe a time he got carried away by his feelings and did something he later regretted. Self-aware candidates will be frank in admitting to failure – and will often tell their tales with a smile. One of the hallmarks of self-awareness is a self-deprecating sense of humor.

Self-awareness can also be identified during performance reviews. Self-aware people know – and are comfortable talking about – their limitations and strengths, and they often demonstrate a thirst for constructive criticism. By contrast, people with low self-awareness interpret the message that they need to improve as a threat or a sign of failure.

> Self-aware job candidates will be frank in admitting to failure – and will often tell their tales with a smile.

Self-aware people can also be recognized by their self-confidence. They have a firm grasp of their capabilities and are less likely to set themselves up to fail by, for example, overstretching on assignments. They know, too, when to ask for help. And the risks they take on the job are calculated. They won't ask for a challenge that they know they can't handle alone. They'll play to their strengths.

Consider the actions of a midlevel employee who was invited to sit in on a strategy meeting with her company's top executives. Although she was the most junior person in the room, she did not sit there quietly, listening in awestruck or fearful silence. She knew she had a head for clear logic and the skill to present ideas persuasively, and she offered cogent suggestions about the company's strategy. At the same time, her self-awareness stopped her from wandering into territory where she knew she was weak.

Despite the value of having self-aware people in the workplace, my research indicates that senior executives don't often give self-awareness the credit it deserves when they look for potential leaders. Many executives mistake candor about feelings for "wimpiness" and fail to give due respect to employees who openly acknowledge their shortcomings. Such people are too readily dismissed as "not tough enough" to lead others.

In fact, the opposite is true. In the first place, people generally admire and respect candor. Further, leaders are constantly required to make judgment calls that require a candid assessment of capabilities – their own and those of others. Do we have the management expertise to acquire a competitor?

Can Emotional Intelligence Be Learned?

For ages, people have debated if leaders are born or made. So too goes the debate about emotional intelligence. Are people born with certain levels of empathy, for example, or do they acquire empathy as a result of life's experiences? The answer is both. Scientific inquiry strongly suggests that there is a genetic component to emotional intelligence. Psychological and developmental research indicates that nurture plays a role as well. How much of each perhaps will never be known, but research and practice clearly demonstrate that emotional intelligence can be learned.

One thing is certain: emotional intelligence increases with age. There is an old-fashioned word for the phenomenon: maturity. Yet even with maturity, some people still need training to enhance their emotional intelligence. Unfortunately, far too many training programs that intend to build leadership skills – including emotional intelligence – are a waste of time and money. The problem is simple: they focus on the wrong part of the brain.

Emotional intelligence is born largely in the neurotransmitters of the brain's limbic system, which governs feelings, impulses, and drives. Research indicates that the limbic system learns best through motivation, extended practice, and feedback. Compare this with the kind of learning that goes on in the neocortex, which governs analytical and technical ability. The neocortex grasps concepts and logic. It is the part of the brain that figures out how to use a computer or make a sales call by reading a book. Not surprisingly – but mistakenly – it is also the part of the brain targeted by most training programs aimed at enhancing emotional intelligence. When such programs take, in effect, a neocortical approach, my research with the Consortium for Research on Emotional Intelligence in Organizations has shown they can even have a *negative* impact on people's job performance.

To enhance emotional intelligence, organizations must refocus their training to include the limbic system. They must help people break old behavioral habits and establish new ones. That not only takes much more time than conventional training programs, it also requires an individualized approach.

Imagine an executive who is thought to be low on empathy by her colleagues. Part of that deficit shows itself as an inability to listen; she interrupts people and doesn't pay close attention to what they're saying. To fix the problem, the executive needs to be motivated to change, and then she needs practice and feedback from others in the company. A colleague or coach could be tapped to let the executive know when she has been observed failing to listen. She would then have to replay the incident and give a better response; that is, demonstrate her ability to absorb what others are saying. And the executive could be directed to observe certain executives who listen well and to mimic their behavior.

With persistence and practice, such a process can lead to lasting results. I know one Wall Street executive who sought to improve his empathy – specifically his ability to read people's reactions and see their perspectives. Before beginning his quest, the executive's subordinates were terrified of working with him. People even went so far as to hide bad news from him. Naturally, he was shocked when finally confronted with these facts. He went home and told his family – but they only confirmed what he had heard at work. When their opinions on any given subject did not mesh with his, they, too, were frightened of him.

Enlisting the help of a coach, the executive went to work to heighten his empathy through practice and feedback. His first step was to take a vacation to a foreign country where he did not speak the language. While there, he monitored his reactions to the unfamiliar and his openness to people who were different from him. When he returned home, humbled by his week abroad, the executive asked his coach to shadow him for parts of the day, several times a week, in order to critique how he treated people with new or different perspectives. At the same time, he consciously used on-the-job interactions as opportunities to practice "hearing" ideas that differed from his. Finally, the executive had himself videotaped in meetings and asked those who worked for and with him to critique his ability to acknowledge and understand the feelings of others. It took several months, but the executive's emotional intelligence did ultimately rise, and the improvement was reflected in his overall performance on the job.

It's important to emphasize that building one's emotional intelligence cannot – will not – happen without sincere desire and concerted effort. A brief seminar won't help; nor can one buy a how-to manual. It is much harder to learn to empathize – to internalize empathy as a natural response to people – than it is to become adept at regression analysis. But it can be done. "Nothing great was ever achieved without enthusiasm," wrote Ralph Waldo Emerson. If your goal is to become a real leader, these words can serve as a guidepost in your efforts to develop high emotional intelligence.

Can we launch a new product within six months? People who assess themselves honestly – that is, self-aware people – are well suited to do the same for the organizations they run.

Self-Regulation

Biological impulses drive our emotions. We cannot do away with them – but we can do much to manage them. Self-regulation, which is like an ongoing inner conversation, is the component of emotional intelligence that frees us from being prisoners of our feelings. People engaged in such a conversation feel bad moods and emotional impulses just as everyone else does, but they find ways to control them and even to channel them in useful ways.

Imagine an executive who has just watched a team of his employees present a botched analysis to the company's board of directors. In the gloom that follows, the executive might find himself tempted to pound on the table in anger or kick over a chair. He could leap up and scream at the group. Or he might maintain a grim silence, glaring at everyone before stalking off.

But if he had a gift for self-regulation, he would choose a different approach. He would pick his words carefully, acknowledging the team's poor performance without rushing to any hasty judgment. He would then step back to consider the reasons for the failure. Are they personal – a lack of effort? Are there any mitigating factors? What was his role in the debacle? After considering these questions, he would call the team together, lay out the incident's consequences, and offer his feelings about it. He would then present his analysis of the problem and a well-considered solution.

Why does self-regulation matter so much for leaders? First of all, people who are in control of their feelings and impulses – that is, people who are reasonable – are able to create an environment of trust and fairness. In such an environment, politics and infighting are sharply reduced and productivity is high. Talented people flock to the organization and aren't tempted to leave. And self-regulation has a trickle-down effect. No one wants to be known as a hothead when the boss is known for her calm approach. Fewer bad moods at the top mean fewer throughout the organization.

Second, self-regulation is important for competitive reasons. Everyone knows that business today is rife with ambiguity and change. Companies merge and break apart regularly. Technology transforms work at a dizzying pace. People who have mastered their emotions are able to roll with the changes. When a new change program is announced, they don't panic; instead, they are able to suspend judgment, seek out information, and listen to executives explain the new program. As the initiative moves forward, they are able to move with it.

Sometimes they even lead the way. Consider the case of a manager at a large manufacturing company. Like her colleagues, she had used a certain software program for five years. The program drove how she collected and reported data and how she thought about the company's strategy. One day, senior executives announced that a new program was to be installed that would radically change how information was gathered and assessed within the organization. While many people in the company complained bitterly about how disruptive the change would be, the manager mulled over the reasons for the new program and was convinced of its potential to improve performance. She eagerly attended training sessions – some of her colleagues refused to do so – and was eventually promoted to run several divisions, in part because she used the new technology so effectively.

> People who have mastered their emotions are able to roll with the changes. They don't panic.

I want to push the importance of self-regulation to leadership even further and make the case that it enhances integrity, which is not only a personal virtue but also an organizational strength. Many of the bad things that happen in companies are a function of impulsive behavior. People rarely plan to exaggerate profits, pad expense accounts, dip into the till, or abuse power for selfish ends. Instead, an opportunity presents itself, and people with low impulse control just say yes.

By contrast, consider the behavior of the senior executive at a large food company. The executive was scrupulously honest in his negotiations with local distributors. He would routinely lay out his cost structure in detail, thereby giving the distributors a realistic understanding of the company's pricing. This approach meant the executive couldn't always drive a hard bargain. Now, on occasion, he felt the urge to increase profits by withholding information about the company's costs. But he challenged that impulse – he saw that it made more sense in the long run to counteract it. His emotional self-regulation paid off in strong, lasting relationships with distributors that benefited the company more than any short-term financial gains would have.

The signs of emotional self-regulation, therefore, are not hard to miss: a propensity for reflection and thoughtfulness; comfort with ambiguity and change; and integrity – an ability to say no to impulsive urges.

Like self-awareness, self-regulation often does not get its due. People who can master their emotions are sometimes seen as cold fish – their considered responses are taken as a lack of passion. People with fiery temperaments are frequently thought of as "classic" leaders – their outbursts are considered hallmarks of charisma and power. But when such people make it to the top, their impulsiveness often works against them. In my research, extreme displays of negative emotion have never emerged as a driver of good leadership.

Motivation

If there is one trait that virtually all effective leaders have, it is motivation. They are driven to achieve beyond expectations – their own and everyone else's. The key word here is *achieve.* Plenty of people are motivated by external factors such as a big salary or the status that comes from having an impressive title or being part of a prestigious company. By contrast, those with leadership potential are motivated by a deeply embedded desire to achieve for the sake of achievement.

If you are looking for leaders, how can you identify people who are motivated by the drive to achieve rather than by external rewards? The first sign is a passion for the work itself – such people seek out creative challenges, love to learn, and take great pride in a job well done. They also display an unflagging energy to do things better. People with such energy often seem restless with the status quo. They are persistent with their questions about why things are done one way rather than another; they are eager to explore new approaches to their work.

A cosmetics company manager, for example, was frustrated that he had to wait two weeks to get sales results from people in the field. He finally tracked down an automated phone system that would beep each of his salespeople at 5 P.M. every day. An automated message then prompted them

People who are in control of their feelings can tame their emotional impulses and redirect them in useful ways.

to punch in their numbers – how many calls and sales they had made that day. The system shortened the feedback time on sales results from weeks to hours.

That story illustrates two other common traits of people who are driven to achieve. They are forever raising the performance bar, and they like to keep score. Take the performance bar first. During performance reviews, people with high levels of motivation might ask to be "stretched" by their superiors. Of course, an employee who combines self-awareness with internal motivation will recognize her limits – but she won't settle for objectives that seem too easy to fulfill.

And it follows naturally that people who are driven to do better also want a way of tracking progress – their own, their team's, and their company's. Whereas people with low achievement motivation are often fuzzy about results, those with high achievement motivation often keep score by tracking such hard measures as profitability or market share. I know of a money manager who starts and ends his day on the Internet, gauging the performance of his stock fund against four industry-set benchmarks.

Interestingly, people with high motivation remain optimistic even when the score is against them. In such cases, self-regulation combines with achievement motivation to overcome the frustration and depression that come after a setback or failure. Take the case of an another portfolio manager at a large investment company. After several successful years, her fund tumbled for three consecutive quarters, leading three large institutional clients to shift their business elsewhere.

Some executives would have blamed the nosedive on circumstances outside their control; others might have seen the setback as evidence of personal failure. This portfolio manager, however, saw an opportunity to prove she could lead a turnaround. Two years later, when she was promoted to a very senior level in the company, she described the experience as "the best thing that ever happened to me; I learned so much from it."

Executives trying to recognize high levels of achievement motivation in their people can look for one last piece of evidence: commitment to the organization. When people love their job for the work itself, they often feel committed to the organizations that make that work possible. Committed employees are likely to stay with an organization even when they are pursued by headhunters waving money.

It's not difficult to understand how and why a motivation to achieve translates into strong leadership. If you set the performance bar high for yourself, you will do the same for the organization when you are in a position to do so. Likewise, a drive to surpass goals and an interest in keeping score can be contagious. Leaders with these traits can often build a team of managers around them with the same traits. And of course, optimism and organizational commitment are fundamental to leadership – just try to imagine running a company without them.

Empathy

Of all the dimensions of emotional intelligence, empathy is the most easily recognized. We have all felt the empathy of a sensitive teacher or friend; we have all been struck by its absence in an unfeeling coach or boss. But when it comes to business, we rarely hear people praised, let alone rewarded, for their empathy. The very word seems unbusinesslike, out of place amid the tough realities of the marketplace.

But empathy doesn't mean a kind of "I'm okay, you're okay" mushiness. For a leader, that is, it doesn't mean adopting other people's emotions as one's own and trying to please everybody. That would be a nightmare – it would make action impossible. Rather, empathy means thoughtfully considering employees' feelings – along with other factors – in the process of making intelligent decisions.

> The very word *empathy* seems unbusinesslike, out of place amid the tough realities of the marketplace.

For an example of empathy in action, consider what happened when two giant brokerage companies merged, creating redundant jobs in all their divisions. One division manager called his people together and gave a gloomy speech that emphasized the number of people who would soon be fired. The manager of another division gave his people a different kind of speech. He was upfront about his own worry and confusion, and he promised to keep people informed and to treat everyone fairly.

The difference between these two managers was empathy. The first manager was too worried about his own fate to consider the feelings of his anxiety-stricken colleagues. The second knew intuitively what his people were feeling, and he acknowledged their fears with his words. Is it any surprise that the first manager saw his division sink as many demoralized people, especially the most talented, departed? By contrast, the second manager continued to be a strong leader, his best people stayed, and his division remained as productive as ever.

Empathy is particularly important today as a component of leadership for at least three reasons: the increasing use of teams; the rapid pace of globalization; and the growing need to retain talent.

Consider the challenge of leading a team. As anyone who has ever been a part of one can attest, teams are cauldrons of bubbling emotions. They are often charged with reaching a consensus – hard enough with two people and much more difficult as the numbers increase. Even in groups with as few as four or five members, alliances form and clashing agendas get set. A team's leader must be able to sense and understand the viewpoints of everyone around the table.

That's exactly what a marketing manager at a large information technology company was able to do when she was appointed to lead a troubled team. The group was in turmoil, overloaded by work and missing deadlines. Tensions were high among the members. Tinkering with procedures was not enough to bring the group together and make it an effective part of the company.

So the manager took several steps. In a series of one-on-one sessions, she took the time to listen to everyone in the group – what was frustrating them, how they rated their colleagues, whether they felt they had been ignored. And then she directed the team in a way that brought it together: she encouraged people to speak more openly about their frustrations, and she helped people raise constructive complaints during meetings. In short, her empathy allowed her to understand her team's emotional makeup. The result was not just heightened collaboration among members but also added business, as the team was called on for help by a wider range of internal clients.

Globalization is another reason for the rising importance of empathy for business leaders. Cross-cultural dialogue can easily lead to miscues and misunderstandings. Empathy is an antidote. People who have it are attuned to subtleties in body language; they can hear the message beneath the words being spoken. Beyond that, they have a deep understanding of the existence and importance of cultural and ethnic differences.

Consider the case of an American consultant whose team had just pitched a project to a potential Japanese client. In its dealings with Americans, the team was accustomed to being bombarded with questions after such a proposal, but this time it was greeted with a long silence. Other members of the team, taking the silence as disapproval, were ready to pack and leave. The lead consultant gestured them to stop. Although he was not particularly familiar with Japanese culture, he read the client's face and posture and sensed not rejection but interest – even deep consideration. He was right: when the client finally spoke, it was to give the consulting firm the job.

Finally, empathy plays a key role in the retention of talent, particularly in today's information economy. Leaders have always needed empathy to develop and keep good people, but today the stakes are higher. When good people leave, they take the company's knowledge with them.

That's where coaching and mentoring come in. It has repeatedly been shown that coaching and mentoring pay off not just in better performance but also in increased job satisfaction and decreased turnover. But what makes coaching and mentoring work best is the nature of the relationship. Outstanding coaches and mentors get inside the heads of the people they are helping. They sense how to give effective feedback. They know when to push for better performance and when to hold back. In the way they motivate their protégés, they demonstrate empathy in action.

In what is probably sounding like a refrain, let me repeat that empathy doesn't get much respect in business. People wonder how leaders can make hard decisions if they are "feeling" for all the people who will be affected. But leaders with empathy do more than sympathize with people around them: they use their knowledge to improve their companies in subtle but important ways.

Social skill is friendliness with a purpose: moving people in the direction you desire.

Social Skill

The first three components of emotional intelligence are all self-management skills. The last two, empathy and social skill, concern a person's ability to manage relationships with others. As a component of emotional intelligence, social skill is not as simple as it sounds. It's not just a matter of friendliness, although people with high levels of social skill are rarely mean-spirited. Social skill, rather, is friendliness with a purpose: moving people in the direction you desire, whether that's agreement on a new marketing strategy or enthusiasm about a new product.

Socially skilled people tend to have a wide circle of acquaintances, and they have a knack for finding common ground with people of all kinds – a knack for building rapport. That doesn't mean they socialize continually; it means they work according to the assumption that nothing important gets done alone. Such people have a network in place when the time for action comes.

Social skill is the culmination of the other dimensions of emotional intelligence. People tend to be very effective at managing relationships when they can understand and control their own emotions and can empathize with the feelings of others. Even motivation contributes to social skill. Remember that people who are driven to achieve tend to be optimistic, even in the face of setbacks or failure. When people are upbeat, their "glow" is cast upon conversations and other social encounters. They are popular, and for good reason.

Because it is the outcome of the other dimensions of emotional intelligence, social skill is recognizable on the job in many ways that will by now sound familiar. Socially skilled people, for instance, are adept at managing teams – that's their empathy at work. Likewise, they are expert persuaders – a manifestation of self-awareness, self-regulation, and empathy combined. Given those skills, good persuaders know when to make an emotional plea, for instance, and when an appeal to reason will work better. And motivation, when publicly visible, makes such people excellent collaborators; their passion for the work spreads to others, and they are driven to find solutions.

But sometimes social skill shows itself in ways the other emotional intelligence components do not. For instance, socially skilled people may at times appear not to be working while at work. They seem to be idly schmoozing – chatting in the hallways with colleagues or joking around with people who are not even connected to their "real" jobs. Socially skilled people, however, don't think it makes sense to arbitrarily limit the scope of their relationships. They build bonds widely because they know that in these fluid times, they may need help someday from people they are just getting to know today.

For example, consider the case of an executive in the strategy department of a global computer manufacturer. By 1993, he was convinced that the company's future lay with the Internet. Over the course of the next year, he found kindred spirits and used his social skill to stitch together a virtual community that cut across levels, divisions, and nations. He then used this de facto team to put up a corporate Web site, among the first by a major company. And, on his own initiative, with no budget or formal status, he signed up the company to participate in an annual Internet industry convention. Calling on his allies and persuading various divisions to donate funds, he recruited more than 50 people from a dozen different units to represent the company at the convention.

Management took notice: within a year of the conference, the executive's team formed the basis for the company's first Internet division, and he was formally put in charge of it. To get there, the executive had ignored conventional boundaries, forging and maintaining connections with people in every corner of the organization.

Emotional intelligence can be learned. The process is not easy. It takes time and commitment.

Is social skill considered a key leadership capability in most companies? The answer is yes, especially when compared with the other components of emotional intelligence. People seem to know intuitively that leaders need to manage relationships effectively; no leader is an island. After all, the leader's task is to get work done through other people, and social skill makes that possible. A leader who cannot express her empathy may as well not have it at all. And a leader's motivation will be useless if he cannot communicate his passion to the organization. Social skill allows leaders to put their emotional intelligence to work.

It would be foolish to assert that good-old-fashioned IQ and technical ability are not important ingredients in strong leadership. But the recipe would not be complete without emotional intelligence. It was once thought that the components of emotional intelligence were "nice to have" in business leaders. But now we know that, for the sake of performance, these are ingredients that leaders "need to have."

It is fortunate, then, that emotional intelligence can be learned. The process is not easy. It takes time and, most of all, commitment. But the benefits that come from having a well-developed emotional intelligence, both for the individual and for the organization, make it worth the effort.

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We all know that leaders need vision and energy. But to be inspirational, leaders need four other qualities. Probably not what you'd expect, these qualities can be honed by almost anyone willing to dig deeply into their true selves.

Why Should Anyone Be Led by You?

by Robert Goffee and Gareth Jones

If you want to silence a room of executives, try this small trick. Ask them, "Why would anyone want to be led by you?" We've asked just that question for the past ten years while consulting for dozens of companies in Europe and the United States. Without fail, the response is a sudden, stunned hush. All you can hear are knees knocking.

Executives have good reason to be scared. You can't do anything in business without followers, and followers in these "empowered" times are hard to find. So executives had better know what it takes to lead effectively—they must find ways to engage people and rouse their commitment to company goals. But most don't know how, and who can blame them? There's simply too much advice out there. Last year alone, more than 2,000 books on leadership were published, some of them even repackaging Moses and Shakespeare as leadership gurus.

We've yet to hear advice that tells the whole truth about leadership. Yes, everyone agrees that leaders need vision, energy, authority, and strategic direction. That goes without saying. But we've discovered that inspirational leaders also share four unexpected qualities:

- **They selectively show their weaknesses.** By exposing some vulnerability, they reveal their approachability and humanity.
- **They rely heavily on intuition to gauge the appropriate timing and course of their actions.** Their ability to collect and interpret soft data helps them know just when and how to act.
- **They manage employees with something we call tough empathy.** Inspirational leaders empathize passionately—and realistically—with people, and they care intensely about the work employees do.
- **They reveal their differences.** They capitalize on what's unique about themselves.

You may find yourself in a top position without these qualities, but few people will want to be led by you.

Our theory about the four essential qualities of leadership, it should be noted, is not about results per se. While many of the leaders we have studied and use as examples do in fact post superior financial returns, the focus of our research has been on leaders who excel at inspiring people—in capturing hearts, minds, and souls. This ability is not everything in business, but any experienced leader will tell you it is worth quite a lot. Indeed, great results may be impossible without it.

Our research into leadership began some 25 years ago and has followed three streams since then. First, as academics, we ransacked the prominent leadership theories of the past century to develop our own working model of effective leadership. (For more on the history of leadership thinking, see the sidebar "Leadership: A Small History of a Big Topic.") Second, as consultants, we have tested our theory with thousands of executives in workshops worldwide and through observations with dozens of clients. And third, as executives ourselves, we have vetted our theories in our own organizations.

Reveal Your Weaknesses

When leaders reveal their weaknesses, they show us who they are—warts and all. This may mean admitting that they're irritable on Monday mornings, that they are somewhat disorganized, or even rather shy. Such admissions work because people need to see leaders own up to some flaw before they participate willingly in an endeavor. Exposing a weakness establishes trust and thus helps get folks on board. Indeed, if executives try to communicate that they're perfect at everything, there will be no need for anyone to help them with anything. They won't need followers. They'll signal that they can do it all themselves.

Beyond creating trust and a collaborative atmosphere, communicating a weakness also builds solidarity between followers and leaders. Consider a senior executive we know at a global management consultancy. He agreed to give a major presentation despite being badly afflicted by physical shaking caused by a medical condition. The otherwise highly critical audience greeted this courageous display of weakness with a standing ovation. By giving the talk, he had dared to say, "I am just like you—imperfect." Sharing an imperfection is so effective because it underscores a human being's authenticity. Richard Branson, the founder of Virgin, is a brilliant businessman and a hero in the United Kingdom. (Indeed, the Virgin brand is so linked to him personally that succession is a significant issue.) Branson is particularly effective at communicating his vulnerability. He is ill at ease and fumbles incessantly when interviewed in public. It's a weakness, but it's Richard Branson. That's what revealing a weakness is all about: showing your followers that you are genuine and approachable—human and humane.

Another advantage to exposing a weakness is that it offers a leader valuable protection. Human nature being what it is, if you don't show some weakness, then observers may invent one for you. Celebrities and politicians have always known this. Often, they deliberately give the public something to talk about, knowing full well that if they don't, the newspapers will invent something even worse. Princess Diana may have aired her eating disorder in public, but she died with her reputation intact, indeed even enhanced.

That said, the most effective leaders know that exposing a weakness must be done carefully. They own up to *selective* weaknesses. Knowing which weakness to disclose is a highly honed art. The golden rule is never to expose a weakness that will be seen as a fatal flaw—by which we mean a flaw that jeopardizes central aspects of your professional role. Consider the new finance director of a major corporation. He can't suddenly confess that he's never understood discounted cash flow. A leader should reveal only a tangential flaw—and perhaps even several of them. Paradoxically, this admission will help divert attention away from major weaknesses.

Another well-known strategy is to pick a weakness that can in some ways be considered a strength, such as being a workaholic. When leaders expose these limited flaws, people won't see much of anything and little harm will come to them. There is an important caveat, however: if the leader's vulnerability is not perceived to be genuine, he won't gain anyone's support. Instead he will open himself up to derision and scorn. One scenario we saw repeatedly in our research was one in which a CEO feigns absentmindedness to conceal his inconsistency or even dishonesty. This is a sure way to alienate followers who will remember accurately what happened or what was said.

Become a Sensor

Inspirational leaders rely heavily on their in-

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Leadership: A Small History of a Big Topic

People have been talking about leadership since the time of Plato. But in organizations all over the world—in dinosaur conglomerates and new-economy startups alike—the same complaint emerges: we don't have enough leadership. We have to ask ourselves, Why are we so obsessed with leadership?

One answer is that there is a crisis of belief in the modern world that has its roots in the rationalist revolution of the eighteenth century. During the Enlightenment, philosophers such as Voltaire claimed that through the application of reason alone, people could control their destiny. This marked an incredibly optimistic turn in world history. In the nineteenth century, two beliefs stemmed from this rationalist notion: a belief in progress and a belief in the perfectibility of man. This produced an even rosier world view than before. It wasn't until the end of the nineteenth century, with the writings first of Sigmund Freud and later of Max Weber, that the chinks in the armor appeared. These two thinkers destroyed Western man's belief in rationality and progress. The current quest for leadership is a direct consequence of their work.

The founder of psychoanalysis, Freud theorized that beneath the surface of the rational mind was the unconscious. He supposed that the unconscious was responsible for a fair proportion of human behavior. Weber, the leading critic of Marx and a brilliant sociologist, also explored the limits of reason. Indeed, for him, the most destructive force operating in institutions was something he called technical rationality—that is, rationality without morality.

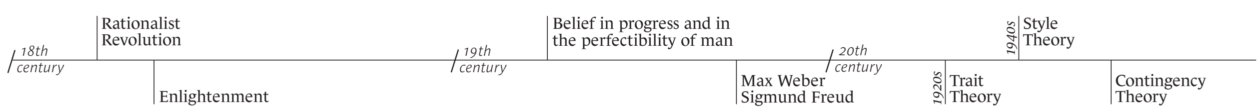
For Weber, technical rationality was embodied in one particular organizational form—the bureaucracy. Bureaucracies, he said, were frightening not for their inefficiencies but for their efficiencies and their capacity to dehumanize people. The tragic novels of Franz Kafka bear stark testimony to the debilitating effects of bureaucracy. Even more chilling was the testimony of Hitler's lieutenant Adolf Eichmann that "I was just a good bureaucrat." Weber believed that the only power that could resist bureaucratization was charismatic leadership. But even this has a very mixed record in the twentieth century. Although there have been inspirational and transformational wartime leaders, there have also been charismatic leaders like Hitler, Stalin, and Mao Tse-tung who committed horrendous atrocities.

By the twentieth century, there was much skepticism about the power of reason and man's ability to progress continuously. Thus, for both pragmatic and philosophic reasons, an intense interest in the concept of leadership began to develop. And indeed, in the 1920s, the first serious research started. The first leadership theory—trait theory—attempted to identify the common characteristics of effective leaders. To that end, leaders were weighed and measured and subjected to a battery of psychological tests. But no one could identify what effective leaders had in common. Trait theory fell into disfavor soon after expensive studies concluded that effective leaders were either above-average height or below.

Trait theory was replaced by style theory in the 1940s, primarily in the United States. One particular style of leadership was singled out as having the most potential. It was a hail-fellow-well-met democratic style of leadership, and thousands of American executives were sent to training courses to learn how to behave this way. There was only one drawback. The theory was essentially capturing the spirit of FDR's America—open, democratic, and meritocratic. And so when McCarthyism and the Cold War surpassed the New Deal, a completely new style was required. Suddenly, everyone was encouraged to behave like a Cold War warrior! The poor executive was completely confused.

Recent leadership thinking is dominated by contingency theory, which says that leadership is dependent on a particular situation. That's fundamentally true, but given that there are endless contingencies in life, there are endless varieties of leadership. Once again, the beleaguered executive looking for a model to help him is hopelessly lost.

For this article, we ransacked all the leadership theories to come up with the four essential leadership qualities. Like Weber, we look at leadership that is primarily antibureaucratic and charismatic. From trait theory, we derived the qualities of weaknesses and differences. Unlike the original trait theorists, however, we do not believe that all leaders have the same weaknesses; our research only showed that all leaders expose some flaws. Tough empathy grew out of style theory, which looked at different kinds of relationships between leaders and their followers. Finally, context theory set the stage for needing to know what skills to use in various circumstances.



Sensing can create problems. In making fine judgments about how far they can go, leaders risk losing their followers.

stincts to know when to reveal a weakness or a difference. We call them good situation sensors, and by that we mean that they can collect and interpret soft data. They can sniff out the signals in the environment and sense what's going on without having anything spelled out for them.

Franz Humer, the CEO of Roche, is a classic sensor. He is highly accomplished in detecting shifts in climate and ambience; he can read subtle cues and sense underlying currents of opinion that elude less perceptive people. Humer says he developed this skill as a tour guide in his mid-twenties when he was responsible for groups of 100 or more. "There was no salary, only tips," he explains. "Pretty soon, I knew how to hone in on particular groups. Eventually, I could predict within 10% how much I could earn from any particular group." Indeed, great sensors can easily gauge unexpressed feelings; they can very accurately judge whether relationships are working or not. The process is complex, and as anyone who has ever encountered it knows, the results are impressive.

Consider a human resources executive we worked with in a multinational entertainment company. One day he got news of a distribution problem in Italy that had the potential to affect the company's worldwide operations. As he was thinking about how to hide the information temporarily from the Paris-based CEO while he worked on a solution, the phone rang. It was the CEO saying, "Tell me, Roberto, what the hell's going on in Milan?" The CEO was already aware that something was wrong. How? He had his networks, of course. But in large part, he was gifted at detecting information that wasn't aimed at him. He could read the silences and pick up on nonverbal cues in the organization.

Not surprisingly, the most impressive business leaders we have worked with are all very refined sensors. Ray van Schaik, the chairman of Heineken in the early 1990s, is a good example. Conservative and urbane, van Schaik's genius lay in his ability to read signals he received from colleagues and from Freddie Heineken, the third-generation family member who was "always there without being there." While some senior managers spent a lot of time second-guessing the major shareholder, van Schaik developed an ability to "just know" what Heineken wanted. This ability was based on many years of working with him on the Heineken board, but it was more than that—van Schaik could read Heineken even though they had very different personalities and didn't work together directly.

Success stories like van Schaik's come with a word of warning. While leaders must be great sensors, sensing can create problems. That's because in making fine judgments about how far they can go, leaders risk losing their followers. The political situation in Northern Ireland is a powerful example. Over the past two years, several leaders—David Trimble, Gerry Adams, and Tony Blair, together with George Mitchell—have taken unprecedented initiatives toward peace. At every step of the way, these leaders had to sense how far they could go without losing their electorates. In business, think of mergers and acquisitions. Unless organizational leaders and negotiators can convince their followers in a timely way that the move is positive, value and goodwill quickly erode. This is the situation recently faced by Vodafone and France Telecom in the sale and purchase of Orange.

There is another danger associated with sensing skills. By definition, sensing a situation involves projection—that state of mind whereby you attribute your own ideas to other people and things. When a person "projects," his thoughts may interfere with the truth. Imagine a radio that picks up any number of signals, many of which are weak and distorted. Situation sensing is like that; you can't always be sure what you're hearing because of all the static. The employee who sees her boss distracted and leaps to the conclusion that she is going to be fired is a classic example. Most skills become heightened under threat, but particularly during situation sensing. Such oversensitivity in a leader can be a recipe for disaster. For this reason, sensing capability must always be framed by reality testing. Even the most gifted sensor may need to validate his perceptions with a trusted adviser or a member of his inner team.

Practice Tough Empathy

Unfortunately, there's altogether too much hype nowadays about the idea that leaders *must* show concern for their teams. There's nothing worse than seeing a manager return from the latest interpersonal-skills training program with "concern" for others. Real leaders don't need a training program to convince their employees that they care. Real leaders empathize fiercely with the people they lead. They also care intensely about the work their employees do.

Consider Alain Levy, the former CEO of Polygram. Although he often comes across as a rather aloof intellectual, Levy is well able to close the distance between himself and his followers. On one occasion, he helped some junior record executives in Australia choose singles off albums. Picking singles is a critical task in the music business: the selection of a song can make or break the album. Levy sat down with the young people and took on the work with passion. "You bloody idiots," he added his voice to the melee, "you don't know what the hell you're talking about; we always have a dance track first!" Within 24 hours, the story spread throughout the company; it was the best PR Levy ever got. "Levy really knows how to pick singles," people said. In fact, he knew how to identify with the work, and he knew how to enter his followers' world—one where strong, colorful language is the norm—to show them that he cared.

Clearly, as the above example illustrates, we do not believe that the empathy of inspirational leaders is the soft kind described in so much of the management literature. On the contrary, we feel that real leaders manage through a unique approach we call tough empathy. Tough empathy means giving people what they need, not what they want. Organizations like the Marine Corps and consulting firms specialize in tough empathy. Recruits are pushed to be the best that they can be; "grow or go" is the motto. Chris Satterwaite, the CEO of Bell Pottinger Communications and a former chief executive of several ad agencies, understands what tough empathy is all about. He adeptly handles the challenges of managing creative people while making tough decisions. "If I have to, I can be ruthless," he says. "But while they're with me, I promise my people that they'll learn."

At its best, tough empathy balances respect for the individual and for the task at hand. Attending to both, however, isn't easy, especially when the business is in survival mode. At such times, caring leaders have to give selflessly to the people around them and know when to pull back. Consider a situation at Unilever at a time when it was developing Persil Power, a detergent that eventually had to be removed from the market because it destroyed clothes

Four Popular Myths About Leadership

In both our research and consulting work, we have seen executives who profoundly misunderstand what makes an inspirational leader. Here are four of the most common myths:

Everyone can be a leader.

