

Section 1

LEADING THE WAY

People have been debating what makes great leaders for centuries – certainly as far back as Homer and the Ancient Greeks. Theories abound. *Great Man* theories, popular in the nineteenth and early twentieth centuries, were based on the notion of the born leader with innate talents that could not be taught. *Trait Theory*, an alternative approach and still in vogue, identifies the key traits of effective leaders. *Behaviourist Theory* views leadership in terms of what leaders do rather than their characteristics, identifying the different roles they fulfil. *Situational Theory* sees leadership as specific to the situation rather than the personality of the leader.

Today, leadership is a hardy perennial of business book publishing. More than 2000 books on leadership are published every year. But, a small rainforest and an ocean of ink later, we are still searching for definitive answers.

Certainly traditional leadership models are buckling under the weight of expectation. The modern leader has multiple roles and constituencies. The job is increasingly fragmented. There is little time to do everything well and so he or she faces a continuing series of trade-offs of time, energy and focus. Increasingly, too, these demands create seemingly contradictory pressures. At present many leaders face an agonizing dilemma. They are under pressure to cut costs. Yet, at the same time, they know that the dot-com bust notwithstanding, the Internet and other digital technologies offer enormous opportunities. Leaders are caught between the proverbial rock and a hard place. They must create value through performance delivered today, while at the same time sowing the seeds of innovation for tomorrow.

This too is not an either/or situation. Shareholders now expect them to deliver on both fronts simultaneously – and that's a tall order. Connecting the dots has never been more important, or more difficult. Leaders themselves admit that the role is becoming more challenging. They cite pressure from financial institutions to meet

performance expectations, increasing complexity and competitiveness of business as a result of globalization, restructuring and managing change, increasingly demanding customers, difficulties in finding good people, and technological change, particularly the use of information technology. The fact is that the job of leaders has never been so hard; or shareholders so unforgiving.

A rising failure rate among CEOs suggests it is time to reinvent leadership for the challenges of the twenty-first century. For the moment, heroic leadership is out of favour with the theorists. (Though it is probably unrealistic to think that the days of heroic leadership are over. After all, Winston Churchill was recently voted the greatest Briton of all time and Abraham Lincoln is still an icon in the US.) Theorists argue that the idea that one person is responsible for the success of an entire nation or a multinational company is absurd.

New models of leadership are emerging. A more holistic view of leadership is being adopted. Take transformational leadership for example, one idea that has steadily gained ground. It connects with other fashionable leadership ideas such as inspirational leadership, visionary leadership and 'emotional intelligence'. It embraces the role of followers and acknowledges the need for all in an organization to embrace leadership. Issues such as spirituality, and certainly ethics, are now more closely identified with business leadership. Perhaps because of this, leadership is increasingly seen in the context of values. The actions of the leader are expected to be driven by clearly articulated values rather than by short-term business imperatives.

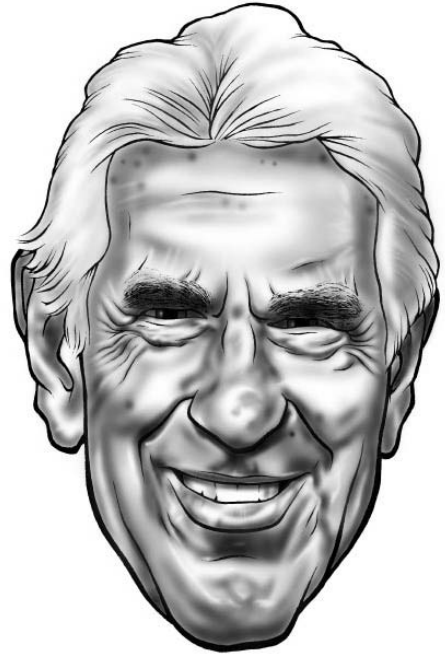
Whether the new leadership styles will stand the test of time remains to be seen. On one hand, the new leader is expected to be modest, unpretentious, engaging, flexible, diplomatic, ethical, even humble. Yet that same person is expected to deal confidently with a rapacious media, boldly carry off audacious deals, and fearlessly take on competitors. Truly great leaders, it seems, require a perplexing combination of apparently incompatible characteristics.

WARREN BENNIS: GEEKS, GEEZERS AND BEYOND

Warren Bennis has done more to debunk the heroic leadership myth than just about any other business thinker. Leaders, he argues, are made not born. Usually ordinary – or apparently ordinary – people rather than charismatic or talismanic stereotypes; the heroic view of the leader, he believes, is now outdated and inappropriate. ‘The new leader is one who commits people to action, who converts followers into leaders, and who can convert leaders into agents of change’, says Bennis.

*From his base at the University of Southern California in Los Angeles, where he is founder of the University’s Leadership Institute, Bennis has produced a steady stream of books, including the bestselling *Leaders and*, most recently, *Geeks and Geezers* which compares leaders under the age of 35 (‘geeks’) with those over 70 (‘geezers’).*

Now in his late 70s, Bennis’ intellectual energy and output remain formidable. He talked in his new office in Harvard Business School where he is spending time as an advisor on leadership.



What motivated you to compare young and old leaders?

I want to understand human development. I think that’s the new challenge. In the future we will see chairs in cognitive psychology and human development established in schools of business. Human development will be an integral part of leadership curricula. That’s what I would have gone into if I was deciding now. There are two basic things that I’m really excited about and want to understand.

The first is that when I go out and talk to my students, who are 20-year-olds, and young executives, I’m not sure I really understand how they see the world. These people are visual, digital, and virtual. I want to understand what their aspirations are; how they perceive the world; how they define success; what their career goals are. Basically, what provides the meaning in their lives.

The second group, the 70-plus leaders, are all people who manage to keep their minds open and continuously reinvent themselves. I

want to know why these people keep growing and why other people get stuck. I've seen people in their 40s who are on a treadmill to oblivion. But these older leaders are still hungry for growth. Why?

Aren't the older leaders – the geezers – inevitably more interesting than the geeks?

I am one of them so I would hate to sound biased or judgemental but they have lived longer and gone through an awful lot. I think what the geeks haven't experienced are the crucibles like World War II and the Depression. They have had formative years of almost uninterrupted prosperity, growth and success. They are often children of affluence. So 9/11 was the first collective shock to the world view they grew up with. It was a jolt to them.

You talk of the geeks being smothered in possibilities.

The world's their oyster and they can choose what they do. I think it does create anxiety. They have so many options and possibilities.

You argue that crucibles are important in people's development. But can you create your own crucible?

