

Leadership

What Do We Really Know about Leadership?

If the highest aim of a captain were to preserve his ship, he would keep it in port forever.

—THOMAS AQUINAS

What do we really know about leadership? There's been a lot of talk about leadership lately. Judging from the vast number of books, articles, blogs, TED Talks, and more, you would think we have a treasure trove of information about the subject. A quick search on Amazon.com returned 192,136 books dedicated to leadership. In addition, there are hundreds of theses, thousands of articles in journals as well as thousands more research papers on the web. They have been written by a variety of professionals that not only include psychologists but also management theorists, historians, politicians and political scientists, theologians, philosophers, journalists, and other social commentators. Their contributions include scientific analyses, scholarly biographies, and popular accounts of leaders' lives. Knowing how to most effectively lead others can be pretty confusing with that amount of knowledge swirling around. In fact, it's hard to imagine that anyone could think of themselves as an expert in leadership in today's world when there's so much information available.

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The Leadership Explosion

How do you deal with so many books on a single subject? Well I have to admit there's no way I was going to go through that many publications. But as I started doing my research, I found that most books fell into one of three categories.

Leader's View

The first group of books are written (or cowritten) by successful leaders. These include biographies of Bill Gates,¹ Steve Jobs,² Rudi Giuliani,³ Jack Welch,⁴ Carly Fiorina,⁵ Michael Dell,⁶ Richard Branson,⁷ and many others. These books can be very enlightening and educational, and the insights gained by the experiences of these successful people can guide others along certain pathways.

However, the downside I find is that the views presented tend to be idiosyncratic to those leaders. It's how the individual leader sees the world, which, unfortunately, doesn't always match events as they actually happened.

Having interviewed direct reports of some notable leaders, I can assure you that there are often discrepancies between a leader's reality and that of their direct reports. Anyone who has been involved in 360-degree evaluations of leaders, in which performance reports are taken from subordinates, peers, supervisors, and clients, will also know that the leader can see herself or himself somewhat differently than those around her or him. Therefore, although we can learn from each leader's perspective, these perspectives should not be misinterpreted as universal truths.

Observer's View

The next set of books I would classify as the *observer's view*. The observer is usually a consultant, a professor, a business writer, a business coach, or some variation of these. These people have had a lot of experience with one or more leaders (although they tend not to be leaders of organizations themselves). They bring a lot of insight out of their experiences working with leaders, theorizing about leaders, or studying leaders. Examples include books by John Maxwell,⁸ David Cottrell,⁹ Michael Useem,¹⁰ Peter Northouse,¹¹ Simon Sinek,¹² and others.

The caution with some of these books is that they may come out of preconceived theories with minimal empirical evidence, limited range of leadership settings, use of platitudes, and selective use of examples. There

are often useful lessons from these books, but the recommendations are not always practical or easy to apply.

Researcher's View

The third group of books I call the *researcher's view*. These books tend to come from people with perhaps a few preconceived notions of what makes a good leader, and they approach the subject by evaluating data that encompasses both successful and unsuccessful leadership. Basically, these books use evidence-based procedures in interesting and enlightening ways to evaluate what truly differentiates successful and unsuccessful leaders. Examples include Kouzes and Posner¹³ and Jim Collins.¹⁴

Jim Collins, for example, in his book *Good to Great*¹⁵ started his work by practically discounting the importance of leadership and focusing on the structures, rules, and processes of large iconic companies that had been around for many years. By contrasting successful and unsuccessful companies, matched within the same industry, he came to the conclusion, which was contradictory to his expectations, that leadership does make a difference, in fact, a rather large one. He has championed the *Level 5 Leadership* in which humility and “fire in the belly” play a dominant role. As he states it:

The best CEOs in our research display tremendous ambition for their company combined with the stoic will to do whatever it takes, no matter how brutal (within the bounds of the company's core values), to make the company great. Yet at the same time they display a remarkable humility about themselves, ascribing much of their own success to luck, discipline and preparation rather than personal genius.¹⁶

In this book, I hope to borrow largely from the researcher's tradition. While I start out with the preconceived notion that emotional intelligence does make a difference in leadership, it has taken more than 20 years for me to reach the clarity of this position. When I started researching emotional intelligence and its importance in the workplace in the early 1990s, my focus was largely on individual performance and the enhancement of performance through emotional intelligence. I was interested in how emotional intelligence could help people better achieve their desired level of success—both at work and at home. Much of

this work appears in the book I coauthored with Howard Book, *The EQ Edge: Emotional Intelligence and Your Success*.¹⁷ Then I went on to explore how organizations, as a collective whole, could be emotionally intelligent.¹⁸