Not true. Many executives don't have the self-knowledge or the authenticity necessary for leadership. And self-knowledge and authenticity are only part of the equation. Individuals must also want to be leaders, and many talented employees are not interested in shouldering that responsibility. Others prefer to devote more time to their private lives than to their work. After all, there is more to life than work, and more to work than being the boss.

Leaders deliver business results.

Not always. If results were always a matter of good leadership, picking leaders would be easy. In every case, the best strategy would be to go after people in companies with the best results. But clearly, things are not that simple. Businesses in quasi-monopolistic industries can often do very well with competent management rather than great leadership. Equally, some well-led businesses do not necessarily produce results, particularly in the short term.

People who get to the top are leaders.

Not necessarily. One of the most persistent misperceptions is that people in leadership positions are leaders. But people who make it to the top may have done so because of political acumen, not necessarily because of true leadership quality. What's more, real leaders are found all over the organization, from the executive suite to the shop floor. By definition, leaders are simply people who have followers, and rank doesn't have much to do with that. Effective military organizations like the U.S. Navy have long realized the importance of developing leaders throughout the organization.

Leaders are great coaches.

Rarely. A whole cottage industry has grown up around the teaching that good leaders ought to be good coaches. But that thinking assumes that a single person can both inspire the troops and impart technical skills. Of course, it's possible that great leaders may also be great coaches, but we see that only occasionally. More typical are leaders like Steve Jobs whose distinctive strengths lie in their ability to excite others through their vision rather than through their coaching talents.

that were laundered in it. Even though the product was showing early signs of trouble, CEO Niall FitzGerald stood by his troops. "That was the popular place to be, but I should not have been there," he says now. "I should have stood back, cool and detached, looked at the whole field, watched out for the customer." But caring with detachment is not easy, especially since, when done right, tough empathy is harder on you than on your employees. "Some theories of leadership make caring look effortless. It isn't," says Paulanne Mancuso, president and CEO of Calvin Klein Cosmetics. "You have to do things you don't want to do, and that's hard." It's tough to be tough.

Tough empathy also has the benefit of impelling leaders to take risks. When Greg Dyke took over at the BBC, his commercial competitors were able to spend substantially more on programs than the BBC could. Dyke quickly realized that in order to thrive in a digital world, the BBC needed to increase its expenditures. He explained this openly and directly to the staff. Once he had secured their buy-in, he began thoroughly restructuring the organization. Although many employees were let go, he was able to maintain people's commitment. Dyke attributed his success to his tough empathy with employees: "Once you have the people with you, you can make the difficult decisions that need to be made."

One final point about tough empathy: those more apt to use it are people who really care about something. And when people care deeply about something—anything—they're more likely to show their true selves. They will not only communicate authenticity, which is the precondition for leadership, but they will show that they are doing more than just playing a role. People do not commit to executives who merely live up to the obligations of their jobs. They want more. They want someone who cares passionately about the people and the work—just as they do.

Dare to Be Different

Another quality of inspirational leaders is that they capitalize on what's unique about themselves. In fact, using these differences to great advantage is the most important quality of the four we've mentioned. The most effective leaders deliberately use differences to keep a social distance. Even as they are drawing their followers close to them, inspirational leaders signal their separateness.

Often, a leader will show his differences by having a distinctly different dress style or physical appearance, but typically he will move on to distinguish himself through qualities like imagination, loyalty, expertise, or even a handshake. Anything can be a difference, but it is important to communicate it. Most people, however, are hesitant to communicate what's unique about themselves, and it can take years for them to be fully aware of what sets them apart. This is a serious disadvantage in a world where networking is so critical and where teams need to be formed overnight.

Some leaders know exactly how to take advantage of their differences. Take Sir John Harvey-Jones, the former CEO of ICI—what was once the largest manufacturing company in the United Kingdom. When he wrote his autobiography a few years ago, a British newspaper advertised the book with a sketch of Harvey-Jones. The profile had a moustache, long hair, and a loud tie. The drawing was in black and white, but everyone knew who it was. Of

Can Female Leaders Be True to Themselves?

Gender differences can be used to either positive or negative effect. Women, in particular, are prone to being stereotyped according to differences—albeit usually not the ones that they would choose. Partly this is because there are fewer women than men in management positions. According to research in social psychology, if a group's representation falls below 20% in a given society, then it's going to be subjected to stereotyping whether it likes it or not. For women, this may mean being typecast as a "helper," "nurturer," or "seductress"—labels that may prevent them from defining their own differences.

In earlier research, we discovered that many women—particularly women in their fifties—try to avoid this dynamic by disappearing. They try to make themselves invisible. They wear clothes that disguise their bodies; they try to blend in with men by talking tough. That's certainly one way to avoid negative stereotyping, but the problem is that it reduces a woman's chances of being seen as a potential leader. She's not promoting her real self and differences.

Another response to negative stereotyping is to collectively resist it—for example, by mounting a campaign that promotes the rights, opportunities, and even the number of women in the workplace. But on a day-to-day basis, survival is often all women have time for, therefore making it impossible for them to organize themselves formally.

A third response that emerged in our research was that women play into stereotyping to personal advantage. Some women, for example, knowingly play the role of "nurturer" at work, but they do it with such wit and skill that they are able to benefit from it. The cost of such a strategy?

It furthers harmful stereotypes and continues to limit opportunities for other women to communicate their genuine personal differences.

course, John Harvey-Jones didn't get to the top of ICI because of eye-catching ties and long hair. But he was very clever in developing differences that he exploited to show that he was adventurous, entrepreneurial, and unique—he was John Harvey-Jones.

There are other people who aren't as aware of their differences but still use them to great effect. For instance, Richard Surface, former managing director of the UK-based Pearl Insurance, always walked the floor and overtook people, using his own pace as a means of communicating urgency. Still other leaders are fortunate enough to have colleagues point out their differences for them. As the BBC's Greg Dyke puts it, "My partner tells me, 'You do things instinctively that you don't understand. What I worry about is that in the process of understanding them you could lose them!'" Indeed, what emerged in our interviews is that most leaders start off not knowing what their differences are but eventually come to know—and use—them more effectively over time. Franz Humer at Roche, for instance, now realizes that he uses his emotions to evoke reactions in others.

Most of the differences we've described are those that tend to be apparent, either to the leader himself or to the colleagues around him. But there are differences that are more subtle but still have very powerful effects. For instance, David Prosser, the CEO of Legal and General, one of Europe's largest and most successful insurance companies, is an outsider. He is not a smooth city type; in fact, he comes from industrial South Wales. And though generally approachable, Prosser has a hard edge, which he uses in an understated but highly effective way. At a recent cocktail party, a rather excitable sales manager had been claiming how good the company was at cross-selling products. In a low voice, Prosser intervened: "We may be good, but we're not good enough." A chill swept through the room. What was Prosser's point? Don't feel so close you can relax! I'm the leader, and I make that call. Don't you forget it. He even uses this edge to good effect with the top team—it keeps everyone on their toes.

Inspirational leaders use separateness to motivate others to perform better. It is not that they are being Machiavellian but that they recognize instinctively that followers will push themselves if their leader is just a little aloof. Leadership, after all, is not a popularity contest.

One danger, of course, is that executives can overdifferentiate themselves in their determination to express their separateness. Indeed, some leaders lose contact with their followers, and doing so is fatal. Once they create too much distance, they stop being good sensors, and they lose the ability to identify and care. That's what appeared to happen during Robert Horton's tenure as chairman and CEO of BP during the early 1990s. Horton's conspicuous display of his considerable—indeed, daunting—intelligence sometimes led others to see him as arrogant and self-aggrandizing. That resulted in overdifferentiation, and it eventually contributed to Horton's dismissal just three years after he was appointed to the position.

Leadership in Action

All four of the qualities described here are necessary for inspirational leadership, but they cannot be used mechanically. They must become or must already be part of an executive's personality. That's why the "recipe" business books—those that prescribe to the Lee Iaccoca or Bill Gates way—often fail. No one can just ape another leader. So the challenge facing prospective leaders is for them to be themselves, but with more skill. That can be done by making yourself increasingly aware of the four leadership qualities we describe and by manipulating these qualities to come up with a personal style that works for you. Remember, there is no universal formula, and what's needed will vary from context to context. What's more, the results are often subtle, as the following story about Sir Richard Sykes, the highly successful chairman and CEO of Glaxo Wellcome, one of the world's leading pharmaceutical companies, illustrates.

When he was running the R&D division at Glaxo, Sykes gave a year-end review to the company's top scientists. At the end of the presentation, a researcher asked him about one of the company's new compounds, and the two men engaged in a short heated debate. The question-answer session continued for another 20 minutes, at the end of which the researcher broached the subject again. "Dr. Sykes," he began in a loud voice, "you have still failed to understand the structure of the new compound." You could feel Sykes's temper rise through the soles of his feet. He marched to

Executives can overdifferentiate themselves in their determination to express their separateness.

the back of the room and displayed his anger before the intellectual brainpower of the entire company. "All right, lad," he yelled, "let us have a look at your notes!"

The Sykes story provides the ideal framework for discussing the four leadership qualities. To some people, Sykes's irritability could have seemed like inappropriate weakness. But in this context, his show of temper demonstrated Sykes's deep belief in the discussion about basic science—a company value. Therefore, his willingness to get angry actually cemented his credibility as a leader. He also showed that he was a very good sensor. If Sykes had exploded earlier in the meeting, he would have quashed the debate. Instead, his anger was perceived as defending the faith. The story also reveals Sykes's ability to identify with his colleagues and their work. By talking to the researcher as a fellow scientist, he was able to create an empathic bond with his audience. He really cared, though his caring was clearly tough empathy. Finally, the story indicates Sykes's own willingness to show his differences. Despite being one of the United Kingdom's most successful businessmen, he has not conformed to "standard" English. On the contrary, Sykes proudly retains his distinctive northern accent. He also doesn't show the typical British reserve and decorum; he radiates passion. Like other real leaders, he acts and communicates naturally. Indeed, if we were to sum up the entire year-end review at Glaxo Wellcome, we'd say that Sykes was being himself—with great skill.

Unraveling the Mystery

As long as business is around, we will continue to pick apart the underlying ingredients of true leadership. And there will always be as many theories as there are questions. But of all the facets of leadership that one might investigate, there are few so difficult as understanding what it takes to develop leaders. The four leadership qualities are a necessary first step. Taken together, they tell executives to be authentic. As we counsel the executives we coach: "Be yourselves—more—with skill." There can be no advice more difficult to follow than that.

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Many leaders dominating business today have what psychoanalysts call a narcissistic personality. That's good news for companies that need passion and daring to break new ground. But even productive narcissists can be dangerous for organizations. Here is some advice on avoiding the dangers.

Narcissistic Leaders

by Michael Maccoby

There's something new and daring about the CEOs who are transforming today's industries. Just compare them with the executives who ran large companies in the 1950s through the 1980s. Those executives shunned the press and had their comments carefully crafted by corporate PR departments. But today's CEOs—superstars such as Bill Gates, Andy Grove, Steve Jobs, Jeff Bezos, and Jack Welch—hire their own publicists, write books, grant spontaneous interviews, and actively promote their personal philosophies. Their faces adorn the covers of magazines like BusinessWeek, Time, and the Economist. What's more, the world's business personalities are increasingly seen as the makers and shapers of our public and personal agendas. They advise schools on what kids should learn and lawmakers on how to invest the public's money. We look to them for thoughts on everything from the future of e-commerce to hot places to vacation.

There are many reasons today's business leaders have higher profiles than ever before. One is that business plays a much bigger role in our lives than it used to, and its leaders are more often in the limelight. Another is that the business world is experiencing enormous changes that call for visionary and charismatic leadership. But my 25 years of consulting both as a psychoanalyst in private practice and as an adviser to top managers suggest a third reason—namely, a pronounced change in the personality of the strategic leaders at the top. As an anthropologist, I try to understand people in the context in which they operate, and as a psychoanalyst, I tend to see them through a distinctly Freudian lens. Given what I know, I believe that the larger-than-life leaders we are seeing today closely resemble the personality type that Sigmund Freud dubbed narcissistic. "People of this type impress others as being 'personalities,'" he wrote, describing one of the psychological types that clearly fall within the range of normality. "They are especially suited to act as a support for others, to take on the role of leaders, and to give a fresh stimulus to cultural development or damage the established state of affairs."

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Throughout history, narcissists have always emerged to inspire people and to shape the future. When military, religious, and political arenas dominated society, it was figures such as Napoléon Bonaparte, Mahatma Gandhi, and Franklin Delano Roosevelt who determined the social agenda. But from time to time, when business became the engine of social change, it, too, generated its share of narcissistic leaders. That was true at the beginning of this century, when men like Andrew Carnegie, John D. Rockefeller, Thomas Edison, and Henry Ford exploited new technologies and restructured American industry. And I think it is true again today.

But Freud recognized that there is a dark side to narcissism. Narcissists, he pointed out, are emotionally isolated and highly distrustful. Perceived threats can trigger rage. Achievements can feed feelings of grandiosity. That's why Freud thought narcissists were the hardest personality types to analyze. Consider how an executive at Oracle describes his narcissistic CEO Larry Ellison: "The difference between God and Larry is that God does not believe he is Larry." That observation is amusing, but it is also troubling. Not surprisingly, most people think of narcissists in a primarily negative way. After all, Freud named the type after the mythical figure Narcissus, who died because of his pathological preoccupation with himself.

Yet narcissism can be extraordinarily useful—even necessary. Freud shifted his views about narcissism over time and recognized that we are all somewhat narcissistic. More recently, psychoanalyst Heinz Kohut built on Freud's theories and developed methods of treating narcissists. Of course, only professional clinicians are trained to tell if narcissism is normal or pathological. In this article, I discuss the differences between productive and unproductive narcissism but do not explore the extreme pathology of borderline conditions and psychosis.

Leaders such as Jack Welch and George Soros are examples of productive narcissists. They are gifted and creative strategists who see the big picture and find meaning in the risky challenge of changing the world and leaving behind a legacy. Indeed, one reason we look to productive narcissists in times of great transition is that they have the audacity to push through the massive transformations that society periodically undertakes. Productive narcissists are not only risk takers willing to get the job done but also charmers who can convert the masses with their rhetoric. The danger is that narcissism can turn unproductive when, lacking self-knowledge and restraining anchors, narcissists become unrealistic dreamers. They nurture grand schemes and harbor the illusion that only circumstances or enemies block their success. This tendency toward grandiosity and distrust is the Achilles' heel of narcissists. Because of it, even brilliant narcissists can come under suspicion for self-involvement, unpredictability, and—in extreme cases—paranoia.

It's easy to see why narcissistic leadership doesn't always mean successful leadership. Consider the case of Volvo's Pehr Gyllenhammar. He had a dream that appealed to a broad international audience—a plan to revolutionize the industrial workplace by replacing the dehumanizing assembly line caricatured in Charlie Chaplin's *Modern Times*. His wildly popular vision called for team-based craftsmanship. Model factories were built and publicized to international acclaim. But his success in pushing through these dramatic changes also sowed the seeds for his downfall. Gyllenhammar started to feel that he could ignore the concerns of his operational managers. He pursued chancy and expensive business deals, which he publicized on television and in the press. On one level, you can ascribe Gyllenhammar's falling out of touch with his workforce simply to faulty strategy. But it is also possible to attribute it to his narcissistic personality. His overestimation of himself led him to believe that others would want him to be the czar of a multinational enterprise. In turn, these fantasies led him to pursue a merger with Renault, which was tremendously unpopular with Swedish employees. Because Gyllenhammar was deaf to complaints about Renault, Swedish managers were forced to take their case public. In the end, shareholders aggressively rejected Gyllenhammar's plan, leaving him with no option but to resign.

Given the large number of narcissists at the helm of corporations today, the challenge facing organizations is to ensure that such leaders do not self-destruct or lead the company to disaster. That can take some doing because it is very hard for narcissists to work through their issues—and virtually impossible for them to do it alone. Narcissists need colleagues and even therapists if they hope to break free from their limitations. But because of their extreme independence and self-protectiveness, it is very difficult to get near them. Kohut maintained that a therapist would have to demonstrate an extraordinarily profound empathic understanding and sympathy for the narcissist's feelings in order to gain his trust. On top of that, narcissists must recognize that they can benefit from such help. For their part, employees must learn how to recognize—and work around—narcissistic bosses. To help them in this endeavor, let's first take a closer look at Freud's theory of personality types.

Three Main Personality Types

While Freud recognized that there are an almost infinite variety of personalities, he identified three main types: erotic, obsessive, and narcissistic. Most of us have elements of all three. We are all, for example, somewhat narcissistic. If that were not so, we would not be able to survive or assert our needs. The point is, one of the dynamic tendencies usually dominates the others, making each of us react differently to success and failure.

Freud's definitions of personality types differed over time. When talking about the erotic personality type, however, Freud generally did not mean a sexual personality but rather one for whom loving and above all being loved is most important. This type of individual is dependent on those people they fear will stop loving them. Many erotics are teachers, nurses, and social workers. At their most productive, they are developers of the young as well as enablers and helpers at work. As managers, they are caring and supportive, but they avoid conflict and make people dependent on them. They are, according to Freud, outer-directed people.

Obsessives, in contrast, are inner-directed. They are self-reliant and conscientious. They create and maintain order and make the most effective operational managers. They look constantly for ways to help people listen better, resolve conflict, and find win-win opportunities. They buy self-improvement books such as Stephen Covey's *The 7 Habits of Highly Effective People*. Obsessives are also ruled by a strict conscience—they like to focus on continuous improvement at work because it fits in with their sense of moral improvement. As entrepreneurs, obsessives start businesses that express their values, but they lack the vision, daring, and charisma it takes to turn a good idea into a great one. The best obsessives set high standards and communicate very effectively. They make sure that instructions are followed and costs are kept within budget. The most productive are great mentors and team players. The unproductive and the uncooperative become narrow experts and rule-bound bureaucrats.

Narcissists, the third type, are independent and not easily impressed. They are innovators, driven in business to gain power and glory. Productive narcissists are experts in their industries, but they go beyond it. They also pose the critical questions. They want to learn everything about everything that affects the company and its products. Unlike erotics, they want to be admired, not loved. And unlike obsessives, they are not troubled by a punishing superego, so they are able to aggressively pursue their goals. Of all the personality types, narcissists run the greatest risk of isolating themselves at the moment of success. And because of their independence and aggressiveness, they are constantly looking out for enemies, sometimes degenerating into paranoia when they are under extreme stress. (For more on personality types, see the sidebar "Fromm's Fourth Personality Type.")

Strengths of the Narcissistic Leader

When it comes to leadership, personality type can be instructive. Erotic personalities generally make poor managers—they need too much approval. Obsessives make better leaders—they are your operational managers: critical and cautious. But it is narcissists who come closest to our collective image of great leaders. There are two reasons for this: they have compelling, even gripping, visions for companies, and they have an ability to attract followers.

Great Vision. I once asked a group of managers to define a leader. "A person with vision" was a typical response. Productive narcissists understand the vision thing particularly well, because they are by nature people who see the big picture. They are not analyzers who can break up big questions into manageable problems; they aren't number crunchers either (these are usually the obsessives). Nor do they try to extrapolate to understand the future—they attempt to create it. To paraphrase George Bernard Shaw, some peo-

Productive narcissists have the audacity to push through the massive transformations that society periodically undertakes.

ple see things as they are and ask why; narcissists see things that never were and ask why not.

Consider the difference between Bob Allen, a productive obsessive, and Mike Armstrong, a productive narcissist. In 1997, Allen tried to expand AT&T to reestablish the end-to-end service of the Bell System by reselling local service from the regional Bell operating companies (RBOCs). Although this was a worthwhile endeavor for shareholders and customers, it was hardly earth-shattering. By contrast, through a strategy of combining voice, telecommunications, and Internet access by high-speed broadband telecommunication over cable, Mike Armstrong has "created a new space with his name on it," as one of his colleagues puts it. Armstrong is betting that his costly strategy will beat out the RBOC's less expensive solution of digital subscriber lines over copper wire. This example illustrates the different approaches of obsessives and narcissists. The risk Armstrong took is one that few obsessives would feel comfortable taking. His vision is galvanizing AT&T. Who but a narcissistic leader could achieve such a thing? As Napoléon—a classic narcissist—once remarked, "Revolutions are ideal times for soldiers with a lot of wit—and the courage to act."

As in the days of the French Revolution, the world is now changing in astounding ways; narcissists have opportunities they would never have in ordinary times. In short, today's narcissistic leaders have the chance to change the very rules of the game. Consider Robert B. Shapiro, CEO of Monsanto. Shapiro described his vision of genetically modifying crops as "the single most successful introduction of technology in the history of agriculture, including the plow" (*New York Times*, August 5, 1999). This is certainly a huge claim—there are still many questions about the safety and public acceptance of genetically engineered fruits and vegetables. But industries like agriculture are desperate for radical change. If Shapiro's gamble is successful, the industry will be transformed in the image of Monsanto. That's why he can get away with painting a picture of Monsanto as a highly profitable "life sciences" company—despite the fact that Monsanto's stock has fallen 12% from 1998 to the end of the third quarter of 1999. (During the same period, the S&P was up 41%.) Unlike Armstrong and Shapiro, it was enough for Bob Allen to win against his competitors in a game measured primarily by the stock market. But narcissistic leaders are after something more. They want—and need—to leave behind a legacy.

Scores of Followers. Narcissists have vision—but that's not enough. People in mental hospitals also have visions. The simplest definition of a leader is someone whom other people follow. Indeed, narcissists are especially gifted in attracting followers, and more often than not, they do so through language. Narcissists believe that words can move mountains and that inspiring speeches can change people. Narcissistic leaders are often skillful orators, and this is one of the talents that makes them so charismatic. Indeed, anyone who has seen narcissists perform can attest to their personal magnetism and their ability to stir enthusiasm among audiences.

Yet this charismatic gift is more of a two-way affair than most people think. Although it is not always obvious, narcissistic leaders are quite dependent on their followers—they need affirmation, and preferably adulation. Think of Winston Churchill's wartime broadcasts or J.F.K.'s "Ask not what your country can do for you" inaugural address. The adulation that follows from such speeches bolsters the self-confi-

Fromm's Fourth Personality Type

Not long after Freud described his three personality types in 1931, psychoanalyst Erich Fromm proposed a fourth personality type, which has become particularly prevalent in today's service economy. Fromm called this type the "marketing personality," and it is exemplified by the lead character in Woody Allen's movie *Zelig*, a man so governed by his need to be valued that he becomes exactly like the people he happens to be around.

Marketing personalities are more detached than erotics and so are less likely to cement close ties. They are also less driven by conscience than obsessives. Instead, they are motivated by a radar-like anxiety that permeates everything they do. Because they are so eager to please and to alleviate this anxiety, marketing personalities excel at selling themselves to others.

Unproductive marketing types lack direction and the ability to commit themselvesto people or projects. But when productive, marketing types are good at facilitating teams and keeping the focus on adding value as defined by customers and colleagues. Like obsessives, marketing personalities are avid consumers of self-help books. Like narcissists, they are not wedded to the past. But marketing types generally make poor leaders in times of crisis. They lack the daring needed to innovate and are too responsive to current, rather than future, customer demands.

dence and conviction of the speakers. But if no one responds, the narcissist usually becomes insecure, overly shrill, and insistent—just as Ross Perot did.

Even when people respond positively to a narcissist, there are dangers. That's because charisma is a double-edged sword—it fosters both closeness and isolation. As he becomes increasingly self-assured, the narcissist becomes more spontaneous. He feels free of constraints. Ideas flow. He thinks he's invincible. This energy and confidence further inspire his followers. But the very adulation that the narcissist demands can have a corrosive effect. As he expands, he listens even less to words of caution and advice. After all, he has been right before, when others had their doubts. Rather than try to persuade those who disagree with him, he feels justified in ignoring them—creating further isolation. The result is sometimes flagrant risk taking that can lead to catastrophe. In the political realm, there is no clearer example of this than Bill Clinton.

Weaknesses of the Narcissistic Leader

Despite the warm feelings their charisma can evoke, narcissists are typically not comfortable with their own emotions. They listen only for the kind of information they seek. They don't learn easily from others. They don't like to teach but prefer to indoctrinate and make speeches. They dominate meetings with subordinates. The result for the organization is greater internal competitiveness at a time when everyone is already under as much pressure as they can possibly stand. Perhaps the main problem is that the narcissist's faults tend to become even more pronounced as he becomes more successful.

Sensitive to Criticism. Because they are extraordinarily sensitive, narcissistic leaders shun emotions as a whole. Indeed, perhaps one of the greatest paradoxes in this age of teamwork and partnering is that the best corporate leader in the contemporary world is the type of person who is emotionally isolated. Narcissistic leaders typically keep others at arm's length. They can put up a wall of defense as thick as the Pentagon. And given their difficulty with knowing or acknowledging their own feelings, they are uncomfortable with other people expressing theirs—especially their negative feelings.

Indeed, even productive narcissists are extremely sensitive to criticism or slights, which feel to them like knives threatening their self-image and their confidence in their visions. Narcissists are almost unimaginably thin-skinned. Like the fairy-tale princess who slept on many mattresses and yet knew she was sleeping on a pea, narcissists—even powerful CEOs—bruise easily. This is one explanation why narcissistic leaders do not want to know what people think of them unless it is causing them a real problem. They cannot tolerate dissent. In fact, they can be extremely abrasive with employees who doubt them or with subordinates who are tough enough to fight back. Steve Jobs, for example, publicly humiliates subordinates. Thus, although narcissistic leaders often say that they want teamwork, what that means in practice is that they want a group of yes-men. As the more independent-minded players leave or are pushed out, succession becomes a particular problem.

Poor Listeners. One serious consequence of this oversensitivity to criticism is that narcissistic leaders often do not listen when they feel threatened or attacked. Consider the response of one narcissistic CEO I had worked with for three years who asked me to interview his immediate team and report back to him on what they were thinking. He invited me to his summer home to discuss what I had found. "So what do they think of me?" he asked with seeming nonchalance. "They think you are very creative and courageous," I told him, "but they also feel that you don't listen." "Excuse me, what did you say?" he shot back at once, pretending not to hear. His response was humorous, but it was also tragic. In a very real way, this CEO could not hear my criticism because it was too painful to tolerate. Some narcissists are so defensive that they go so far as to make a virtue of the fact that they don't listen. As another CEO bluntly put it, "I didn't get here by listening to people!" Indeed, on one occasion when this CEO proposed a daring strategy, none of his subordinates believed it would work. His subsequent success strengthened his conviction that he had nothing to learn about strategy from his lieutenants. But success is no excuse for narcissistic leaders not to listen.

Lack of Empathy. Best-selling business writers today have taken up the slogan of "emotional competencies"—the belief that success-

One of his greatest problems is that the narcissist's faults tend to become even more pronounced as he becomes more successful.

There is a kind of emotional intelligence associated with narcissists, but it's more street smarts than empathy.

ful leadership requires a strongly developed sense of empathy. But although they crave empathy from others, productive narcissists are not noted for being particularly empathetic themselves. Indeed, lack of empathy is a characteristic shortcoming of some of the most charismatic and successful narcissists, including Bill Gates and Andy Grove. Of course, leaders do need to communicate persuasively. But a lack of empathy did not prevent some of history's greatest narcissistic leaders from knowing how to communicate—and inspire. Neither Churchill, de Gaulle, Stalin, nor Mao Tse-tung were empathetic. And yet they inspired people because of their passion and their conviction at a time when people longed for certainty. In fact, in times of radical change, lack of empathy can actually be a strength. A narcissist finds it easier than other personality types to buy and sell companies, to close and move facilities, and to lay off employees—decisions that inevitably make many people angry and sad. But narcissistic leaders typically have few regrets. As one CEO says,"If I listened to my employees' needs and demands, they would eat me alive."

Given this lack of empathy, it's hardly surprising that narcissistic leaders don't score particularly well on evaluations of their interpersonal style. What's more, neither 360-degree evaluations of their management style nor workshops in listening will make them more empathic. Narcissists don't want to change—and as long as they are successful, they don't think they have to. They may see the need for operational managers to get touchy-feely training, but that's not for them.

There is a kind of emotional intelligence associated with narcissists, but it's more street smarts than empathy. Narcissistic leaders are acutely aware of whether or not people are with them wholeheartedly. They know whom they can use. They can be brutally exploitative. That's why, even though narcissists undoubtedly have "star quality," they are often unlikable. They easily stir up people against them, and it is only in tumultuous times, when their gifts are desperately needed, that people are willing to tolerate narcissists as leaders.

Distaste for Mentoring. Lack of empathy and extreme independence make it difficult for narcissists to mentor and be mentored. Generally speaking, narcissistic leaders set very little store by mentoring. They seldom mentor others, and when they do they typically want their protégés to be pale reflections of themselves. Even those narcissists like Jack Welch who are held up as strong mentors are usually more interested in instructing than in coaching.

Narcissists certainly don't credit mentoring or educational programs for their own development as leaders. A few narcissistic leaders such as Bill Gates may find a friend or consultant—for instance, Warren Buffet, a superproductive obsessive—whom they can trust to be their guide and confidant. But most narcissists prefer "mentors" they can control. A 32-year-old marketing vice president, a narcissist with CEO potential, told me that she had rejected her boss as a mentor. As she put it, "First of all, I want to keep the relationship at a distance. I don't want to be influenced by emotions. Second, there are things I don't want him to know. I'd rather hire an outside consultant to be my coach." Although narcissistic leaders appear to be at ease with others, they find intimacy—which is a prerequisite for mentoring—to be difficult. Younger narcissists will establish peer relations with authority rather than seek a parentlike mentoring relationship. They want results and are willing to take chances arguing with authority.

An Intense Desire to Compete. Narcissistic leaders are relentless and ruthless in their pursuit of victory. Games are not games but tests of their survival skills. Of course, all successful managers want to win, but narcissists are not restrained by conscience. Organizations led by narcissists are generally characterized by intense internal competition. Their passion to win is marked by both the promise of glory and the primitive danger of extinction. It is a potent brew that energizes companies, creating a sense of urgency, but it can also be dangerous. These leaders see everything as a threat. As Andy Grove puts it, brilliantly articulating the narcissist's fear, distrust, and aggression, "Only the paranoid survive." The concern, of course, is that the narcissist finds enemies that aren't there—even among his colleagues.

Avoiding the Traps

There is very little business literature that tells narcissistic leaders how to avoid the pitfalls. There are two reasons for this. First, relatively few narcissistic leaders are interested in looking inward. And second, psychoanalysts don't usually get close enough to them, especially in the workplace, to write about them. (The noted psychoanalyst Harry Levinson is an exception.) As a result, advice on leadership focuses on obsessives, which explains why so much of it is about creating teamwork and being more receptive to subordinates. But as we've already seen, this literature is of little interest to narcissists, nor is it likely to help subordinates understand their narcissistic leaders. The absence of managerial literature on narcissistic leaders doesn't mean that it is impossible to devise strategies for dealing with narcissism. In the course of a long career counseling CEOs, I have identified three basic ways in which productive narcissists can avoid the traps of their own personality.

Find a trusted sidekick. Many narcissists can develop a close relationship with one person, a sidekick who acts as an anchor, keeping the narcissistic partner grounded. However, given that narcissistic leaders trust only their own insights and view of reality, the sidekick has to understand the narcissistic leader and what he is trying to achieve. The narcissist must feel that this person, or in some cases persons, is practically an extension of himself. The sidekick must also be sensitive enough to manage the relationship. Don Quixote is a classic example of a narcissist who was out of touch with reality but who was constantly saved from disaster by his squire Sancho Panza. Not surprisingly, many narcissistic leaders rely heavily on their spouses, the people they are closest to. But dependence on spouses can be risky, because they may further isolate the narcissistic leader from his company by supporting his grandiosity and feeding his paranoia. I once knew a CEO in this kind of relationship with his spouse. He took to accusing loyal subordinates of plotting against him just because they ventured a few criticisms of his ideas.

It is much better for a narcissistic leader to choose a colleague as his sidekick. Good sidekicks are able to point out the operational requirements of the narcissistic leader's vision and keep him rooted in reality. The best sidekicks are usually productive obsessives. Gyllenhammar, for instance, was most effective at Volvo when he had an obsessive COO, Håkan Frisinger, to focus on improving quality and cost, as well as an obsessive HR director, Berth Jönsson, to implement his vision. Similarly, Bill Gates can think about the future from the stratosphere because Steve Ballmer, a tough obsessive president, keeps the show on the road. At Oracle, CEO Larry Ellison can afford to miss key meetings and spend time on his boat contemplating a future without PCs because he has a productive obsessive COO in Ray Lane to run the company for him. But the job of sidekick entails more than just executing the leader's ideas. The sidekick also has to get his leader to accept new ideas. To do this, he must be able to show the leader how the new ideas fit with his views and serve his interests. (For more on dealing with narcissistic bosses, see the sidebar "Working for a Narcissist.")

Indoctrinate the organization. The narcissistic CEO wants all his subordinates to think the way he does about the business. Productive narcissists—people who often have a dash of the obsessive personality—are good at converting people to their point of view. One of the most successful at this is GE's Jack Welch. Welch uses toughness to build a corporate cul-

The Rise and Fall of a Narcissist

The story of Jan Carlzon, the former CEO of the Scandinavian airline SAS, is an almost textbook example of how a narcissist's weaknesses can cut short a brilliant career. In the 1980s, Carlzon's vision of SAS as the businessperson's airline was widely acclaimed in the business press; management guru Tom Peters described him as a model leader. In 1989, when I first met Carlzon and his management team, he compared the ideal organization to the Brazilian soccer team—in principle, there would be no fixed roles, only innovative plays. I asked the members of the management team if they agreed with this vision of an empowered front line. One vice president, a former pilot, answered no. "I still believe that the best organization is the military," he said. I then asked Carlzon for his reaction to that remark. "Well," he replied, "that may be true, if your goal is to shoot your customers."

That rejoinder was both witty and dismissive; clearly, Carlzon was not engaging in a serious dialogue with his subordinates. Nor was he listening to other advisers. Carlzon ignored the issue of high costs, even when many observers pointed out that SAS could not compete without improving productivity. He threw money at expensive acquisitions of hotels and made an unnecessary investment in Continental Airlines just months before it declared bankruptcy.