That's the big question. I think they are created all the time. Having to fire people, being fired, being shipped to an office you don't like, thinking that you have been demoted when maybe you haven't. My concern is how we use such everyday crucibles which we're not sometimes conscious of. We all experience crucibles but what do we do at the back end of them? Do we learn from them? Do we extract wisdom from them? It isn't a question of how we create them; they happen and happen almost all the time. But do we think of them as a dream so that when we wake up and brush our teeth it vaporizes or do we think about the dream and learn from that?

But you can't be held responsible for the era in which you live.

President Clinton was always slightly envious that he didn't have a war to deal with, to prove himself. Teddy Roosevelt was the same, though he had a few minor skirmishes.

You could look at this generation of geeks and say that their formative period ended at 9/11 but it started in 1989 when the Berlin Wall fell, the Cold War ended, and then came the introduc-

tion of the World Wide Web. So it's not a generational thing, it is a shorter period.

So leaders have to seek out uncertainty?

In the final analysis, you can't create Mandela's Robyn Island or John McCain's experiences as a prisoner of war in Vietnam. They are extreme.

Your experiences in World War II were obviously a crucible for you, but did you emerge from that thinking of yourself as a leader?

What I learned was discipline and a sense of self-mastery. It shaped me so much and pulled from me things I may never have experienced. I was very shy and felt that I was a boring human being, and then in the course of being in the army I felt that I was more interesting to myself. It was a coming of age.

Do you detect that same level of self-awareness in the young business leaders you talked to?

I think they feel that they have more license to talk about themselves and their inner feelings. Unlike some of the geezers who would never dream about talking about their relationships with their family and so on. There is a real restraint among the geezers, a kind of reserve, while the younger generation are more free with their feelings, aspirations and things like that.

What about the way we develop leaders. A lot of people appear to go on MBA programmes without a bedrock of self-awareness.

You've got to realize that most business school faculty have not actually run anything. They have not done the heavy lifting of actually leading. I am glad now that business schools are taking people who have worked for three or five years. In many instances they have more experience than the faculty.

I am in favour of a national service system. It is badly needed. The youth are all dressed up but have no place to go. This would not be military service – though I wouldn't exclude the military – so they could get experience before going to law school or business school.

There is a required course on ethics at Harvard Business School but not at most business schools. It's a very difficult topic but we

need to think about the purpose of education. We have to ask the question at business schools, is there something more important than money? Do corporations exist for something more than money and the bottom line? Of course they do, but we have to explain it better.

Was there a difference between the geeks and the geezers in terms of their attitudes to money?

The geezers were brought up in Maslowian survival mode. Often they grew up in some poverty with limited financial aspirations. They thought that earning \$10,000 a year would be enough. Compare that to the geeks, some of whom made a lot of money when they were young. They are operating out of a different context. If they were broke they would be more concerned with making a living than making history.

How can you bridge the gap between the geeks and the geezers?

We must. After all, we are going to have to get used to a lot more geezers like me walking around. I think the geezers may have a more difficult time with changes underway – such as technology. You start to think about mortality in your 60s and there is a certain envy towards youth. In your 60s you are no longer promising.

The dialogue between generations is important. It is the people who are in the middle group between the geeks and the geezers, who are comfortable with the technology but a little wiser and older, who have to be the articulating point. They have the responsibility I think to be the translators, the people who will help each group.

A number of companies, including General Electric, have reverse mentoring where young people mentor older people to acquaint them with the e-world. There is a lot of ageism which I probably wouldn't be sensitive to except for the fact I am in my 70s. These will be profound issues for society in general.

How do you rate President Bush's performance as a leader?

I would give President Bush a good mark for being a manager but a low mark for being a leader because he hasn't called on the nation to do much more than shop a little bit more.

ROSABETH MOSS KANTER: TEACHING COWBOYS CONFUCIUS

The Harvard Business School professor Rosabeth Moss Kanter is one of the 100 most important women in America according to one magazine and among the world's 50 most powerful women according to another. There is no doubt that Professor Kanter is intellectually formidable. Her career includes spells at Yale and Harvard Law School. She edited the Harvard Business Review, helped found the consulting firm Goodmeasure, advises the CEOs of major multinationals and is an active Democrat – though her credentials are such that she recently participated in President Bush's gathering of American business minds in Waco, Texas in 2002.



*Professor Kanter's work – which includes the bestsellers *Change Masters*, *When Giants Learn to Dance*, *World Class* and *Evolve!* – combines academic rigour with a degree of idealism not usually found in the bottom-line fixated world of management thinking. Her world view is not confined to the boardroom. Her thesis examined nineteenth century Utopian communities. Rather than leaving her youthful idealism behind, Professor Kanter now brings it to bear on the big business issues. She is a champion of social entrepreneurship as well as a thought leader in change management and globalization.*

*Most recently, Professor Kanter's ideas have been developed into a *Change Toolkit*, a Web-based tool that helps people diagnose issues, define projects, and lead change. She explains how it works and her latest thinking on change, leadership and globalization.*

Not many leading business thinkers have embraced new technology with your enthusiasm. What's the aim of your *Change Toolkit*?

I want to create Web-based versions of my work to empower people to make change more effective. I want to give these skills to everyone so that change management – essential to leadership – becomes more widely understood and practiced.

The content consists of 150 interlinked 'tools' – explanations and descriptions, action guides, frameworks, diagnostic tests, etc. – based on my work. It is about putting my theories into action. I believe this is a way to empower people – by giving them the tools

to take initiative, to lead and gain confidence in their ability to innovate and then to develop still more leaders. Shared tools shape organizational culture: a common understanding and vocabulary, workspace on the Web to compare notes, to compare scores on diagnostic instruments, and to exchange useful information. The net enables us to translate material from books and workbooks into live, interactive, exciting, dynamic action tools embedded in the daily work of people and organizations.

Do you still regard technology as a force for good?

Yes, I have enormous hopes. Already, there have been tremendous improvements in education and many businesses are more efficient internally. In healthcare, physicians and providers can be empowered through having less paperwork, the ability to get information faster and so on.

The potential of the technology remains great but we're in a period where companies aren't spending money and we're still in the era's infancy. We lived through a period of peace and prosperity then we've had some crises and challenges to some of the assumptions of Western capitalism. Now there's a cooling-off period, but new technology is fundamental and will make a difference.

With an abundance of crises and challenges, do we have unrealistic expectations of our corporate leaders?