Over the years, the pull toward my study of leadership increased. It was an area I consciously avoided at first, maybe because of what I didn't want to find out about mistakes in my own leadership. But as more articles, books, blogs, and talks came out about emotional intelligence and leadership, I eventually felt I had to join the conversation. Part of the motivation was some of the misconceptions out there about the connection. There were spurious reports of overly high estimates—85 percent or so—of effective leadership due to emotional intelligence and very few of the claims were based on good evidence. At the same time, at Multi-Health Systems (MHS), where we have been testing people's emotional intelligence since the early 1990s, we've built up a database of approximately 2 million people. Many thousands of these were currently leaders, emergent leaders, or identified as high potential future leaders. Not only do we have lots of data, but it's global. We've tested the emotional intelligence of people from all parts of the world; as a result, we are compelled to share our findings on how emotional intelligence influences leadership.

So while I've been committed to the importance of emotional intelligence in human performance for many years, I didn't start with any preconceived notions of how emotional intelligence might impact leadership. In fact, early on in this endeavor, I had radio and TV interviews in which commentators told me why they believed emotional intelligence was a detriment to good leadership. I was told that being "nice" would get you eaten for breakfast in some companies. Of course, I'd have to explain that emotional intelligence was not about being nice. We'll get to the definition in Chapter 3.

Leadership: What's the Status?

What does it take to be a successful leader in today's organizations? Everyone has his or her own image of who a great leader is or what a leader should be. To complicate matters even further, experts have developed hundreds of theories about leadership. We probably know more about leadership today than we have at any other time in our history. Yet, we continue to read about the poor state of leadership in organizations around the world.

In a recent report, the Deloitte Global Human Capital Survey (2014)¹⁹ questioned more than 2,532 leaders in 94 countries and found that the biggest workforce “readiness gap” was leadership. Over 38 percent of respondents rated this issue as “urgent” for their organizations (86 percent rated it as either important or urgent)—more than 50 percent higher than the next identified gap—retention and engagement. Interesting, these two issues are quite closely tied together.

The biggest leadership needs reported include developing new leaders faster, globalizing leadership programs, and building deeper bench strength for succession planning. As you will see in the following case study, finding great leaders is not always solved by promoting from within.

Promoting Leaders from Within

Demetri never felt so anxious before. It was worse than his first day at work at the exclusive menswear store. He had been the top salesperson for four years in a row and had fought hard to be promoted to sales manager. He had all the best customers on his roster. Out of the entire sales force, he was the best at establishing profitable relationships. Now that he was rewarded with a promotion and pay raise he felt the pressure to perform at a much higher level than before.

Worry set in. First, he was unsure about how his coworkers would react to him in his new role. He knew at least one of them, Carlos, also applied for the manager position. Would Carlos be upset, perhaps even jealous? Then he worried about the effect his promotion would have on the team. They were a tight team, not just celebrating each other’s successes, but socializing together. How would they now respond to him? How should he treat them? Could he keep the relationships the same? Treat them all as his buddies still? Never did Demetri think a promotion, something he worked so hard for, would create so many mixed emotions. Unfortunately, there was no preparation provided for him or the team he was now supposed to lead.

This scenario has been repeated so many times across many industries. People with good technical or sales skills are placed into management positions. The thinking seems to be—if they can sell, do great accounting, make the most widgets, design the best buildings, build the best software, well, then they can probably lead and help others do just as well as they did on the front line.

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Unfortunately, leadership doesn't work quite that way. The skills and competencies that help you sell things, build things, analyze things, fix things, and so on, have little to do with being a good leader. Many people I've spoken with shake their heads when they hear about companies such as GE, Google, Microsoft, FedEx, and American Express that spend so much money on leadership training. They're even more surprised when I talk about it in terms of succession planning, but, the fact is, without a willingness to invest in selecting and training leaders, companies are likely to suffer the adverse effects of poor leadership.

When I speak with fellow CEOs they usually can recount a situation where they promoted someone on the basis of technical or industry skills and knowledge. While these skills are important for frontline job performance, leadership, whether supervisory or upper management, requires a different or additional skill set. What are these skills precisely? How do we develop them? These questions will be the theme of this book. I'll be presenting a combination of real stories, modified examples, research studies, personal anecdotes, new data that we've compiled at MHS and some very public examples to illustrate these points. Our emotional intelligence testing over the past 20 years includes over 2 million working people worldwide, and we'll use these sources to inform our leadership discussion.