Carlzon's story perfectly corroborates the often-recorded tendency of narcissists to become overly expansive—and hence isolated—at the very pinnacle of their success. Seduced by the flattery he received in the international press, Carlzon's self-image became so enormously inflated that his feet left the ground. And given his vulnerability to grandiosity, he was propelled by a need to expand his organization rather than develop it. In due course, as Carlzon led the company deeper and deeper into losses, he was fired. Now he is a venture capitalist helping budding companies.

ture and to implement a daring business strategy, including the buying and selling of scores of companies. Unlike other narcissistic leaders such as Gates, Grove, and Ellison, who have transformed industries with new products, Welch was able to transform his industry by focusing on execution and pushing companies to the limits of quality and efficiency, bumping up revenues and wringing out costs. In order to do so, Welch hammers out a huge corporate culture in his own image—a culture that provides impressive rewards for senior managers and shareholders.

Welch's approach to culture building is widely misunderstood. Many observers, notably Noel Tichy in *The Leadership Engine*, argue that Welch forms his company's leadership culture through teaching. But Welch's "teaching" involves a personal ideology that he indoctrinates into GE managers through speeches, memos, and confrontations. Rather than create a dialogue, Welch makes pronouncements (either be the number one or two company in your market or get out), and he institutes programs (such as Six Sigma quality) that become the GE party line. Welch's strategy has been extremely effective. GE managers must either internalize his vision, or they must leave. Clearly, this is incentive learning with a vengeance. I would even go so far as to call Welch's teaching brainwashing. But Welch does have the rare insight and know-how to achieve what all narcissistic business leaders are trying to do—namely, get the organization to identify with them, to think the way they do, and to become the living embodiment of their companies.

Get into analysis. Narcissists are often more interested in controlling others than in knowing and disciplining themselves. That's why, with very few exceptions, even productive narcissists do not want to explore their personalities with the help of insight therapies such as psychoanalysis. Yet since Heinz Kohut, there has been a radical shift in psychoanalytic thinking about what can be done to help narcissists work through their rage, alienation, and grandiosity. Indeed, if they can be persuaded to undergo therapy, narcissistic leaders can use tools such as psychoanalysis to overcome vital character flaws.

Consider the case of one exceptional narcissistic CEO who asked me to help him understand why he so often lost his temper with subordinates. He lived far from my home city, and so the therapy was sporadic and very unorthodox. Yet he kept a journal of his dreams, which we interpreted together either by phone or when we met. Our analysis uncovered painful feelings of being unappreciated that went back to his inability to impress a cold father. He came to realize that he demanded an unreasonable amount of praise and that when he felt unappreciated by his subordinates, he became furious. Once he understood that, he was able to recognize his narcissism and even laugh about it. In the middle of our work, he even announced to his top team that I was psychoanalyzing him and asked them what they thought of that. After a pregnant pause, one executive vice president piped up, "Whatever you're doing, you should keep doing it, because you don't get so angry anymore." Instead of being trapped by narcissistic rage, this CEO was learning how to express his concerns constructively.

Leaders who can work on themselves in that way tend to be the most productive nar-

Working for a Narcissist

Dealing with a narcissistic boss isn't easy. You have to be prepared to look for another job if your boss becomes too narcissistic to let you disagree with him. But remember that the company is typically betting on *his* vision of the future—not yours. Here are a few tips on how to survive in the short term:

- Always empathize with your boss's feelings, but don't expect any empathy back. Look elsewhere for your own self-esteem. Understand that behind his display of infallibility, there hides a deep vulnerability. Praise his achievements and reinforce his best impulses, but don't be shamelessly sycophantic. An intelligent narcissist can see through flatterers and prefers independent people who truly appreciate him. Show that you will protect his image, inside and outside the company. But be careful if he asks for an honest evaluation. What he wants is information that will help him solve a problem about his image. He will resent any honesty that threatens his inflated self-image and will likely retaliate.
- Give your boss ideas, but always let him take the credit for them. Find out what he thinks before presenting your views. If you believe he is wrong, show how a different approach would be in his best interest. Take his paranoid views seriously, don't brush them aside—they often reveal sharp intuitions. Disagree only when you can demonstrate how he will benefit from a different point of view.
- Hone your time-management skills. Narcissistic leaders often give subordinates many more orders than they can possibly execute. Ignore the requests he makes that don't make sense. Forget about them. He will. But be careful: carve out free time for yourself only when you know there's a lull in the boss's schedule. Narcissistic leaders feel free to call you at any hour of the day or night. Make yourself available, or be prepared to get out.

cissists. In addition to being self-reflective, they are also likely to be open, likable, and good-humored. Productive narcissists have perspective; they are able to detach themselves and laugh at their irrational needs. Although serious about achieving their goals, they are also playful. As leaders, they are aware of being performers. A sense of humor helps them maintain enough perspective and humility to keep on learning.

The Best and Worst of Times

As I have pointed out, narcissists thrive in chaotic times. In more tranquil times and places, however, even the most brilliant narcissist will seem out of place. In his short story *The Curfew Tolls*, Stephen Vincent Benét speculates on what would have happened to Napoléon if he had been born some 30 years earlier. Retired in prerevolutionary France, Napoléon is depicted as a lonely artillery major boasting to a vacationing British general about how he could have beaten the English in India. The point, of course, is that a visionary born in the wrong time can seem like a pompous buffoon.

Historically, narcissists in large corporations have been confined to sales positions, where they use their persuasiveness and imagination to best effect. In settled times, the problematic side of the narcissistic personality usually conspires to keep narcissists in their place, and they can typically rise to top management positions only by starting their own companies or by leaving to lead upstarts. Consider Joe Nacchio, formerly in charge of both the business and consumer divisions of AT&T. Nacchio was a supersalesman and a popular leader in the mid-1990s. But his desire to create a new network for business customers was thwarted by colleagues who found him abrasive, self-promoting, and ruthlessly ambitious.

Two years ago, Nacchio left AT&T to become CEO of Qwest, a company that is creating a long-distance fiber-optic cable network. Nacchio had the credibility—and charisma—to sell Qwest's initial public offering to financial markets and gain a high valuation. Within a short space of time, he turned Qwest into an attractive target for the RBOCs, which were looking to move into long-distance telephony and Internet services. Such a sale would have given Qwest's owners a handsome profit on their investment. But Nacchio wanted more. He wanted to expand—to compete with AT&T—and for that he needed local service. Rather than sell Qwest, he chose to make a bid himself for local telephone operator U.S. West, using Qwest's highly valued stock to finance the deal. The market voted on this display of expansiveness with its feet—Qwest's stock price fell 40% between last June, when he made the deal, and the end of the third quarter of 1999. (The S&P index dropped 5.7% during the same period.)

Like other narcissists, Nacchio likes risk—and sometimes ignores the costs. But with the dramatic discontinuities going on in the world today, more and more large corporations are getting into bed with narcissists. They are finding that there is no substitute for narcissistic leaders in an age of innovation. Companies need leaders who do not try to anticipate the future so much as create it. But narcissistic leaders—even the most productive of them—can self-destruct and lead their organizations terribly astray. For companies whose narcissistic leaders recognize their limitations, these will be the best of times. For other companies, these could turn out to be the worst.

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More and more corporations are finding there is no substitute for narcissistic leaders in this age of innovation.

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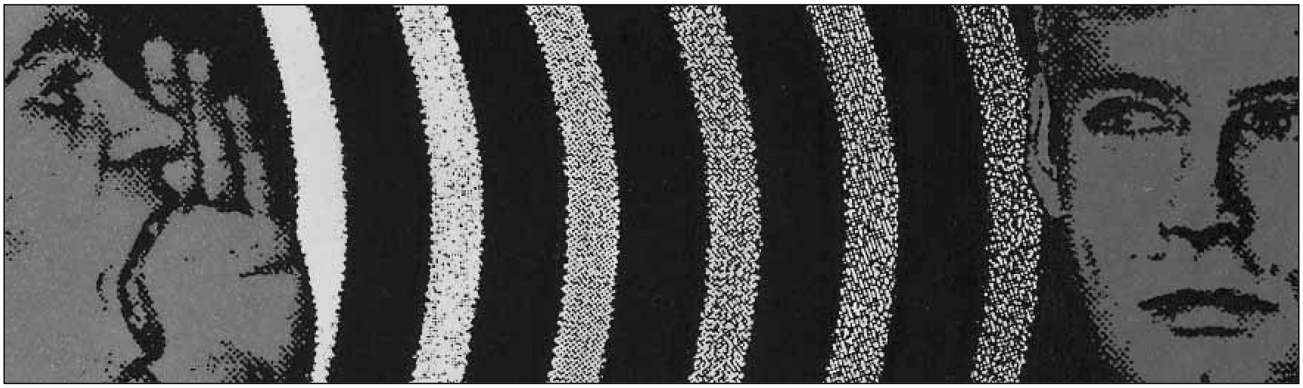

Good Communication That Blocks Learning

by Chris Argyris

Twenty-first-century corporations will find it hard to survive, let alone flourish, unless they get better work from their employees. This does not necessarily mean harder work or more work. What it does necessarily mean is employees who've learned to take active responsibility for their own behavior, develop and share first-rate information about their jobs, and make good use of genuine empowerment to shape lasting solutions to fundamental problems.

This is not news. Most executives understand that tougher competition will require more effective learning, broader empowerment, and greater commitment from everyone in the company. Moreover, they understand that the key to better performance is better communication. For 20 years or more, business leaders have used a score of communication tools–focus groups, organizational surveys, management-by-walking-around, and others–to convey and to gather the information needed to bring about change.

What *is* news is that these familiar techniques, used correctly, will actually inhibit the learning and communication that twenty-first-century corporations will require not just of managers but of every employee. For years, I have watched corporate leaders talking to subordinates at every level in order to find out what actually goes on in their companies and then help it go on more effectively. What I have observed is that the methods these executives use to tackle relatively simple problems actually prevent them from getting the kind of deep information, insightful behavior, and productive change they need to cope with the much more complex problem of organizational renewal.

Years ago, when corporations still wanted employees who did only what they were told, employee surveys and walk-around management were appropriate and effective tools. They can still produce useful information about routine issues like cafeteria service and parking privileges, and they can still generate valuable quantitative data in support of programs like total quality management. What they do *not* do is get people to reflect on their work and behavior. They do not encourage individual accountability. And they do not surface the kinds of

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DRAWINGS BY DAVID HORII

deep and potentially threatening or embarrassing information that can motivate learning and produce real change.

Let me give an example of what I mean. Not long ago, I worked with a company conducting a TQM initiative. TQM has been highly successful at cutting unnecessary costs, so successful that many companies have raised it to the status of a management philosophy. In this particular case, a TQM consultant worked with top management to carry out a variety of surveys and group meetings to help 40 supervisors identify nine areas in which they could tighten procedures and reduce costs. The resulting initiative met its goals one month early and saved more money than management had anticipated. The CEO was so elated that he treated the entire team to a champagne dinner to celebrate what was clearly a victory for everyone involved.

I had regular conversations with the supervisors throughout the implementation, and I was struck by two often-repeated comments. First, the supervisors told me several times how easy it had been to identify the nine target areas since they knew in advance where the worst inefficiencies might be found. Second, they complained again and again that fixing the nine areas was long overdue, that it was high time management took action. As one supervisor put it, "Thank God for TQM!"

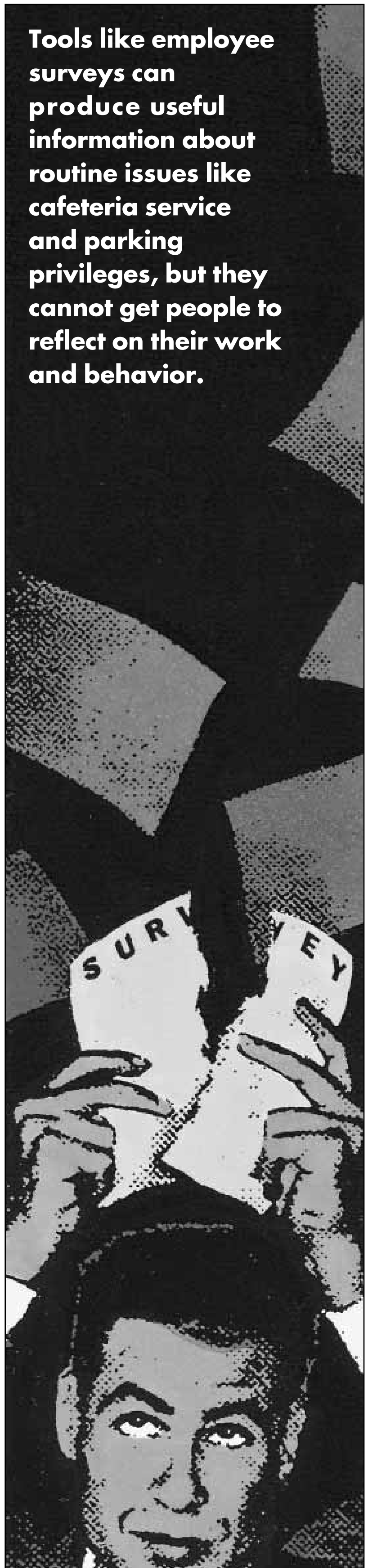
I asked several supervisors how long they had known about the nine problem areas, and their responses ranged from three to five years. I then asked them why, if they'd known about the problems, they'd never taken action themselves. "Why 'Thank God for TQM'?" I said. "Why not 'Thank God for the supervisors'?"

None of the supervisors hesitated to answer these questions. They cited the blindness and timidity of management. They blamed interdepartmental competitiveness verging on warfare. They said the culture of the company made it unacceptable to get others into trouble for the sake of correcting problems. In every explanation, the responsibility for fixing the nine problem areas belonged to someone else. The supervisors were loyal, honest managers. The blame lay elsewhere.

What was really going on in this company? To begin with, we can identify two different problems. Cost reduction is one. The other is a group of employees who stand passively by and watch inefficiencies develop and persevere. TQM produces the simple learning necessary to effect a solution to the first problem. But TQM will not prevent a recurrence of the second problem or cause the supervisors to wonder why they never acted. To understand why this is so, we need to know more about how learning takes place and about at least two mechanisms that keep it from taking place at all.

As I have emphasized in my previous articles on learning in the workplace, learning occurs in two forms: single-loop and double-loop. Single-loop learning asks a one-dimensional question to elicit a one-dimensional answer. My favorite example is a thermostat, which measures ambient temperature against a standard setting and turns the heat source on or off accordingly. The whole transaction is binary.

Double-loop learning takes an additional step or, more often than not, several additional steps. It turns the question back on the questioner. It asks what the media call follow-ups. In the case of the thermostat, for instance, double-loop learning would wonder whether the current setting was actually the most effective tem-



perature at which to keep the room and, if so, whether the present heat source was the most effective means of achieving it. A double-loop process might also ask why the current setting was chosen in the first place. In other words, double-loop learning asks questions not only about objective facts but also about the reasons and motives behind those facts.

Here is a simple illustration of the difference between these two kinds of learning: A CEO who had begun to practice his own form of management-by-walking-around learned from his employees that the company inhibited innovation by subjecting every new idea to more than 275 separate checks and sign-offs. He promptly appointed a task force to look at this situation, and it eliminated 200 of the obstacles. The result was a higher innovation rate.

This may sound like a successful managerial intervention. The CEO discovers a counterproductive process and, with the cooperation of others, produces dramatic improvement. Yet I would call it a case of single-loop learning. It addresses a difficulty but ignores a more fundamental problem. A more complete diagnosis – that is to say, a double-loop approach to this situation – would require the CEO to ask the employees who told him about the sign-offs some tougher questions about company culture and their own behavior. For example, "How long have you known about the 275 required sign-offs?" Or "What goes on in this company that prevented you from questioning these practices and getting them corrected or eliminated?"

Why didn't the CEO ask these questions of the supervisor? And why didn't the 40 supervisors ask these questions of themselves? There are two closely related mechanisms at work here – one social, the other psychological.

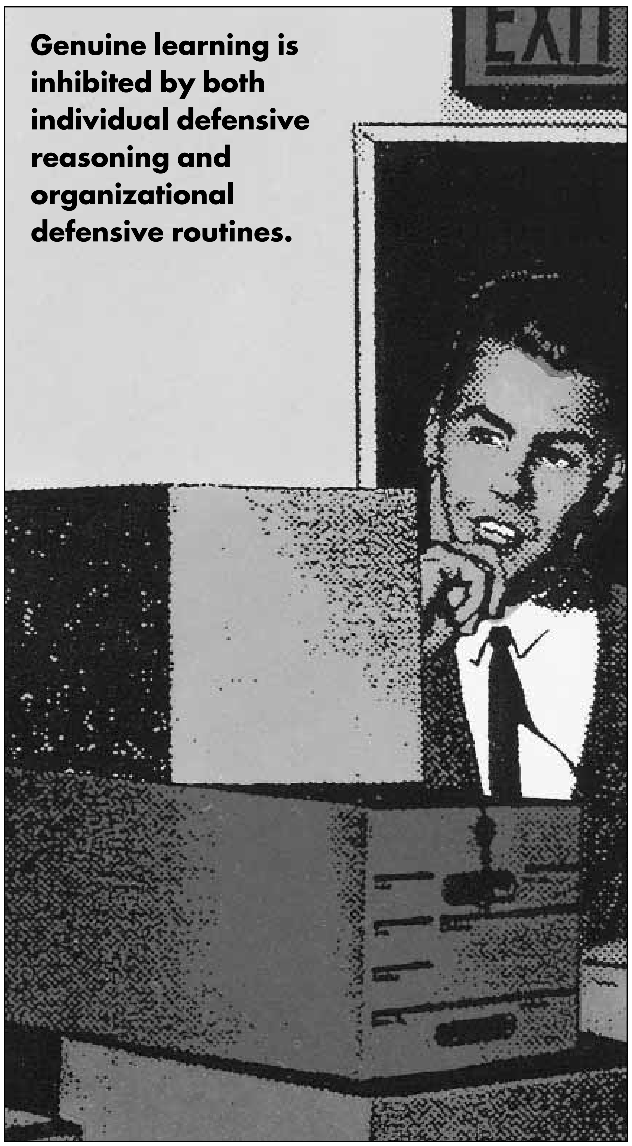
The social reason that the CEO did not dig deeper is that doing so might have been seen as putting people on the spot. Unavoidably, digging deeper would have uncovered the employees' collusion with the inefficient process. Their motives were probably quite decent – they didn't want to open Pandora's box, didn't want to be negative. But their behavior – and the behavior of the CEO in ignoring this dimension of the problem – combined with everyone's failure to examine his or her individual behavior and blocked the kind of learning that is crucial to organizational effectiveness.

In the name of positive thinking, in other words, managers often censor what everyone needs to say and hear. For the sake of "morale" and "considerateness," they deprive employees and themselves of the opportunity to take responsibility for their own behavior by learning to understand it. Because double-loop learning depends on questioning one's own assumptions and behavior, this apparently benevolent strategy is actually *anti*learning. Admittedly, being considerate and positive can contribute to the solution of single-loop problems like cutting costs. But it will never help people figure out why they lived with problems for years on end, why they covered up those problems, why they covered up the cover-up, why they were so good at pointing to the responsibility of others and so slow to focus on their own. The 40 supervisors said it was high time that management took steps. None of them asked why they themselves had never even drawn management's attention to nine areas of waste and inefficiency.

In the name of positive thinking, managers often censor what they see as a Pandora's box of problems.

What we see here is managers using socially "upbeat" behavior to inhibit learning. What we do not see, at least not readily, is why anyone should want to inhibit learning. The reason lies in a set of deeper and more complex psychological motives.

Consider again the story of the 40 supervisors. TQM's rigorous, linear reasoning solves a set of important, single-loop problems. But while we see some effective single-loop learning, no double-loop learning occurs at all. Instead, the moment the important problems involve potential threat or embarrassment, rigorous reasoning goes right out the window and *defensive reasoning* takes over. Note how the supervisors deftly sidestep all responsibility and defend themselves against the charge of inaction–or worse, collusion–by blaming others. In fact, what I call defensive reasoning serves no purpose except self-protection, though the people who use it rarely acknowledge that they are protecting themselves. It is the group, the department, the organization that they are protecting, in the name of being positive. They believe themselves to be using the kind of rigorous thinking employed in TQM, which identifies problems, gathers objective data, postulates causes, tests explanations, and derives corrective action, all along relatively scientific lines. But the supervisors' actual techniques–gathering data selectively, postulating only causes that do not threaten themselves, testing explanations in ways that are sloppy and self-serving–are a parody of scientific method. The supervisors are not protecting others; they are blaming them. They have learned this procedure carefully over time, supported at each step by defensive organizational rationalizations like "caring" and "thoughtfulness."



The reason the supervisors fail to question their own rather remarkable behavior–the reason they so instinctively and thoroughly avoid double-loop learning – is psychological. It has to do with the mental models that we all develop early in life for dealing with emotional or threatening issues.

In the process of growing up, all of us learn and warehouse master programs for dealing with difficult situations. These programs are sets of rules we use to design our own actions and interpret the actions of others. We retrieve them whenever we need to diagnose a problem or invent or size up a solution. Without them, we'd have to start from scratch each time we faced a challenge.

One of the puzzling things about these mental models is that when the issues we face are embarrassing or threatening, the master programs we actually use are rarely the ones we think we use. Each of us has what I call an *espoused theory of action* based on principles and precepts that fit our intellectual backgrounds and commitments. But most of us have quite a different *theory-in-use* to which we resort in moments of stress. And very few of us are aware of the contradiction between the two. In short, most of us are consistently inconsistent in the way we act.

Espoused theories differ widely, but most theories-in-use have the same set of four governing values. All of us design our behavior in order to remain in unilateral control, to maximize winning and minimize losing, to suppress negative feelings, and to be as rational as possible, by which we mean laying out clear-cut goals and then evaluating our own behavior on the basis of whether or not we've achieved them.

The purpose of this strategy is to avoid vulnerability, risk, embarrassment, and the appearance of incompetence. In other words, it is a deeply defensive strategy and a recipe for ineffective learning. We might even call it a recipe for antilearning, because it helps us avoid reflecting on the counterproductive consequences of our own behavior. Theories-in-use assume a world that prizes unilateral control and winning above all else, and in that world, we focus primarily on controlling others and on making sure that we are not ourselves controlled. If any reflection does occur, it is in the service of winning and controlling, not of opening ourselves to learning.

Defensive strategies discourage reflection in another way as well. Because we practice them most of our lives, we are all highly skilled at carrying them out. Skilled actions are second nature; we rarely reflect on what we take for granted.

In studies of more than 6,000 people, I have found this kind of defensive theory-in-use to be universal, with no measurable difference by country, age, sex, ethnic identity, education, wealth, power, or experience. All over the world, in every kind of business and organization, in every kind of crisis and dilemma, the principles of defensive reasoning encourage people to leave their own behavior unexamined and to avoid any objective test of their premises and conclusions.

As if this individual defensive reasoning were not enough of a problem, genuine learning in organizations is inhibited by a second universal phenomenon that I call *organizational defensive routines*. These consist of all the policies, practices, and actions that prevent human beings from having to experience embarrassment or threat and, at the same time, prevent them from examining the nature and causes of that embarrassment or threat.

Take face-saving. To work, it must be unacknowledged. If you tell your subordinate Fred that you are saving his face, you have defeated your own purpose. What you do tell Fred is a fiction about the success of his own decision and a lie about your reasons for rescinding it. What's more, if Fred correctly senses the mixed message, he will almost certainly say nothing.

The logic here, as in all organizational defensive routines, is unmistakable: send a mixed message ("Your decision was a good one, and I'm overruling it"); pretend it is not mixed ("You can be proud of your contribution"); make the mixed message and the pretense undiscussable ("I feel good about this outcome, and I'm sure you do too"); and, finally, make the undiscussability undiscussable ("Now that I've explained everything to your satisfaction, is there anything *else* you'd like to talk about?").

Defensive reasoning occurs when individuals make their premises and inferences tacit, then draw conclusions that cannot be tested except by the tenets of this tacit logic. Nothing could be more detrimental to organizational learning than this process of elevating individual defensive tactics to an organizational routine.

Yet whenever managers are trying to get at the truth about problems that are embarrassing or threatening, they are likely to stumble into the same set of predictable pitfalls. Asked to examine their own behavior or the behavior of subordinates, people in this situation are likely:

□ To reason defensively and to interact with others who are reasoning defensively;

□ To get superficial, single-loop responses that lead to superficial, single-loop solutions;

□ To reinforce the organizational defensive routines that inhibit access to valid information and genuine learning;

□ To be unaware of their own defenses because these are so skilled and automatic; and

□ To be unaware that they are producing any of these consequences, or, if they *are* aware of defensiveness, to see it only in others.

Given all these built-in barriers to self-understanding and self-examination under threatening conditions, it is a wonder that organizational learning takes place at all. It is an even greater wonder when we realize that many of the forms of communication that management works so hard to perfect actually reinforce those barriers. Yet this is exactly what they do.

We have seen a couple of examples of management's "benevolent" censorship of true but negative messages. In addition, we have looked at the psychological mechanisms that lead employees, supervisors, managers, and executives to engage in personal and collective defensive routines. The question we still have to answer is precisely how modern corporate communications succeed in actually contributing to this censorship and these defensive routines.

They do so in two explicit ways. First, they create a bias against personal learning and commitment in the way they parcel out roles and responsibilities in every survey, dialogue, and conversation. Second, they open a door to defensive reasoning – and close one on individual self-awareness – in the way they continuously emphasize extrinsic as opposed to intrinsic motivation.

First, consider the way roles and responsibilities are assigned in manager-employee (or leader-subordinate) conversations, interviews, and surveys. There seem to be two rules. Rule number one is that employees are to be truthful and forthcoming about the world they work in, about norms, procedures, and the strengths and weaknesses of their superiors. All other aspects of their role in the life of the organization – their goals, feelings, failings, and conflicted motives – are taken for granted and remain unexamined. Rule number two is that top-level managers, who play an intensely scrutinized role in the life of the company, are to assume virtually all responsibility for employee well-being and organizational success. Employees must tell the truth as they see it; leaders must modify their own and the company's behavior. In other words, employees educate, and managers act.

Take the case of Acme, a large, multinational energy company with 6,000 employees. Under increasing competitive pressure, the company was forced to downsize, and to no one's surprise, morale was failing fast. To learn as much as possible about its own shortcomings and how to correct them, Acme management designed and conducted an employee survey with the help of experts, and 95% of employees responded. Of those responding, 75% agreed on five positive points:

□ They were proud to work for Acme.
□ Their job satisfaction was very high.
□ They found their immediate supervisors fair and technically competent.
□ They believed management was concerned for their welfare.
□ They felt competent to perform their own jobs.

Some 65% of the respondents also indicated some concerns:

□ They were skeptical about management's capacity to take initiative, communicate candidly, and act effectively.
□ They described Acme's corporate culture as one of blame.
□ They complained that managers, while espousing empowerment, were strongly attached to their own unilateral control.

The CEO read the first set of findings to mean that employees were basically satisfied and loyal. He saw the second set as a list of problems that he must make a serious effort to correct. And so the CEO replaced several top managers and arranged for the reeducation of the whole management team, including himself and his direct reports. He announced that Acme would no longer tolerate a culture of blame. He introduced training programs to make managers more forthright and better able to take initiative. And he promised to place greater emphasis on genuine empowerment.

The CEO's logic went like this: My employees will identify the problems. I'll fix them by creating a new vision, defining new practices and policies, and selecting a top management team genuinely committed to them. Change will inevitably follow.

I think most managers would call this a success story. If we dig deeper, however, we see a pattern I've observed hundreds of times. Underneath the CEO's aggressive action, important issues have been bypassed, and the bypass has been covered up.

When the CEO took his new team on a five-day retreat to develop the new strategy and plan its implementation, he invited me to come along. In the course of the workshop, I asked each participant to write a simple case in a format I have found to be a powerful tool in predicting how executives will deal with difficult issues during implementation. The method also reveals contradictions between what the executives say and what they do and highlights their awareness of these discrepancies.

I asked each member of the team to write one or two sentences describing one important barrier to the new strategy and another three or four sentences telling how they would overcome that barrier. Then I asked them to split the rest of the page in half. On one side, they were to write an actual or imagined dialogue with a subordinate about the issue in question. On the other side, they were to note any unsaid or unsayable thoughts or feelings they might have about this conversation. I asked them to continue this script for several pages. When they were finished, the group as a whole discussed each case at some length, and we recorded the discussions. The ability to replay key sections made it easier for the participants to score themselves on candor, forthrightness, and the extent to which their comments and behavior encouraged genuine employee commitment – the three values that the CEO had directed the executives to foster.

All of the executives chose genuinely important issues around resistance to change. But all of them dealt with the resistance they expected from subordinates by easing in, covering up, and avoiding candor and plain speaking. They did so in the name of minimizing subordinates' defensiveness and in hopes of getting them to buy into change. The implicit logic behind their scripts went something like this:

□ Hide your fears about the other person's likely resistance to change. Cover this fear with persistent positiveness. Pretend the two of you agree, especially when you know you don't.
□ Deal with resistant responses by stressing the problem rather than the resistance. Be positive. Keep this strategy a secret.
□ If this approach doesn't work, make it clear that you won't take no for an answer. After all, you're the boss.

Imagine this kind of logic applied to sensitive issues in hundreds of conversations with employees. It's not hard to guess what the response will be, and it certainly isn't buy-in.

What happened to candor, forthrightness, and commitment building? All the executives failed to walk their talk, and all were unaware of their own inconsistency. When I pointed out the gap between action and intention, most saw it at once. Most were surprised that they hadn't seen it before. Most were quick to recognize inconsistency in others, but their lack of awareness with regard to their own inconsistency was systematic.

I know of only one way to get at these inconsistencies, and that is to focus on them. In the Acme case, the CEO managed to ignore the fact that the survey results didn't compute: on the one hand, employees said they were proud to work for the company and described management as caring; on the other, they doubted management's candor and competence. How could they hold both views? How could they be proud to work for a company whose managers were ineffective and inconsistent?

The CEO did not stop to explore any of these contradictions before embarking on corrective action. Had he done so, he might have discovered that the employees felt strong job satisfaction precisely *because* management never asked them to accept personal responsibility for Acme's poor competitive performance. Employees could safely focus their skepticism on top management because they had learned to depend on top management for their welfare. They claimed to value empowerment when in reality they valued dependence. They claimed commitment to the company when in reality they were committed only to the principle that management should make all the tough decisions, guarantee their employment, and pay them fairly. This logic made sense to employees, but it was *not* the kind of commitment that management had in mind.

None of these issues was ever discussed with employees, and none was raised in the leadership workshops. No effort was made to explore the concept of loyalty that permitted, indeed encouraged, managers to think one thing and say another. No attempt was made to help employees understand the role they played in the "culture of blame" that they'd named in the survey as one of their chief concerns. Above all, no one tried to untangle the defensive logic that contributed so mightily to these inconsistencies and that so badly needed critical examination. In fact, when I asked the management team why they had not discussed these questions, one person told me, "Frankly, until you started asking these questions, it just didn't occur to us. I see your point, but trying to talk to our people about this could be awfully messy. We're really trying to be *positive* here, and this would just stir things up."

The Acme story is a very common one: lots of energy is expended with little lasting progress. Employee surveys like the one Acme conducted – and like most other forms of leader-subordinate communication – have a fundamentally antimanagement bias whenever they deal with double-loop issues. They encourage employees *not* to reflect on their own behavior and attitudes. By assigning all the responsibility for fixing problems to management, they encourage managers *not* to relinquish the top-down, command-and-control mind-set that prevents empowerment.

The employees at Acme, like the 40 supervisors who were wined and dined for their TQM accomplishments, will continue to do what's asked of them as long as they feel adequately rewarded. They will follow the rules, but they will not take initiative, they will not take risks, and they are very unlikely to engage in double-loop learning. In short, they will not adopt the new behaviors and frames of reference so critical to keeping their companies competitive.

Over the last few years, I have come in contact with any number of companies struggling with this transition from command-and-control hierarchy to employee empowerment and organizational learning, and every one of them is its own worst enemy. Managers embrace the language of intrinsic motivation but fail to see how firmly mired in the old extrinsic world their communications actually are. This is the second explicit way in which corporate communications contribute to nonlearning.

Take the case of the 1,200-person operations division of what I'll call Europabank, where employee commitment to customer service was about to become a matter of survival. The bank's CEO had decided to spin off the division, and its future depended on its ability to *earn* customer loyalty. Europabank's CEO felt confident that the employees could become more market-oriented. Because he knew they would have to take more initiative and risk, he created small project groups to work out all the implementation details and get employees to buy into the new mission. He was pleased with the way the organization was responding.

The vice president for human resources was not so pleased. He worried that the buy-in wasn't genuine and that his boss was overly optimistic. Not wanting to be negative, however, he kept his misgivings to himself.

In order to assess what was really going on here, I needed to know more about the attitudes behind the CEO's behavior. I asked him for some written examples of how he would answer employee concerns about the spin-off. What would he say to allay their doubts and build their commitment? Here are two samples of what he wrote:

□ "If the employees express fear about the new plan because the 'old' company guaranteed employment, say: 'The new organization will do its utmost to guarantee employment and better prospects for growth. I promise that.'"

□ "If the employees express fear that they are not used to dealing with the market approach, say: 'I promise you will get the education you need, and I will ensure that appropriate actions are rewarded.'"

When these very situations later arose and he made these very statements to employees, their reactions were positive. They felt that the CEO really cared about them.

But look at the confusion of messages and roles. If the CEO means to give these employees a sense of their own power over their own professional fate – and that was his stated intent – then why emphasize instead what *he* will do for *them*? Each time he said, "I promise you," the CEO undermined his own goal of creating internal commitment, intrinsic motivation, and genuine empowerment.

He might have begun to generate real buy-in by pointing out to employees that their wishes were unreasonable. They want management to deal with their fears and reassure them that everything will turn out for the best. They want management to take responsibility for a challenge that is theirs to face. In a market-driven business, the CEO cannot possibly give the guarantees these employees want. The employees see the CEO as caring when he promises to protect and reward them. Unfortunately, this kind of caring disempowers, and someday it will hurt both the employees and the company.

Once employees base their motivation on extrinsic factors – the CEO's promises – they are much less likely to take chances, question established policies and practices, or explore the territory that lies beyond the company vision as defined by management. They are much less likely to learn.

Externally committed employees believe that management manipulates them and see loyalty as allowing the manipulation to take place. They will give honest responses to a direct question or a typical employee survey because they will be glad to tell management what's wrong. They will see it as a loyal act. What they are *not* likely to do is examine the risky issues surrounding their dependence, their ambivalence, and their avoidance of personal responsibility. Employees will commit to TQM, for example, if they believe that their compensation is just and that their managers are fair and trustworthy. However, these conditions, like the commitment they produce, come from an outside source: management.