Yes, we do if the expectation is that a single leader can do it all. But it is also interesting how much a single leader can set in motion. In turnarounds it is striking how much fresh leadership can accomplish by unlocking talent and potential, which was already there in the organization but was stifled by rules, regulations and bureaucracy.

I wish there were more corporate leaders stepping forward to address the root causes of accounting problems, not simply responding to the rules requiring honest numbers, but talking about the responsibilities businesses have. True leadership means acting before a crisis gets out of hand and not simply being defensive.

Why don't they?

Unsustainable expectations for speedy and continuing growth, for quarterly earnings increases put pressure on companies to get there

by all means. Leadership also involves setting realistic performance expectations.

So we need to rethink our understanding of leadership?

Most attempts to understand leadership – in an era in which everyone says we need more leaders, we need better leadership, and the problem is a lack of leadership – deal with individual character, drive, experiences and personality characteristics, or they deal with actions – what do leaders do, how to you create a vision, mobilize a team and so forth.

But if there's character and actions, there are also circumstances. I began to think of this at greater length after September 11, 2001, when New York City Mayor Rudy Giuliani became a hero. That was a very good example of rising to the occasion, of someone who, whatever his character, whatever actions he engaged in before, the circumstances made it possible for him to exhibit a level of leadership which was thought of as exemplary.

But you can't exercise control over circumstances.

You are not always born at the historical moment when you get to create a new country. You're not always living in a time when you can show that your actions made a real difference. Leadership is a combination of being born in the right place, being handed the opportunity, the character of the person, and the support systems.

Is the western heroic view of leadership still appropriate?

If we think of the western notion of leadership as cowboy leadership, the tough heroic stuff, it is no longer very appropriate. My view of leadership is probably more Confucian than cowboy.

The best leaders have somewhat universal characteristics. Leaders are more effective when they are able to create coalitions, develop and use a support system, encourage, listen and develop other people. Those sorts of attributes tend to transcend cultures.

During a lecture tour to South Africa in March 2002, I thought about Nelson Mandela's achievements. He is someone of enormous character but I was struck by the support system surrounding him.

In terms of people?

Yes, in terms of people, in terms of a movement. Nelson Mandela comes from a communal tradition and he is very tough but also very consensus oriented.

His ability to exercise leadership came about because his followers paved the way, and he in turn empowered them. I have always been interested in empowerment – what frees people or encourages them to exercise whatever their natural abilities might be?

How can and should organizations respond to the challenge of rising expectations?

First, they must innovate, improvise quickly. This is a continuing issue. Second, they must work effectively with external partner networks. Third, they must be able to build a sense of community throughout the entire enterprise. Fourth, they must invest in people, not just financially but in the quality of the job and their ability to exercise leadership. Finally, there is corporate citizenship, engaging in activities which are seen as improving the state of the world the company lives in; not simply obeying laws but improving the state of the world.

The final ingredient is essential for employee loyalty and the nature of the brand. Consumers increasingly ask who is this company, what does it stand for, so that's an important piece of the strategic agenda. Corporate citizenship is a means by which a company becomes embedded in a local community, moves from being one of 'them' to become one of 'us'. Companies which have become part of the fabric of the local community are viewed very positively. People are very aware what companies are or are not doing for their community and country.

There's a lot of data that shows that countries which engage in trade by and large have had incomes rise even for people at the bottom. It's just that the gaps are so wide everywhere. My current research suggests that multinationals play a positive role in developing countries by raising certain employment standards when they are actually producing in the countries to sell in those markets; then they have a stake in social and economic development.

Are you optimistic?

I always have a degree of optimism though I think we're in a rough period in which things could get worse before they get better. Right

now we have the threat of terrorism, military action and tremendous tension; this has a dampening effect on countries and businesses which have no direct involvement. It creates fear, reduces investment, increases costs and slows down the movement of goods and people.

Then we have the disclosure of corporate ethical lapses and mistakes, which creates crisis. A lot of people have lost a lot of money. Trust in institutions is low. If people don't have trust in the honesty and ethics of leaders that's a problem. In addition, there is the weakness of the economy.

This comes to one of my ultimate definitions of leadership – examining root causes and system issues and not just superficial tinkering. Trying to patch over a bad situation with a little cosmetic treatment is like putting lipstick on a bulldog. That's the wrong way to deal with a deteriorating situation. We can pretend everything is all right, except for one or two bad actors, or we can look more deeply at the underlying system, at how we can fix the entire system. Do we need new structures, dramatically different models? That's what leaders should be doing, taking a deeper look and offering new solutions rather than simply cosmetic responses.

Turnaround CEOs who come in to cut costs but don't rethink the business model or assumptions are making cosmetic change; they don't last. But if they rethink traditional practices, challenge underlying business assumptions, they create sustainable change. Of course, systemic change takes longer.

We're in a situation where turnarounds and quick fixes aren't enough. There's a sober mood everywhere. But, in the long run I am optimistic. I believe that if corporate citizenship and social entrepreneurship continue to flourish then we'll find new solutions.

MANFRED KETS DE VRIES: THE DARK SIDE OF LEADERSHIP

Manfred Kets de Vries is an internationally recognized expert on leadership and organizational behaviour. He is best known for his work exploring the darker side of organizational life. In particular, his pathbreaking use of psychoanalysis to understand what happens when executives derail has set him apart from his peers.

After studying economics in Holland, he completed a Doctorate in Business Administration at the Harvard Business School where he became a member of the Harvard faculty. Later, while teaching at McGill University in Canada, he retrained as a psychoanalyst, spending seven years working alongside clinical psychologists and psychiatrists – an experience that shaped his later work.

Now based at INSEAD, the international business school with campuses in France and Singapore, Kets de Vries holds the Raoul de Vitry d'Avaucourt Chair of Leadership Development. He is programme director of the top management seminar 'The Challenge of Leadership: Developing Your Emotional Intelligence'; and the programme 'Mastering Change: Developing Your Coaching and Consulting Skills'. He has received INSEAD's distinguished teacher award five times.

Professor Kets de Vries is the author, co-author or editor of 20 books, including Power and the Corporate Mind (1975), The Neurotic Organization (1984), and Organizations on the Couch (1991). His more recent books include Struggling with the Demon (2001), The Leadership Mystique (2001), and The Happiness Equation (2002). A new manuscript has just been completed, entitled Lessons on Leadership by Terror: Finding Shaka Zulu in the Attic. He has also published over 180 scientific papers.

A fly fishing enthusiast and member of the illustrious New York Explorer's Club, on his days off Professor Kets de Vries can be found in the rainforests or savannahs of Central Africa, the Siberian taiga, and the Arctic Circle.