Yesterday's Leaders

Whenever I give leadership presentations, I generally ask audiences to name an iconic business leader from 100 years ago. Anywhere in the world, whether I'm in Beijing, Buenos Aires, Helsinki, St. Lucia, Sydney, Bangkok, Dubai, Vancouver, or New York City, the name Henry Ford always comes up. While there are a number of reasons that Ford stands out, not the least of which is his innovations in the production of the automobile, he is mostly associated with a particular quote. It seems everyone everywhere remembers at least part of what he said, "*to hell with the customer, who can have any color (car they want) as long as it's black.*"

What is it about this quote, or attitude that stands out? Well most strong leaders have at least one *signature* characteristic they carry with them, perhaps as a legacy. For Henry Ford, it was most likely *steadfastness*. Leaders at that time were seen as captains of the ship. When the CEO made a decision, it was

up to everyone in the organization to defend that decision. Not sticking with it was almost akin to treason. And the captain would go down with the ship, protecting his point of view.

This kind of leader is ego driven. The decisions this person makes are more about himself than about what is best for the company. This leader fears *looking* bad as much as he fears *doing* bad. In those days, changing your mind (or altering the course of the ship) was perceived as an unbearable weakness. It was the kiss of death upon which the leader would lose respect and no longer be able to face his workers. In parts of Asia, the concept of “saving face” is still a big issue.

While this type of leadership may appear strong to some, it usually comes with negative consequences. According to Lee Iacocca, who wrote the seminal article on Henry Ford for *Time* magazine, “The problem was that for too long they [Ford] worked on only one model. Although people told him to diversify, Henry Ford developed tunnel vision. He basically started saying ‘to hell with the customer,’ who can have any color as long as it’s black. He didn’t bring out a new design until the Model A in ’27, and by then GM was gaining.”²⁰

Tunnel vision at that time gave Ford’s biggest competitor, General Motors, the break it needed to take significant market share. It was Ford’s son who stepped in and finally insisted on bringing out new models (such as the Model A) and new colors that were needed for the continued survival of the company.

Ego-driven leaders tend to be driven by the past in that they look to past experiences for confirmation of their decisions, which facilitates steadfastness. What worked before should continue to work today and tomorrow. This supports their need for consistency—steadfastness. However, this can come at the cost of missing out on new opportunities, whether its technologies, changing economies, new strategies, or changes in customer focus.

Today’s Leaders

Fast forward to iconic leaders of the late twentieth century. Who stands out in your mind? There are probably a number of names that you can generate, but one that always makes that list is Bill Gates. It was the development of software operating systems that enabled the personal computer to take off and basically change the world as we knew it. Of course, it was Bill Gates and his company Microsoft that made it all happen. Gates has long been seen as enthusiastic

about new technologies and the potential they have to change our lives. But not too many people remember that in the early days of the Internet, Gates was decidedly pessimistic and slow off the mark.

I was one of about 2,000 people that attended what was seen at the time as a pivotal talk he gave in a large convention center ballroom back in the early 1990s. Gates spoke about how Microsoft had invested several million dollars exploring the potential of the Internet. His conclusion was that the best commercial use of the World Wide Web would be for video-on-demand, which was already available via cable and satellite. Unfortunately, he estimated that it would take another 20 years to make it practical and commercially viable. To quote Gates, “Bandwidth is a big issue. Unfortunately, it’s not like microprocessors where every year you’re going to see exponential improvements. *But to make this happen will take something like 20 years* [italics added]. And the main reason is that to get these high-speed connections to be pervasive, particularly getting them into homes around the world, will take a long time.”²¹

Microsoft chose to take a pass on the Internet.

Or did they?

It was only a short time after that when a fresh college graduate from the University of Illinois named Marc Andreessen teamed up with an industry veteran named Jim Clark. They created a small start-up called Netscape in Clark’s kitchen. Their mission was to simplify and speed up access to the Internet. As soon as their little company went public, it changed the landscape of initial public offerings. It also changed the world. In one blow, Microsoft lagged behind in new, cutting-edge technology.

And Microsoft, in the public’s mind, meant Bill Gates, who in numerous forums had staked out a steadfast position that now looked untenable. He was captain at Microsoft, and old-style captains of industry have traditionally gone down with their sinking vessels. At best, they’d find ways to shore up and continue to defend their positions because the worst thing a leader could do would be to publicly change his or her tune. Being inconsistent was worse than being wrong; it would be considered a weakness and waffling under pressure.

So how did Gates handle that situation? After all, at the time he already was one of the richest humans on the planet. Would he stick with his position and take a pass on the Internet? Or would he risk publicly changing

his mind? Would he base his decision on what others would think of him? Was he concerned about his ego? Come on, do you really think Bill Gates would be concerned about what other people thought of him in a situation like this?

