
Introduction

Every year we send you our Book of the Year as a Christmas greeting. This year we are proud to publish our 17th book, the text of a lecture by Prof. Manfred Kets de Vries delivered on the occasion of the Annual Presidents' Forum, held on 15 October 2004 at the IEDC in Bled.

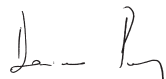
Dr. Kets de Vries is Dutch, but he is, so to speak, a citizen of the world. He was in the past a professor both at Harvard and at McGill University in Canada. In recent years, he has lived mostly in France, which explains why we have invited to this year's Presidents' Forum the Ambassadors of the Netherlands, France and of the European Union.

Let me use this introduction to say a few words about the attention our school pays to the studies of leadership. Apart from this Forum, which has a long history, we set up the European Leadership Centre two years ago, and have already held two conferences within its framework. The topic of the first conference in 2003 was "Creating the Agenda for European Leadership": we discussed the tasks which the European leaders are facing today. The conference in 2004 was devoted to "Leadership at the Public/Private Sector Interface". The forthcoming meeting, in June 2005, will be entitled "Leadership and the Media". We will be talking about how the media contributes to leaders' formation, and examine some of the communication challenges business and media leaders are facing in Europe at present.

We are very interested in the issue of responsibility. We feel that we, as a school, have broad responsibilities: not only to our organizations, but also to the people whom we educate here. The Dubrovnik Leadership Forum, co-organized by the IEDC and the esmt (European School of Management and Technology, led by Prof. Derek Abell, an old friend of the IEDC) in October 2004 was devoted to this issue. We tackled the question of how leaders, as well as management schools, can develop a more holistic approach to management, and how art can provide inspiration for leadership.

Since we moved to Bled in 2000, the number of program participants has risen threefold and the accession of Slovenia to the European Union in May this year has given our school even greater visibility and further contributed to its internationalization. Now more than 70 percent of our participants come from abroad. This year the IEDC featured in many of the world's greatest media, such as *The Wall Street Journal Europe*, *CNBC Europe*, *Frankfurter Allgemeine Zeitung*, *Le Monde*, *Der Standard* etc. This increased visibility is a significant factor in the IEDC's success.

In striving to be a school of excellence, an agent of change, a business meeting place, the quality of our facilities is absolutely essential. We have bought a plot of land next to our school and have decided to build another building with an auditorium for 150-200 people - since we believe that only a creative environment can promote creative leadership, we transformed even the IEDC's garage into an art gallery. Prof. Eduard Čehovin, recipient of a number of international awards, has been inspired by a thought of a Russian philosopher: "If speech develops in time and writing in space, then new times need new writers". To us, this means that new times require new leaders.



Prof. Danica Furg
Dean and Director

The Bright and Dark Sides of Leadership

INTRODUCTION

I must start with an apology. My presentations and my books tend to depress people, and unfortunately this talk is going to be no exception. I often depress my audience by talking about the ways in which leaders can derail, and I will try to do the same thing today. But to cheer you up (and to follow an old American tradition of self-help), I will give you a few ideas about how to attain instant charisma.

On a more serious note, in this presentation I'm going to take you on a journey. On that journey, you shouldn't expect to understand everything right away. I'm going to confuse you. Remember, as a psychoanalyst I'm used to circular thinking, not linear. Effective speakers, you may have been told, begin by stating the three points that they are going to discuss, then they discuss those points, and at the end they summarize those points to make sure that everyone got them. I don't belong to this school of presenters. I'm the divergent-thinker type. If you're not confused when I'm done, you don't know what's going on!

I'm going to tell you that competitive advantage in organizations is not a matter of economies of scale or high technology. Instead, it has to do with the human dimension. If you compare great companies to mediocre ones, you will always find that the difference is due to corporate leadership and corporate culture. The organizational philosophy and values disseminated by a company's leaders are absolutely critical for success.

The kind of work I spend most of my time on concerns changing people. I teach a program at INSEAD (a business school in the forest of Fontainebleau in France, and in Singapore) that I sometimes call my "CEO Recycling Program". Of course, you can't sell a program under such a name, so we formally call it "The Challenge of Leadership: Creating Reflective Leaders". I'm also in charge of another program, called "Coaching and Consulting for Change". This program was originally aimed at what I like to call "brains-on-a-stick", alias insecure overachievers, alias consultants. The real audience turned out to be somewhat different: consultants, human resource professionals, and line managers in the middle of a change program. I do a lot of other things as well, but those two programs are essential for me because they have a transformational content. People make important life decisions after having followed these two programs.