He talked about why companies crave heroic leaders – and what happens when executive egos get out of control.



How would you describe your work?

Really, it is an evolution of trying to work in two main areas – management and psychoanalysis.

The first serious application of the two fields was in a book I did with Danny Miller, entitled *The Neurotic Organization*. That was the first time someone tried to show in a systematic way the relationship between personality, leadership, corporate culture and strategy.

And that gave you a distinctive slant on leadership?

I became a sort of pathologist of organizations. People would ask me to look at organizations that they thought were going in the wrong direction. So I edited a book called *Organizations on the Couch*. I'd written some books before – *Prisoners of Leadership*, *The Irrational Executive* and another called *Leaders, Fools and Imposters* – they were looking at the darker side of organizations, and particularly the darker side of leadership. How do leaders derail, what goes wrong? How can you recognize the signals when things go wrong and what can you do about it?

In your experience, how many business leaders are well adjusted individuals?

You can argue that 20 percent of the general population is relatively healthy; 20 percent is relatively sick; and the other 60 percent somewhere in the middle. That applies to most people I meet. If you are a CEO you usually have a 'magnificent obsession' and that comes with a price. You are obsessed by certain things having to do with business. You may not have the greatest talent for other parts of your life that may result in negative side effects such as a high incidence of divorce.

But on the other hand I must admit I don't get the extreme pathological cases on my programmes. The people who apply are usually aware of many of their shortcomings. CEOs who are totally dysfunctional probably are not that interested to know more about themselves.

The real disease of many executives, CEOs in particular, is narcissism. And we have seen some abysmal examples recently – from Dennis Kozlowski at Tyco, to Kenneth Lay at Enron. Jean-Marie Messier at Vivendi was another example. That is very costly to society.

Is narcissism always destructive?

Let me put it this way, narcissism has a very bad connotation. We think of the narcissist looking in the mirror, oblivious of others. We

have to realize that you need a solid dose of narcissism to be able to function properly. I tend to make a distinction between reactive and constructive narcissism.

What's the difference?

Basically, there are people who are lucky when they are growing up; they have a background of support, fairly nice parents, and they feel good in their skins and they are really pleasant people to be with. They are assertive and know what they want, but they are not totally me-oriented.

Then you have the reactive narcissists who have had a lot of trauma in their lives. Some of those reactive narcissists make a decision and say I've had a bad deal in life but I'm going to make it better for the rest of the world. The other group may suffer from the Monte Christo Complex; they want to get even. These are the people who can be exploitative, vindictive, totally self-centred, and treat others people as things rather than human beings.

They talk in abstractions about the good of mankind and the good of the organization but have no real sense of the human factor. They treat other human beings as things. There is a lack of empathy. Here I'd like to make another caveat. I have seen people who at least superficially looked like relatively decent human beings not being able to handle the position of the top job. There are certain pressures unique to that position and some people can't handle it. And as a result of that, whatever narcissistic disposition they have it starts to get overboard. So there exist a lot of varieties of reactive narcissism.

How does that destructive form of narcissism manifest itself?

Whatever it might be you see it in their behaviour. They become very me-oriented and in the end lose their sense of boundaries. Once they lose their boundary management then they start to believe that the normal rules don't apply to them any more. Kozlowski is a great example because he didn't make a distinction between what was his, and what was the organization's.

So they lose their sense of reality-testing; they just hear echoes of what they want to hear. They don't like bad news. So they don't create what you'd call a climate of healthy disrespect for the boss. They cannot tolerate a contrary atmosphere. They finally find themselves

in a hall of mirrors and start to believe their own delusions. Such a situation isn't exactly ideal for effective decision-making.

But doesn't narcissism go hand in hand with the sort of charisma that is expected of leaders?

The concept of charisma comes originally from the work of Max Weber and in that context it means people who are prophets. What it is really about is that the moment you are in a leadership position, people project their fantasies onto you. So what are you going to do? Are you going to use these projected fantasies, or are you not going to use them? Furthermore, are you going to use these fantasies for the good or for the bad?

So what you're saying is that charisma is largely in the eye of the beholder?

It's a fantasy. But I must admit if you want to stimulate such a fantasy you can do a few things. It helps if you have rhetorical skills – if you are a good orator. It helps if you can tell stories, and know how to use strong imagery – God and country is not bad imagery to use. I am referring to the domain of symbol manipulation. It helps if you have a good memory for names and can mention people by their names; if you are able to single them out. It helps if you are attentive and people have at least the illusion that you listen to them. Charismatic people often have that gift, which I call the Teddy Bear factor – they make people feel comfortable. It also helps if you are willing to ask questions and challenge the status quo – if you engage people in dialogue. Furthermore, your charismatic appeal increases if you can dramatize the risk. Here the David against Goliath symbolism can be very useful.

So, can someone be an effective leader without charisma?

Sure. But I strongly believe that to be an effective leader you need a certain dose of self-awareness. One element of the self-awareness is realizing what you're not good at, or what you do not like to do. When you reach the stage of being a senior executive, it's better to work on your strengths than to work on your weaknesses.

Effective leaders will create an executive role constellation in which other people will compensate for their weaknesses. If you are a fairly low-key executive but there are situations where you need to

be able to put a crate of beer on the table and rally the troops, you call on someone else in senior management to help you with it.

People have been talking about the demise of heroic leadership for years. Do you see any evidence of that?

It's nonsense. The heroic leader will never die because we need them. It's part of human nature, part of the human condition. And this is particularly the case when people are exposed to discontinuous change.

Change makes people anxious. And anxious people look for someone to calm them down – what can be called the containment element of leadership. So we are always looking for leaders who can do that. And the press usually does everything they can do to reinforce this image of strong leaders who can act as saviours.

But heroes often end up becoming villains?

Nobody can live up to those expectations of the press; this myth creation. So eventually all these leaders are a disappointment. It's fascinating if you look at the covers of *Fortune* and *Businessweek* over the years how many of those people have been shot down. So the press creates them and the press kills them. I always say the moment you get on the cover of *Fortune* or *Businessweek* it's the beginning of the end.

You start to believe your own press and you start to suffer from what the Greeks called 'hubris' – excessive pride. And like the mythical Icarus who flew too close to the sun, you also may tumble down. So there's a bit of a paradox. I sometimes ask people in class how many of you are charismatic? No one of course raises their hand. But in a way, anyone can be charismatic. It's a bit like the Chancey Gardner syndrome in the Peter Sellers film *Being There*, which has this illiterate gardener who eventually ends up as a candidate for the presidency. People just project their fantasies onto him.