This is external commitment, and external commitment harnesses external motivation. The energy available for work derives from extrinsic factors like good pay, well-designed jobs, and management promises. Individuals whose commitment and motivation are external depend on their managers to give them the incentive to work.

I recently watched a videotape of the CEO of a large airline meeting with relatively upper-level managers. The CEO repeatedly emphasized the importance of individual empowerment at all levels of the organization. At one point in the tape, a young manager identified a problem that top managers at the home office had prevented him from resolving. The CEO thanked the man and then asked him to go directly to the senior vice president who ran the department in question and raise the issue again. In the meantime, he said, he would pave the way. By implication, he encouraged all the managers present to take the initiative and come to him if they encountered bureaucratic barriers.

I watched this video with a group of some 80 senior executives. All but one praised the CEO for empowering the young manager. The single dissenter wondered out loud about the quality of the empowerment, which struck him as entirely external, entirely dependent on the action of the CEO.

I agreed with that lonely voice. The CEO could have opened a window into genuine empowerment for the young manager by asking a few critical questions: What had the young man done to communicate his sense of disempowerment to those who blocked him? What fears would doing so have triggered? How could the organization redesign itself to give young managers the freedom and safety to take such initiatives? For that matter, the CEO could have asked these same questions of his senior vice presidents.

By failing to explore the deeper issues – and by failing to encourage his managers to do the same – all the CEO did was promise to lend the young manager some high-level executive power and authority the next time he had a problem. In other words, the CEO built external commitment and gave his manager access to it. What he did *not* do was encourage the young man to build permanent empowerment for himself on the basis of his own insights, abilities, and prerogatives.

Companies that hope to reap the rewards of a committed, empowered workforce have to learn to stop kidding themselves. External commitment, positive thinking at any price, employees protected from the consequences and even the knowledge of cause and effect – this mind-set may produce superficial honesty and single-loop learning, but it will never yield the kind of learning that might actually help a company change. The reason is quite simply that for companies to change, employees must take an active role not only in describing the faults of others but also in drawing out the truth about their *own* behavior and motivation. In my experience, moreover, employees dig deeper and harder into the truth when the task of scrutinizing the organization includes taking a good look at their own roles, responsibilities, and potential contributions to corrective action.

The problem is not that employees run away from this kind of organizational self-examination. The problem is that no one asks it of them. Managers seem to attach no importance to employees' feelings, defenses, and inner conflicts. Moreover, leaders focus so earnestly on "positive" values – employee satisfaction, upbeat attitude, high morale – that it would strike them as destructive to make demands on employee self-awareness.

But this emphasis on being positive is plainly counterproductive. First, it overlooks the critical role that dissatisfaction, low morale, and negative attitudes can play – often *should* play – in giving an accurate picture of organizational reality, especially with regard to threatening or sensitive issues. (For example, if employees are helping to eliminate their own jobs, why should we expect or encourage them to display high morale or disguise their mixed feelings?) Second, it condescendingly assumes that employees can only function in a cheerful world, even if the cheer is false. We make no such assumption about senior executives. We expect leaders to stand up and take their punches like adults, and we recognize that their best performance is often linked to shaky morale, job insecurity, high levels of frustration, and a vigilant focus on negatives. But leaders have a tendency to treat everyone below the top, including many of their managers, like members of a more fragile race, who can be productive only if they are contented.

Now, there is nothing wrong with contented people, if contentment is the only goal. My research suggests it is possible to achieve quite respectable productivity with middling commitment and morale. The key is a system of external compensation and job security that employees consider fair. In such a system, superficial answers to critical questions produce adequate results, and no one demands more.

But the criteria for effectiveness and responsibility have risen sharply in recent years and will rise more sharply still in the decades to come. A generation ago, business wanted employees to do exactly what they were told, and company leadership bought their acquiescence with a system of purely extrinsic rewards. Extrinsic motivation had fairly narrow boundaries – defined by phrases like "That's not my job" – but it did produce acceptable results with a minimum of complication.

Today, facing competitive pressures an earlier generation could hardly have imagined, managers need employees who think constantly and creatively about the needs of the organization. They need employees with as much *intrinsic* motivation and as deep a sense of organizational stewardship as any company executive. To bring this about, corporate communications must demand more of everyone involved. Leaders and subordinates alike – those who ask and those who answer – must all begin struggling with a new level of self-awareness, candor, and responsibility.

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A Survival Guide for Leaders

Steering an organization through times of change can be hazardous, and it has been the ruin of many a leader. To avoid the perils, let a few basic rules govern your actions – and your internal compass.

by Ronald A. Heifetz and Marty Linsky

THINK OF THE MANY top executives in recent years who, sometimes after long periods of considerable success, have crashed and burned. Or think of individuals you have known in less prominent positions, perhaps people spearheading significant change initiatives in their organizations, who have suddenly found themselves out of a job. Think about yourself: In exercising leadership, have *you* ever been removed or pushed aside?

Let's face it, to lead is to live dangerously. While leadership is often depicted as an exciting and glamorous endeavor, one in which you inspire others to follow you through good times and bad, such a portrayal ignores leadership's dark side: the inevitable attempts to take you out of the game.

Those attempts are sometimes justified. People in top positions must often pay the price for a flawed strategy or a series of bad decisions. But frequently, something more is at work. We're not talking here about conventional office politics; we're talking about the high-stake risks you face whenever you try to lead an organization through difficult but necessary change. The risks during such times are especially high because change that truly transforms an organization, be it a multibillion-dollar company or a ten-person sales team, demands that people give up things they hold dear: daily habits, loyalties, ways of thinking. In return for these sacrifices, they may be offered nothing more than the possibility of a better future.

We refer to this kind of wrenching organizational transformation as "adaptive change," something very different from the "technical change" that occupies people in positions of authority on a regular basis. Technical problems, while often challenging, can be solved applying existing know-how and the organization's current problem-solving processes. Adaptive problems resist these kinds of solutions because they require individuals throughout the organization to alter their ways; as the people themselves are the problem, the solution lies with them. (See the sidebar "Adaptive Versus Technical Change: Whose Problem Is It?") Responding to an adaptive challenge with a technical fix may have some short-term appeal. But to make real progress, sooner or later those who lead must ask themselves and the people in the organization to face a set of deeper issues – and to accept a solution that may require turning part or all of the organization upside down.

It is at this point that danger lurks. And most people who lead in such a situation – swept up in the action, championing a cause they believe in – are caught unawares. Over and over again, we have seen courageous souls blissfully ignorant of an approaching threat until it was too late to respond.

The hazard can take numerous forms. You may be attacked directly in an attempt to shift the debate to your character and style and avoid discussion of your initiative. You may be marginalized, forced into the position of becoming so identified with one issue that your broad authority is undermined. You may be seduced by your supporters and, fearful of losing their approval and affection, fail to demand they make the sacrifices needed for the initiative to succeed. You may be diverted from your goal by people overwhelming you with the day-to-day details of carrying it out, keeping you busy and preoccupied.

Each one of these thwarting tactics – whether done consciously or not – grows out of people's aversion to the organizational disequilibrium created by your initiative. By attempting to undercut you, people strive to restore order, maintain what is familiar to them, and protect themselves from the pains of adaptive change. They want to be comfortable again, and you're in the way.

So how do you protect yourself? Over a combined 50 years of teaching and consulting, we have asked ourselves that question time and again – usually while watching top-notch and well-intentioned folks get taken out of the game. On occasion, the question has become painfully personal; we as individuals have been knocked off course or out of the action more than once in our own leadership efforts. So we are offering what we hope are some pragmatic answers that grow out of these observations and experiences. We should note that while our advice clearly applies to senior executives, it also applies to people trying to lead change initiatives from positions of little or no formal organizational authority.

This "survival guide" has two main parts. The first looks outward, offering tactical advice about relating to your organization and the people in it. It is designed to protect you from those trying to push you aside before you complete your initiative. The second looks inward, focusing on your own human needs and vulnerabilities. It is designed to keep you from bringing yourself down.

A Hostile Environment

Leading major organizational change often involves radically reconfiguring a complex network of people, tasks, and institutions that have achieved a kind of modus vivendi, no matter how dysfunctional it appears to you. When the status quo is upset, people feel a sense of profound loss and dashed expectations. They may go through a period of feeling incompetent or disloyal. It's no wonder they resist the change or try to eliminate its visible agent. We offer here a number of techniques – relatively straightforward in concept but difficult to execute – for minimizing these external threats.

Operate in and above the fray. The ability to maintain perspective in the midst of action is critical to lowering resistance. Any military officer knows the importance of maintaining the capacity for reflection, especially in the "fog of war." Great athletes must simultaneously play the game and observe it as a whole. We call this skill "getting off the dance floor and going to the balcony," an image that captures the mental activity of stepping back from the action and asking, "What's really going on here?"

Leadership is an improvisational art. You may be guided by an overarching vision, clear values, and a strategic plan, but what you actually do from moment to moment cannot be scripted. You must respond as events unfold. To use our metaphor, you have to move back and forth from the balcony to the dance floor, over and over again throughout the days, weeks, months, and years. While today's plan may make sense now, tomorrow you'll discover the unanticipated effects of today's actions and have to adjust accordingly. Sustaining good leadership, then, requires first and foremost the capacity to see what is happening to you and your initiative as it is happening and to understand how today's turns in the road will affect tomorrow's plans.

But taking a balcony perspective is extremely tough to do when you're fiercely engaged down below, being pushed and pulled by the events and people around you – and doing some pushing and pulling of your own. Even if you are able to break away, the practice of stepping back and seeing the big picture is complicated by several factors. For example, when you get some distance, you still must accurately interpret what you see and hear. This is easier said than done. In an attempt to avoid difficult change, people will naturally, even unconsciously, defend their habits and ways of thinking. As you seek input from a broad range of people, you'll constantly need to be aware of these hidden agendas. You'll also need to observe your own actions; seeing yourself objectively as you look down from the balcony is perhaps the hardest task of all.

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Fortunately, you can learn to be both an observer and a participant at the same time. When you are sitting in a meeting, practice by watching what is happening while it is happening – even as you are part of what is happening. Observe the relationships and see how people's attention to one another can vary: supporting, thwarting, or listening. Watch people's body language. When you make a point, resist the instinct to stay perched on the edge of your seat, ready to defend what you said. A technique as simple as pushing your chair a few inches away from the table after you speak may provide the literal as well as metaphorical distance you need to become an observer.

Court the uncommitted. It's tempting to go it alone when leading a change initiative. There's no one to dilute your ideas or share the glory, and it's often just plain exciting. It's also foolish. You need to recruit partners, people who can help protect you from attacks and who can point out potentially fatal flaws in your strategy or initiative. Moreover, you are far less vulnerable when you are out on the point with a bunch of folks rather than alone. You also need to keep the opposition close. Knowing what your opponents are thinking can help you challenge them more effectively and thwart their attempts to upset your agenda – or allow you to borrow ideas that will improve your initiative. Have coffee once a week with the person most dedicated to seeing you fail.

But while relationships with allies and opponents are essential, the people who will determine your success are often those in the middle, the uncommitted who nonetheless are wary of your plans. They have no substantive stake in your initiative, but they do have a stake in the comfort, stability, and security of the status quo. They've seen change agents come and go, and they know that your initiative will disrupt their lives and make their futures uncertain. You want to be sure that this general uneasiness doesn't evolve into a move to push you aside.

These people will need to see that your intentions are serious – for example, that you are willing to let go of those who can't make the changes your initiative requires. But people must also see that you understand the loss you are asking them to accept. You need to name the loss, be it a change in time-honored work routines or an overhaul of the company's core values, and explicitly acknowledge the resulting pain. You might do this through a series of simple statements, but it often requires something more tangible and public – recall Franklin Roosevelt's radio "fireside chats" during the Great Depression – to convince people that you truly understand.

Beyond a willingness to accept casualties and acknowledge people's losses, two very personal types of action can defuse potential resistance to you and your initiatives. The first is practicing what you preach. In 1972, Gene Patterson took over as editor of the *St. Petersburg Times.* His mandate was to take the respected regional newspaper to a higher level, enhancing its reputation for fine writing while becoming a fearless and hard-hitting news source. This would require major changes not only in the way the community viewed the newspaper but also in the way *Times* reporters thought about themselves and their roles. Because prominent organizations and individuals would no longer be spared warranted criticism, reporters would sometimes be angrily rebuked by the subjects of articles.

Several years after Patterson arrived, he attended a party at the home of the paper's foreign editor. Driving home, he pulled up to a red light and scraped the car next to him. The police officer called to the scene charged Patterson with driving under the influence. Patterson phoned Bob Haiman, a veteran *Times* newsman who had just been appointed executive editor, and insisted that a story on his arrest be run. As Haiman recalls, he tried to talk Patterson out of it, arguing that DUI arrests that didn't involve injuries were rarely reported, even when prominent figures were involved. Patterson was adamant, however, and insisted that the story appear on page one.

Patterson, still viewed as somewhat of an outsider at the paper, knew that if he wanted his employees to follow the highest journalistic standards, he would have to display those standards, even when it hurt. Few leaders are called upon to disgrace themselves on the front page of a newspaper. But adopting the behavior you expect from others – whether it be taking a pay cut in tough times or spending a day working next to employees on a reconfigured production line – can be crucial in getting buy-in from people who might try to undermine your initiative.

The second thing you can do to neutralize potential opposition is to acknowledge your own responsibility for whatever problems the organization currently faces. If you have been with the company for some time, whether in a position of senior authority or not, you've likely contributed in some way to the current mess. Even if you are new, you need to identify areas of your own behavior that could stifle the change you hope to make.

In our teaching, training, and consulting, we often ask people to write or talk about a leadership challenge they currently face. Over the years, we have read and heard literally thousands of such challenges. Typically, in the first version of the story, the author is nowhere to be found. The underlying message: "If only other people would shape up, I could make progress here." But by too readily pointing your finger at others, you risk making yourself a target. Remember, you are asking people to move to a place where they are fright-

> Executives leading difficult change initiatives are often blissfully ignorant of an approaching threat until it is too late to respond.

ened to go. If at the same time you're blaming them for having to go there, they will undoubtedly turn against you.

In the early 1990s, Leslie Wexner, founder and CEO of the Limited, realized the need for major changes at the company, including a significant reduction in the workforce. But his consultant told him that something else had to change: long-standing habits that were at the heart of his self-image. In particular, he had to stop treating the company as if it were his family. The indulgent father had to become the chief personnel officer, putting the right people in the right jobs and holding them accountable for their work. "I was an athlete trained to be a baseball player," Wexner recalled during a recent speech at Harvard's Kennedy School. "And one day, someone tapped me on the shoulder and said, 'Football.' And I said, 'No, I'm a baseball player.' And he said, 'Football.' And I said, 'I don't know how to play football. I'm not 6'4", and I don't weigh 300 pounds.' But if no one values baseball anymore, the baseball player will be out of business. So I looked into the mirror and said, 'Schlemiel, nobody wants to watch baseball. Make the transformation to football.'" His personal makeover – shedding the role of forgiving father to those widely viewed as not holding their own – helped sway other employees to back a corporate makeover. And his willingness to change helped protect him from attack during the company's long – and generally successful – turnaround period.

Cook the conflict. Managing conflict is one of the greatest challenges a leader of organizational change faces. The conflict may involve resistance to change, or it may involve clashing viewpoints about how the change should be carried out. Often, it will be latent rather than palpable. That's because most organizations are allergic to conflict, seeing it primarily as a source of danger, which it certainly can be. But conflict is a necessary part of the change process and, if handled properly, can serve as the engine of progress.

Thus, a key imperative for a leader trying to achieve significant change is to manage people's passionate differences in a way that diminishes their destructive potential and constructively harnesses their energy. Two techniques can help you achieve this. First, create a secure place where the conflicts can freely bubble up. Second, control the temperature to ensure that the conflict doesn't boil over – and burn you in the process.

The vessel in which a conflict is simmered – in which clashing points of view mix, lose some of their sharpness, and ideally blend into consensus – will look and feel quite different in different contexts. It may be a protected physical space, perhaps an off-site location where an outside facilitator helps a group work through its differences. It may be a clear set of rules and processes that give minority voices confidence that they will be heard without having to disrupt the proceedings to gain attention. It may be the shared language and history of an organization that binds people together through trying times. Whatever its form, it is a place or a means to con-

Adaptive Versus Technical Change
Whose Problem Is It?

The importance – and difficulty – of distinguishing between adaptive and technical change can be illustrated with an analogy. When your car has problems, you go to a mechanic. Most of the time, the mechanic can fix the car. But if your car troubles stem from the way a family member drives, the problems are likely to recur. Treating the problems as purely technical ones – taking the car to the mechanic time and again to get it back on the road – masks the real issues. Maybe you need to get your mother to stop drinking and driving, get your grandfather to give up his driver's license, or get your teenager to be more cautious. Whatever the underlying problems, the mechanic can't solve them. Instead, changes in the family need to occur, and that won't be easy. People will resist the moves, even denying that such problems exist. That's because even those not directly affected by an adaptive change typically experience discomfort when someone upsets a group's or an organization's equilibrium.

Such resistance to adaptive change certainly happens in business. Indeed, it's the classic error: Companies treat adaptive challenges as if they were technical problems. For example, executives attempt to improve the bottom line by cutting costs across the board. Not only does this avoid the need to make tough choices about which areas should be trimmed, it also masks the fact that the company's real challenge lies in redesigning its strategy.

Treating adaptive challenges as technical ones permits executives to do what they have excelled at throughout their careers: solve other people's problems. And it allows others in the organization to enjoy the primordial peace of mind that comes from knowing that their commanding officer has a plan to maintain order and stability. After all, the executive doesn't have to instigate – and the people don't have to undergo – uncomfortable change. Most people would agree that, despite the selective pain of a cost-cutting exercise, it is less traumatic than reinventing a company.

tain the roiling forces unleashed by the threat of major change.

But a vessel can withstand only so much strain before it blows. A huge challenge you face as a leader is keeping your employees' stress at a productive level. The success of the change effort–as well as your own authority and even survival – requires you to monitor your organization's tolerance for heat and then regulate the temperature accordingly.

You first need to raise the heat enough that people sit up, pay attention, and deal with the real threats and challenges facing them. After all, without some distress, there's no incentive to change. You can constructively raise the temperature by focusing people's attention on the hard issues, by forcing them to take responsibility for tackling and solving those issues, and by bringing conflicts occurring behind closed doors out into the open.

But you have to lower the temperature when necessary to reduce what can be counterproductive turmoil. You can turn down the heat by slowing the pace of change or by tackling some relatively straightforward technical aspect of the problem, thereby reducing people's anxiety levels and allowing them to get warmed up for bigger challenges. You can provide structure to the problem-solving process, creating work groups with specific assignments, setting time parameters, establishing rules for decision making, and outlining reporting relationships. You can use humor or find an excuse for a break or a party to temporarily ease tensions. You can speak to people's fears and, more critically, to their hopes for a more promising future. By showing people how the future might look, you come to embody hope rather than fear, and you reduce the likelihood of becoming a lightning rod for the conflict.

The aim of both these tactics is to keep the heat high enough to motivate people but low enough to prevent a disastrous explosion–what we call a "productive range of distress." Remember, though, that most employees will reflexively want you to turn down the heat; their complaints may in fact indicate that the environment is just right for hard work to get done.

We've already mentioned a classic example of managing the distress of fundamental change: Franklin Roosevelt during the first few years of his presidency. When he took office in 1933, the chaos, tension, and anxiety brought on by the Depression ran extremely high. Demagogues stoked class, ethnic, and racial conflict that threatened to tear the nation apart. Individuals feared an uncertain future. So Roosevelt first did what he could to reduce the sense of disorder to a tolerable level. He took decisive and authoritative action – he pushed an extraordinary number of bills through Congress during his fabled first 100 days – and thereby gave Americans a sense of direction and safety, reassuring them that they were in capable hands. In his fireside chats, he spoke to people's anxiety and anger and laid out a positive vision for the future that made the stress of the current crisis bearable and seem a worthwhile price to pay for progress.

But he knew the problems facing the nation couldn't be solved from the White House. He needed to mobilize citizens and get them to dream up, try out, fight over, and ultimately own the sometimes painful solutions that would transform the country and move it forward. To do that, he needed to maintain a certain level of fermentation and distress. So, for example, he orchestrated conflicts over public priorities and programs among the large cast of creative people he brought into the government. By giving the same assignment to two different administrators and refusing to clearly define their roles, he got them to generate new and competing ideas. Roosevelt displayed both the acuity to recognize when the tension in the nation had risen too high and the emotional strength to take the heat and permit considerable anxiety to persist.

> To neutralize potential opposition, you should acknowledge your own responsibility for whatever problems the organization currently faces.

Place the work where it belongs. Because major change requires people across an entire organization to adapt, you as a leader need to resist the reflex reaction of providing people with the answers. Instead, force yourself to transfer, as Roosevelt did, much of the work and problem solving to others. If you don't, real and sustainable change won't occur. In addition, it's risky on a personal level to continue to hold on to the work that should be done by others.

As a successful executive, you have gained credibility and authority by demonstrating your capacity to solve other people's problems. This ability can be a virtue, until you find yourself faced with a situation in which you cannot deliver solutions. When this happens, all of your habits, pride, and sense of competence get thrown out of kilter because you must mobilize the work of others rather than find the way yourself. By trying to solve an adaptive challenge for people, at best you will reconfigure it as a technical problem and create some short-term relief. But the issue will not have gone away.

In the 1994 National Basketball Association Eastern Conference semifinals, the Chicago Bulls lost to the New York Knicks in the first two games of the best-of-seven series. Chicago was out to prove that it was more than just a one-man team, that it could win without Michael Jordan, who had retired at the end of the previous season.

In the third game, the score was tied at 102 with less than two seconds left. Chicago had the ball and a time-out to plan a final shot. Coach Phil Jackson called for Scottie Pippen, the Bulls' star since Jordan had retired, to make the inbound pass to Toni Kukoc for the final shot. As play was about to resume, Jackson noticed Pippen sitting at the far end of the bench. Jackson asked him whether he was in or out. "I'm out," said

Pippen, miffed that he was not tapped to take the final shot. With only four players on the floor, Jackson quickly called another time-out and substituted an excellent passer, the reserve Pete Myers, for Pippen. Myers tossed a perfect pass to Kukoc, who spun around and sank a miraculous shot to win the game.

The Bulls made their way back to the locker room, their euphoria deflated by Pippen's extraordinary act of insubordination. Jackson recalls that as he entered a silent room, he was uncertain about what to do. Should he punish Pippen? Make him apologize? Pretend the whole thing never happened? All eyes were on him. The coach looked around, meeting the gaze of each player, and said, "What happened has hurt us. Now you have to work this out."

Jackson knew that if he took action to resolve the immediate crisis, he would have made Pippen's behavior a matter between coach and player. But he understood that a deeper issue was at the heart of the incident: Who were the Chicago Bulls without Michael Jordan? It wasn't about who was going to succeed Jordan, because no one was; it was about whether the players could jell as a team where no one person dominated and every player was willing to do whatever it took to help. The issue rested with the players, not him, and only they could resolve it. It did not matter what they decided at that moment; what mattered was that they, not Jackson, did the deciding. What followed was a discussion led by an emotional Bill Cartwright, a team veteran. According to Jackson, the conversation brought the team closer together. The Bulls took the series to a seventh game before succumbing to the Knicks.

Jackson gave the work of addressing both the Pippen and the Jordan issues back to the team for another reason: If he had taken ownership of the problem, he would have become the issue, at least for the moment. In his case, his position as coach probably wouldn't have been threatened. But in other situations, taking responsibility for resolving a conflict within the organization poses risks. You are likely to find yourself resented by the faction that you decide against and held responsible by nearly everyone for the turmoil your decision generates. In the eyes of many, the only way to neutralize the threat is to get rid of you.

Despite that risk, most executives can't resist the temptation to solve fundamental organizational problems by themselves. People expect you to get right in there and fix things, to take a stand and resolve the problem. After all, that is what top managers are paid to do. When you fulfill those expectations, people will call you admirable and courageous – even a "leader" – and that is flattering. But challenging your employees' expectations requires greater courage and leadership.

The Dangers Within

We have described a handful of leadership tactics you can use to interact with the people around you, particularly those who might undermine your initiatives. Those tactics can help advance your initiatives and, just as important, ensure that you remain in a position where you can bring them to fruition. But from our own observations and painful personal experiences, we know that one of the surest ways for an organization to bring you down is simply to let you precipitate your own demise.

In the heat of leadership, with the adrenaline pumping, it is easy to convince yourself that you are not subject to the normal human frailties that can defeat ordinary mortals. You begin to act as if you are indestructible. But the intellectual, physical, and emotional challenges of leadership are fierce. So, in addition to getting on the balcony, you need to regularly step into the inner chamber of your being and assess the tolls those challenges are taking. If you don't, your seemingly indestructible self can self-destruct. This, by the way, is an ideal outcome for your foes – and even friends who oppose your initiative – because no one has to feel responsible for your downfall.

Manage your hungers. We all have hungers, expressions of our normal human needs. But sometimes those hungers disrupt our capacity to act wisely or purposefully. Whether inherited or products of our upbringing, some of these hungers may be so strong that they render us constantly vulnerable. More typically, a stressful situation or setting can exaggerate a normal level of need, amplifying our desires and overwhelming our usual self-discipline. Two of the most common and dangerous hungers are the desire for control and the desire for importance.

Everyone wants to have some measure of control over his or her life. Yet some people's need for control is disproportionately high. They might have grown up in a household that was either tightly structured or unusually chaotic; in either case, the situation drove them to become masters at taming chaos not only in their own lives but also in their organizations.

That need for control can be a source of vulnerability. Initially, of course, the ability to turn disorder into order may be seen as an attribute. In an organization facing turmoil, you may seem like a godsend if you are able (and desperately want) to step in and take charge. By lowering the distress to a tolerable level, you keep the kettle from boiling over.

But in your desire for order, you can mistake the means for the end. Rather than ensuring that the distress level in an organization remains high enough to mobilize progress on the issues, you focus on maintaining order as an end in itself. Forcing people to make the difficult trade-offs required by fundamental change threatens a return to the disorder you loathe. Your ability to bring the situation under control also suits the people in the organization, who naturally prefer calm to chaos. Unfortunately, this desire for control makes you vulnerable to, and an agent of, the organization's wish to avoid working through contentious issues. While this may ensure your survival in the short term, ultimately you may find yourself accused, justifiably, of failing to deal with the tough challenges when there was still time to do so.

Most people also have some need to feel important and affirmed by others. The danger here is that you will let this affirmation give you an inflated view of yourself and your cause. A grandiose sense of self-importance often leads to self-deception. In particular, you tend to forget the creative role that doubt – which reveals parts of reality that you wouldn't otherwise see – plays in getting your organization to improve. The absence of doubt leads you to see only that which confirms your own competence, which will virtually guarantee disastrous missteps.

Another harmful side effect of an inflated sense of self-importance is that you will encourage people in the organization to become dependent on you. The higher the level of distress, the greater their hopes and expectations that you will provide deliverance. This relieves them of any responsibility for moving the organization forward. But their dependence can be detrimental not only to the group but to you personally. Dependence can quickly turn to contempt as your constituents discover your human shortcomings.

Two well-known stories from the computer industry illustrate the perils of dependency – and how to avoid them. Ken Olsen, the founder of Digital Equipment Corporation, built the company into a 120,000-person operation that, at its peak, was the chief rival of IBM. A generous man, he treated his employees extraordinarily well and experimented with personnel policies designed to increase the creativity, teamwork, and satisfaction of his workforce. This, in tandem with the company's success over the years, led the company's top management to turn to him as the sole decision maker on all key issues. His decision to shun the personal computer market because of his belief that few people would ever want to own a PC, which seemed reasonable at the time, is generally viewed as the beginning of the end for the company. But that isn't the point; everyone in business makes bad decisions. The point is, Olsen had fostered such an atmosphere of dependence that his decisions were rarely challenged by colleagues – at least not until it was too late.

Contrast that decision with Bill Gates's decision some years later to keep Microsoft out of the Internet business. It didn't take long for him to reverse his stand and launch a corporate overhaul that had Microsoft's delivery of Internet services as its centerpiece. After watching the rapidly changing computer industry and listening carefully to colleagues, Gates changed his mind with no permanent damage to his sense of pride and an enhanced reputation due to his nimble change of course.

Anchor yourself. To survive the turbulent seas of a change initiative, you need to find ways to steady and stabilize yourself. First, you must establish a safe harbor where each day you can reflect on the previous day's journey, repair the psychological damage you have incurred, renew your stores of emotional resources, and recalibrate your moral compass. Your haven might be a physical place, such as the kitchen table of a friend's house, or a regular routine, such as a daily walk through the neighborhood. Whatever the sanctuary, you need to use and protect it. Unfortunately, seeking such respite is often seen as a luxury, making it one of the first things to go when life gets stressful and you become pressed for time.

To survive, you need a sanctuary where you can reflect on the previous day's journey, renew your emotional resources, and recalibrate your moral compass.

Second, you need a confidant, someone you can talk to about what's in your heart and on your mind without fear of being judged or betrayed. Once the undigested mess is on the table, you can begin to separate, with your confidant's honest input, what is worthwhile from what is simply venting. The confidant, typically not a coworker, can also pump you up when you're down and pull you back to earth when you start taking praise too seriously. But don't confuse confidants with allies: Instead of supporting your current initiative, a confidant simply supports you. A common mistake is to seek a confidant among trusted allies, whose personal loyalty may evaporate when a new issue more important to them than you begins to emerge and take center stage.

Perhaps most important, you need to distinguish between your personal self, which can serve as an anchor in stormy weather, and your professional role, which never will. It is easy to mix up the two. And other people only increase the confusion: Colleagues, subordinates, and even bosses often act as if the role you play is the real you. But that is not the case, no matter how much of yourself – your passions, your values, your talents – you genuinely and laudably pour into your professional role. Ask anyone who has experienced the rude awakening that comes when they leave a position of authority and suddenly find that their phone calls aren't returned as quickly as they used to be.

That harsh lesson holds another important truth that is easily forgotten: When people attack someone in a position of authority, more often than not they are attacking the role, not the person. Even when attacks on you are highly personal, you need to read them primarily as reactions to how you, in your role, are affecting people's lives. Understanding the criticism for what it is prevents it from undermining your stability and sense of self-worth. And that's important because when you feel the sting of an attack, you are likely to become defensive and lash out at your critics, which can precipitate your downfall.

We hasten to add that criticism may contain legitimate points about how you are performing your role. For example, you may have been tactless in raising an issue with your organization, or you may have turned the heat up too quickly on a change initiative. But, at its heart, the criticism is usually about the issue, not you. Through the guise of attacking you personally, people often are simply trying to neutralize the threat they perceive in your point of view. Does anyone ever attack you when you hand out big checks or deliver good news? People attack your personality, style, or judgment when they don't like the message.

When you take "personal" attacks personally, you unwittingly conspire in one of the common ways you can be taken out of action – you make yourself the issue. Contrast the manner in which presidential candidates Gary Hart and Bill Clinton handled charges of philandering. Hart angrily counterattacked, criticizing the scruples of the reporters who had shadowed him. This defensive personal response kept the focus on his behavior. Clinton, on national television, essentially admitted he had strayed, acknowledging his piece of the mess. His strategic handling of the situation allowed him to return the campaign's focus to policy issues. Though both attacks were extremely personal, only Clinton understood that they were basically attacks on positions he represented and the role he was seeking to play.

Do not underestimate the difficulty of distinguishing self from role and responding coolly to what feels like a personal attack – particularly when the criticism comes, as it will, from people you care about. But disciplining yourself to do so can provide you with an anchor that will keep you from running aground and give you the stability to remain calm, focused, and persistent in engaging people with the tough issues.

Why Lead?

We will have failed if this "survival manual" for avoiding the perils of leadership causes you to become cynical or callous in your leadership effort or to shun the challenges of leadership altogether. We haven't touched on the thrill of inspiring people to come up with creative solutions that can transform an organization for the better. We hope we have shown that the essence of leadership lies in the capacity to deliver disturbing news and raise difficult questions in a way that moves people to take up the message rather than kill the messenger. But we haven't talked about the reasons that someone might want to take these risks.

Of course, many people who strive for high-authority positions are attracted to power. But in the end, that isn't enough to make the high stakes of the game worthwhile. We would argue that, when they look deep within themselves, people grapple with the challenges of leadership in order to make a positive difference in the lives of others.

When corporate presidents and vice presidents reach their late fifties, they often look back on careers devoted to winning in the marketplace. They may have succeeded remarkably, yet some people have difficulty making sense of their lives in light of what they have given up. For too many, their accomplishments seem empty. They question whether they should have been more aggressive in questioning corporate purposes or creating more ambitious visions for their companies.

Our underlying assumption in this article is that you can lead *and* stay alive – not just register a pulse, but really be alive. But the classic protective devices of a person in authority tend to insulate them from those qualities that foster an acute experience of living. Cynicism, often dressed up as realism, undermines creativity and daring. Arrogance, often posing as authoritative knowledge, snuffs out curiosity and the eagerness to question. Callousness, sometimes portrayed as the thick skin of experience, shuts out compassion for others.

The hard truth is that it is not possible to know the rewards and joys of leadership without experiencing the pain as well. But staying in the game and bearing that pain is worth it, not only for the positive changes you can make in the lives of others but also for the meaning it gives your own.

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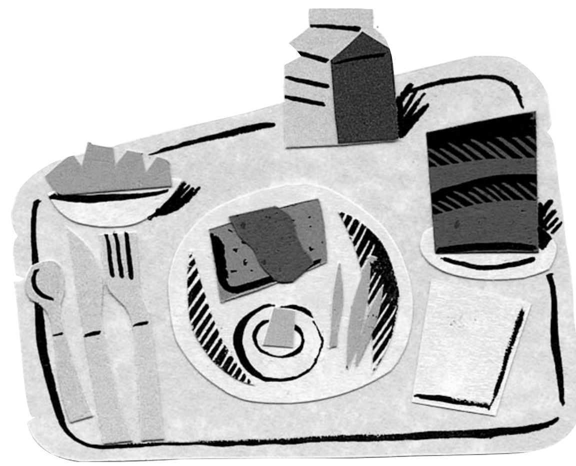
Where Leadership *Starts*

Jumping into a new job is hard enough. It's harder still when you don't know the customers, the competition, or the team. Where to begin? The new CEO of Mattel suggests a visit to the company cafeteria.



by Robert A. Eckert

IN MAY OF LAST YEAR, as I was sitting on an airplane flying to the West Coast, I thought to myself, "What have I done?" I had just quit my job at Kraft Foods – the only company I had ever worked for – where I had enjoyed a long and successful career and had made lifelong friends. Now I was moving not only myself but also my family from Chicago to Los Angeles, where I was about to become CEO of a troubled company in an industry I didn't know anything about.