Today, in the journey I'm going to take you on, I'm going to talk a little bit about emotional intelligence. Then I'd like to say something about what causes leaders to derail. Subsequently, I will address effective leadership. Finally, I'm going to say a few words about what makes for high-performance organizations.

EMOTIONAL INTELLIGENCE

Let me start with a famous riddle: “What walks on four in the morning, two in the afternoon, and three in the evening?” You don't know? Try again. Obviously, the answer is “Man”.

Of course, this is the riddle of the sphinx. And you all know what happened to poor Oedipus, who tried to solve this riddle: he went blind. I often recall this riddle when I observe the behavior of leaders. Many of them seem to be blind: they don't see what's going on around them. And unfortunately, the higher executives climb in the corporate hierarchy, the “blinder” they are likely to become.

People don't always perceive things clearly. That such is the case can be demonstrated in simple perception experiments. For example, if I were to show different people this picture of a twisted staircase, some would recognize movement whereas others would not. Human minds don't work in identical ways, and don't possess the same perception skills. Some people are just more flexible in their observations than others. This flexibility occurs in organizational settings as well as in life generally.

When you lead an organization, you often have to manage paradoxes and solve dilemmas, and for this you need mental flexibility. The problems presented in organizations can be extremely complex. Frequently, it doesn't come down to a choice between “either” and “or” but rather between “or” and “or”. One of the challenges of leaders is to think out of the box. They have to find new ways of doing things. To arrive at real profitability they have to engage in strategic innovation. Cost-cutting can take you only so far. If that's *all* you do, you end up cutting into the muscle and bone. Unfortunately, most people, during the growing-up process, unlearn the out-of-the-box thinking that children excel at. Parents and teachers constantly try to stop young people from thinking out-of-the-box. They say, “Don't do this; don't do that”. Eventually, having been exposed to such child-rearing practices, people fall into a sort of paralysis, thinking only in terms of conventional things in particular boxes. To be really creative, we need to free our thoughts from this kind of imprisonment. Effective executives, who are by definition creative, use both sides of the brain: the emotional as well as the cognitive side. In other words, they think out of the box. They also know how to affect people, and they know how to get their attention. If the leader of an organization presents a lot of statistics about the company, after a while people's minds start to wander, but if he or she tells stories, people listen and often remember. One of the important roles of a leader, to guide people on their organizational journey, is to be a storyteller.

Many people think of intelligence in terms of IQ. But there are also other forms of intelligence. For example, if you're good at languages, you may possess linguistic intelligence. If you can find your way out of a forest, you may have spatial intelligence. If you're a good sportsman, you may possess physical intelligence. Some people are tone-deaf because they have low musical intelligence.

All these forms of intelligence can make a difference, but perhaps the most important form of intelligence is being able to

figure out what makes your neighbor tick. I'm referring to interpersonal intelligence. And even more important is intrapersonal intelligence: understanding what makes you tick, what motivates you. Unfortunately, many people lack this faculty; they don't fully (or, in some cases, even partially) comprehend their own drivers.

Your IQ is largely established by the time you reach adulthood. There's very little that you can do to improve it. But your EQ—the measure of your emotional intelligence—is improvable. I've heard it suggested that IQ determines only 20 percent of your success in life. It's your IQ that usually gets you hired, but it's your EQ that gets you promoted!

Emotional intelligence starts with self-awareness. You have to know your own strengths and weaknesses. The importance of knowing one's own strengths isn't a modern discovery. At the entrance to the ancient temple of Apollo in Delphi was written: "Know thyself". For a case in point consider, for example, British entrepreneur Richard Branson. His original business was music management. But the man is tone-deaf, and he knows it. Therefore, he hired "the man with the golden ears", a man who had real musical skills and knew how to pick musical stars. I don't think that Branson really has the skills to deal with a balance sheet, either. He's anything but a financial wizard. Again, he knows that he's not good at the numbers. To compensate, at the time, he hired a Scottish accountant with an MBA from McKinsey to help him—a formidable fellow who put into place the various systems. Together, the three of them formed a successful triumvirate, an effective executive role constellation. They combined their strengths and put them to good use, to excellent effect. This illustration not only highlights the importance of knowing one's strengths; it also indicates that leadership is not a question of a lone ranger doing things. Leadership doesn't take place in isolation. It has to do with a group of people building on their strengths.

The second factor in emotional intelligence has to do with how you deal with emotions. Let me ask you something. What happens when you get angry? Do you scream and throw things around? Do you look for something to kick? Perhaps you do less violent things, but still show your bad mood. A CEO once told me that every day he walks through the door of his office, he keeps in mind that by doing very little he can make eight thousand people extremely unhappy. As the leader of the organization, he is always on stage. That being the case, he has to be very careful how he expresses his emotions. You can get angry, but there are constructive ways of doing it.