And that's true across cultures? Not just a western thing – the American John Wayne syndrome?

No. It is stronger in the individualistic cultures, but the Japanese have their heroes, too – it all depends on the situation.

What is happening at the moment which is the swing of the pendulum in all cultures is the shift from the heroic leader on the cover of *Fortune* magazine to the subtle leader.

At this point in time, after all the noise about the hero leader, we are looking for the quiet leader. So the subtle leaders come to the fore, and before we know it, they (helped by the press) also become heroic leaders; that's the great irony so the pendulum keeps on swinging.

JOHN KOTTER: IN THE FIELD

*While some of his Harvard Business School colleagues are prolific contributors to the Harvard Business Review, John Kotter has written only six articles. At first sight, it seems a slender basis for an academic career. But Kotter's timing has been impeccable. His ideas have struck a chord. Kotter was on the leadership trail at the right time. Then it was change management. Then culture. Then careers. If success was measured in article reprints, Kotter is a success. Then there are his bestselling books, *Leading Change*, *Corporate Culture and Performance*, and *A Force for Change*. Managers feel that he understands them. So much so that one speaker's bureau quotes Professor Kotter's speaking fee as starting at \$75,000.*

And yet, Kotter is the archetypal career academic. He celebrated 30 years at Harvard in 2002 and was among the youngest Harvard faculty members ever given tenure and a full professorship. He talks about how he manages to make the right connections with what is happening in the workplace.



How do you work?

The simple logic of my work is that I am a pure field guy. I hang around talking to people. I talk to managers. I sit and watch them. I snoop around, listen to their problems. It's simple detective work. My work is developed by looking out of the window at what's going on. It is about seeing patterns. If I'm good at anything it's pattern analysis and thinking through the implications of those patterns.

What are you working on now?

My last book was a biography of Konosuke Matsushita who no one, in the United States at least, knew anything about. Some big insights came out of that which I'm still working through. Now I'm working on *Leading Change 2 – Leading Change* came out in 1996 – which is a more tactical book than its predecessor. It is told in the first person by people struggling through change.

So you have adopted a more personal tone?

Through my speaking I have become more aware of the power of stories. I use stories constantly – 95 per cent of what I do is story-telling. It has evolved as I've thought about it as a process of education.

What are your stories drawn from?

There's no one who has spent more time talking to managers. That's one reason why my books have won awards. I spend a huge amount of time talking to people.

Is that worth more than theorizing?

Who would write a better book about trees: someone in the forest or someone in an office?

You have written about change and the importance of a mobilizing, inspiring vision. Is that possible in an environment marked by downsizing?

It is not easy, but it is both possible and necessary. The key is to go beyond the downsizing clichés – talking only of lean and nice. And, carefree statements like 'I see a smaller firm in the future' are not a vision that allows people to see a light at the end of the tunnel, that mobilizes people, or that makes them endure sacrifices.

So, what's your advice?

Be creative, be genuine, and most of all, know why you're doing what you're doing. Communicate that and the organization will be stronger. Anything short of this will breed the cynicism that results when we see inconsistencies between what people say and what they do, between talk and practice.

Can a single person ignite true change?

The desire for change may start with one person – the Lee Iacocca, Sam Walton, or Lou Gerstner. But it certainly doesn't end there. Nobody can provoke great changes alone. There are people that think it is possible, but it is not true. Successful change requires the efforts of a critical mass of key individuals – a group of 2–50 people,

depending on the size of the corporation we are considering – in order to move the organization in significantly different directions. If the minimum of critical mass is not reached in the first stages, nothing really important will happen.

Failing to establish a sense of urgency is one of the key mistakes made by change leaders. In *Leading Change* you discuss seven additional steps in successful change efforts.

That's right. Beyond establishing a sense of urgency, organizations need to create a powerful, guiding coalition, develop vision and strategy, communicate the change vision, empower broad-based action, celebrate short-term wins, continuously reinvigorate the initiative with new projects and participants, and anchor the change in the corporate culture.

What does this 'guiding coalition' look like?

The guiding coalition needs to have four characteristics. First, it needs to have position power. The group needs to consist of a combination of individuals who, if left out of the process, are in positions to block progress. Second, expertise. The group needs a variety of skills, perspectives, experiences, and so forth relative to the project. Third, credibility. When the group announces initiatives will its members have reputations that get the ideas taken seriously? And fourth, leadership. The group needs to be composed of proven leaders. And remember, in all of this the guiding coalition should not be assumed to be composed exclusively of managers. Leadership is found throughout the organization, and it's leadership you want – not management.

Who needs to be avoided when building this team?

Individuals with large egos – and those I call 'snakes.' The bigger the ego, the less space there is for anyone else to think and work. And snakes are individuals who destroy trust. They spread rumours, talk about other group members behind their backs, nod yes in meetings but condemn project ideas as unworkable or short-sighted when talking with colleagues. Trust is critical in successful change efforts, and these two sorts of individuals put trust in jeopardy.

'Communication' seems to crop up in most discussions of organizational effectiveness, and certainly in discussions of effective change. What do you mean when you use the term?

Effectively communicating the change vision is critical to success. This should seem obvious, yet for some reason, executives tend to stop communicating during change, when in actuality they should be communicating more than ever. Effective change communication is both verbal and nonverbal. It includes simplicity, communicating via different types of forums and over various channels, leading by example – which is very important – and two-way communication. Change is stressful for everyone. This is the worst possible time for executives to close themselves off from contact with employees. And this is particularly important if short-term sacrifices are necessary, including firing people.

Who were your mentors?

There were Paul Lawrence and Tony Athos at Harvard, and the social psychologist Ed Schein at MIT. They all took an interest in me. After that, you collect ideas.

Have you ever thought about working for an organization?

It has never crossed my mind for a nanosecond.

How about creating an organization?

At most I've had one or two employees. I've thought about building an organization, but it's not necessarily what I'm good at doing.

Have you ever thought about working elsewhere? 30 years with one organization is a long time.

If your business is education, Boston is not a bad place to be with Harvard, MIT and its various universities.

But you are involved in a number of companies.

I'm investing in a company in the e-learning area. E-learning is going to be the biggest thing since Gutenberg. It will take wisdom and ideas and make them available to the many. Access to wisdom

will go up by a factor of thousands. As an educator I've been exploring the possibilities. It's great fun to watch it develop from its infancy and try to develop your own vision.