The company I was joining is the world's largest toy maker, and its power brands – Barbie, Hot Wheels, American Girl, and Fisher-Price – are household names. Despite these strengths, however, Mattel had lost its focus. It was losing up to a million dollars a day on the Learning Company, a software firm acquired during my predecessor's reign. Mattel was borrowing money to stay afloat, and several top managers – including the CIO, head of operations, and head of communications – had left. The company had been without a CEO for five months. Morale was at an all-time low, and the stock price wasn't far behind. Mattel no longer knew what it was or what it stood for. It was time to refocus.

The company's turnaround is now in full swing, and while there will undoubtedly be bumps along the road, we have made solid progress. The Learning Company has been sold. Costs are down, and revenue is up. Market share has increased both in the United States and abroad for the first time in three years. And investors have rewarded us. According to the feedback I've received, stockholders, the investment community, our board, and our customers are encouraged by Mattel's progress. Indeed, Wall Street is starting to consider how we'll spend the cash we're generating – not how long we'll stay afloat. Best of all, Mattel's 30,000 employees – the company's most important asset – have a renewed sense of dedication to Mattel's mission: to create and market the world's premier toy brands for today and tomorrow.

Like any new CEO who walks into a struggling company, I was facing unrealistic expectations from all kinds of people who'd never met me, not just Wall Street analysts and customers but also Mattel's employees around the world. On the one hand, employees hoped for someone who could single-handedly turn the company around; on the other hand, they feared someone who would initiate sweeping and unilateral change. As an industry outsider, I found myself in a particularly tough position. I had anticipated some likely questions: "What does this 'food' guy know about toys? What does he know about Mattel?" (See the sidebar "Jumping Industries: Ten Tips.") Of course, I had done my homework. I had read everything there was to read about Mattel, including hundreds of analyst reports, articles, and press materials. I had scoured Web sites and visited chat rooms. And I had formulated a clear and concise plan of action that included three components I believed would get Mattel back on track: Build brands. Cut costs. Develop people.

You might assume that the first two steps were most critical to Mattel's survival. But for me, focusing on people proved to be the most crucial–and challenging–task. In this case, the emotional intelligence I'd developed over the years was even more important to my success than my traditional, analytic managerial skills were. As the new guy, I realized that every first encounter with a Mattel employee had the potential to be fraught with tension, and I felt it was my responsibility to do everything possible to reduce it. Surprisingly, I found that in each situation, recognizing my own lack of knowledge about the company's people and culture – in effect, allowing employees to be the "boss" in certain situations – actually helped me lead.

To gain my colleagues' trust, I had to practice what I call "setting the table." By this I mean preparing the atmosphere for honest, collegial dialogue by drawing on a set of tools – utensils, if you will – designed to quell any sense of apprehension. These tools include naming the source of tension and calling for honesty; deferring, when appropriate, to the other person's realm of expertise; and recognizing common experience.

I used most of these approaches consciously, but others were unconscious; it became clear to me that I had used certain tools only in retrospect or when people pointed them out to me. I've found all of them to be effective in demonstrating to people that despite the change in leadership direction my arrival represented, the company was about to change for the better.

Knives, Forks, and Spoons

Hailing as I do from the food industry, the concept of "mealtime" provides a good set of metaphors for the style of management I like to practice. When people gather together to share a meal, they are nourished not only in body but also in spirit. They become face-to-face equals who exchange opinions, ask

Jumping Industries: Ten Tips

What do you do when you are considering a move from an industry you know well to one you don't know at all? Here are Bob Eckert's recommendations:

1 Call on customers
Without being overly direct, you can learn how the industry is viewed.

2 Watch consumers
For consumer goods manufacturers or retailers, time spent in the store pays huge dividends.

3 Find retirees
Alumni know more about the industry and the company's culture than anyone else.

4 Read everything
The Internet makes it easy to find obscure books and articles.

5 Talk to a mentor
Even though he or she may not know the prospective industry well, your mentor does have an objective opinion of your abilities and capacity to adapt.

6 Phone a friend
I had better results than most of the "Who Wants to Be a Millionaire" callers.

7 Keep notes from every conversation
When you have time to reflect, these notes can help you put together the puzzle pieces of the new job or industry.

8 Before taking the job, write down your goals for the first 100 days
What do you plan to bring to the new company? What knowledge can you transfer from the former industry? What do you need to learn quickly? How will you do it?

9 Follow your heart
You can painstakingly write down the pros and cons of the new position, but let your gut feeling be your final guide.

10 Commit fully
Once you decide to make the move, always look forward instead of being distracted by the "could haves, would haves, and should haves" of the old job.

questions, receive answers, and share ideas. As I thought about various interactions during my first days at Mattel, I realized that many meetings that set the stage for our company's change of direction occurred during meals. My goal coming into Mattel was to make others comfortable enough to share their metaphorical meals with me. For these meals to be a success, however, the table had to be set properly.

After completing my talks with the search committee and finishing my extensive research on Mattel's product lines and business practices, there was one thing missing: I hadn't laid my eyes on any Mattel employees. I could not even think of accepting the position until I got a sense of the people and the culture. So before I was hired, I found myself sitting across the table from Alan Kaye, senior vice president of human resources. The recruiter and the board had agreed that I should meet Alan privately, so we met in Tucson, Arizona, for breakfast. As you can imagine, we were both apprehensive. I was wary of giving up a good job to head a company facing enormous problems. And I sensed that Alan was equally anxious about meeting his prospective boss.

In this case, "setting the table" required me to use the important tool of verbalizing the source of tension and asking for honesty in an effort to reduce it. As we began our meal, the atmosphere was friendly, but vaguely awkward. At one point in the conversation, Alan confessed to me that the company had never had training or employee-development programs – something in which I fervently believe. I was surprised by his admission and sensed that, in the back of his mind, Alan was wondering whether I'd blame him for the lack of such programs.

"Alan," I said over my raisin bran, "I know this is strange for both of us. I want this to be a good conversation – to get everything on the table as truthfully as we can. As far as I'm concerned, you are my HR guy. That means we have to have a very honest, two-way conversation about what's most important – that is, about Mattel." Having vocalized the discomfort inherent in the situation, I saw Alan relax. He now felt comfortable enough to open up.

In retrospect, I realize that in setting this particular table, I also used another tool: focusing the discussion not on my opinions or myself but on the other person's area of expertise. I picked an area in which Alan, not I, was the expert – and that was Mattel's human-resources function. Certainly, I could have asked about the company's balance sheet and cash flow, but finances were not Alan's strong suit – nor was that the kind of information I needed. Had the conversation focused on numbers, I would never have heard answers to critical questions like, How would Alan describe the current culture? Who were the important

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ILLUSTRATION: RICH LILLASH

players? What was their state of mind? What did Alan think needed to happen?

After I accepted the position, I hopped on a plane and set off to meet the other 29,999 employees. When I arrived in Los Angeles, I had a chance to dine with Mattel's senior-management team, and I found myself setting the table again. At that dinner, I could only assume that most of the team members were actively wondering about their future with Mattel. Though the meeting was friendly and open, it was also highly charged. After all, I was an interloper about to assume the reins from a team of brilliant, talented people who, in the absence of a CEO, had run the company superbly.

I listened carefully to the words and tone of these managers as they spoke to me and to one another. As usual, I invited everyone to ask me very direct questions, and they took me up on the offer. There was one particularly telling moment when a senior manager laid everything on the table by saying, "So, Bob, what are you going to bring to the company?" I thought for a moment and looked at her carefully. "Look," I said, "if Mattel turns around, it will be because of your efforts as much as mine. But as the CEO, I will be the one to get all the credit, because that's how Wall Street works. I want you to know that I will try to deflect that credit and recognize the contributions you and your teams have made." In this case, I used the tool of deferring to my colleague, which disarmed the situation.

Leading from the Lunch Line

The next morning, I had to cross another Rubicon: the first day of work and my public introduction to Mattel employees. At that meeting, I had to accomplish several things. I had to reassure people that better days were in store, lay out a new vision and mission for the company, and build momentum for the changes ahead.

I needed an icebreaker – a simple yet symbolic story that would help me demonstrate that I was one of them. The story presented itself in the form of my company badge, which was made just before the general meeting. Like every new employee, I'd been marched unceremoniously to the security office, where I had to sit on a stool in my suit and tie for a DMV-style photo. As with all such bureaucratic experiences, this one was vaguely undignified – especially since everyone in the room knew who I was, though I had yet to be introduced. The badge, it seemed to me, provided an opportunity to use another tool: the appeal to common experience.

Coincidentally, the meeting was held in the employee cafeteria. As Alan led me in, I saw 700 or so people sitting in chairs arranged theatre-style and videoconference cameras trained on the podium to transmit my remarks live to similar rooms in Mattel's offices around the world. The moment I was introduced, I took the cordless mike, walked off the platform, and waded out into the audience, where I launched into the story of getting my badge. For five minutes, I poked fun at the entire process: the stool, the camera, saying "cheese," the photo, the plastic badge, and my new friend Alan, that king of all the bureaucratic processes in the company. Though I didn't fully realize it at the time, the badge story offered an ideal symbol for the change that my arrival represented. Besides showing employees that I'd been humbled by a banal process, it also made the badge a focus of my newfound identity – my first step from "food" guy to "toy" guy.

Following the badge story, I set about articulating management's plan to refocus the company by building brands, cutting costs, and developing people. Of course, this last item interested employees most, and as I went on to explain my ideas for an employee-development program, their eyes widened. I didn't know that this was the first time in many years that the CEO had talked about the importance of helping people build careers and rewarding them for a job well done. Having described these plans in some detail, I opened the floor to questions. To my surprise, nearly all of them focused on my personal life – my wife and children's names, the kids' ages, how our move from Chicago was going, where we planned to live, and so on. It was apparent from the nature of the questions and the gracious atmosphere that these employees were hungry for a leader who was down-to-earth. I knew right away that these were my kind of folks.

It was during that first employee meeting that I decided to eat lunch in the cafeteria at every opportunity. For me, the cafeteria is an excellent place to repeat that tried-and-true practice of Management 101: Management by Walking Around. MBWA sends positive

I needed an icebreaker – a story to help me demonstrate that I was one of them.

messages to employees by revealing your interest in them and their work. At Mattel, where employees had long felt out of touch with management, MBWA has made a difference. I still make an effort to stand in the lunch line instead of having lunch sent up to my office. At first, employees seemed puzzled to see me in the cafeteria, but eventually they became accustomed to my presence. Today employees make appointments to meet me there for lunch; at other times, I arrange group lunches with various departments or teams to talk about what's on people's minds. And whenever I find myself without a lunch partner, employees approach me just to say hello. Sometimes they ignore me – and that's good, because it means they really do see me as a coworker.

I have witnessed several positive effects of eating in the cafeteria. First, it has broken down the barriers between managers and their subordinates; some other managers and executives from the upper floors of the building now eat in the cafeteria, too. Second, it's a great place to test new ideas. I've tossed around what I've thought were great ideas only to have them reshaped and improved by my colleagues. Third, it's where I can assess the general mood. I am convinced that I end up learning more from people's questions than they do from my answers. And although I can't eat lunch every day in every Mattel cafeteria around the globe, I communicate regularly with all employees through an e-mail titled "What's on My Mind," in which I share things I've been thinking about and invite employees to respond. I read every one of their messages.

Finally, the cafeteria has proven to be the ideal place to wield all of my favorite management tools at once. The casual feel of the place seems to encourage the frankness, humanity, and honesty I'm attempting to foster. Standing in the lunch line, I can defer to others by asking for their thoughts, observations, and opinions, thus allowing them to teach me. And the cafeteria is one of the few sites in the company where I have an opportunity to share a common, quotidian experience with every other Mattel employee: the noontime meal.

Table Manners

For a new CEO, these metaphorical and actual meals teach important lessons about how to fit into the strange, new world of another company. These lessons hit home early on, when I twice confronted my own false assumptions about Mattel's culture and once confronted an assumption about myself.

My first lesson occurred during my first month on the job, at an off-site meeting with senior management. Before we began the two-day meeting, I wanted to clear the air and answer any questions they still had, so I explained that I would leave the room while questions were gathered, which could then be asked anonymously. When I returned, I said, I would answer every question. I thought we would be finished in half an hour. Several hours later, I was still answering such pointed questions as, "I've heard you are an in-the-trenches manager who listens to the lower levels. Does that mean you'll go around us and make decisions without involving us?" To my chagrin, I discovered that I had completely underestimated not only their wariness but also their ability to read between the lines. I also realized that they had done as much homework on me as I had done on Mattel, which told me I was walking into a sharp team of managers.

Another lesson occurred six months into my tenure, when I was hoping to fill some open positions with talented people I'd worked with over the years. I was absolutely certain that these people could do the job, but whether they would fit into Mattel's culture was another question and not my area of expertise. Enter Alan, who spoke with each candidate. Alan agreed with me about two of my choices, but he explained that the third person was not a good match. I was surprised and disagreed with him, but I deferred to his judgment. Today I realize that Alan was right: My candidate didn't demonstrate a "Mattel first" set of priorities. Moreover, I came to understand that despite my confidence at the time, six months at Mattel wasn't long enough to understand the culture fully.

A third lesson occurred when I realized that even the most important management principles must occasionally bend for the greater good. One of my first tasks at Mattel was to review the annual incentive plan. Though employees expected and deserved an annual bonus, the sales targets had been set so high that there was no way the company could meet them. Given these targets, it was obvious that we would be unable to pay out any bonuses.

This put me in a tough position. On the one hand, it's been my philosophy never to change financial targets once they are set. But on the other hand, I knew that employees needed a bonus – it had been more than two years since they'd hit the targets for one, and if they failed again, they'd feel as if they were being punished for problems that they didn't create. I spent a sleepless night struggling to make a decision. Should I stick to a principle I'd followed strictly throughout my career, or should I make a one-time exception and lower the sales targets, thereby accommodating the small bonus employees needed? If I chose the latter, I ran the risk of appearing to be fiscally undisciplined, which I was not. But if I chose the former, I'd risk losing the faith of the people on whom Mattel's success – and mine – most depended. In the end, I opted to lower the sales goals – and for the first time in two years, employees received bonus checks. In retrospect, this turned out to be the right decision.

> The cafeteria is the ideal place to wield all my favorite management tools.

The employees realized I was on their side, and they redoubled their commitment to our turnaround.

All of these lessons taught me that regardless of whatever talent or management experience I might have developed over the years, the most important thing I could bring to Mattel was a sense of humility and obligation to others. I am certainly obliged to our customers and shareholders, but I am especially obliged to our people.

In the early days, of course, there were critical business issues to deal with – not the least of which included selling the Learning Company, tightening capital spending, slashing the dividend, and convincing the financial communities that Mattel was getting back on track. Looking back, I realize how important the people issues were, too. I know now how essential it was for everyone at Mattel to feel, hear, and reach out to me in a human way. Today whenever I mingle with employees – in the elevators, in the hallways, on the grounds of our offices across the country, and in our manufacturing facilities around the world – I rely on my "utensils" of honesty, deference, and recognition of common experience. And I call on all these tools at mealtimes, whether at team-building dinners with senior vice presidents or over sandwiches with employees in the cafeteria. I'm convinced that Mattel's success in pulling out of the dark days has been due to employees' renewed commitment to the company.

This conviction became clear–again–not long ago, when a board member came to Mattel for a visit. As our morning meeting came to an end, he asked me, "Where shall we go for lunch?" When I replied, "Let's go to the cafeteria," he raised an eyebrow. Nevertheless, he followed me downstairs. As we stood in the sandwich line, he had time to take in not just the good food but also the friendly atmosphere. "Great cafeteria you have here, Bob," he said. I smiled at him and thought to myself, "You have no idea."

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Leadership: Sad Facts and Silver Linings

A leader's typical day is marked by too many meetings, constant interruptions, and limited options. Instead of trying to change this messy reality, leaders can leverage it into a powerful tool for shaping their organizations.

It may come as some consolation to frazzled executives that there have never been enough hours in the working day. Business was already moving at blistering speed when this article first appeared in 1979. And as far back as 1955, *Fortune* magazine wrote of the typical senior executive, "He [authors always assumed a "he" in those days] is constantly pressed for time."

The speed of business is the enemy of tidy rationality. Urgent phone calls interrupt long-planned meetings, noisy problems break into time allotted to quiet reflection, and before long, the orderly world of the executive's schedule is in shambles.

Which is just fine, says author Tom Peters, in 1979 a consultant at McKinsey & Company but soon to go on to fame as coauthor of *In Search of Excellence.* The leader's job is not to defend a rigid timetable against reality but to promote and protect the organization's values. Interruptions offer an opportunity to do so. A crisis with a key client may force you to cut short a product development meeting. Perfect – a chance to demonstrate how to solve problems and care for customers. In other words, you know you've had a good day when nothing goes according to plan.

by Thomas J. Peters

You are executive vice president of a sizable corporation, challenged by competitors at home and abroad. During the past year, you have tried to get the organization moving on a much-needed overhaul of the product line. Today one of the task forces will spend all day reviewing its key findings with you.

Twenty minutes into the presentation, it is already clear that the task force has come up with a future product array with no apparent flexibility. You are being asked to bet several million dollars on a risky slate that is sure to be challenged before the first products hit the marketplace.

Then at 9:35 you are pulled out of the review to talk with the vice chairman about a product safety challenge that has just hit the local press. You get back to the meeting at 11:05, only to be pulled out again at 11:40: The president wants to verify the amount of capital spending in next year's budget before a luncheon with an outside board member. Finally, after returning at 12:35, you are pulled out for good at 2:15 to meet a major customer who has flown in unexpectedly to talk about a $20 million bid that one of your major divisions just made. So, in the end, the six straight hours you had planned to give to that all-important product-line issue were cut down to less than three.

The preceding situation would expose you to attack from two kinds of management thinkers. Decision-making theorists would chide you for failing to develop a wide range of options. Time-effectiveness experts would criticize you for not going off campus and devoting the full six-hour block to such a major issue.

There is, however, another side to the coin: The scenario just sketched is typical of the real world of senior management; it is, in fact, the norm.

Executives have sensed for years that this series of interruptions with the task at hand sandwiched in represents a true picture of the way they do business, but only recently has such a routine been thoroughly documented. Canadian researcher Henry Mintzberg noted in an article ("The Manager's Job: Folklore and Fact," HBR July–August 1975) that they moved in a fragmented fashion through a bewildering array of issues on any given day; in fact, fully half of their activities were completed in less than nine minutes.

Moreover, he argued that such behavior was probably both appropriate and efficient. A chief executive officer provides a unique perspective and is a unique information source, Mintzberg pointed out. His ability to influence a large number of activities through brief contacts may, in fact, be a highly leveraged use of his time. More recently, examining 25 major business decisions, Mintzberg found that, in every case, top management deliberation focused on only one option. They were all go/no-go issues – not a multiple choice question in the lot.

More than a decade ago, H. Edward Wrapp postulated in a much-quoted article ("Good Managers Don't Make Policy Decisions," HBR September–October 1967) that the successful manager "recognizes the futility of trying to push total packages or programs through the organization.…Avoiding debates on principles, he tries to piece together particles that may appear to be incidentals into a program that moves at least part way toward [his goals]."

Without offering many prescriptions, other researchers, too, are challenging the conventional organizational wisdom concerning the supposed advantages of orderly decision-making processes and the supposed waste of time of meetings, telephone conversations, unscheduled interruptions, and so on. The researchers do not deny the *rationality* of accepted notions about how a top executive ought to spend his time, nor do they dismiss out of hand the values of orderly management.

Rather, by challenging the realism of advice based on a model so much less messy than the real world, they suggest that executive behavior that results from an ad hoc adaptation to shifting circumstances is not in itself irrational. Such behavior might, after all, prove to be the expression of a very different organizing principle.

Reckoning with Realities

Over the past two years, several of my colleagues and I have been attempting to analyze the workings of advanced decision-making systems in some two dozen corporations in the United States and Western Europe. In general, our observations support the views of the realists against the less practical rationalizations of conventional organization theory. Our findings can be summarized under the following four headings:

1. Senior managers will usually receive for review what amounts to a single option (one new product slate, one acquisition candidate, one major investment proposal) rather than a set of fully developed choices. They usually face yes-or-no decisions rather than trade-offs. Rarely, moreover, does the proposal that they see include assessments of possible competitive responses or government constraints that are likely to emerge over the long term.

2. Senior management will spend most of its time fighting fires and may not come upon critical issues until late in the game. It is unusual for senior management to get a look at proposals when the options are still wide open. Published scientific papers (the equivalent of polished proposals) typically suggest an "immaculate, rational, step-by-step approach to discovery," notes science historian Robert Merton in his book *Social Theory and Social Structure* (Free Press, 1968); the dead ends and assumptions left untested because of time constraints never show up in the finished product.

3. Senior managers will be shielded from most bad news. Obviously, the monthly or quarterly revenues and net income figures that top managers see are reasonably straightforward and timely; even by playing with receivables or speeding up deliveries, a division manager cannot hide bad news at this level for long. But *really* bad news – for example, on a share decline in a critical segment of a product line – can be concealed for months, sometimes for years.

4. Most really important decisions emerge only after top managers have vacillated for months or years, and the solution they choose at the end may well be indistinguishable from that proposed at the beginning of the search. In practice, top managers typically respond to major issues with trial balloons. They seldom make a public commitment to a choice before they are quite sure that: (a) its wisdom is no longer open to serious question, and (b) the organization is agreeable.

Each of these observations seemingly casts a gloomy cloud over the potential for a rational organization theory. Yet I would argue that each can have a silver lining. The purpose of this article is to point out these silver linings and to suggest how senior executives can take advantage of them.

First, however, an important preliminary point: The four observations appear to be as characteristic of companies that perform well as of those that perform poorly. They are not, in other words, symptoms of some sort of organizational malaise that should be (or could be) "put right."

At first glance, the four observations offer no obvious encouragement to the senior executive who aspires to shape events and to leave a mark of excellence behind. Considered more thoughtfully, however, they do suggest a hopeful hypothesis: *Perhaps* the seemingly disorderly bits of the choice process make available to the senior executive a set of opportunities to impart a thrust to, or to fine-tune, his organization's sense of direction. I believe that this is indeed the case. Let us examine each observation in turn and try to discover its potential silver lining.

Not Enough Choices

Sad Fact No. 1: Senior managers get only one option.
Silver Lining: (a) The option is in accord with senior managers' preferences; (b) there are enough one-option choices in a given period to permit managers to shape them, over time, as a portfolio.

There is nothing wrong with one option if it is an option the senior manager wants to see. This is an obvious statement, perhaps, but it has not-so-obvious implications. First, it assumes that the senior manager's main business is unearthing concerns, reminding people about past errors, setting directions, and building management capabilities. Chief executives have little enough time to spend "on the issues"–too little to spend it making complex trade-offs between action alternatives. Their real question, then, is less likely to be "Where are the other options?" than "Does this option contain the thrust we want to see?"

Suppose top managers are worried that their company is making a relatively high-cost product in a major line; it is making Oldsmobiles for a Chevrolet (or Honda) market. The new product slate comes up. Broadly, they want to know: Is it a low-cost slate? More important, is it *different* from the slates of past years–different in the way they want to see? Top managers' yes-or-no decision on the proposal is not a check on its optimality. It is, however, a check on its direction and a signal back to, say, division management that "we think you have (or have not) gotten the message."

Next, consider this one-option agenda over six months or so. There may be a half-dozen decisions of note, which add up to a reasonably sizable portfolio of choices. Viewed in this light, the quarterly or annual slate of choices becomes an array of opportunities to communicate, reinforce, or adjust in a direction top management wishes to pursue.

Not Enough Time

Sad Fact No. 2: Time is fragmented; issues arrive late, fully staffed.
Silver Lining: (a) Each fragment can be used to convey preferences so that the calendar or agenda as a whole provides an opportunity to set direction; (b) lateness is relative; each slight modification of the current option becomes a strong signal about what the next one should look like.

The point here is that fragmentation can, if properly managed, be a positive advantage. As Richard Neustadt wrote of Franklin Roosevelt:

"He had a strong feel for the cardinal fact of government: that presidents don't act on policies, programs or personnel in the abstract; they act in the concrete as they meet deadlines set by due dates, act on documents awaiting signatures, vacant posts awaiting appointees, officials seeking interviews, newsmen seeking answers, audiences waiting for a speech, etc."[1]

The fragments that compose the executive's working day can be used as a succession of opportunities to tackle bits of the issue stream. It is precisely the fragmented nature of their activity that permits top managers to fine-tune, test, and retest the general strategic direction they are trying to impart to their companies over the longer term.

Moreover, fragmentation of time, properly exploited, can yield a rich variety of information. Within reason, the more views and visits in the top executive's schedule and the more numerous the interruptions and unscheduled encounters, the better informed he is likely to be. As Mintzberg observes, "The chief executive tolerates interruption because he does not wish to discourage the flow of current information."[2]

The potential danger is equally clear: The fragmentation of his time multiplies opportunities for the executive to send inconsistent signals to the organization. To send effective signals to, say, the 25 to 75 key executives in an organization, the top management team must obviously be clear on the general message it wants to get across.

The second aspect of this fact of life is late exposure to issues. Senior managers must accept their fate as reviewers of completed staff work. Rarely does a rough draft, rife with contention over key assumptions or problem attributes, reach the executive suite.

Again, fragmentation, employed effectively, can provide a partial answer. By their very position, top managers seldom deal with problems in isolation. They deal with a flow. Each brief exposure to an issue becomes an opportunity to express general concerns and to gradually sharpen the responses of the organization to reflect the same concerns. One CEO, in the midst of a strategic crisis, devoted a lot of time to a seemingly insignificant customer complaint because, as he explained afterward, it gave him a chance to demonstrate an approach to broad competitive issues that he was trying to instill throughout the organization.

Too Many Filters

Sad Fact No. 3: Bad news is normally hidden.
Silver Lining: Review and comment on details of good news offer a chance to shape attitudes and preferences so that those down the line will share senior management's priorities.

Inevitably, most news sent up the line to senior managers will be "good"; and, in any case, the chief executive is too far removed from daily operations to unerringly ask the crucial question that might open up a Pandora's box. True, he can take advantage of the fragmentation of his time to tap multiple sources of information and catch, by designed chance, a few reviews and analyses while debate is still focused on objectives and assumptions rather than on how to package a chosen option so that the "old man" (or the finance staff) will buy it.

More important, however, is the opportunity that the good news presents. Much can be accomplished through a style of good-news review that zeroes in on almost any sort of significant subpoint for special attention and comment. In dealing with the problem of how overextended and partially ignorant congressmen can quickly inform themselves on complex issues, political scientist Aaron Wildavsky makes a relevant point:

"Another way of handling complexity is to use actions on simpler items as indices of more complicated ones. Instead of dealing with the cost of a huge atomic installation, congressmen may seek to discover how personnel and administrative costs or real estate transactions with which they have some familiarity are handled. The reader has probably heard of this practice under some such title as 'straining at gnats.' This practice may at times have greater validity than appears on the surface if it is used as a testing device, and if there is a reasonable connection between the competence shown in handling simple and complex items."[3]

Top managers regularly use forays into detail as a shield against surprise, and, over time, they can learn a lot this way. More important, though, such attention conveys a sense of "how we deal with problems" and indicates the sort of understanding of issues that is expected of managers down the line. If, additionally, top managers' probings clearly reflect concern with a particular issue, the danger that their subordinates will lose sight of that issue will be slight.

Such irregular involvement with detail contrasts markedly with the exclusive use of staff for probing. Obviously, staff probes can be productive in some situations, but in others they may simply drive the bad news further into hiding. While using his staff as merciless probers, ITT's legendary chief executive Harold Geneen was a firm believer in face-to-

Real-World Decision Making: Ragged but Right

Not Enough Choices
Sad Fact No. 1
Senior managers get only one option.

Silver Lining
- The option usually reflects senior leaders' previously expressed preferences.
- Leaders eventually get enough one-option choices to shape them into a coherent portfolio.

Not Enough Time
Sad Fact No. 2
Time is fragmented; issues arrive late.

Silver Lining
- Each fragment can be used to signal leaders' preferences and set direction.
- Small, last-minute modifications of current options strongly signal what future options should look like.

Too Many Filters
Sad Fact No. 3
Bad news is normally hidden.

Silver Lining
- Senior leaders can use their responses to good news to reinforce the organization's values and priorities.

Too Much Inertia
Sad Fact No. 4
Major choices take months or years to emerge.

Silver Lining
- Over time, consistent choices accumulate into a consensus that requires minimal correction. And with a large number of choices in the hopper, decisions will come frequently enough to spell out leaders' chosen directions.

At the time this article was first published, ***Thomas J. Peters*** *was a principal in the San Francisco office of McKinsey & Company. He is now the president of the Tom Peters Company, a global training and consulting company.*

face reviews because, as he put it, "You can tell by the tone of voice if a fellow is having a problem he hasn't reported yet."

A simple but often overlooked aspect of good-news review is the use of praise. An executive can use detailed good-news review deliberately to reinforce desired patterns of action or response. One CEO, when attending field reviews, always stopped in at a regional sales office or plant. He would dig into the records ahead of time, pick out an exemplary action by some salesman or foreman, and make a point of asking him how he had done this or that so well.

He might then take up the idea in a memo that would be sent all around the company. Again, if in the course of a presentation a junior staff man came up with a particularly clever analysis that fit in well with the CEO's current main concern – for example, looking at the competitor's position in a new way – he would interrupt the presentation and raise the possibility of introducing the idea into a large class of proposals or reviews.

Too Much Inertia

Sad Fact No. 4: Major choices take months or years to emerge.
Silver Lining: The process of choosing provides an opportunity to build a strong consensus for consistently implementing actions that will require only minimal correction over time. If enough choices are in the hopper, the lengthy sorting process will be punctuated by fairly frequent decisions that will support (or serve to test) top managers' chosen directions.

An instructive case in point concerns a large industrial products company, long dominated by engineers, that found itself threatened in frightening new ways. Overseas competitors' products were nicking sizable chunks from previously uncontested market segments. Cash-rich domestic competitors were investing in small companies making promising substitute products for some key lines. The threat was both diffuse and pervasive.

Gradually, over a three- to five-year period, the top team became convinced that its main task was to instill a marketing orientation. Early steps, all in the nature of trial balloons, included: (1) going outside to hire three senior marketers from companies with outstanding marketing reputations; (2) creating a top-level task force to assess the five-year competitive outlook; and (3) giving one of the new marketers a special new product group with a sizable budget to develop a product slate for one of the threatened market niches.

Approximately 18 months later, some more definite signals came of what was afoot: a major speech to security analysts outlining the company's new approach to marketing; irregular visits to important customers by the president and top team; the establishment of a monthly president's review, marked by several special sessions on competitive assessment and the beginning of share reporting in certain businesses; the creation of a large number of new assistant regional sales manager jobs and the hiring of highly paid MBAs to fill them. Finally, at about the three-year mark, the top team took some very conspicuous actions. It promoted two of the three marketers who had been recruited on the outside, together with two insiders, to the position of senior vice president, with realigned market responsibilities.

At the annual shareholders meeting the top team launched a new theme: "Our emerging role is to be preeminent in marketing." It brought out a slate of surprisingly good new products, striking back hard at competitors in one or two besieged market segments. Internally, it publicly introduced a new management-information and cost system that had been implemented after three years of gradual, incremental development.

Thus, over a 36-month period, without much fanfare, the top team successfully shifted the institution's attention to the marketplace. Observers today, while noting that engineers still win a fair share of their battles, agree that the company has undergone a radical transformation.

Developing a top management consensus in favor of such a major shift can be a delicate and time-consuming business. Bringing along one crucial member of a triumvirate (or at least effectively neutralizing his opposition) can take years. During such a process, even a decision about when to send up the next trial balloon may be politically loaded. As Peter Drucker wisely noted, "Priorities are easy; posteriorities – what jobs *not* to tackle – are tough." His point is consistent with a wide body of psychological research on building commitment and overcoming resistance to change: Keeping a dissident actor from quick-triggering with a negative response is no easy chore.

The period of muddling about on the way to major change is not purely a matter of political maneuvering. At least as important is the "marinating time" it provides. In one company I know, the top 12 executives met weekly for several hours, over an 18-month period, in order to draft a modified change of charter for the company. They have used the resulting document, which they call their "Magna Carta," as the jumping-off point for a decade of substantial positive change. It is only two pages long. But it took this management group nearly two years to work through the critical issues involved and to come to terms with the new departures involved, although they had had a fairly good idea from the beginning what the shape of the outcome would be.

Revamping Management's Role

Each of the four seemingly discouraging facts of executive life can, as we have seen, be recast in positive terms. The

The period of muddling about on the way to major change is not purely a matter of political maneuvering. At least as important is the "marinating time" it provides.

results add up to a fresh conception of the top management task, one that fits both the disorderly facts of life and their recurrent silver linings. It rejects the traditional notion of the executive as dedicating large, discrete blocks of time to linear chunks called "planning," "deciding," or "implementing" and replaces it with something closer to a notion of the effective executive as a communicator, a persuader, and above all, a consummate opportunist. He is adept at grasping and taking advantage of each item in the random succession of time and issue fragments that crowd his day.

This reconception of the top management task requires hard thinking about what is and what is not achievable from the top. The CEO does not drive forklifts or install phones; management theory has long acknowledged that limitation. Research is beginning to suggest a further off-limits area – top managers cannot *solve* problems: Their attention is fragmented; issues come to them late; and they are shielded from bad news. What they can do is: (1) generally shape business values, and (2) educate by example.

Shaping Business Values

In his landmark study of top management activity, Philip Selznick concludes that the effective institutional leader "is primarily an expert in the promotion and protection of values."[4] Another recent study of leadership by James McGregor Burns contrasts lesser forms of management behavior with "transforming leadership," which, in the midst of the disorderly press of events, unleashes organizational energies through the promotion of new, overarching values.[5]

The same theme is echoed by Roy Ash, who created new institutional forms at Litton Industries and the U.S. Office of Management and Budget and is currently in the process of reviving Addressograph-Multigraph. As he sees it, the really important change in a company lies in a process of "psychological transformation." One of Ash's recent notes to himself, as quoted in *Fortune,* clarifies his meaning. It reads, "Develop a much greater attachment of everybody to the bottom line – more agony and ecstasy."[6]

As descriptions of the top management task, these terms – institutional leadership, value promotion, transforming leadership – are surprisingly congenial to the disorderly, nonrational realities of most real-life management activity. In an untidy world, where goal setting, option selection, and policy implementation hopelessly fuzz together, the shaping of robust institutional values through a principle of ad hoc opportunism becomes preeminently the mission of the chief executive and his most senior colleagues.