Gates turned a multibillion-dollar organization around immediately and went flat out after the Internet. Microsoft Explorer was developed and eventually became the world's most widely used web browser. As documented in *Time* magazine, "The World Wide Web emerged in 1994, making browsers necessary, and Netscape was founded that same year. Sun Microsystems developed Java, the Internet programming language. Gates hung back. It wasn't until 1996 that Microsoft finally, according to Gates himself, 'embraced the Internet wholeheartedly.'"²²

Why did he behave that way? Because Gates, like many of today's successful leaders, was and remains more concerned with success than with what people might think of him. He is driven by the future and opportunities, not by the past or his ego. Learning from the past is valuable, but preserving it can waste energy. Worrying about looking good, being consistent, or keeping the status quo were yesterday's virtues, but today's kiss of death. Successful leaders put their egos behind their missions, move forward with the times, and aren't afraid to alter their positions as necessary.

Tomorrow's Leaders

Having tested so many leaders, both young and old, I have been able to see the trends and where leadership seems to be headed. There is a new signature characteristic that I believe will be essential for tomorrow's leaders. I see it getting more and more important as we look at today's leadership successes and failures. However, I'm not ready to divulge this characteristic yet. Read on and you will discover it.

Good Leader, Bad Leader

Often when doing presentations on leadership I assign the audience an exercise. With participants working in small groups, each team is assigned one of two tasks. Each group is asked to write on a poster either the leadership characteristics *most* valued by their organization or the leadership characteristics *least*

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valued by their organization. On one of the posters, I found this list of descriptors:

Explosive

High ego

Always being right

Results driven

Ability to minimize ethical issues

Rigidity

No emotional control

Having serious “attitude”

I stopped to chat with the gentleman leading the group with these items on the board. When I started to ask how these behaviors were discouraged in his organization, he quickly corrected me and explained that these were the valued characteristics at the organization he and several others in the group had worked in. He then explained to me he had worked at Enron and that these were the characteristics valued by the senior team during the two years before it imploded.

We went through the list to see how these factors could be applied to leading an organization. Being explosive was a way of getting other people’s attention. It also scared potential detractors and showed them you were serious. Most people would rather not confront someone in that state. Having a high ego is another tactic that implies you are right. After all, if you are so sure of yourself, well, why would anyone argue with that?

Always being right is a show of strength. If you are known around the organization as always being on the right side of an issue, then more people are likely to come onboard with you next time around. It reduces the amount of opposition you’re likely to face and will help you win arguments more often than not. Being results driven is not an uncommon corporate position. The problem comes when nothing else matters. Treating people badly, taking shortcuts in processes, making promises you can’t keep to customers, all these things are secondary to driving results.

The ability to minimize ethical issues is my favorite, especially when I’m presenting to lawyers and compliance officers. It sometimes gets referred to as

ethical overrides. That is, you reward people for finding ways around codes of ethics, sometimes referred to as *loopholes*. So if I can justify why I needed corporate money for that private jet rental, luxury hotel, great meals, side trip with my family, and so on, everything is okay. I guess at Enron this only worked for a period of time, or until they got caught.

Being rigid is another way of telling people “it’s my way or the highway,” something that seems to go over well in Texas, which conveniently is the home of Enron. Similarly, not having, or not displaying, emotional control is a fairly effective way to signal to others that one is not to be crossed/questioned. So is having strong attitude, which was described to me as being bold and assertive, in such a way that people knew not to question the leader’s authority. This was described to me as a Texas attitude, which goes along with “don’t mess with me.”

In looking at these traits it seems like they can be boiled down to being steadfast (high ego, always being right, results driven, rigidity, serious attitude) and being above questioning/criticism (no emotional control, ability to minimize serious issues, explosive).

It’s hard to believe (at least for me) that companies can still operate this way in this day and age. Nevertheless, I’ve come across variations of this in my travels. Needless to say, some of these procedures can get you short-term results, but, as we’ve seen in this example, they don’t seem to be viable long-term strategies. When I first started this work, it would often take a lot of convincing for some leaders to buy into the idea that managing emotions, for example, not using random anger to motivate, could be good for business. In the following chapters, we’ll explore the case for emotionally intelligent leadership and what you can do to get there.

EQ Leader: Things to Think About

1. What were some of the best books you’ve read on leadership?
2. What did you like about them?
3. Are you familiar with a situation in which someone got promoted to a leadership position and was not well prepared for it?
4. Can you think of a “signature characteristic” that defines your current or a previous boss?

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5. What would be the “ideal” signature strength of a leader you’d like to work for?
6. How would you want to be different from bosses you’ve had to work for?
7. What would be your signature characteristic as a leader?
8. Think about your own adaptability and willingness to change direction on important issues.
9. What do you think the signature strength of tomorrow’s leaders will be?

EQ Leader: Actions You Can Take

1. Ask some of the people you work with for one-word descriptions of your boss.
2. Ask these same people what they would do differently if they were the leader.
3. Ask your coworkers about what they like best about their favorite leaders.
4. If you are a leader, ask some trusted subordinates how they would describe your leadership style.
5. Ask your subordinates what gets them most excited about their job. Then think about what role you play, as a leader, in cultivating their excitement.