A third factor to consider has to do with empathy. Some people have a very poor sense of how others feel. Can you put yourself in the shoes of the other person when, for instance, you're doing an appraisal interview? When you have to fire a person? Part of your job as the leader of an organization is to contain and manage emotions. Some people are better at that than others.

Let me give you a test: You're running a meeting with the members of your team. It's devoted to the launch of a new

program. There has been a lot of controversy about the project. Two members of the group engage in a heated debate. One of them gets so emotional that he exclaims that he's fed up with working with this “asshole”, meaning the other team member. What do you do?

You have several options:

- 1. You ignore the statement and carry on with the meeting.*
- 2. You call for a timeout and talk to the specific group members about their feelings.*
- 3. You stop the discussion of the project and explore everybody's feelings.*

Which option would you choose? Most people have a hard time confronting such a situation head-on. They're simply too polite to do anything except ignore what has happened. I've seen that a lot with top executives. Consequently, lots of top executive teams are highly dysfunctional. In their meetings they go through the motions, but substantial, meaningful decisions are rarely made. There are too many “undiscussables”. In the meantime, there's that six hundred pound gorilla stinking up the place.

I recently worked with the board of a bank. The eleven board members hadn't discussed anything for years. The board was characterized by what I call “silo formation”—that is, they only cared what happened in their particular domain. There was no knowledge management. The company was the opposite of being boundaryless. As a result, their profitability was going down. A new CEO had been brought in, a man who quickly assessed what was happening and realized that the situation couldn't last much longer. He decided to do something about it. At his request, I became the hand grenade that would ignite the situation. I spent four days with them. One of the first things I had to do was to get this group of people to acknowledge that they weren't functioning very well. To start the discussion, I used material I had obtained through 360-degree feedback, illustrating their ineffectiveness as a team and as leaders of the organization.

Let me change the topic somewhat. Now, here's a difficult question for you. How many words can a typical European say in a minute? My estimate is 100 to 125 words. But here is another question: How many words can your brain process in a minute? It's estimated that the number is about a thousand. What is the problem in this equation? We speak at a speed of approximately one hundred words a minute, but our brains can process ten times as many, leaving vast unused capacity. As a result, people multi-task and don't really listen. It's as if they're on another planet. A typical complaint that I hear from people in organizations is “My boss doesn't listen to me”.

When you walk into someone's office, you often see a person sitting behind a computer, staring at the screen, without as much as acknowledging your presence. That doesn't make you feel good. Fortunately, there are other types of people. To illustrate this, when I was at the Harvard Business School I had as dean John McArthur, a former Canadian football player. Now the

Harvard Business School is a very large school with lots of people. Predictably, the dean is quite busy. Nonetheless, whenever people entered his office, he created the amazing illusion that he had all the time in the world to listen to them. I call this the “Teddy Bear Effect”, because such people make you feel comfortable. These people create containment, a “holding environment”.

It's a great quality if you have this capacity, if you're capable of going beyond superficial listening. Psychiatrists, psychologists, and executive coaches create containment; if they do their job well, they engage in deep, active listening. The ability to listen is an essential part of the emotional intelligence equation.

My MBA students always want to learn more about marketing, operations management, finance and accounting. But when they come back fifteen years later, they always ask me the same questions: “How do I manage people?” “How do I get the best out of a team?” You can be successful with a very low emotional intelligence in the short run. But if you want to have a sustainable, high-performance company, you'd better have a high-EQ organization. This is my general recommendation, to which I will come back later.

THE CLINICAL PARADIGM

Remember, acquiring “soft” skills can be very “hard”. I spend a lot of time helping people develop soft skills, trying to get them to trust each other and talk to each other. Unfortunately, business schools spend a lot of time focusing on the visible top of the iceberg of life in organizations. They talk about mission, vision, and strategy. Granted, these issues are very important. But under the surface, funny things are going on. There are such things as group dynamics, stress reactions, dysfunctional interpersonal relationships, organizational culture, and the infamous CCRT. CCRT, a concept introduced by a professor of psychiatry in Philadelphia, stands for “Core Conflictual Relationship Theme”.

The question is, how do we understand a person's CCRT? How do we make sense of an individual's inner theater? Here we need to remember that the concept of CCRT is very closely related to the emotions. Ask yourself: what makes you feel mad, sad, bad, or glad? What gets you excited? Psychologists use lots of tricks to get a grasp of this inner theater.