The nature of this value-shaping process is not obvious. Among a group of chief executives (actually mayors) they studied, John Kotter and Paul Lawrence found that the more successful executives typically spent over a year carefully taking the pulse of key stakeholders, seeding ideas, and nursing along a consensus in favor of a few new directions. The less effective executives were those who plunged into major commitments before they had built adequate support.[7]

My own observations are wholly consistent with those of Kotter and Lawrence. The process of easing a larger organization into a major shift of values seems to require anywhere from three to eight years. A good example is the experience of Walter Spencer of Sherwin-Williams, who spent his first five years as CEO working to introduce a marketing orientation into a previously manufacturing-dominated institution. "When you take a 100-year-old company and change the culture of the organization, and try to do that in Cleveland's traditional business setting – well, it takes time; you just have to keep hammering at everybody," Spencer told an interviewer from *Forbes.* "The change over to marketing is probably irreversible now. It's not complete, but we've brought along a lot of young managers with that philosophy, and once you've taken a company this far, you can't go back."[8]

The literature of top management generally ignores the intricacies of effective value management, especially the aspect of timing. Yet almost any chief executive knows how much time he must spend on patiently building support for his initiatives. Only when crisis is imminent can the process be condensed, and even then some form of consensus building is needed.

The art of value management, then, blends strategic foresight with a shrewd sense of timing and the political acumen necessary to build stable, workable coalitions. Fortunately, the practical exercise of these skills – as opposed to the textbook fantasies of rational problem solving – is actually enhanced by the untidiness of typical executive choice processes.

CEO as Exemplar

Top management's actions, over time, constitute the guiding, directing, and signaling process that shapes values in the near chaos of day-to-day operations. As Eli Ginzberg and Ewing Reilley have noted: "Those a few echelons from the top are always alert to the chief executive. Although they attach much importance to what he says, they will be truly impressed only by what he does."[9] Top management is at the apex of the symbolic signaling system, not the hard product-delivery system. Because senior managers cannot act directly or promptly to resolve issues, their daily efforts must focus on sending effective and appropriate signals. Recounts one chief executive:

"The board's question at my first meeting was trivial: Could I get them speedier information about the installation of new machines? I used the situation as a simple teaching opportunity. I responded with the data requested but recast it in market-share terms. My intent was to wean them away from thinking that the gross number was still an adequate measure of health. That little incident was my first easy opportunity to expose them to share issues."

The executive who sees his role in these terms is aware that symbol management is a source of both unparalleled opportunity and, for the unwary, unparalleled risk. Knowing that subordinates will eventually make detailed interpretations of his every activity ("The boss was huddling with the investment bankers, was he?" the subordinate might ask himself. "Maybe he wants to unload my division"), he will be scrupulously careful to avoid distracting signals. "People keep searching for clues," notes linguist Julius Roth. "The poorer and fewer the clues, the more desperate the search."[10]

Several business scholars and political scientists have suggested the image of the "leader as educator." Such a leader, in Selznick's words, must be able to "interpret the role of the enterprise, to perceive and develop models of thought and behavior, and to find general, rather than merely partial, perspectives."[11]

Beyond that, he needs to be able to articulate his vision in a compelling way. Warren Bennis underscores the point: "If I were to give off-the-cuff advice to anyone trying to institute change, I would say, 'How clear is the metaphor? How is that understood? How much energy are you devoting to it?' It's the imagery that creates the understanding, the compelling moral necessity that the new way is right. It was the beautiful writing of Darwin about his travels on the *Beagle,* rather than the content of his writing, that made the difference. The evolutionary idea had really been in the air for quite a while."[12]

If it is in shaping values that the senior executive can most efficiently use his time, it is symbols that are his primary value-shaping tools. As an educator, he has quite an arsenal of pedagogical tricks of the trade at his disposal: manipulation of settings, varied repetition of signals, a range of sensitive responses to subtle feedback cues. Consider:

- Careful use of language, including insistently asked questions and attention to the minutiae of written proposals.
- Manipulation of settings, including the creation of forums and rules of debate designed to focus on critical concerns.
- Shifts of agenda and time allocation to signal, subtly but pervasively, a change in priorities.
- Consistent and frequent feedback and reinforcement, including the careful and selective interpretation of past results to stress a chosen theme.
- Selective seeding of ideas among various internal power groups and cultivation of those that win support.

Collectively, these enable the CEO to intervene purposefully and effectively in what one philosopher called "the brute flow of random detail that adds up to everyday experience."

Concluding Note

Senior managers are used to hearing and reading advice about how they can combat sloppiness and introduce rationality or neatness into decision making. I have argued that "sloppiness" is normal, probably inevitable, and usually sensible. Organizations in the process of making important choices almost always look disorderly. But that apparent disorder can provide the latitude and the time required for the development of consensus; and without consensus, efforts at implementation will be doomed from the start.

The task of the senior executive, then, is not to impose an abstract order on an inherently disorderly process but to become adept at the sorts of intervention by which he can nudge it in the desired direction and control its course.

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1992

Leadership in a Combat Zone

Whether you're running a company or feeding, clothing, and equipping an army, the bedrock principles of leadership don't change: Know your stuff and listen hard, and your troops will fight like lions for you.

Too often, leadership is presented as an abstract undertaking, a matter of vision and values rather than practical detail. But in Gus Pagonis's world, the work of leadership is as gritty as the desert sand and as homely and prosaic as the red loose-leaf binder he carried everywhere as he directed the logistics of the 1991 Persian Gulf War.

Pagonis, a lieutenant general in the U.S. Army when he wrote this piece, learned his leadership lessons in places like Vietnam's Mekong Delta. In this article (originally published as "The Work of the Leader"), he recounts the gripping tale of how he ignored his commander and plunged into a withering cross fire to rescue a group of stranded soldiers. But the roots of Pagonis's philosophy of leadership go back much further, to his native Charleroi, Pennsylvania, where he developed a powerful capacity for empathy. Leaders who send their people out to do battle in the business world have much to learn from Pagonis. Above all, they can learn from the general's ability to see the world from the foot soldier's point of view even as he surveys the big picture.

by William G. Pagonis

It has been a year and a half since I completed my tour of duty in Saudi Arabia as head of the United States Army's 22nd Support Command. And in the wake of the Allied victory over Iraq, I've read and thought a lot about my logistics profession. But I've also done a great deal of thinking about the goals, qualities, and prerequisites of leadership. And based on that reflection, I've reached a number of conclusions.

For one, I've concluded that leadership is only possible where the ground has been prepared in advance. To a certain extent, I'll be the first to admit, this process of ground breaking is beyond the control of a lone individual in a large organization. If the organization isn't pulling for you, you're likely to be hobbled from the start. Fortunately for me and for thousands of other officers like me, the army goes to great lengths – greater, I would argue, than any other organization – to groom and develop its leaders. Like all my peers in the general officer ranks, I have been formally educated, informally mentored, and systematically rotated through a wide variety of postings, all designed to challenge me in appropriate ways (that is, to push me without setting me up to fail) and to broaden my skills and knowledge base.

But a leader is not simply a passive vessel into which the organization pours its best intentions. To lead successfully, a person must demonstrate two active, essential, interrelated traits: expertise and empathy. In my experience, both of these traits can be deliberately and systematically cultivated; this personal development is the first important building block of leadership.

The leadership equation has another vital piece as well. Leaders are not only shaped by the environment; they also take active roles in remaking that environment in productive ways. In other words, true leaders create organizations that support the exercise and cultivation of leadership. This can only be achieved through rigorous and systematic organizational development.

The work of leadership, therefore, is both personal and organizational. The bad news is that this means hard work – lots of it. The good news is that leaders are made, not born. I'm convinced that anyone who wants to work hard enough and develop these traits can lead.

Charisma, Presence, and Other Notions

No military commander would downplay the importance of personal presence in leadership. It's a vital attribute, particularly in a combat setting. Almost every combat-hardened officer can recall that fateful moment of truth when his or her command presence was first put to the test.

In my own case, that test came in 1968, during my first tour in Vietnam. My boat company had already more than proved its mettle, transporting artillery barges and supplies through intermittent sniper fire up and down the rivers of the Mekong Delta. But during the Tet Offensive of February, we were beset and besieged as never before.

Our commander got on the air and ordered us not to rescue our comrades. I developed "radio trouble" and said: "We've got to go back and help."

Late one night, we received word that an orphanage was under attack and that we needed to transport troops to the site as quickly as possible. Leaving our artillery barges behind, we took about 30 volunteers in six boats and went five miles downriver. I wasn't told at the time, but the rest of my outfit was then ordered to follow along behind with our artillery barges in tow.

My small convoy had just landed the infantry troops near the orphanage when I got a radio call that our trailing barges were stopped dead in the water. The first barge had come under fire and "crabbed" – gone sideways in the river – and now two dozen boats were trapped behind the barge. Our battalion commander got on the air, advised us of the extreme danger upriver, and ordered us not to go back and rescue our comrades.

It was a moonlit night. From where we sat, chafing under our orders to stay put, we could look upriver and see the tracers burning across the water where the boats were stuck. They were in deep trouble. On the spur of the moment, following a time-honored tradition in the military, I developed "radio trouble" – that is, I turned the communications gear off – and addressed the crew of four on my small patrol boat. "We've got to go back and help," I told them, "but I don't want to force you. Anyone who doesn't want to join can stay here, no questions asked."

I'm proud to say that every one of those soldiers volunteered. We turned one of our boats around and headed upriver with tracers zinging over our heads and bullets bouncing off the sides of the boat. When we reached the crabbed barge, I could see that the man behind the steering wheel had frozen. I jumped from my boat onto the barge and shook him back into action. In short order, we got the boat turned around and headed home again.

One leader's orders had been ignored and another's followed. Why? Adrenaline was one contributing factor. So was loyalty: Our comrades on and behind the barge needed help immediately. But most important was my soldiers' trust in my judgment. Had I not already earned that trust and developed a command presence in a thousand undramatic settings, those soldiers would not have followed my lead. Had I not demonstrated my confidence that we could pull off the rescue, they would not have followed. My troops would have taken the sensible course and followed the radio's orders not to go back upriver.

This same lesson applies to leaders in private industry. We are misled by the popular-culture portrayals of leaders. Movies and television have to deal in superficialities and sound bites. They have to emphasize charisma, a mysterious and seductive quality. But when they do so, they overlook the real roots of leadership.

Expertise and Empathy

I can think of no leader, military or business, who has achieved his or her position without some profound expertise. Most leaders first achieve mastery in a particular functional area, such as logistics, and eventually move into the generalist's realm.

Expertise grows out of hard work and, to some extent, luck. Hard work develops a skill base, and luck gives us the chance to apply that base.

Throughout my childhood, my parents ran small businesses: first a restaurant, and then a small hotel with a restaurant. Every member of the family was expected to pitch in. For my part, I scrubbed floors, waited on tables, did kitchen prep, and helped keep the books. All through high school and college, my responsibilities expanded. I learned new things and kept my hand in old things.

After college graduation and ROTC training, I sought and won an army commission. My first assignment was at Fort Knox, where those years of hands-on business training proved immediately useful in streamlining the unit's mail operations. On the strength of this success, I was asked to tackle the mess hall. This was even easier: I was already a minor expert in private-sector mess halls. Because I had expertise, I was successful; and because I was successful, I was identified by my superiors as a potential leader.

There are dozens of instances where I've grumbled my way through an assignment only to discover that the assignment has taught me a great deal and that this learning is applicable in unexpected ways. Back in 1971, for example, I suffered through a stint of desk-bound research in which I was part of a team charged with analyzing LOTS (logistics over the shore) vehicles. I was sure I was wasting my time, crunching numbers and drafting memos rather than leading troops.

Exactly 20 years later, I was in charge of – among several other resources – a flotilla of LOTS ships, which plied the coasts of Saudi Arabia serving as a backup for our truck convoys. Because I had been a member of the team that helped specify their design, I knew exactly how to use those vessels. I had expertise, which not only helped me do my job but also reinforced me as a leader in the eyes of my subordinates.

Owning the facts is a prerequisite to leadership. But there are millions of technocrats out there with lots of facts in their quivers and little leadership potential. In many cases, what they are missing is empathy. No one is a leader who can't put himself or herself in the other person's shoes. Empathy and expertise command respect.

I got my first inkling of this back in the 1950s, when I was a newsboy in my hometown of Charleroi, Pennsylvania. I started out at the age of nine, hawking afternoon editions of the *Charleroi Mail* on the corner of Fifth and McKean. Things started going along pretty well for me there. I had regular customers, and I could shout out the headlines with the best of them: "Korean armistice signed! Read all about it!"

Empathy was an absolutely vital quality in the context of the Gulf War. We asked ourselves constantly: What do the other people on our team need? Why do they think they need it, and how can we give it to them?

I soon began to notice, though, that the real market for papers was in the local bars and restaurants, rather than on quiet street corners like my own. At my little stand, I was averaging 50 copies a day. In the bars and restaurants, especially around dinner time, you could sell that many copies in two hours – and get tips, to boot.

I decided to mine this rich vein of opportunity. But the older newsboys, mostly 14 and 15 years old, dominated the commercial district, and they didn't appreciate my efforts to compete. A group of them paid me a visit, gave me a few licks, and suggested that I stick to my quiet little corner and stay out of their restaurants.

I did just that – for a little while. Then I went right back to selling papers in those crowded barrooms and restaurants. Brash I was, even foolhardy; but I wasn't dumb. The opportunity was very good. And even then, I had a keen sense of justice. Why should the big kids control the best territory just because that was the way it had always been done? Even to the nine-year-old Gus Pagonis it was obvious that if you were going to do business, you'd better do it in the right place, and the big boys controlled the right place. I took a few more licks, but soon established myself as a savvy young businessman who wouldn't back down from a fight. I gained the respect of the older boys and they no longer bothered me.

Years went by, and I gradually moved up in the newsboy hierarchy. Then one day I had a disturbing realization. I was now the "establishment." I was one of those big boys whom the young up-and-comers had to go up against. It seemed that I had a clear choice. I could perpetuate the cycle or I could act in the spirit of empathy, based on my vivid recollection of what it felt like to get knocked around. I chose the latter course. At my urging, we came up with an arrangement that didn't cut too deeply into the profits of the veteran newsboys yet still gave the younger kids a chance to flex their entrepreneurial muscles. My peers went along with the plan because they knew I understood the situation from all sides. And I had earned a leader's respect from the younger kids through empathy.

Empathy was an absolutely vital quality in the context of the Gulf War. We asked ourselves constantly: What do the other people on our team need? Why do they think they need it, and how can we give it to them? The military always has its share of bendable rules. Can we find one to fit each situation?

Our hosts, the Saudi Arabian people and their government, were among the most important objects of this kind of attention. King Fahd had pledged his country's complete support and cooperation, and the Saudis delivered on that promise unstintingly. But both sides knew that the deployment of a half million "infidels" into a strict Muslim society would be a daunting challenge.

We made our share of mistakes. Early in the most hectic phase of the Desert Shield deployment, for example, we decided to establish an Allied medical matériel command in the port city of Ad Dammam. American soldiers, male and female, reported to the site to unload boxes and crates of supplies. Unfortunately, we had no idea that the building we were moving into was located next to a particularly devout Muslim community, whose members were deeply offended by the sight of women with uncovered hair and rolled-up sleeves working up a good sweat in the desert sun. Members of the community complained to the local religious police, and our female soldiers were soon subjected to catcalls and jeering.

Before the situation developed into a crisis, U.S. military leaders met with the appropriate Saudi religious and civil officials to get a handle on the cause of the disturbances. We soon reached a simple compromise: All U.S. military personnel would henceforth wear long-sleeved shirts in the city, and our female soldiers would keep their hair covered with their hats. It was a small concession but one that greatly pleased the religious police responsible for enforcing the *Sharia,* or Islamic law.

We learned a great deal about the sensitivities of a Muslim community through these negotiations, and we applied the lessons in our subsequent dealings with the Saudi population. We also took our learning one step further. It was clear that our hosts were inclined to avoid conflict with their 550,000 guests, at least until things were approaching a crisis stage. It was our responsibility, therefore, to anticipate their needs and avoid crises. One day several months after the ground war ended, I realized that our two inactivated firing ranges were still littered with unexploded ordnance and that the bedouins would soon be traversing these areas again. We put ourselves in the shoes of the bedouins and of the Saudi officials who had to protect the interests of these desert wanderers. We cleaned up the ranges well before the Saudi Arabians had to put pressure on us to do so. With that we earned their continued respect and cooperation.

Empathy also helps you know where you can draw the line and make it stick. For example, some Saudi Arabians disapproved of the U.S. female soldiers driving vehicles and carrying weapons (activities in which Saudi women do not engage). I made it clear that from the U.S. Army's perspective, a soldier was a soldier and our lean logistical structure absolutely demanded that all our soldiers be allowed to use the tools of their trade. That line stuck.

Empathy counts for even more on the individual level. This was brought home to me one afternoon in August 1991, some six months into Desert Farewell. A very young private was sent to me by the military police for disciplinary action. The facts of the incident were clear enough. On the previous night, two MPs had demanded to see the private's ID. He cussed them out and wound up spending the night in jail. He arrived in my office looking remorseful and more than a little bit scared and launched into a hurried and jumbled explanation. It was hot the night before, he said; he was tired, the MPs were picking on him, and so on. But when he finished making his excuses, he said simply, "I screwed up. I shouldn't have done it."

I made him think things through from the MPs' point of view. They had a job to do. Terrorist attacks were still a very real possibility, and the recent tragedies in Beirut and Berlin were very much in our minds. Tight security and ID checks were therefore still needed to protect the safety of everyone at the base. Then, after telling my wayward private that I would personally thank the MPs for their vigilance, I let him off the hook. He was out of my office in a flash.

Why did I bend the rules? Because empathy demanded it. This was a tough period. The war was long since over, and the vast majority of Coalition forces were already back in their home countries. But we logisticians were still there, picking up and packing up the theater of operations. We were fighting a subtle battle against the troop's perception that the "important" work of the war had already been accomplished, that the danger was past, that we were only mopping up after the main event. And, in fact, the weather was very hot – hotter than earlier in the summer when smoke billowing from the oil fires in Kuwait had blocked out the sun. Inevitably, some tempers were wearing thin in the ranks. My young private had already learned his lesson, and he was more useful to me outside the brig than in.

The Steps of Leadership

I had the very good fortune early in my army career to serve as an aide to a general officer in Germany. In that context, I visited most of the battalions and companies around the country. This was the military equivalent of a controlled experiment, in the sense that all of the commanders in the division were working on the same mission. But each of them approached his assignment a little bit differently – how he took care of his troops, how he briefed the results of his actions, how he presented himself. From company to company and from battalion to battalion, what was really

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changing was leadership.

Even from my youthful and uninformed vantage point, it was obvious that some things worked and others didn't. And over time, I was able to distill the techniques of effective leadership that would work best for me. Cultivating leadership in yourself and in others should be done on both a personal and organizational level.

The first important step in the process of developing effective leadership may appear self-evident: Know yourself. What's your expertise? What are your strengths? And, just as important, what are your weaknesses, and how can you improve? Regularly scheduled self-examinations are a must for building and sustaining leadership.

Once you've assessed the raw material, you can draw up a plan that builds on your existing skills and knowledge. Take any steps necessary to sharpen those talents you already have or to compensate for ones you lack. Most leaders engage in public speaking, for example. Are you one of those rare leaders who can get away without making public appearances? Or could you benefit from some coaching in voice projection and deportment?

This kind of self-analysis allows you to be real – in my experience, a vital contributing factor in effective leadership. A person who is always playing to his or her weaknesses can't inspire much confidence in others. This is something to watch out for in matters large and small, since it's the cornerstone of presence. For example, I use a gentle kind of humor quite a bit. Humor helps me make contact with other people. But I only use humor because it comes naturally to me. I'm real when I use humor. Those who aren't, shouldn't! In the same spirit, truly hopeless public speakers – of whom there are very few, by the way – should concentrate on grooming effective proxies.

A related challenge is to learn how and what to communicate. This comprises not only good speaking skills but also good listening skills and the ability to project and interpret body language. Many years ago, I set up formal systems to elicit constructive criticism from my subordinates. One of the first criticisms I got back was that I didn't listen well. This surprised me. Up to that moment, I thought my listening skills were as good as the next person's – maybe better. I poked around, asked questions, and eventually discovered that one basis for this judgment was a bad habit on my part. While listening to others, I had a tendency to sift quickly through mail or do an initial sort of my paperwork. My body language projected a lack of attention. With minor adjustments to my routine (maintaining eye contact during these meetings, relegating paperwork to later in the day), my report card improved. I also took to heart the advice of a wise commanding officer who said: "Never pass up the opportunity to remain silent." My subordinates soon began citing my listening skills as a strength rather than a weakness.

A third vital aspect of personal development relates to expertise: The leader has to know the mission. What needs to be accomplished? How can your expertise most effectively be channeled to do the job? This is an important part of the hard work I mentioned earlier. Leaders have to do their homework!

During the Gulf War, I directed my planning team to compile a binder, known within the command as the Red Book, which was a complete and constantly updated collection of data outlining the developments of the conflict. Some four inches thick with charts and tables, it contained virtually all of the information I needed to keep abreast of our situation. While I was in transit from one theater location to another, that book was practically joined to me at the hip. General Schwarzkopf (or another general in the field or stateside) would frequently call me on the road or in the air with requests for specific information: how many tanks here, how much fuel there, how quickly can equipment be moved somewhere, and so on. I know that both my subordinates and superiors were regularly impressed with my almost magical grasp of the numbers. No magic was involved – I just studied the information in that binder every chance I could.

When the elements of personal leadership development are in place, a leader can concentrate on building an appropriate context for leadership. Not surprisingly, this kind of organizational development depends, in large part, on a leader's ability to empower and motivate others to lead.

Moving Outward: Organizational Development

By definition, leaders don't operate in isolation. Nor do they command in the literal sense of the word, issuing a one-way stream of unilateral directives. Instead, leadership almost always involves cooperation and collaboration, activities that can occur only in a conducive context.

I am convinced that an effective leader can create such a context. My goal, as I set out to build a leadership-supporting environment, is to combine centralized control with decentralized execution.

This involves, first, extensive delegation. In a sense, this prerequisite is a logical extension of the personal awareness and development described above. A person who knows his or her expertise and the mission can find the right people to fill gaps. As a result, authority is pushed further and further down into the organization.

Delegation is only half of the story, though. The other piece involves system building to ensure that the right information flows back up through the organization to the leader. This is a special challenge in an organization as traditionally bureaucratic as the army. ("Staff grows, paper flows, no one knows," as

I took to heart the advice of one commanding officer: "Never pass up the opportunity to remain silent."

the old saying has it.) But I suspect it's true for all human organizations.

Organizational development, then, includes a delicate balance of effective delegation and system building. Over the years, I have developed a number of techniques and tools that help maintain this balance and ensure a smooth-running operation.

The first of these techniques is to shape the vision. Simple is better, since delegation depends on a shared understanding of the organizational goal. In the Persian Gulf War, we coined short sentences that captured the aim of our organization. These little nuggets were then aggressively disseminated. During the deployment phase of the conflict, for example, you couldn't walk 20 feet within our headquarters without encountering the message "Good logistics is combat power!" During the redeployment phase, safety was the overriding priority, and the vision became "Not one more life!" Napkins, banners, buttons, newsletters: Every possible tool was used toward building and underscoring a shared vision.

Vision must be defined by the leader. But it is the subordinates who must define the objectives that move the organization toward the desired outcome. "Objectives," in my lingo, are the concrete steps by which the vision will be realized. They must be specific and quantifiable. They should give subordinates the opportunity both to act and to assess the impact of their actions. For example, in my terminology, "Win one for the Gipper" is a statement of vision. By contrast, "Average 3.5 yards per carry on runs off tackle" is an objective articulated to advance the vision.

A second key responsibility of the leader in building an organization that supports leadership is to educate. On the first day a new person enters my command, I hold an orientation session to clarify my personal style, the organization of the command, our vision, and our shared objectives. Everyone needs to start off with the same information base. I specifically direct new arrivals to read my notebook of bulletins – a series of memoranda in which I have codified the key methods and tools of my command. The bulletins remain in a central location where they can be accessed by any member of the command at any time.

In addition, I regularly hold educational meetings, informally referred to as "skull sessions." These involve gathering a large group of people from many functional areas into one room and leading them through a discussion of how they would handle a range of hypothetical but plausible challenges. The goal, I tell them at the outset of the meeting, is to "do our Monday-morning quarterbacking on Saturday night." (In other words, better to think through the Sunday game in advance than to kick the corpse on Monday.) Through this device, my people are challenged to think in collaborative ways, to be aware of the real complexities that most situations present, to become comfortable asking one another for advice and help, and, most important, to anticipate problems.

For the benefit of both the individual and the larger organization, it is vital to give and get feedback. Of course, every interaction with a subordinate, peer, or superior is an opportunity to do just that and should be used accordingly. But I've also found the need to implement a number of mechanisms to reinforce the feedback loop.

The organizational effectiveness (OE) session is one such tool. Once or twice a year, I take my top-level officers out of their normal routines for a one- or two-day organizational retreat. On neutral ground, we go through role-playing exercises, take time for relaxation, and do some formal feedback exercises.

In this context, I've hit on one small innovation that helps to keep things productive. Each member of the command is asked to evaluate the person to his or her left. In doing so, the evaluator must identify three positive qualities in the person being scrutinized as well as three areas where that person could improve his or her performance. Criticism tends to be taken more easily when it is not perceived as an attack. It was in this context, in fact, that I first learned about my bad listening skills – and, as we all know, the higher the rank, the harder to teach.

My second favored method for giving feedback has been a formal part of the army organization for quite some time: the evaluation report. I put a personal twist on the ER by making it a multistep process. The conventional ER is a one-step process. After a subordinate has been in a given position for about a year, the superior officer fills out a written form rating the subordinate's performance. The problem is that the subordinate can perform below standard and not know it until a damning evaluation is filed away in the personnel files. This shortchanges everybody – the individual, the evaluator, and certainly the organization.

In my command, the ER is a two- or even three-step process. Each individual is evaluated about one or two months into his or her tenure in a position. During this meeting, the superior points out areas of the job at which the ratee is particularly accomplished and identifies other areas that need work. In the months that follow, each individual has an opportunity to develop and improve his or her skills before the final evaluation report. In the meantime, the organization benefits from improved productivity and open communication.

In complex organizations, it is important to emphasize formal communication with structures designed to complement the chain of command. My notebook of bulletins is one such tool. There are many others.

My workdays, for example, are punctuated by a series of meetings. The first is the daily "stand-up," attended by at least one representative of each functional area in the command. (During the Gulf War, the stand-up was a chance for people to make quick status reports and then field questions.) At the end of each day, we hold a "sit-down" meeting, which gives us a chance to engage in a more concentrated kind of analysis. The sit-down also uses a "three up, three down" device similar to the one employed in my OE sessions. Each functional commander reports daily on three areas in his or her command that are improving and three areas that need attention.

In between these two meetings are other communications devices. For example, a few hours of my afternoon are divided into 15-minute segments called "Please see me" time. When someone's ideas have puzzled or intrigued me, I ask them to come in and talk during one of these slots. In addition, any member of the command who has a question or a problem can sign up for a quarter-hour slot. This part of the scheduling process is completely democratic. Any member of the command can sign up for a meeting, and no one ever gets bounced through rank-pulling.

And, finally, there's my favorite low-tech, high-yield information transfer system: the three-inch by five-inch index card. I stumbled upon the 3×5 as a mode of communication completely by accident early in my career, and I've used it ever since. In the Gulf, questions or comments written on 3×5s were guaranteed to move through the chain of command (informing appropriate personnel along the way) until they reached someone with the knowledge and authority to respond to them, and then they were returned to their authors – all within 24 hours, guaranteed. During the height of the conflict, I got about 100 a day, and every one was useful.

Formal methods of information transfer are very important, but I find that you don't get a complete view of what's actually happening in an organization unless you also open regular informal communication channels. For straight talk, nothing compares with the comments I pick up during my daily basketball game with the troops. Similarly, when my wife and I invite troops into our home for a lasagna dinner, we hope to show them that we, too, are human and approachable.

Sometimes the soldiers come to me; other times, I go to them. I devote a good deal of my time to "management by walking around." In the Gulf, MBWA took me from the frontline logbases, where ammunition, food, and fuel were distributed to the troops, to the matériel dumps. I spent time with the MPs guarding the main supply routes and with the "wash rack" jocks responsible for cleaning and sterilizing the tanks and helicopters we were about to send home. I visited enemy prisoner-of-war camps that had been hastily erected as the ground war ended, the docks and airfields, and a hundred other more or less remote facilities.

I worked hard to be a real and constant presence throughout the desert in all parts of the command. But the Southwest Asian theater was so large that I couldn't be in enough places often enough. Recognizing that fact, I deputized a group of soldiers – dubbed the "Ghostbusters" – as my proxies. They went into the desert as my official eyes and ears, making sure everything was running smoothly, giving and gaining a clearer sense of the theater's overall organization.

What was the point of all of this meeting, mentoring, and moving around? In a sense, it was to touch as many people, and as many kinds of people, as possible. Leaders must be motivators, educators, role models, sounding boards, confessors, and cheerleaders – they must be accessible, and they must aggressively pursue contact with colleagues and subordinates.

Muscle Memory

Successful leadership is not mysterious. Leaders must set their own agendas and use the tools and techniques best suited to help them achieve their goals. But leadership is not entirely formulaic. Leaders must learn to trust their instincts and play their hunches.

When the fighting ended in the Gulf, an army unit was asked to make the physical preparations for the peace talks. As the talks grew near, I developed a strange conviction – a gnawing in the pit of my stomach – that something wasn't right up in Safwan, Iraq, the site of the talks. The night before the meetings were scheduled to start, I commandeered a Black Hawk helicopter to go up and take a look and discovered that the job was less than half completed. The necessary supplies had been caught in a monumental traffic jam and hadn't gotten through. Through a superhuman effort, working all night with the materials that were at hand, we made it possible for the peace talks to proceed on schedule. (I'm sure that history will record only that General Pagonis inexplicably fell asleep during the talks and slipped off his chair!)

It is said that once a basketball player practices his shots enough, he develops a "muscle memory" of how to sink those shots. Only then is he truly free to improvise on the court. Similarly, I'm convinced that if someone works hard at leadership, his or her instincts will tend to be right. His or her hunches will be based on expertise and empathy, and they'll be good ones. Leadership will seem to come easily.

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1991

The Hard Work of Being a Soft Manager

No executive can forge a successful career without volunteering for high-risk assignments. But some risky jobs seem to promise only disaster, not advancement. Consider William Peace's decision, against the advice of his closest aides, to meet alone with 15 people he had just laid off. The encounter was emotionally bruising, just as Peace knew it would be. He sat and listened as his former employees poured out their grief, anger, and bewilderment. When they were through, he patiently explained why the survival of the business required that he let them go, even though there was nothing wrong with their performance. And then he explained again.

The meeting had a surprising denouement, which you can discover for yourself in the pages that follow. But it's giving nothing away to point out that Peace's display of vulnerability and accessibility was seen for what it was: a sign of strength, not weakness.

The 1991 article that Peace crafted out of his experiences added a new dimension to the portrait of the leader. Quietly but thoroughly, he smashed the icon of the armor-plated hero and replaced it with a flesh-and-blood human being – fallible, vulnerable, and for those very reasons, credible and effective.

The stereotypical leader is a solitary tough guy, never in doubt and immune to criticism. Real leaders break that mold. They invite candid feedback and even admit they don't have all the answers.

by William H. Peace

I AM A SOFT MANAGER. Unlike the classic leaders of business legend with their towering self-confidence, their unflinching tenacity, their hard, lonely lives at the top, I try to be vulnerable to criticism, I do my best to be tentative, and I cherish my own fair share of human frailty. But like them, I too have worked hard to master my management style, and on the whole I think it compares favorably with theirs.

In my vocabulary, soft management does not mean weak management. A tentative approach to a critical decision in an unfamiliar environment is not a sign of indecision but of common sense. Criticism from your subordinates is not necessarily a sign of disrespect; they may be offering the wisdom and experience of a different perspective.

Conversely, tough management does not necessarily mean effective management. Self-confidence can be a cover for arrogance or fear, "resolute" can be a code word for autocratic, and "hard-nosed" can mean thick-skinned.

I believe that openness is a productive management technique and that intentional vulnerability is an effective management style. The soft management I believe in and do my best to practice is a matter of making hard choices and of accepting personal responsibility for decisions. I have a couple of stories that illustrate what I mean.

In the early 1980s, I was general manager of the Synthetic Fuels Division of Westinghouse. Unfortunately, the decline in oil prices that followed the second oil shock in 1979 had led Westinghouse top management to decide to get out of the synthetic fuels business, so my staff and I had to find a buyer and consummate a sale within a few months or face the prospect of seeing our division dismantled and liquidated.

In an effort to make ourselves attractive, we had already trimmed the workforce from 240 to about 130, most of them engaged in the design, testing, and marketing of a coal gasification process that we were confident would one day produce electric power from coal efficiently, cleanly, and economically. While we believed in the technology, we realized that, in the midst of a recession, there weren't many buyers for energy businesses that could offer only future profits.

For the employees in the division, closure would mean more than unemployment. It would mean shattering the dream of building a great new business, a dream many of us had been working toward for more than five years. Unfortunately, even with the reduced workforce, we had a dilemma. The continuing financial drain we represented tended to shorten the corporation's patience, but if we cut employment too much, we would have nothing left to sell. Moreover, as winter approached, my staff and I became concerned that Westinghouse was about to set an absolute deadline for selling the division.

Soft management is a matter of making hard choices and of accepting personal responsibility for decisions.

My senior managers and I approached this dilemma as gingerly as we could, with much discussion and no foregone conclusions. We decided that a further reduction in force of 15 people was both necessary to sustain the corporation's goodwill and tolerable, perhaps even desirable, from the point of view of selling the business. We then examined various alternatives for selecting the people to lay off. We agreed that our criteria would not include performance as such. Instead, we decided to choose jobs with the lowest probable value to a potential buyer, provided only they were not essential to the task of selling the business. For example, we decided that we could get along with two technicians in the chemistry lab instead of three.

After about an hour of give-and-take, some of it heated, we agreed to a list of 15 names, and as the meeting drew to a close, one department head said to the others, "Well, let's go tell them." It had been our practice in past layoffs to choose an hour when all managers with people on the reduction list would call them in and give them the bad news.