You work in a highly competitive field. Who do you see as your competitors?

If you do well at what you do and it makes an impact, you don't think in competitive terms. Are you happy with your contribution? When you fail to meet your own expectations then you start thinking in terms of competition.

DANIEL GOLEMAN: MAXED EMOTIONS

Daniel Goleman is one of the most influential thinkers to hit the business world in recent years. The bearded psychologist and former journalist has spread the gospel of emotional intelligence to a largely grateful business world. It is based on the notion that the ability of managers to understand and manage their own emotions and relationships is the key to better business performance.

His 1997 book, Emotional Intelligence, has more than five million copies in print and was on the New York Times bestseller list for 18 months. His follow-up book, Working With Emotional Intelligence applied his ideas to the business world, and became an immediate bestseller.

His book Primal Leadership makes the case for cultivating emotionally intelligent leaders. In it, Goleman and co-authors Richard E. Boyatzis and Annie McKee explore how the four domains of emotional intelligence – self-awareness, self-management, social awareness and relationship management – give rise to different styles of leadership. These constitute a leadership repertoire, which enlightened leaders can master to maximize their effectiveness.

Goleman is both a clinical psychologist and a distinguished journalist. He has received two Pulitzer Prize nominations for his articles in the New York Times. He works with companies through the emotional intelligence practice of the Hay Group. He is also co-chairman of the Consortium for Social and Emotional Learning in the Workplace, based in the School of Professional Psychology at Rutgers University, which recommends best practices for developing emotional competence.



Emotional intelligence isn't a new phenomenon, it's always been there. So why has it become so important in today's business world?

It has always been a factor in success individually, particularly in business, but that fact hasn't been clearly identified until recently. Two things: there's been a convergence of forces that have called it to collective attention. One is the fact that in the last ten years, there's been a critical mass of research in science – brain science and behavioural science – that makes clear that there is capacity called emotional intelligence.

The notion itself was articulated first in 1990 so it's quite a new notion. Two Yale psychologists first came up with the term emotional intelligence: Peter Salovey and John Mayer. They wrote an article in what frankly was a very obscure psychology journal, but I was a journalist at the *New York Times* and my beat was brain and behavioural science, and one of the things I did was to scour the scientific literature looking for important new findings and concepts, and I thought that was an extremely important concept. I went on to write the book about it.

Meanwhile, companies had been doing internal studies, quite independent of the notion of emotional intelligence, looking at what distinguished star performers in a given field – say, the head of a division or a sales team. They compared them to people at the mean who were just average performers, trying to distinguish and distil the specific abilities that were found consistently in stars that you didn't see in others and then trying to hire people or promote people, or develop people for those abilities. And when I wrote the book *Working with Emotional Intelligence* and then my recent book *Primal Leadership: Realizing the Power of Emotional Intelligence* (co-authored with Richard E. Boyatzis and Annie McKee and published in 2002 in the US by Harvard Business School Press), I was able to harvest hundreds of studies like that which had been done individually and independently for different organizations or looking at different roles within organizations – most of which were proprietary.

When I aggregated that data, what I found was that abilities like, for example, being able to manage your disturbing emotions (keeping them from disabling your ability to function) or empathy (being able to perceive how people were feeling and seeing things from their perspective) or the ability to co-operate well on a team – which are based on emotional intelligence – were the preponderance of the abilities that distinguished the best from the worst. And so there was this independent database that showed that emotional intelligence was extremely important in this context.

How do you score on your own EI measures? Are you emotionally intelligent?

Everyone has a profile of strengths and weaknesses. My own profile is, like anyone else's, rather uneven. But to get the most accurate, honest answer you'd have to ask the people who have worked with me – and my wife.

Is there a pattern: do women tend to score higher for example?

When you look at gender differences you're looking at basically overlapping bell curves – there are more similarities than differences between the genders. But the differences that do emerge are that women tend to score better than men on average at empathy and some relationship abilities. Men tend to score better than women on emotional self-management and self-confidence. So I think each gender has its own strengths.

How much of EI is already determined before adulthood?

The roots of each of these abilities start early in life. Every competence that distinguishes an outstanding leader in business has a developmental history, and if you ask people – and studies have been done – how did you become such a good team leader, for example, it will always start with a story, typically in middle school years at around 11, 12 or 13. This is a real story. A woman who is a fantastic team leader was asked when did this first start and she said she moved to a new school and didn't know anyone so she thought she could meet people by joining the field hockey team. And it turned out she wasn't such a good player but was very good at teaching the new kids the game. So she became a sort of de facto assistant coach. Then it turned out in her first job after university that she was in sales and no one showed her the ropes, so when she learned them she spontaneously started teaching new people on the sales team. And she was so good at it that the company made a video about her and that led to the fast track that resulted in her finally becoming senior VP for sales. So each one of these abilities is learned and learned over the course of life, and articulated, refined and sharpened as you go up the ladder. That's an important point.

Are business leaders more emotionally intelligent today than in the past? How does EI relate to what others perceive as charisma?

It's about as uneven as it ever was, frankly. One reason is that although there's clear data that these abilities matter, it doesn't mean that companies always use that to make decisions about who should be promoted. When it comes to who should be a leader we are still prone to the Peter Principle – people being promoted to their level of incompetence. The most common error isn't that you're promoted because of the old boy network, which is the old story. The

new story is that people tend to be promoted to leadership today because of technical expertise. You're a very good individual performer, and the automatic but mistaken assumption is made that of course you'll then be very good at leading a team of people like yourself. But the fallacy there is that what made you a good individual performer – your technical expertise – actually has nothing to do with what distinguishes people who are good team leaders. And the business world is rife with that. At the *New York Times* I saw it all the time. Journalists who were outstanding as journalists would become heads of desks or editors, which they were often terrible at.

What's the relationship between emotional intelligence and charisma? Presumably, charisma is partly in the eye of the beholder, and partly to do with certain skills that people project?

Charisma in terms of this model has to do with the ability of persuasion and communication. Bill Clinton is a beautiful example of someone who is fantastic at both empathy and persuasion, which builds on empathy. If you meet Bill Clinton or are with him you feel like you're the most important person in the world to him at that moment. He really tunes in. And he uses what he perceives in order to translate that into the language that will communicate most powerfully with you. Charismatic leaders do that with groups as a whole and he certainly did. But you can also use him to illustrate that everyone has a profile of strengths and weaknesses in this domain. Because when it came to impulse control, he really flunked.