One way to understand a person's inner theater is through psychological tests. The other is through the understanding of dreams. Dreams are said to be the royal road to the unconscious. As we sleep, our perceptions and emotions are translated into dreams. There are often fantastic elements in these dreams: mothers, wives, girlfriends, and other women can all fuse into one person. People fly in their dreams. In dreams they can be nude in public. Monsters follow them. All kinds of fantastic things can happen in dreams, and yet we often don't remember much when we wake in the morning. When we do, some of us can sometimes use dreams creatively. These are people with “thin”

boundaries, in contrast to people with “thick” boundaries. People with “thick” boundaries usually don't remember what they have dreamt. People with “thin” boundaries, however, are more artistic types, who use their dreams creatively. For example, the film “Sophie's Choice” was based on a dream, as was the book “Dr Jekyll and Mr. Hyde”. Wagner and Einstein are said to have engaged in creative daydreaming processes to produce their ideas.

Another way to get an inkling of the inner life of executives is through self-portraits. I often have sessions with serious-looking top executives, usually men. In order to wake them up, occasionally I ask them to draw a self-portrait. They tend to feel taken aback, of course, and don't really want to do it. After all, they are serious people. But I ask them to remember when they were kids and probably liked to draw. Eventually, after some cajoling, I get them this far and they start to draw. You can tell a lot about these people from looking at their self-portraits, particularly how they describe themselves to others. Once I had a Russian business tycoon who drew a picture of himself as whirling sunflower. From his portrait, it was clear that he was the center of the world. He was like Louis XIV, the French Sun King. Another description of him would be, if you wish, a TGV, a train à grande vitesse. Given his drive, he would run over everybody. This would not come as a surprise to those who know something about the rather autocratic Russian leadership style.

Have you heard of the “Diagnostic and Statistical Manual of Mental Disorders”? It is a well-known psychiatrists' handbook which presents a typology of personality. In that terminology many CEOs can be labeled as narcissistic types. Then, in organizations we also find the suspicious personality. Think of the slogan (and the book title) coined by the founder of Intel, Andy Grove, Only the Paranoid Survive. There is also the compulsive personality. Those are the people for whom rules and procedures are central. Another type is the histrionic personality, which has a propensity for drama. Finally, we can list cyclothymic people. These are the people with frequent mood swings. Many entrepreneurs can be found among this group. Cyclothymic behavior, however, can be very dangerous for the person and the organization. When these people feel exhilarated they may do crazy things, like going on acquisition sprees, purchasing companies with wild abandon without considering the consequences.

In my practice as a consultant to organizations, I try to achieve a seemingly impossible task: combining psychoanalysis and economics. In other words, in my work I try to combine “the dismal science” (to paraphrase Keynes on economics) and “the impossible profession” (to paraphrase Freud's comment on psychoanalysis). I use the clinical paradigm, which enables me to look at organizational life in a more three-dimensional way. One of the basic tenets of that paradigm is that all behavior, no matter how strange it may seem, has a rationale. But to figure out what is going on, you have to be somewhat of an organizational detective. For example, when a person is crying, or screaming at

you, there is always a reason. It often has to do with what psychotherapists call “transference”. Frequently we confuse present people with past ones. In other words, we see the other person as somebody else. In all situations, people transfer emotions to others. For example, in my sessions with executives, I ask people to make presentations about what are, to them, important issues. I ask them to talk about their lives. Then I ask those who listened to the presentation how they felt while listening. I do not start by asking questions about the content or meaning of what was said, about how to solve problems. I ask about emotions. Were you angry when you listened to this person? Were you bored? Did the presentation make you sad? Did you fantasize about something? No matter how you felt, there is always a reason for the emotions or fantasies that have been aroused.

A second theme in the clinical paradigm is that we are not completely aware of all the things that we do. This is terrible. It's terrible because we like to be rational individuals. We like to have control over our actions. Nevertheless, much of our behavior is unconscious. As a matter of fact, from a cognitive perspective we can distinguish between two types of unconscious behavior: procedural and declarative. To illustrate, look at a small child walking. It's a very deliberate (declarative) process. One foot forward, then the other foot. But do you think when you walk? Of course not! You are on automatic pilot. The procedural unconscious has taken over. Yet, if you go rock-climbing, you start thinking again. You have to be careful if you see a loose rock coming off the cliff.

There was a time when I lived in Boulevard Saint Germain in Paris. Now: imagine you're walking there and you see a beautiful woman. What do you do? You don't do very much, of course. If you were to follow some primitive desire, you might get arrested. We all have inhibitive mechanisms, and in situations of that kind we switch them on. We need our defenses: without defenses, we become psychotic. We can list primitive defenses and more sophisticated defenses.