"No," I said, "I'm going to tell them myself."

"But that's not necessary," someone replied.

"I think it is necessary," I said.

I was concerned that a further reduction in force might lead the remaining employees to conclude that management had given up on selling the business and that it was only a matter of time before we laid off everyone else as well and closed the business down. If they were to draw that conclusion, many of our most valuable people would leave. During months of uncertainty about the future of the division, our best engineering and marketing people had located opportunities with other companies, and they were now sitting on those offers waiting to see what would happen to Synthetic Fuels. They needed to hear the real reasons for the layoffs from me – personally.

I asked my senior managers to send all employees on the reduction-in-force list to a conference room early the following morning. I wanted to explain as truthfully as I could what it was we were doing and why.

Walking into the conference room the next morning was like walking into a funeral home. The 15 employees sat around the table in mourning. Most of the women were crying. Most of the men, stunned and dejected, were staring at the tabletop. Their managers sat in chairs against the wall, clearly wishing they were somewhere else. I had not expected my staff to announce the purpose of the meeting, but, obviously, people knew.

I summoned my courage and took the chair that was at the head of the table. I told the employees we were going to lay them off and that all of us, I in particular, felt very bad about it. I went through our reasoning on the reduction in force, putting particular emphasis on our belief that this RIF would improve our chances of selling the division – as opposed to closing it. I told them we were, in effect, sacrificing a few for the benefit of many. I explained the criteria we had used and observed that

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while we felt our thinking was sound and believed we had matched people to the criteria in good faith, we understood that they might well disagree. I said we were doing the best we could – imperfect as that might be – to save the business. I asked them not to blame their managers. I ordered them not to blame themselves – our decision was in no way a value judgment on them as individuals, I said. If they wanted someone to blame, I urged them to blame me.

These remarks took about 15 minutes, and then I asked for questions. The initial responses were all attempts to discredit the selection process. "But why *aren't* you taking performance into account?" one woman asked. "My supervisor has told me my performance is excellent. What's the point of doing a good job if you only get laid off?"

"I've been here for 11 years," said a male technician. "Why shouldn't I get more consideration than someone who was hired only a couple of years ago?"

I responded by repeating that under the circumstances, we believed only two criteria were relevant: first, that the position be nonessential to the selling process and, second, that it be one that prospective buyers would see as having relatively little value to them in the short term.

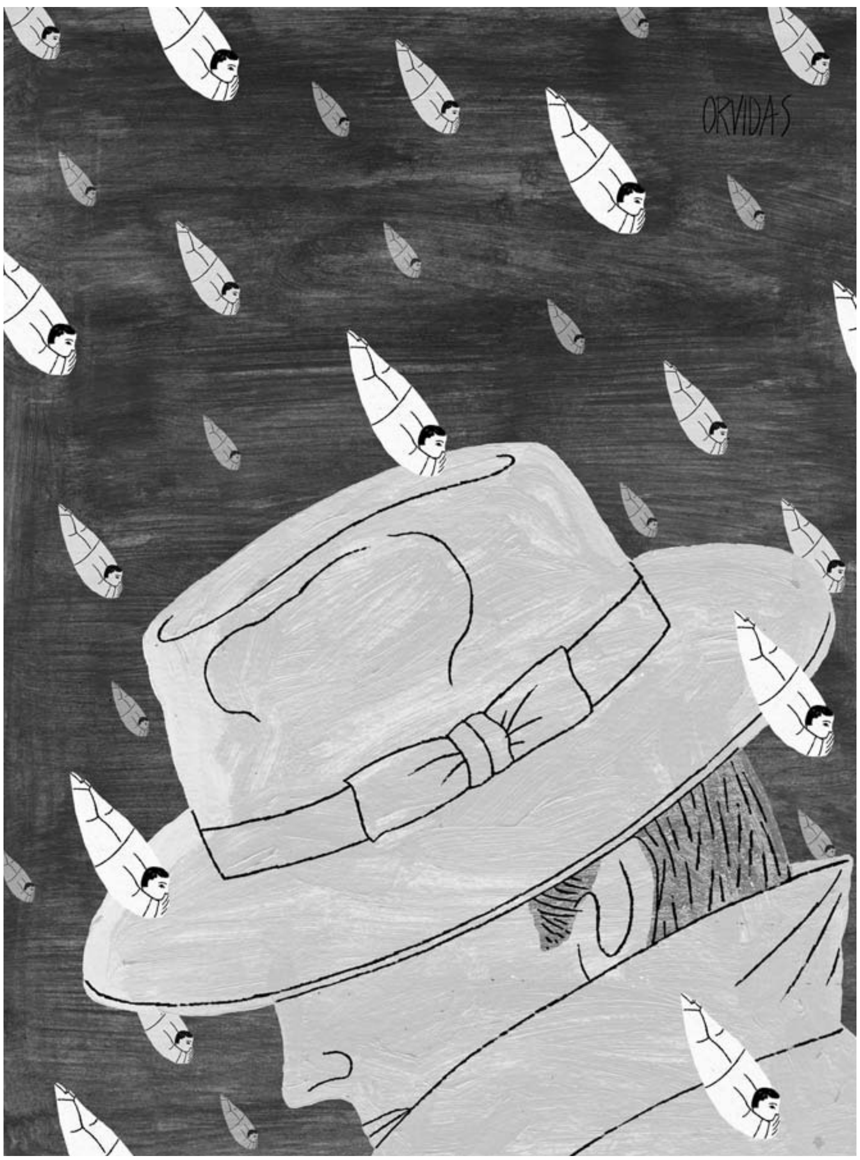

ILLUSTRATION: KEN ORVIDAS

The questions kept coming, and for a time the tearful, funereal mood persisted, but eventually other sorts of questions began to surface. Did we really think the division could be sold? Did we think there really was a future for synthetic fuels? Why couldn't Westinghouse wait a little longer? The question period went on for a good 45 minutes and was without doubt one of the most painful I've ever attended. And yet, as it ended, I felt a certain new closeness to those 15 people. I shook hands with each of them and wished them good luck. I thought I sensed that most of them understood, and even respected, what we were trying to do, however much they might object to our final choice of sacrificial lambs.

For weeks the meeting stayed fresh in my mind. We'd hear, for example, that now Nancy's husband had been laid off from *his* job, and I would remember Nancy sitting at the conference table with tears streaming down her face, and the memory would be so bleak that I'd think, "Why did I insist on meeting with all of them myself? Why didn't I just let their bosses break the news?"

At the same time, however, I was beginning to notice a change I hadn't expected: The remaining employees seemed to have a renewed determination to hold the business together. For example, tests on the pilot plant continued with a new optimism; whenever I was in the test structure, the technicians seemed cheerful, positive, and entirely focused on the task at hand. And at a meeting to discuss the status of another project we wanted to hold onto, not only was the lead engineer still with us – pockets undoubtedly filled with attractive offers from oil companies – but he was explaining his ideas for reducing the project's capital costs.

A couple of months later, we did finally sell the business, and what happened next was even more gratifying. The new owner gave us funds for some additional work, and we suddenly had the chance to rehire about half of the 15 people we'd laid off. *Without exception,* they accepted our offers to return.

Soft qualities like openness and sensitivity are as critical to success as harder qualities like charisma, aggressiveness, and always being right.

One or two even gave up other jobs they'd found in the meantime. One secretary gave up a good position with a very stable and reputable local company to rejoin her friends at our still somewhat risky operation with all its grand dreams.

It gradually became apparent to me that my very painful meeting with those 15 employees had been a kind of turning point for Synthetic Fuels. Clearly, this was due in part to the two messages I sent in that meeting on behalf of senior management – first, that we would do everything in our power to keep the business alive and salable and, second, that we saw layoffs as an extremely regrettable last resort. But as time goes by, I am more and more convinced that the "success" of that meeting was also due in part to the fact that it made me vulnerable to the criticism, disapproval, and anger of the people we were laying off. If that sounds cryptic, let me explain by telling another story, a story I remembered only later, when I began to analyze what had happened at Synthetic Fuels.

In the early 1970s, I worked for the vice president of the Westinghouse Steam Turbine Division, which was located just south of the Philadelphia airport in a sprawling complex of factories that had employed more than 10,000 people during World War II and was still a union stronghold. My boss, Gene Cattabiani, then in his 40s, had a reputation as a good engineer and a "people person." In fact, his success in previous assignments had had much to do with his ability to get along with the people above and below him.

One of the most difficult issues facing Gene at Steam Turbine was an extremely hostile labor relations environment. Back in the 1950s, the Union of Electrical Workers represented the entire hourly workforce. It was a tough, unfriendly union, so much so that the McCarthy hearings had labeled it Communist.

I had seen two faces of this union. On the one hand, its leaders were as stubborn as mules at the negotiating table, and its strikes were daunting. Several men once threatened to throw a small boulder through my windshield when I tried to cross a picket line to get to work. In 1956, the violent, confrontational mood of one nine-month strike led to a shooting death outside the plant.

On the other hand, I had also seen thoughtfulness and warmth. One year when I was chairman of the United Way campaign, we asked the union leaders to serve with me on the organizing committee. It was a very successful campaign, partly because they worked so hard to get the hourly workforce to contribute, though few had ever given in the past.

By and large, however, attitudes were polarized. Most managers viewed shop floor workers as lazy and greedy, a distinct business liability. On their side, most union members viewed management as incompetent, overpaid, and more or less unnecessary.

When Gene took over, the Steam Turbine Division was not particularly profitable. There was a compelling need to cut costs and improve productivity, and it was clear that much of the opportunity for improvement was on the shop floor. Yet the historic animosities between labor and management made it seem unlikely that any fruitful negotiation could take place.

Gene decided it was up to him to break this impasse and begin to change attitudes on both sides by treating union leaders and the workforce with respect, honesty, and openness. To me this made a great deal of sense. If managers began treating union members as human beings, with dignity and worth, they might just respond by treating us the same way.

But it was not just a matter of style. The business was in trouble, and unless the union understood the extent of the problem, it would have little incentive to cooperate. Historically, union leaders had assumed that the business was very profitable. They believed their people deserved a thick slice of what was in their view a large pie. By the time Gene arrived, however, the pie had become pretty skimpy and was threatening to vanish altogether. Gene decided it was essential to inform the union of the real state of the business.

In the past when there was any informing to be done, the labor relations vice president would call a meeting with the union leadership and tell them what he wanted them to know. Not surprisingly, since they saw everything management said as entirely self-serving, union leaders had always viewed these meetings with disdain. This time, however, Gene decided he would do it differently. He would give a presentation on the state of the business to the entire hourly workforce, a thing that had never been done in the long history of the division.

Many of us wondered if this was really necessary. We knew the rank and file saw the vice president and general manager – Gene – as the ultimate enemy. Wouldn't it be easier, we wondered, and maybe more effective, to have someone else make the presentation? Maybe they would listen to the financial manager. But Gene clung – stubbornly, I thought – to his decision.

To reach the entire workforce, Gene would have to repeat the presentation several times to groups of hundreds of workers. The format was a slide presentation, simple but complete and clear, followed by questions from the floor.

The initial presentation was a nightmare. Gene wanted the workforce to see that the business was in trouble, real trouble, and that their jobs depended on a different kind of relationship with management. But the workers assumed that management was up to its usual self-serving tricks, and there on stage, for the first time, they had the enemy in person. They heckled him mercilessly all through the slide show. Then, during the question-and-answer period, they shouted abuse and threats. As far as I could tell, they weren't hearing Gene's message – or even listening. I felt sure he had made a mistake in deciding to give the presentation himself.

But Gene persisted. With obvious dread but with grim determination, he made the full series of presentations. While I could see no evidence that people even understood his state-of-the-business message, much less believed it, I did begin to see an important change. When Gene went out on the factory floor for a look around (which his predecessors never did unless they were giving customers a tour), people began to offer a nod of recognition – a radical change from the way they used to spit on the floor as he walked by.

Even more remarkable was his interaction with hecklers. Whenever he spotted one, he would walk over and say something like, "You really gave me a hard time last week," to which the response was usually something like, "Well, you deserved it, trying to pass off all that bull—!" Such exchanges invariably led to brief but very open dialogues, and I noticed that the lathe operators or blading mechanics he talked to would really listen to what Gene said.

Suddenly, Gene was credible. He had ceased to be an ordinary useless manager and had become a creature of flesh and blood, someone whose opinions had some value. Gene was my boss, and I liked him for his sense of humor, honesty, and warmth. But I knew it had to be more than personality that won him respect in the eyes of that hard-bitten, cynical workforce.

Now, years later, as I thought about those presentations to the hourly workers and about Gene's daily interactions with subordinates and peers as well, I realized that he often set up encounters in such a way that the people he met felt free to complain or argue, even to attack. Gene made himself vulnerable to people, and it was this deliberate vulnerability that seemed to draw people to him. Because he avoided defensiveness and opened himself to criticism, people were much more inclined to believe that the strength and force of his position were not merely contrived and rhetorical but real.

But there was more to it than that. By making the presentations himself, Gene took the heat for his own point of view. Had he let someone else deliver the message, he would have avoided some of the most unpleasant consequences of his position – not the business consequences, which he would have suffered in any case, but the personal consequences, the face-to-face consequences of conveying bad news. People want to confront the source of their difficulties. Gene gave them the chance, and they respected him for it.

From those presentations on, union-management relations took a sharp turn for the better, and Gene rapidly built credibility with the workforce. He made important changes in Steam Turbine's work rules and gave individual employees broader, more flexible assignments. He also imposed layoffs, and he raised standards with respect to both throughput and error-free performance. With each change, Gene continued to open himself to arguments, complaints, and anger – all of which gradually diminished as results continued to improve and as Gene's vulnerability and courage continued to disarm opponents.

Combined with many other changes that reached well beyond the factory floor, the division's increased productivity powered Steam Turbine to greatly improved financial performance, and before long Gene became an executive vice president. More important, from my point of view, Gene became a role model for me – more of a role model than I realized at the time. He taught me how important it is to be a flesh-and-blood human being as well as a manager. He taught me that soft qualities like openness, sensitivity, and thoughtful intelligence are at least as critical to management success as harder qualities like charisma, aggressiveness, and always being right. Most important of all in the light of what happened at Synthetic Fuels, he taught me the value of vulnerability and the benefits of taking the heat for your own acts and policies.

What I had done in my meeting with the 15 employees at Synthetic Fuels was to repeat, in a smaller format, Gene's experience at Steam Turbine. As a result, it was a turning point not only for the division but for me as well. I went well beyond anything I had done previously in opening myself to others. On the surface, I was motivated by what I saw as a business need and didn't give much thought to how vulnerable the meeting would make me. Deep down, I think I was also motivated by Gene's example, by an internalized picture of the soft manager succeeding in the face of hard challenges.

Being a soft manager is no job for the fainthearted. On the contrary, it takes a certain courage to be open-minded, well-informed, and responsible, to walk straight into adversity rather than seek to avoid it. Staying open to different possibilities can, of course, lead to vacillation, but it can also lead to tougher, better decisions drawn from among a wider range of choices. The object of soft management is certainly not to be lax or indecisive.

By the same token, whenever I'm tempted to insulate myself from the painful emotional consequences of some business decision, Gene's experience reminds me that it's more productive to listen to objections and complaints, to understand what subordinates are thinking and feeling, to open up to their arguments and their displeasure. It was this kind of vulnerability that made Gene credible to the people whose help he most needed in order to succeed.

Unfortunately, openness and vulnerability are anathema to some people. I've worked with at least two men who found my management style upsetting. Both were supremely bright, self-confident, and articulate, the kind of men who take charge of situations and of other human beings. I'm sure it's very uncomfortable (at an unconscious level, perhaps even frightening) for people who like to feel they're in absolute control of their surroundings to see someone like me stand so close to what they must view as a precipice of indignity and lost authority.

In any case, they didn't like me, and I didn't like them. I believe they saw my vulnerability as exactly what they wanted to be rid of in themselves. I know I saw their exaggerated self-assurance as arrogance and insensitivity – something that I wanted no part of in myself.

My position on soft management comes down to this: Proponents of all management styles will probably agree that to manage other people effectively, a person needs a battery of qualities that are not easily acquired. These include intelligence, energy, confidence, and responsibility. Where I differ from a lot of my colleagues is in believing that candor, sensitivity, and a certain willingness to suffer the painful consequences of unpopular decisions belong on the list. Being vulnerable to the give-and-take of ordinary emotional cross fire and intellectual disagreement makes us more human, credible, and open to change.

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ILLUSTRATION: SARA TYSON

The most effective moral leadership, it turns out, is provided by people who work behind the scenes for quiet victories.

We Don't Need ANOTHER HERO

by Joseph L. Badaracco, Jr.

Everybody loves the stories of great leaders, especially great moral leaders. Think of Martin Luther King, Jr., Mother Teresa, and Gandhi. We exalt these individuals as role models and celebrate their achievements. They represent, we proclaim, the gold standard of ethical behavior.

Or do they? I don't ask this because I question the value of ethical behavior – far from it. I ask because over the course of my career as a specialist in business ethics, I have observed that the most effective moral leaders in the corporate world often sever the connection between morality and public heroism. These men and women aren't high-profile champions of right over wrong and don't want to be. They don't spearhead large-scale ethical crusades. They move patiently, carefully, and incrementally. They right – or prevent – moral wrongs in the workplace inconspicuously and usually without casualties. I have come to call these people quiet leaders because their modesty and restraint are in large measure responsible for their extraordinary achievements. And since many big problems can only be resolved by a long series of small efforts, quiet leadership, despite its seemingly slow pace, often turns out to be the quickest way to make the corporation – and the world – a better place.

In this article, I explore the findings of my four-year effort to understand how quiet leaders see themselves, think about ethical problems, and make effective decisions. Although all names have been changed, the anecdotes below are based on more than 150 case studies that I gathered from several sources, including direct observation, participation in situations as an adviser, and papers and accounts by many of my older MBA students who came from corporate positions with serious management responsibilities. The stories have convinced me that while certain ethical challenges require direct, public action, quiet leadership is the best way to do the right thing in many cases. That's because quiet leadership is practical, effective, and sustainable. Quiet leaders prefer to pick their battles and fight them carefully rather than go down in a blaze of glory for a single, dramatic effort.

Two Ethical Approaches

To understand why quiet moral leadership works so well, consider what can result from a public display of heroism. Rebecca Waide was a manager at a small regional bank. Convinced that a set of lending policies was exploitative, she made an appointment with her boss and quickly launched into a made-for-Hollywood speech about the rights of the poor. "I can almost swear that while I was talking, there was inspirational music in the background," she says. "I must have sounded like Sally Field in *Norma Rae.* I wanted to defend the oppressed."

It didn't work. Waide's emotionalism and lack of careful preparation undermined her credibility. The company thought its policies were sound, particularly for riskier customers, and her boss didn't appreciate the lecture. Not surprisingly, the company's lending policies remained unchanged.

Now consider Barry Nelan, another banker whose case I studied. He was going through files one day when he discovered that a company had been charged too little interest on a bank loan for more than five years. He wondered if the bank's executives, some of whom were good friends with the borrower's managers, knew about the problem but were conveniently overlooking it. He feared that his boss, who had authorized the loan, might be scapegoated if the problem came to the attention of others.

At first, Nelan saw only two choices. He could report the error through official channels and let the chips fall where they might, or he could leave things alone. But then he came up with an alternative: He took the matter directly to his boss. His boss's first instinct was to rebury the problem, but Nelan said that if they couldn't find an answer, he would be forced to inform bank executives about the mistake. They sat down with the client and restructured the loan, then reported the problem and the solution to the executives. Nelan was careful, patient, and politically astute throughout the process. He managed to benefit himself and the organization while protecting his colleague's job. He was the quintessential quiet leader.

Operating Instructions

My research suggests that quiet moral leaders follow four basic rules in meeting ethical challenges and making decisions. Although not always used together, the rules constitute an indispensable tool kit that can help quiet leaders work out the dilemmas they face. Some tactics may seem a little too clever or even ethically dubious. Certainly, few people would want to work at jobs where such moves constitute business as usual. Nevertheless, these guidelines often prove critical when leaders have real responsibilities to meet.

The rules serve another purpose, too. By offering insight into how an organization's unknown soldiers achieve their moral victories, the guidelines can help top executives foster the development of quiet leaders among middle managers. Tactics they can use include setting examples of quiet leadership in meetings; going out of the way to praise and reward individuals who take quiet, sustained, effective approaches to problems; and appointing top managers who are themselves quiet leaders. Such actions send powerful messages about the right way to deal with difficult, messy problems.

Put things off till tomorrow. When ethical dilemmas heat up, quiet leaders often look for ways to buy time. Careful execution of this tactic can spell the difference between success and failure. The passage of time allows turbulent waters to calm. It also lets leaders analyze the subtle ways in which individuals and events interact – it lets them look for patterns and watch for opportunities to arise from the flow of events. More important, sound moral instincts have a chance to emerge. Of course, there are situations – such as when a defective product is about to be shipped or a misleading financial report is about to be released – that call for immediate action. But the drama of do-or-die situations can lead us to exaggerate the frequency with which they arise. The vast majority of practical ethical challenges facing most managers are mundane and subtle, calling for the unglamorous virtues of patience and staying power.

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To see how quiet leaders create buffer zones that permit them to put their unglamorous virtues to use, let's look at a quiet leader who succeeded in thinking clearly and moving at a deliberate pace, even though top management was breathing down his neck. Kyle Williams had recently become a branch president for a small regional bank in Maine. He was excited about a job that gave him visibility and profit-and-loss responsibility. The only drawback to the promotion was the intense financial pressure on the bank and its senior executives. Williams was told that if the stock price didn't rise quickly, the bank was likely to be bought and dismantled by a larger bank.

Among the 55 employees Williams inherited were four chronic underperformers, including a 56-year-old teller who was notoriously rude to customers and raised the issue of age discrimination whenever her performance was questioned. Another of the four was a widow who had been at the bank 30 years. She was recovering from cancer surgery but was reluctant to go on disability. Finally, there were the two lead loan officers: One lacked initiative and imagination; he did everything by the book. The other had more potential, but even the promise of a performance bonus didn't fire her up.

Williams was eager to reduce expenses, but he wanted to avoid shortsighted cost-cutting measures and to be fair to longtime employees. He thought firing the four underperformers, as was tacitly but clearly expected of him, might embroil the company in legal problems. He needed time to persuade his boss to take a different approach, such as transferring the underperformers or encouraging them to take early retirement. If there had been less stress on the bank, Williams would have openly argued for moving slowly. But given the pressures, a request for more time could have prompted the bank management to replace him with someone willing to clean house more quickly. So he took steps to divert attention while he postponed action. Call it game playing if you will, but Williams's games were hardly trivial amusements. They were tactics that allowed him to find a "good enough" solution to the bank's problems.

There are two kinds of time buying: quick fixes and strategic stalling. Everyday dodges such as, "I've got someone on the other line – can I get back to you on that?" can buy a few hours or a couple of days; such gambits have helped countless managers whose backs were against the wall. But Williams needed weeks to rectify the situation he inherited. His situation called for strategic stalling.

The fundamental line of attack in strategic stalling is to dot all the i's and cross all the t's. As a first step, Williams tossed his boss a bone by cutting a few unnecessary expenses (badly managed operations often have plenty of those). He then sought legal advice on his personnel issues – after all, one employee had already raised the issue of age discrimination. He also got human resources involved, a move that gained him weeks. Then he began to raise strategic questions: Do we have the appropriate contingency plans in place? Are there more options we should evaluate?

Strategic stalling gave Williams time to resolve all the issues he faced. He never caught the teller being rude, but he fired her for leaving large amounts of cash unattended. The widow went on permanent disability. After pep talks, quotas, and incentives failed to motivate the two loan officers, Williams threatened to fire them. One quit; the other, galvanized into action, became a first-rate loan officer.

Pick your battles. Political capital is the hard currency of organizational life. You earn it by establishing a reputation for getting things done and by having a network of people who can appreciate and reward your efforts. Political capital is hard to accumulate and devilishly easy to dissipate. That's why quiet leaders invest it astutely and use it with care. Before they take stands or tackle tough problems, quiet leaders calculate how much political capital they are putting at risk and what they can expect in return. In other words, they pick their battles wisely.

For an example of how not to squander political capital, consider Michele Petryni, the public relations manager at a large Washington, DC, law firm. Petryni stood in astonishment one day as she was refused admittance to a meeting with several law partners. The purpose of the meeting was to deal with a very sensitive problem in the firm, and for several weeks Petryni had been working with one of the partners on a solution. Now the partner was telling her that a "nonpartner female" would stir up the brew.

Petryni was shocked and furious. Her first impulse was to threaten a discrimination lawsuit. But Petryni was also shrewd. She understood that most of the time, getting on a white horse and leading a charge does little good. If she

Before they take stands or tackle tough problems, quiet leaders calculate how much political capital they are putting at risk and what they can expect in return.

forced her way into the meeting, no one would be openly sympathetic and a few partners would be overtly hostile. Besides, she liked her job. She had been promoted rapidly and was widely respected in the firm. She didn't want to be labeled a troublemaker. So Petryni decided not to waste her hard-earned political capital. She opted for pointed humor instead.

"You know," she said to the partner she had been working with, "I've never been told I couldn't play ball because I didn't have the right equipment!" He appreciated her effort to smooth over the rupture and later told the senior partner what happened. The senior partner sought out Petryni and apologized for the firm. He acknowledged there were sexists in the firm but said they were an aging minority. He asked Petryni for her patience and support.

How well did Petryni handle this situation? Her tactics didn't fit the standard model of heroic leadership. She didn't tell the first partner that he was doing something obnoxious, insulting, and perhaps illegal. She didn't go to the meeting, even though she belonged there. Many people would argue that she surrendered her interests. But Petryni made a prudent investment. Her restrained approach enabled her to make her case to the partner she had worked with and the senior partner without offending either. Of course, her efforts didn't change the firm's culture, but she was able to get management to acknowledge that there was a problem. Most important, Petryni added untold riches to her political capital for the occasions when she really wants to fight.

Bend the rules, don't break them. Most of us don't associate bending the rules with moral leadership. But following the rules can be a moral cop-out. If a friend asks if you like her new shoes, and you think they look ridiculous, you don't tell the truth. And when the Gestapo demanded to know who was hiding Jews, some people lied. Between the trivial and the tragic are many everyday situations in which responsible people work hard to find ways to maneuver within the boundaries set by the rules. Instead of acting like moral bookkeepers, they bend the rules and own up to their deeper responsibilities.

ORDINARY PEOPLE

The quiet moral leaders in my study typically work in the middle of organizations where they look for modest but effective solutions to the problems they face. They don't aspire to perfection. In fact, their thinking is distinguished by two characteristics that would almost certainly disqualify them for sainthood: Their motivations are decidedly mixed, and their worldviews are unabashedly realistic. Let's take a closer look at each of these traits.

MIXED MOTIVES. According to the heroic model of moral leadership, true leaders make great sacrifices for the benefit of others. In truth, however, very few people would sacrifice their lives for a cause (which is why we revere the handful of people who do and why we call them saints and heroes). Most people, most of the time, act out of mixed and complex motives. They want to help others, but they also care about themselves. They have lives, interests, and commitments that they are unwilling to risk. Because they need to put food on the table, crusades and martyrdom are not options.

Consider John Ayer, an experienced sales rep at a major pharmaceutical company that had been selling physicians a very popular drug for treating depression. Although federal laws forbade it, the company started discreetly promoting the drug to doctors whose patients wanted to lose weight or stop smoking. Ayer didn't want to limit his pay or promotion prospects, but he didn't want to break the law or contribute to patients suffering side effects from unapproved uses. So he tried to walk a fine line: He talked about unapproved uses of the drug only if doctors asked him. But as more and more of his sales came from those uses, he became increasingly troubled and decided to stop answering questions about unapproved uses. He also visited doctors who were prescribing the drug for problems other than depression and discussed the risks and side effects with them. Then he went a step further: He told his manager and a few other sales reps what he was doing and why, in part to protect himself against future liability.

By any standard of moral purity, Ayer doesn't measure up very well. His motives for doing the right thing are unmistakably self-serving. As he puts it: "My decision was made as much out of fear as anything else. I was scared of finding out that a patient had died because one of my clients had prescribed the drug at a high dose. I also suspected that my company would not stand behind me if something horrible happened."

Although Ayer's motives were hardly unadulterated, they nonetheless gave him the strength to persevere. Indeed, when there is a tough moral challenge, the degree of a person's motivation can matter more than the purity of the motives. That's because real leaders draw strength from a multitude of motives – high and low, conscious and unconscious, altruistic and self-serving. The challenge is not to suppress self-interest or low motives but to harness, channel, and direct them. If Ayer had been motivated by empathy alone, I believe he would have been far less likely to act.

Of course, mixed motives can leave people in Ayer's position feeling bewildered and frustrated, but that's not all bad. Confusion in complex situations can prompt people to pause, Consider Jonathan Balint, a consultant who was working on a large project for a manufacturing company. Balint’s brother-in-law happened to work for the client and was trying to decide whether to take an offer from another company or stay in his present job. Balint had learned that the client was three weeks away from announcing a major layoff; Balint’s brother-in-law would likely lose his job. Should Balint tip him off to the danger of staying at the company?

Balint didn’t want to betray the confidentiality of his client or his firm; doing so, he knew, would be wrong, and it could severely hurt his career. So he spent several days searching for wiggle room. He took the rules seriously but didn’t treat them as a paint-by-numbers exercise. Eventually he decided he could send signals to his brother-in-law without revealing everything he knew. For example, he reminded him that no one is indispensable, that anyone can be laid off; Balint also said he had heard rumors about impending layoffs at local manufacturers. His brother-in-law took the hint.

Balint’s choice perfectly illustrates the way quiet leaders work. They know that breaking the rules is wrong – and in some cases illegal. They also want to protect their reputations, networks, and career prospects. So they don’t break the rules. But when situations are complicated, they typically search for ways to bend the rules imaginatively. Quiet leaders don’t view such tactics as ideal ways to handle problems, but sometimes situations give them no choice. Balint, for example, had competing obligations to his client and his family. In complex

Instead of acting like moral bookkeepers, quiet leaders bend the rules and own up to their deeper responsibilities.

look around, reflect, and learn before they plunge into action. Soldiers who clear minefields move slowly and methodically, but their deliberate pace takes nothing away from their valor and adds greatly to their effectiveness. Indeed, my research shows that when quiet leaders succeed, it is usually *because* of their complicated and ambivalent motives, not despite them.

CLINGING TO REALITY. Ayer’s quiet approach to leadership raises important questions. Should he have done more? Should he have taken the issue to senior management? Should he have blown the whistle and alerted federal regulators?

I believe the answer is no. All too often, whistle-blowing is career suicide. Torpedoing your career might be fine if you end up changing your company – or the world – for the better. But dramatic action seldom leads to such impressive results. Quiet leaders pay close attention to the limits of their power. They don’t overestimate how much influence they have over other people or how well they can control events in an uncertain world. Each quiet leader realizes that, in most situations, he or she is only one piece on a chessboard.

Such realism is often confused with cynicism. But realists aren’t cynics; they merely see things in Technicolor, whereas cynics see black and white. Quiet leaders’ expansive vision of reality in all its colors helps them avoid acts of heroic self-immolation.

Consider Ben Waterhouse, the head of marketing at a medium-sized company. His boss asked him to drop a high-performing ad firm and replace it with a six-month-old agency. Waterhouse was flabbergasted, especially when he discovered that the owner of the new agency was a good friend of his boss. Waterhouse’s immediate instinct was to dash off a strong memo or call a meeting with his boss’s superior. But after he calmed down, Waterhouse recognized that he didn’t have the clout to override his boss on this issue. So he developed a pragmatic plan. He gave the new ad agency a couple of very challenging assignments, which they handled poorly. He documented the failures to his boss, who opted to stick with the veteran agency.

From the perspective of heroism, Waterhouse’s story seems more like a cop-out than a profile in courage. He didn’t take a stand on principle; in fact, he engaged in subterfuge. But Waterhouse’s realism was not a moral handicap – far from it. It gave him a sense of proportion and a degree of modesty and caution that helped him move wisely across a hazardous landscape. In the process, he managed to preserve one of the company’s most valued relationships. He also kept his company from incurring unnecessary expenses. This made much more sense – realistically and ethically – than flaming out in a single heroic, but futile, act.

Taken together, the traits of mixed motives and hard-boiled realism describe the working assumptions of quiet moral leaders. A moral compass points these individuals in the right direction, but the guidelines for quiet leadership help them get to their destinations – in one piece.

ethical situations such as these, bending the rules is never easy and certainly not fun. Indeed, bending the rules – as opposed to breaking them – is hard work. It requires imagination, discipline, and restraint, along with flexibility and entrepreneurship.

Find a compromise. Compromise has a bad reputation in some circles. For some people, compromise is what politicians and lobbyists do in smoke-filled rooms. Many of us believe that good people – moral people – refuse to compromise. They tell the truth, the whole truth, and nothing but the truth, and they are always fair. Quiet leaders understand this view of moral principles, but they don't find it particularly useful in most situations. They reject the idea that moral principles can be treated like salami and sacrificed slice by slice, but they try not to see situations as black-and-white tests of ethical principles. For this reason, crafting responsible, workable compromises is not just something that quiet leaders occasionally do. It defines who they are.

Take Roger Darco, for example. Darco was a hardworking, successful sales rep who learned he wouldn't be able to sell a longtime customer a new server it needed. The servers were in limited supply, and his company was saving them for "premier" customers. Roger raised the issue with his boss and got lots of sympathy – but no assistance. Instead, his boss reminded him of the importance of making quota.

On the face of it, Darco had only two options. He could refuse to give his client the server, or he could violate company policy and sell the server by faking documents, as some reps were doing. But somewhere between extremes there is often a compromise solution. Darco found it by discovering that if his client was willing to be a test site, it could get the server early. The client agreed and got the machine it needed.

Darco may not look like much of a moral hero, but he did take on a complicated ethical issue and get it right. He didn't start a revolution – the situation didn't call for a revolution. Yet by finding a workable compromise, Darco uncovered a middle that was "good enough" – responsible enough and workable enough – to satisfy his customer, his company, and himself.

The Silence Between the Waves

The quiet approach to leadership is easy to misunderstand and mock. It doesn't inspire or thrill. It focuses on small things, careful moves, controlled and measured efforts. It doesn't provide story lines for uplifting TV shows. In contrast to heroic leadership, quiet leadership doesn't show us the heights that the human spirit can reach. What, then, do the imperfect, unglamorous, everyday efforts of quiet leaders amount to? Almost everything. The vast majority of difficult human problems are not solved by the dramatic efforts of people at the top but by the consistent striving of people working far from the limelight.