The other side of that is that as people become more emotionally competent, isn't there a danger that they become more Machiavellian?

Only in rare cases because Machiavellian behaviour – which is where you take your self-interest over and above every other goal, so basically you'll do anything to get ahead – is a lapse in several emotional intelligence competencies, one of which is integrity. Another has to do with being able to co-operate well in a group. People who are Machiavellian, in other words who get a short-term gain, do it at a cost to other people. They leave a legacy of resentment, ill-feeling, and anger, which very often catches up with them later in their career.

One aspect of narcissistic people is that they often lack empathy, and yet we still seem to want these people as leaders. Or perhaps we need it to get on?

I don't know that we do anymore. The most compelling data on that has to do with leadership style, the emotional climate the leader creates, and how that in turn translates into the motivation and ability of people to work at their best. The data looks like this: the people who are, for example, visionary, who can articulate a shared mission in a way that motivates and inspires people, create a very positive emotional climate, as do leaders who are very good listeners who take a true interest in the individuals who work for them and try to understand what they want for their career and how they can help them along. So do leaders who know that having a good time together builds emotional capital for when the pressure is on. All of those styles create the kind of climate where people can work at their best.

However, the leader who is the distant narcissist, the kind of command-and-control, do-it-because-I-say-so leader actually creates a very negative emotional climate. Especially if they become the kind of narcissistic leader who feels not only are they right, but who then blows up at people, gets extremely impatient, hypercritical and so on, which is a danger of that style. And that poisons the climate and alienates people. You lose talent and people end up spending more time thinking about the boss and complaining about him than doing their work.

I'm not sure the data today supports the kind of mandate and power that we've given bosses like that in the past.

A particular area of interest to us is the genesis of big business ideas. Where did your ideas about EI come from?

The biggest influence on my thinking was my mentor at Harvard, the late David McClelland (1917–1998), who, in the early 1970s when I was a graduate student there working with him, wrote an article that at the time was a very radical proposal. He wrote it in the *American Psychologist*, the main psychology journal in the US. He said if you want to hire the best person for a job don't look at their academic grades, don't look at their test scores, don't look at their IQ, don't look at some personality profile, don't look at their connections, their social class, and certainly don't look at their letters

of recommendation. He said what you should first do is look at the people within your own organization who have held that post in the past and been outstanding at it and systematically compare them with the people who have held the post and done poorly or average. And then determine what made the best so good and hire people with those capabilities. That is the basis for the methodology now called competence modelling, which was the data I harvested when I wrote *The New Leaders* and *Working with Emotional Intelligence*.

So, he's had certainly the most direct influence both in showing me a method for having an informed answer to the question of what makes someone a truly good leader; and also in making it possible 20 or 30 years later for me to harvest information from literally hundreds of organizations around the world.

What about Howard Gardner's work?

Howard Gardner who was a grad student with me at Harvard in those days, and a personal friend who also opened a door for me when he proposed the model of multiple intelligences, which says that in different domains there are different kinds of abilities that can be called an intelligence over and above the standard IQ model which dates from the early twentieth century and is a narrow achievement model – just verbal and maths abilities, and a few spatial abilities. He argued that in every domain where there are competencies created and valued, there is a specific kind of intelligence. So, for example, there is a musical intelligence, there's a kinaesthetic intelligence in the domain of sports, ballet and so on. And he also said there are personal intelligences and it's that domain of the personal intelligence that I've unpacked in explaining emotional intelligence.

Are IQ tests obsolete now?

No. IQ tests are very broad indicators of the fields that a person can qualify for, where a person can enter and hold a job in. The problem with IQ tests is they don't go the next step. So, let's say you're managing a pool of engineers in your corporation, or R&D scientists, or accountants, lawyers, or whatever, IQ tests do not predict who among that pool of people now in the field itself will distinguish themselves over time as the most successful, the most effective, the most productive – whatever your measure of success is. It's interest-

ing, even in the sciences, IQ does not predict who over the course of a career will emerge as the most eminent scientist. Other abilities do and they turn out to be the emotional intelligence abilities. So in other words, IQ is a threshold ability for a field but it is not a distinguishing ability, and I'm most interested in the distinguishing abilities. IQ is a very good indicator, however, of what field you could enter.

Thomas Stewart is another journalist who became a guru by taking obscure academic ideas and translating them so that the business world can understand their message. How much do you think your journalistic skills have helped you?

I think they were invaluable because I was trained as a psychologist and frankly, when I entered journalism I was the slow kid on the block. My first job in journalism I had a very kindly managing editor and after I'd write an article in typical journalese – I don't mean journalism, I mean typical academic journal style, which is Latinate, passive voice, absolutely flat prose – he would go through it literally line by line and word by word and show me how to change it to make it lively and engaging, and make every word count and to eliminate 80 per cent of the words I had chosen. And he transformed my writing style. And I think my time at a daily newspaper at the *New York Times* just gave me more and more practice at a style that was engaging. Meanwhile, I was able to use my expertise in psychology to go into the academic literature and search for ideas that really did have impact and should have a wider audience. Those two things in combination gave me the abilities to write the book *Emotional Intelligence*.

You say that emotional intelligence can be developed. So what practical things can managers do to develop those abilities?

Yes. First of all, organizations can set up a format and make accessible a mode of learning that is appropriate to the emotional intelligence domain. What I mean by that is you don't improve these abilities in the same way that you learn technical expertise like how to do a certain computer program, nor in the mode that you learned when you went to school. It's a different part of the brain that's involved. And it doesn't learn as quickly as the neo-cortex. The model actually is skill acquisition. If there's something you're not as good at as you'd like to be, you can improve, that's the good news,

but you need to do it in a way that brings along this part of the brain. Firstly, you have to care. It has to be something you are motivated about. It has to be something that really matters to you because if you don't you won't make the necessary effort and it's going to take some months. Now, it doesn't take any extra time because you use your day-to-day encounters as the opportunities to practise and hone the improved mode.

So, for example, to take a common problem, you don't listen well. Someone walks into your office and you start telling them what you think, rather than first hearing what they have to say and making sure you understand it. Well, that's a choice point that you can choose to make an effort to change and instead of just jumping in and giving your opinion you can make sure that you really have heard and understood. If you do that at every opportunity, what will happen is that slowly you're going to be building a new neural network, you are strengthening connections between brain cells so that your former default setting at the neural level which was to jump in, now has an alternate path. You're strengthening the circuitry there. And there will come a day when you automatically sit back and listen to understand before you give your opinion – which means that that alternate circuit has become the new default option, it's now the stronger pathway in the brain.

That kind of learning has been used successfully by Richard Boyatzis at Case Western University School of Management. He's been doing it with his executive MBAs for 10 or 15 years. He's done follow-ups with them in their work where he asks other people to evaluate them on the behaviour they tried to improve back in their MBA programme and he's found that if you use this mode of learning, you can see the improvements seven years later – that's as long as he's done it. That's quite remarkable. Most business seminars or weekend seminars, or even a week off-site – if that's all you do, it won't be enough to make the requisite change. You really do need the sustained learning opportunity.

How does your message go down in India or China?

Interestingly, I'm travelling to India again tomorrow. India is hugely taken with emotional intelligence. I must get several emails daily – weekly if not daily – from India, from people who have read the book and want to apply it either in their graduate work or in the management of their companies.

China is a slightly different story. The last talk I gave in China was arranged by the government of Shanghai talking to business leaders in the Shanghai community. Because of their entry into the WTO, Chinese leaders are realizing that they need to update their management abilities and skills to a world class standard. So, even though one of the things I'm talking about is shifting from a rather totalitarian control style which was the pervasive style through China, to a more democratic style where leaders motivate, listen and so on, they've been extremely receptive because they realize that to compete in the world market with multinationals that are already using these styles of leadership, they are going to have to make the shift themselves. So China, to my surprise, is actually quite receptive.

Interestingly, Chinese business has always valued relationships and networks. Companies in the US and the UK have spent recent decades trying to squeeze all emotion out of the workplace.

That was a rather foolish endeavour because we don't ever leave our emotions at home when we go to work. They were always there; they were just squelched or ignored – sometimes at disastrous cost. Most Asian cultures are quite relationship-oriented and business has always been based on relationships as you say, which means many of these skills are natural in the culture. On the other hand, India, perhaps because it was a British colony, had very strong command and control structures among the business class. But most businesses, even large corporations, are family-owned businesses even today. And the culture was similar to that in China but for different historical reasons. So they both need to make the shift. On the other hand, the way you do business – as opposed to the structure of the company, but how people, especially entrepreneurs, do business – is very relationship-oriented so a number of these skills come quite naturally.

Tell me about your relationship with the Hay Group?

David McLennen, along with being a professor, started a consulting firm called McBerr which became part of the Hay Group. So, when I was working with emotional intelligence in the business setting, I was looking for a business partner because I knew there would be demand created and I wanted to be able to recommend someone in good conscience where people could get these practices I was talk-

ing about. I did that in two ways. One was to form a business alliance with the Hay Group. The second was to co-found a consortium based at Rutgers University which supports the best practices in the field so they could be widely disseminated.

It's a financial relationship?

It's a financial relationship with Hay, mainly around the 360-degree methodology I co-designed with Richard Boyatzis. They distribute it and we collect royalties on it. That's the main business relationship at this point. On the other hand, the Hay Group is doing a good job of bringing these methods on. But I would also say there are other groups worldwide, if they are following the best practice standards you see on that Web site, that are offering the same services.

If there is one message from more recent work that is different to your other books, what would it be?

That businesses need to pay attention to the role of emotional intelligence in outstanding leaders, and to build it into their culture and systems. Not just to pay lip service to it and certainly not to ignore it, but to actually make it a part of their standard operating procedure, and to make it clear that they are hiring for these abilities, and promoting people for them and they are serious about helping people develop further strengths in this area.

Does emotional intelligence in leaders provide any protection against the sorts of excesses we have seen in the corporate world of late, Enron etc.?

One of the fundamental capabilities that distinguishes emotionally intelligent leaders from others is integrity. Business needs to make a pendulum swing from a culture where whatever is legal and whatever accounting would approve was done – that is, a culture where it is very hard to raise ethical concerns to one where ethics becomes a business advantage. That requires leaders who are ethical, and that has always been a part of the emotional intelligence model.

You wrote the introduction to the book *Business: The Ultimate Resource*. In it you talk about business intelligence – is that a bringing together of different strands such as emotional intelligence and others?

In the introduction to *Business: The Ultimate Resource*, I consider the question of whether there might be a business intelligence that is broader than emotional intelligence, which includes not just the competencies I've been talking about but also goes through to those of technical expertise and cognitive abilities as the widest definition of what it is that makes someone good at business, no matter what part of business they may be dealing with.

One thing that this book has done is to level the playing field in a quite interesting manner. For years, Robert Kelley at Carnegie-Mellon University has been asking people who work in a wide variety of companies the same question: what percentage of the knowledge you need to do your job is stored in your own mind? Back in the mid-1980s, the answer was typically around 75 per cent, but by the turn of the millennium, that percentage had slid to as low as 15 per cent. This change reflects the sheer rate of growth in the amount of information available. More knowledge has been generated in the past century, it is said, than in all history before – and the rate of increase is accelerating. And another piece of data, the star performers in business, it turns out, are four times faster than people who are average at gaining access to new expertise.

It's quite extraordinary. For that Monday morning meeting when you need to know about team management or turning leads into sales, something that you have just not had experience of, you now have a way of quickly studying up without having to rummage through a business library to find a text about it, and in that sense it levels the playing field.

How does it go down in a tractor plant in Nebraska where people aren't used to hearing about the more touchy-feely stuff?

It's not touchy-feely, that's a misconception. This is being intelligent *about* emotions, not being emotional. I'm not saying that people should necessarily express emotions openly and fluently. I'm saying that you should be able to manage your distressing emotions so that they don't get in the way of the work you have to do. And you need to do that because there is a relationship between the emotional centres of the brain that pump out your distressing emotions and

the neo-cortex, pre-frontal brain, which needs to take in information and understand it clearly and respond flexibly. The more you are under the sway of the emotional centres, the less nimble and the more paralysed your thinking brain becomes. So, it's because of that reciprocal relationship that you need to be able to manage emotions. And you need to be able to manage relationships effectively too. That goes down just fine in Nebraska. If you say let's be touchy-feely then you are not talking about what I'm talking about. I wouldn't even mention it in Nebraska.

Where can your ideas make the biggest impact? Is it at the sales interface or in the boardroom?

At every level where leadership is operating. So it could be at the team level, among the team members – in fact there is such a thing as team emotional intelligence. A woman named Vanessa Druskat (assistant professor of organizational behaviour at the Weatherhead School of Management) has shown that these same abilities operate at the collective level in a team and distinguish high performance teams from low performance teams. It's distributed. So, anywhere that people need to work together in order to achieve a collective goal, it is required.