This was the view of Albert Schweitzer, a hero if ever there was one. After he won the 1952 Nobel Peace Prize for working with the poor in central Africa, Schweitzer used the money to build a facility for treating leprosy. He changed many lives and inspired countless others. Yet he was unromantic about the role of great moral heroes in shaping the world: "Of all the will toward the ideal in mankind only a small part can manifest itself in public action," he wrote. "All the rest of this force must be content with small and obscure deeds. The sum of these, however, is a thousand times stronger than the acts of those who receive wide public recognition. The latter, compared to the former, are like the foam on the waves of a deep ocean."

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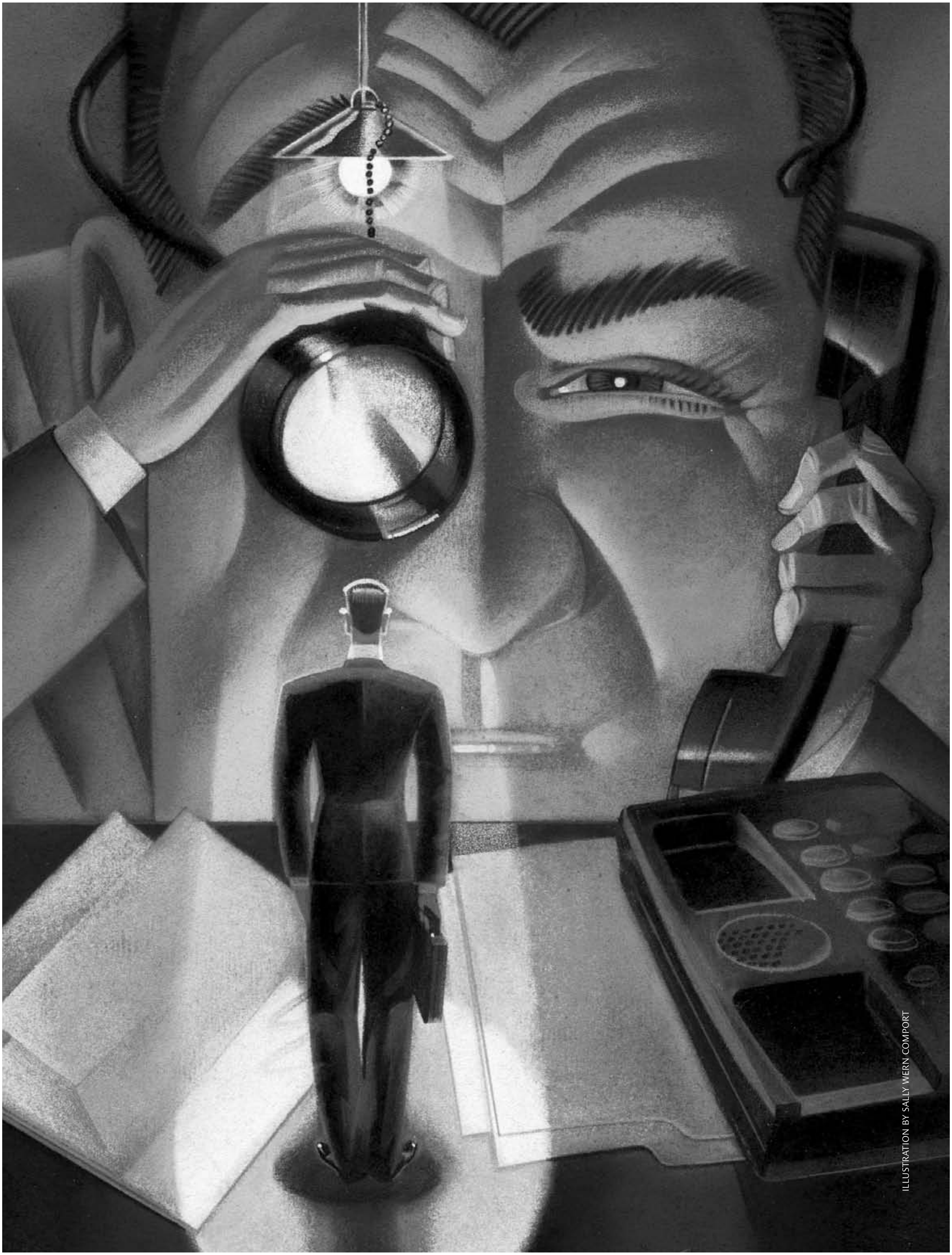

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THE JOB NO CEO *Should Delegate*

How does Larry Bossidy explain the turnaround of AlliedSignal? He never let go of a grueling job that many CEOs simply delegate – finding and developing great leaders.

by Larry Bossidy

THE ALLIEDSIGNAL I JOINED as CEO in 1991 was in poor shape by any measure. Morale was low, the stock price was depressed, operating margins were lower than 5%, and return on equity was only 10.5%. But most troubling to me, as I tried to envision our course to recovery, was the weakness of our operating management team. It wasn't up to par with our competitors, and we were unlikely to produce future leaders because we didn't have any bench strength.

Fast forward to 1999. By the time we merged AlliedSignal with Honeywell, it was a strong and thriving business. We had delivered an almost ninefold return for shareholders, and we had tripled our operating margins. Return on equity stood near 28%. Quite honestly, though, what I consider the greatest sign of our success was the extraordinary quality of our management group. At the end of the day, it's top-flight leaders who make a business great. The best measure of that quality may be the number of top executives who have been recruited in the past three years to lead other organizations.

Paul Norris was recruited from our specialty chemicals business to become CEO of W.R. Grace in 1998. William J. Amelio ran a very successful automotive business unit for us before becoming COO of NCR in 2000. The list goes on: Gregory L. Summe, CEO of PerkinElmer; Frederic M. Poses, CEO of American Standard; Daniel P. Burnham, CEO of Raytheon. We weren't happy to see any of them leave, but at the same time, it was a testament to our efforts at AlliedSignal.

That level of excellence didn't happen by accident. I devoted what some people considered an inordinate amount of emotional energy and time – perhaps between 30% and 40% of my day for the first two years – to hiring and developing leaders. That's a huge amount of time for a CEO to devote to any single task. It wasn't easy to hold to that discipline, especially when you consider that I'd inherited a company whose investors, analysts, suppliers, customers, and top executives all cried out for attention. But I knew it was essential. I'm convinced that AlliedSignal's success was due in large part to the amount of time and emotional commitment I devoted to leadership development.

The AlliedSignal Experience

In my 34 years at General Electric, I learned that paying attention to recruiting is a crucial part of leadership. So when I joined AlliedSignal as CEO, one of my first acts was to visit plants, meet the managers, and get a feel for their individual capabilities. In the course of these meetings, I realized that the company's inattention to leadership development was a major problem. While I was impressed with my half-dozen direct reports, I was much less impressed with the heads of our operating units and the teams they had built.

Certainly, there were managers that I thought should stay. Many simply needed seasoning in a few more assignments in a few different businesses. Too often, though, I was disappointed with our operating people. They lacked a well-rounded business foundation, so they set priorities from a purely functional standpoint. They didn't demonstrate basic skills like understanding the competition or developing their people. I'm not saying that they weren't smart or didn't work hard. They had good ideas and knew how to present them, but they had not been prepared to execute. So we tried to give them generous severance packages and help them land on their feet. Nevertheless, the experience was painful for everyone involved.

Larry Bossidy

The next step was to vigorously recruit more able people – hundreds of them – not only to run our businesses but also to ensure that we could develop talented leaders in the future. Executive development needed to be a corporate core competency. At GE, 85% of executives are promoted from within – that's how good the company is at developing leaders. By contrast, we had to go outside for nearly all of our early hires at AlliedSignal – mostly to companies that I thought had people-development processes at the level of GE and Emerson Electric.

Eventually, our efforts were successful enough that we could fill most jobs from within, which had always been my goal. But it didn't happen without a lot of personal involvement.

The CEO Commitment

Throughout my career, I've been directly involved in developing leaders, which begins with interviewing and assessing candidates. And not just for my direct reports. I evaluated the direct reports of direct reports, and I sometimes went even further down the organization. For example, in my first three years at AlliedSignal, I personally interviewed and evaluated many of the 300 new MBAs we hired, whom we considered our future leaders. I couldn't interview everybody, but I knew the standard I set would be implemented in the rest of the organization: you hire a good person, they will hire a good person.

I'm not talking about overseeing our HR department and interviewing finalists; I'm talking about hands-on hiring. Evaluating candidates is more than conducting interviews. In fact, I feel strongly that the interview is the most flawed process in American business. Sure, I do them. And I might find out something about the person that I either like or don't like; I might get clues as to how he or she will behave or fit in. But the fact is, some people interview well and some people don't. And a person who doesn't interview well may be the best choice for the job. That's why it's so important to get supplemental data about each candidate.

It takes time and effort to drill down further – but it's always worth the trouble. When assessing internal candidates, I look carefully at the 360-degree reviews by peers and direct reports to give me an impression of how well they lead, motivate, and develop the people surrounding them. The feedback is also an indication of the quality of our own leadership development processes.

With outside candidates, it's essential to talk directly to references. When I arrived at AlliedSignal, I personally checked references for dozens of candidates. I remember fellow CEOs asking, "Why are *you* calling?" I would answer that it was a personal concern of mine. If I am going to hire someone, I don't want only HR people checking them out; I want to check them out myself. And I don't talk to just one reference and leave the rest to HR; I try to talk with two or three – even when it feels like there's absolutely no time to spare. There is no way to spend too much time on obtaining and developing the best people. Many CEOs told me that my reference calls were different from most because of how much I focused on the

I feel strongly that the interview is the most flawed process in American business.

candidate's energy, implementation, and accomplishment: how does she set priorities? How is he at including people in decision making? Those types of questions get at the real potential of each candidate.

I've also learned that when I make the call personally, I'm more apt to get candid responses. The reference may even know me, and I'll feel confident that I'm not getting any filtering. In fact, after a particularly painful hiring mistake, I've come to only trust references from people I know. I'd had to let a relatively new senior marketing chief go and, as part of my follow-up, I checked back with his references. One of them said, "Well, he's had that problem all along." The reference, someone I didn't know personally, had thought that he couldn't tell me about this man's problem because of potential liability. Since then, if I can't get a reference from a person I know, I don't want to hire the candidate. But if you dig deep enough,

Larry Bossidy *was chairman and CEO of AlliedSignal from 1991 to 1999. Prior to joining AlliedSignal, he was vice chairman of General Electric and COO of GE Capital.*

you'll always find someone in the evaluation process with a connection to a reference.

Leadership Traits

Every company needs to identify talented people who can be groomed into future leaders – the men and women who can run businesses well and, in turn, develop their own people. It's not always easy to spot such potential, but here are the four qualities I look for when I evaluate job candidates.

The Ability to Execute. Ideas, analytical capacity, and education are important parts of a leader's makeup. But just as important is being able to implement those ideas. There are people in the world who are fulfilled by expressing big thoughts, but you'll be better served by hiring people with boundless energy who can execute the thoughts. And there is a remarkable correlation between performance in one place and performance in the next. If a person doesn't perform well, or if she exhibits some shortcoming in one job, she will likely have the same shortcoming at your company. Look for a demonstrated history – concrete examples – of real accomplishment and execution.

A Career Runway. Good leaders have plenty of runway left in their careers. I like to hire someone for this job and also the next job, never for the person's final position. I look for someone who isn't wrapped up in the minutiae of a job. People with perspective on their jobs give me an indication that they have not only the interest but also the ability to go further.

A Team Orientation. If someone is able to work through and with other people, he's got better potential than if he is essentially an individual contributor. I remember hiring one marketing executive from a smaller company who felt he was ready to join a larger organization. He had a lot of time to orchestrate what he wanted to do through other people at Allied, but instead, he did it all himself and he took all of the credit himself. When a project had to be done by others, he didn't handle the interaction with them very effectively, and he wasn't viewed as an active contributor, which limited his ability to execute. To determine a team orientation, I talk to the people a candidate has worked alongside, not just to the people to whom he or she has reported.

Multiple Experiences. I've learned to consider carefully the dynamics of a candidate's past work experiences. People who come from quasi-monopolistic areas often have great difficulty moving into more competitive environments. Some of our hires from the hidebound automotive industry, for example, weren't able to run profitable business units. You have to understand the environment from which you're hiring; some kinds of companies are better than others at developing leaders.

There is no way to spend too much time on obtaining and developing the best people.

To make sure our future leaders have the right experience, I look for candidates who have operated real P&L units in two or three different industries or companies. That's how great leaders are grown. That's why we make sure our up-and-coming executives sit in many seats en route to leadership roles. We move people around to give them exposure to a range of business experiences to help build their skills.

Mistakes Happen

Even with our rigorous evaluation process, we made some mistakes at AlliedSignal. Our success rate was roughly 70% – and we set a high bar for success – so that's a good percentage. Nevertheless, I had to replace a number of the executives I had hired. Some mistakes came from an overreliance on interviews. As I've said before, some people can be very effective at presenting their credentials but simply not be right for the job. Other mistakes came from assuming that people in one environment would be able to thrive in another.

When you make a mistake, the most important thing is to take corrective action. You have to give everyone a fair chance – talk through problems with them, for example, or bring in executive coaches. But if it doesn't work out quickly, fix it before it makes a lasting impact on the organization. Let the person go; you don't have to rationalize your decision, it's for everyone's benefit in the end.

If you do have to let a new hire go, get together with your key people and ask, "How did we make this mistake? What didn't we see? Was the reference incomplete? Was it from somebody we didn't know?" There were times when, despite our attempts to be thorough, we somehow missed clues about a person's behavior. It's uncommon to take the time to learn from those errors by talking openly about them, and that's unfortunate. Such postmortems are done for many other managerial acts – losing an account, not getting a bid – but not in hiring. This feedback loop is what process improvement is all about.

I've personally hired and promoted about 1,000 leaders over the years at GE and AlliedSignal. That might sound like a large number. It is. There have been great hires – when the capabilities that I assessed turned out to be true, the adaptation to our environment went quickly, and they developed into great leaders – and there have been mistakes. I've improved my batting average over the years, but I still have a long way to go in order to reach perfection.

Hiring is like any other skill: you get better at it with practice. Of course you'll make some mistakes, but if you are willing to learn from them, you'll make better decisions the next time. The most important thing to remember is that the hiring and development process has deep ramifications for the future of your organization. Many executives have neglected a personal involvement, accountability, and initiative in developing leaders within their organizations. But because it is full of unknowns, of unpredictability, it deserves more time than anything else you do as CEO.

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When the time comes to hire or promote, executives routinely overvalue certain traits and skills while overlooking other attributes that actually make leaders effective. It doesn't have to be that way.

Are You Picking the Right Leaders?

by Melvin Sorcher and James Brant

CEOs and other top executives know that one of their most important jobs is management succession, and they are well aware that the process of identifying potential leaders is neither simple nor straightforward. They fully realize that leadership is a complex, multifaceted capability, with myriad nuances and subtleties and that the characteristics that can help a person succeed in one environment (turning around a losing division, for instance) may lead to failure in another situation (such as starting up a new business). Despite this awareness and the best of intentions, many senior executives make the costly and painful mistake of tapping the wrong person for a key position.

In our experience helping companies predict which people are most likely to succeed in roles of broader responsibility, we have found that CEOs, presidents, executive vice presidents, and other top-level people often fall into the trap of making decisions about candidates based on lopsided or distorted information. Frequently, they fall prey to the "halo effect": overvaluing certain attributes while undervaluing others. They might, for instance, be drawn to a candidate's operational proficiency and considerable experience in a broad range of assignments while overlooking his extreme aversion to risk. To make matters worse, many organizations do not have the right procedures in place to produce a complete and accurate picture of their top prospects. All too often, assessments are based on hearsay, gossip, casual observation, and insufficient information.

To help overcome these problems, we have developed an evaluation process in which a candidate is assessed by a group of people, including the individual's manager and other executives, who have observed his or her behavior directly over time and in different circumstances. The process enables the group to probe a wide range of leadership criteria and obtain balanced and complete information. Think of it as an annual physical, which relies not just on a blood test for cholesterol but also on an EKG, an eye exam, a hearing check, and various other indicators to assess a person's overall general health. Such thorough and systematic evaluations will help senior executives avoid the pitfall of promoting the wrong people.

The Leadership Trap

Since the 1980s, we have worked extensively with large corporations to improve their CEO succession, assessment of senior executives, and early identification of leadership talent. We have experience with a variety of businesses and corporate cultures, including manufacturing, consumer products, high technology, and financial services, and we have assessed thousands of senior executives, including many CEO candidates. (For confidentiality, we have altered some of the details of the executives described in the examples.) In some cases, companies have completely reversed their opinions of candidates based on the information that surfaced during our evaluations, and we believe that serious and very costly mistakes have been avoided. (See the sidebar "The Hardwiring of Leadership.")

To assess a candidate properly, senior executives must consider the full range of leadership criteria, including the various "soft" skills and characteristics, such as personal integrity, that are difficult to judge. Furthermore, decisions should be based on an integrated view of the candidate drawn from the various perspectives held by the people who have managed and worked with the individual throughout his or her career. The evaluation processes at many organizations, however, do not produce such complete and accurate information, leaving senior executives vulnerable to various pitfalls when assessing candidates. One of the most fundamental mistakes is that tendency to overvalue certain characteristics, attributes, and skills:

Being a Team Player. People who manage by consensus often climb the corporate ladder quickly. Their bosses usually view them favorably because they make life easier by helping their divisions, departments, or groups run smoothly. After all, few senior executives enjoy spending their time playing peacekeeper or referee.

But we have found that such individuals do not make exceptional leaders. In fact, the best leaders are usually not team players; they feel little need to work in a group. They might prefer *others* to work as a team and will give lip service to teams, but when push comes to shove they do not have any compelling need to listen to people's ideas fully before moving on. They are independent thinkers, and they don't mind making decisions by themselves, decisions that set them apart from the pack.

By contrast, consensus managers have trouble making a decision unless everyone is in general agreement with it—and this trait can become their undoing. Consider the executive hired to head a publishing company because of his solid track record as CEO of a consumer services company. He was very collaborative and always solicited other people's opinions and ideas. After he was hired at the publishing company, though, people became impatient with him because the organization seemed to lack a clear direction. In short, his vision—a key criterion for leadership—wasn't really his. It was more a mushy amalgam of other people's ideas, and he was slow in making decisions. An underlying reason for this hesitancy might have been an aversion to risk: He may have been afraid of moving forward without first building the consensus he thought was necessary. Not surprisingly, he was seen as indecisive, he couldn't win people's respect, and he consequently failed.

What's more, consensus managers tend to assemble teams of people who are like themselves. Homogeneous groups often run more smoothly, but they usually lack the synergistic power of a diverse team of people with talents, skills, and characteristics that complement one another. Exceptional leaders are willing to take risks by picking people who are unlike them—and who may even have different leadership styles. They are also willing to take a chance on untested people if they size them up and conclude they have what it takes. Furthermore, such leaders do not feel threatened when they hire someone who is more skilled, better experienced, and smarter than they are.

Hands-on Coaching. Another common misconception is that leaders actively try to develop others through close mentoring relationships. Many excellent leaders instead prefer to select strong people and delegate fully to them, providing them with various opportunities to grow through their own experiences and make their own fair share of mistakes. Good leaders do have an interest in developing others but not always through hands-on relationships.

Melvin Sorcher and **James Brant** are partners with Sorcher Associates, a management consulting firm in Westport, Connecticut. Sorcher is an organizational psychologist, and Brant is an organizational sociologist.

Operational Proficiency. CEOs and other senior executives often overvalue people who are good implementers and problem solvers. As we've said, people who make their bosses' lives easy often do very well in an organization. Although good foot soldiers are an asset to any company, they often don't make effective leaders.

Sometimes, proficient individuals rely too heavily on systems, policies, and procedures, rigidly expecting everyone to operate in that same style. Such people can succeed in an organization until they rise to very senior positions, where their need for regimentation tends to alienate others and stifle innovation.

Superior problem-solving capabilities can also mask a deficiency in long-range, conceptual, or strategic thinking. Consider the classic story of the lieutenant who, after his captain orders, "Take that hill," promptly does so. But when the captain asks instead, "Of those seven hills out there, which one should we take?" the lieutenant has no idea. Being able to solve a problem is one thing; knowing which problem to solve—and then taking the initiative to solve it—is quite another.

Many operational experts are good at tackling well-defined problems, say, how to increase a mature product's profitability by 4%. But leaders must also be adept at handling problems that are nebulous or ambiguous, such as how to reposition that same product line (or even whether to kill it off) when a new competitor enters the market. The higher people rise in an organization, the fewer facts they typically have to inform their decisions. Thus, an ability to handle—and even thrive in—ill-defined and complex situations is critical. Many good operations managers become confused and hesitant in ambiguous circumstances, delaying their decisions until they have 99% of the available facts. Others are prematurely decisive when they ought to be more reflective. Exceptional leaders do neither: They are comfortable acting in gray areas and, in fact, are often able to exploit ill-defined and complicated situations to their advantage, seeing opportunity where others see only confusion. All too often, though, companies undervalue this crucial ability—if they consider it at all.

What's more, results-oriented individuals who have superior operational skills can easily fail in top executive positions if they have major character flaws. For instance, one executive we evaluated was extremely effective in generating new business. He was an impressive rainmaker, responsible for a significant fraction of the total revenues for his organization, a large manufacturing company. But he didn't share information with peers and was considered overly competitive and manipulative. Senior management tolerated his shortcomings because he ran a profitable operation. Eventually, though, his lack of integrity—and the fact that his peers didn't trust him—prevented him from being considered for a top position.

Of course strong operational skills are invaluable, but the truth is that a person who is not experienced in all aspects of operations yet who excels at envisioning the future, taking prudent risks, and exploiting ambiguity can be a strong leader, particularly with the right support. We might recommend that such a candidate, if promoted, be paired with a number two person who has strong operational skills.

Dynamic Public Speaking. We have found that senior executives tend to overvalue how people comport themselves in front of others. In particular, they tend to put great weight on stand-up presentation skills. While these skills

The Hardwiring of Leadership

Our experience has led us to believe that much of leadership talen is hardwired in people before they reach their early or mid-twenties. That means, as far as leadership is concerned, people are reasonably complete packages by the time they arrive at the corporate doorstep. Their ability to lead has already been shaped by a multitude of factors and experiences that took root early in their lives. Some of these experiences were within their control; many others were happenstance.

We have followed individuals at many organizations as their careers progressed and have found a remarkable stability and consistency in virtually all aspects of their behavior over time. Simply put, people do not change very much once they enter the corporate world, and the changes that do occur are mainly a matter of a consolidation of strengths—or a downward drift in behavior that needs improvement. For some fortunate individuals, all the elements of exceptional leadership are in place. For many others, formal development programs will not automatically transform them into superior leaders, as if they were butterflies emerging from cocoons.

Unfortunately, though, many companies tend to focus their energies on developing leaders rather than on accurately identifying them in the first place. We believe that corporate leadership development programs can certainly produce an abundance of better managers: They do a fine job of communicating standards, establishing expectations, and setting direction. But they are not effective corporate assembly lines for manufacturing exemplary leadership skills.

Superior problem-solving capabilities can mask a deficiency in long-range, conceptual, or strategic thinking.

are certainly important, they can be developed through extensive coaching, and we have found that a deficiency here is rarely the reason for an executive's failure. A more difficult shortcoming to correct—and one that people sometimes minimize—is a lack of one-on-one social skills. Without the ability to engage, convince, and inspire others—not only large groups in public but also individuals in private settings—leaders will find it difficult to enlist the people they need to support their cause.

Raw Ambition. A perceived lack of ambition has scuttled many a promotion. "I'm not sure how hungry she is" or "He seems to lack that fire in the belly" are common criticisms. Unfortunately, executives sometimes forget that a person's ambition can be understated. Indeed, we have found that many exceptional leaders are modest and display little ambition, even though on the inside they are fiercely competitive. In fact, a high degree of personal humility is far more evident among exceptional leaders than is raw ambition.

Similarity and Familiarity. Many top executives tend to favor those with backgrounds, experiences, and characteristics similar to their own. Sometimes promising candidates are overlooked because of differences in race, gender, or socioeconomic, cultural, academic, or geographic background or because they have never held a comparable position at a similar company. But remarks such as "He doesn't fit in," or "The chemistry isn't quite there," or "She's not really part of our culture" should not automatically disqualify a candidate. They should instead prompt a probe for further details.

Even the most trivial factors sometimes come into play. At a *Fortune* 100 corporation, we were helping the chairman and CEO, who would soon both be retiring, to evaluate potential replacement candidates. Each had his own candidate in mind, but we instead recommended that they consider someone else for a combined role, a vice president who hadn't been at the company that long but who we felt had great potential. Both the chairman and CEO commented on the vice president's height, but we insisted they look beyond appearances. They eventually promoted him, and his track record at the helm was excellent. In another instance, a brilliant candidate was almost passed over because he was overweight and considered "disheveled."

Peeling the Leadership Onion

Many companies fail to develop a rounded picture of their leadership candidates because the processes they employ are inherently flawed. Typically, management reviews tend to focus on the performance of certain tasks, relying on a checklist of competencies, and fail to investigate the behavioral characteristics of an individual. And even when such information is considered, the full range of leadership criteria—particularly soft skills such as the ability to inspire others—is often not probed adequately. Frequently, individuals with superior potential are impaled on a single mistake, while mediocre ones are sometimes raised to great heights because they once got lucky.

To avoid the trap of overvaluing certain attributes while undervaluing others, we have developed an evaluation process that calls for a small group of people to get together and discuss the individual's history. Including the candidate's boss and other executives who have dealt directly with him or her over the years, the group examines a wide range of leadership criteria—everything from an ability to assemble a top-notch staff to the capacity for strategic thinking. Characteristics that are often taken for granted (a person's integrity, for instance) are probed with specific questions ("Have you ever known him to shade, color, or distort information to his advantage?"). Directing this discussion is an internal executive or a consultant.

Through a set of such carefully crafted questions, patterns in observed behavior are uncovered. (See the sidebar "Knowing What to Look for—and How to Find It.") People often see a hint of something that doesn't unduly bother them so they let it pass, or they have certain feelings that they haven't quite been able to articulate or confirm with other people. But when they hear others talking about a similar experience with or feelings about the candidate, the issue crystallizes. For example, we were once discussing an individual's integrity, and the person's former manager said to his current boss, "I just came across some recent information that I'll pass along to you later." But we urged the manager to share that information with the group. Very reluctantly, he did. Soon, the other participants were telling a similar story, and what emerged from the discussion was a pattern showing that the candidate frequently manipulated people and situations for his own benefit.

Conversely, participants in the group can often have opinions—based, perhaps, on a hunch or gut feeling—that are unfounded. In such cases, the discussion leader must probe for specific examples as evidence. Only direct observations are considered; secondhand information, hearsay, and rumors are quickly discounted. The discussion leader encourages everyone to add information, question one another, agree when they've observed similar behavior, and disagree when they've observed something different. (Usually the disagreements arise because the candidate behaves differently in different situations.) In our experience, any distorted information contributed by people with axes to grind will usually be corrected by others—another important benefit of the group evaluation process. The result is a view of the candidate that is typically more accurate, balanced, and richer than could be gotten if the person had been evaluated by each participant individually.

The group evaluation also helps cut through unfounded assumptions that may be dogging someone's career. For example, someone might say of one candidate, "She's great at getting results, but I don't believe that she can think strategically." Then the discussion leader would ask whether the candidate has ever been in a situation that required her to exercise that skill. If the answer is no, participants might decide to test the person by including her in a task force that requires her to anticipate problems, trends, and opportunities. Similarly, if someone says, "I think she'll be pretty good at strategic thinking" but is unable to provide direct evidence, then again the participants might decide to test the candidate in this area.

When an answer is vague (for example, "He's pretty good at figuring out how to resolve problems"), the discussion leader probes for specificity ("What would he have to do for you to say that he is an exceptional problem solver?"). The process is like peeling away the layers of an onion, as each question delves deeper than the last. (See the sidebar "Getting

Knowing What to Look for—and How to Find It

Evaluating a candidate for a senior-level position is a daunting task. Indeed, judging different individuals on such a multifaceted and nuanced capability as leadership is, at best, an imperfect process. That said, we have found that the best way to assess a person's capacity to lead is through a group evaluation that includes the individual's manager, his manager's manager, and several people senior to him who have worked with him directly. The leader of the discussion probes the candidate's characteristics and behavior by asking the group a set of questions covering a wide range of criteria. The following represents just a small sampling of questions one might ask of a particular candidate.

Describe the candidate's integrity:

- Have you ever known him to shade, color, or withhold information? If so, what were the circumstances?
- Does he give credit to others when appropriate?
- Does he stand firm in his opinions, or does he move with the winds of politics? Can you give examples?

Describe how the candidate communicates information and expectations:

- How persuasive is he in getting his ideas accepted?
- Does he command the respect and attention of senior executives?
- Does he tailor his message to the needs of his audience? Examples?
- Is he intellectually aggressive without offending?

Describe how the candidate reasons and analyzes issues:

- How well and how quickly can he assemble and integrate a diversity of information?
- Is he logical, and how does he demonstrate sound judgment?
- When confronted with an ambiguous or complex situation, does he procrastinate? Or does he make decisions too quickly? Give an illustration.
- Is he more of a tactical or a strategic thinker?
- Does he have a vision for the company, and has he demonstrated that he can move a business into new areas?
- How well does he anticipate trends and translate them into the organization's long-term objectives? Examples?

Describe how the candidate runs his immediate work team:

- Has he demonstrated the ability to assemble a good team? Explain.
- Is he threatened by people who are more experienced, smarter, or better technically?
- How well does he work with people who have different styles and skills?
- Does he always surround himself with strong people who will be candid and tell him what he needs to know instead of what he wants to hear?
- How does he motivate others to accomplish things independently of him? Can you give examples?
- Does he delegate authority and responsibility or just tasks?
- Is he sometimes needlessly interested in certain activities? Or does he perhaps have a tendency to relinquish too much authority to others?

to the Core of Leadership" for a sample excerpt from a group evaluation.)

The discussion leader also asks the participants a series of questions intended to predict how the candidate will perform in a position of greater responsibility. Without this element of prediction, the assessment process would not be all that useful for leadership development, but unfortunately, the review process at many organizations stops short of this step. In a group evaluation, the leader asks questions such as, "Based on how you've described this person and everything you've observed about her, how would you predict she will perform in a position of increased responsibility?" and "Specifically, if she were to fail, what would you predict might be the most likely reason or reasons?"

From this information, the group can determine development priorities for the candidate. If there's no evidence that the individual can, say, manage a geographically dispersed organization, the group might develop a plan that expressly requires her to do so. Details of this plan should include a specific time frame for the test, the criteria that will be used to determine success, and a list of the early warning signs of potential failure. To encourage the participants to give their honest views of the candidate, the discussion leader should emphasize that the ultimate goal of the group evaluation is to develop the individual and that information will be kept confidential. Furthermore, the dynamics and structure of the group organization reinforce candor and confidentiality.

At many organizations, much leadership talent goes untapped. Top executives identify the wrong people as having high potential, often

Getting to the Core of Leadership

The following is an excerpt that captures a typical group evaluation session, this one of Jack Cotrell, a candidate for promotion to vice president of marketing. The participants include Herb Guzman, Jack's immediate manager; Eric Vieau and Christina Flood, Jack's two previous managers; and Roger Warniers, a vice president of sales who has worked with Jack as an internal customer. Leading the evaluation is Linda Chung, senior vice president of human resources. Although the dialogue is fictional, it is based on an actual case, and this brief excerpt demonstrates how the group evaluation process helps crystallize an issue drawn from multiple perspectives.

Linda: Let's talk about Jack's ability to reason things through and his quality of judgment. What are your observations?

Herb: My experience is that he's a pretty smart guy. He's solid and you can depend on him. He doesn't make many mistakes.

Linda: Herb, you said "pretty smart." What does an exceptional person do that Jack doesn't?

Herb: Actually, I'm not quite sure what I meant by "pretty smart" because Jack's got terrific analytical skills. He has a very logical mind and is able to reason through problems quickly.

Christina: I agree that Jack's a great problem solver.

Linda: Christina, any other observations?

Christina: Let me think. Well, I did get this feeling sometimes that he could be a little laid-back or hesitant, especially when the issues weren't totally familiar to him.

Linda: Any specific examples of this behavior?

Christina: It's just a sense I got. Sorry, I know this is not very helpful, but you asked me so I told you.

Linda: Eric or Roger?

Eric: I think Jack's especially good working across functional boundaries to get things done. But listening to Christina here, I guess I did notice that although he's great at getting results, he's not always the first to identify problems coming down the pike.

Roger: I'd like to add that Jack has always gotten along well with my people—he's very responsive to our needs—but I do agree with some of the prior comments that he can sometimes be reactive rather than proactive.

Linda: Are there any types of situations in which this is true? Any examples?

Roger: Well, I suppose he tends to be reactive when things are complicated and not well defined. I remember when we were trying to reposition one of our products; the requirements for that project kept on changing almost daily. Jack was great at fighting all those fires, but it would have been better if he could have helped us anticipate some of those problems.

Herb: I never thought of it that way: Some people are really good at knowing what to ask, getting that information, and then taking the right steps to avoid future problems. I never really get the sense that Jack can do that.

Through further discussion, the group concluded that Jack must demonstrate better long-term thinking and initiative before being promoted to vice president of marketing, a position that would require him to anticipate trends, opportunities, and problems. But after having probed other leadership criteria, the group agreed that Jack had numerous strengths, including his strong interpersonal and collaborative skills, his ability to motivate teams, and his solid record of selecting top talent. So, Jack's next assignment—to head a group responsible for developing a marketing campaign targeting a fickle but potentially lucrative category of new customers—was designed to provide him with ample opportunity to demonstrate more conceptual and strategic thinking.

because they work with incomplete or inaccurate information that leads them to overvalue certain capabilities and qualities. Candidates are sometimes promoted to key positions just because they possess one remarkable characteristic, such as excellent communication skills that can persuade and inspire others. Superior individuals may be weeded out because they do not wear their ambition on their sleeves.

No wonder, then, that many companies are struggling with a leadership shortage. We believe that leadership talent is more available than people think. The trick is to identify it properly, and doing so requires sorting through the myriad nuances and subtleties of leadership. At a minimum, organizations need an evaluation process that yields a full, balanced, and accurate picture of candidates. Without such information, senior management will remain vulnerable to misidentifying its leadership talent, and the wrong people will continue to make their way up the corporate ladder.

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