To illustrate, imagine that you come home in the evening and see that your two little kids have made a mess in the living room. Your first reaction is to ask who did it. Their first reaction is to say that they didn't do it, and to blame each other. These are some of the more primitive defense mechanisms. But it's not only children who use them. Politicians love them, too. They like to split the world between the angels and the evil empires. Having defense mechanisms is fine, of course, but at a certain point you have to take responsibility. Many executives blame each other, and never feel responsible. Acting in this manner can create a “blame” culture in some organizations.

Another interesting thing is that we tend to repeat behavior patterns. Like it or not, we are all products of our past. Our parents, our siblings, our friends, our classmates, and our teachers significantly influence the way that we look at the world. The Danish philosopher Kierkegaard once said that the tragedy of life is that you only understand it backwards, but you have to

live it forwards. Something even more pessimistic came from the playwright Eugene O'Neill, who said that there's no past and no future: it's the past that happens over and over again. I see this kind of behavior among many executives. They do the same things time and time again, based on the crazy assumption that something different will happen next time around. There's a Sioux Indian saying: "If you discover that you're riding a dead horse, the best strategy is to dismount". But many CEOs aren't able to do this. They are stuck in the same rut, and create a psychic prison for themselves.

Now, to illustrate the continuity between past and present, take the most famous executive of the twentieth century, Jack Welch. Some of you may have read his autobiography. It's way too long; it's so detailed as to be tiring. However, there are some illustrative stories in it that are worth recalling.

Jack Welch's father was a train conductor, a man rather withdrawn, not very present. His mother was a sickly Irish-American woman, who came from a family with heart problems. But she was the power in the family. She was the kind of mother that kept telling young Jack that he had to be better in sports, get ahead in school, and excel in everything. From the autobiography we can distill some "lessons from Mom, statements that linger on". Remembering our own pasts, each of us may remember this type of statement. We do well to recall some of the most critical voices we heard in childhood: they may still be heard, and influence our behavior.

But to come back to Jack Welch. Once he played a very poor baseball game. His team lost. Jack was furious. He threw the baseball bat onto the field and ran off to the locker room. And guess who entered the locker room? His mom, of course. She told him that he had to learn how to lose. "If you don't know how to lose", she said, "You'll never know how to win". That statement he never forgot.

His mother was also the person who played cards with him on the kitchen table and infused the young boy with an ambition to win. She was a very competitive person and she brought him up to be extremely competitive, too.

Now think of another famous executive: Larry Ellison of Oracle. His stepfather used to tell him that he would never amount to anything. That may have lingered in the boy's mind, for throughout his life he wanted to prove his stepfather wrong. Some psychiatrists call this the Monte Christo syndrome. Its theme is: "I'm going to get even; I'm going to show the bastards". Envy, spite, and vindictiveness will be the guiding themes.

All of you should think of your own childhood experiences. What are some of the events that made you the person you are? Then, if you're aware of your undesirable personality traits-such as narcissism-you can consider the consequences of those traits and make an effort to modify your behavior. Character is mostly destiny, but some aspects do change during a person's lifespan. Also, you can take an active stand. You can change certain behavior patterns.

THE FAILURE FACTOR IN LEADERSHIP

In studying groups of executives, I have seen many people who should not be in senior executive positions at all. As a matter of fact, the failure rate of executives is very high. There are many reasons why they fail. From having carried out thousands of executive assessments over the years, I can recognize certain patterns. For example, some people like to be loved, and always try to be nice. Richard Branson is a good example of this kind of person; he just cannot fire anybody. If he needs to get rid of somebody, he uses another person to do the dirty work for him. Bill Clinton is a similar example. His mother once wrote that if he were in a room with a hundred people and ninety-nine liked him, he would make an incredible effort to be liked by the one remaining person.

Such people find it easy to say “yes” but they have trouble saying “no”. They have difficulty acting on the statement “My way, or the highway”. Trying to please everybody, however, can be the key to failure. You can't be everything to everybody.

Less often, I observe abrasive behavior. I am referring to people who say that they like the smell of napalm in the morning. They seem to have gone to Joseph Stalin's School of Management. An American executive (“Chainsaw Al” was his nickname) once said, “I'm not in the business of being liked. If you want a friend, get a dog. I'm not taking any chances: I've got two dogs!”

Unfortunately, there's a considerable amount of abuse in the workplace. If you're young, you can tell such people to go to hell and pack up. But if you're older, and you have a family to take care of, a mortgage to pay, and a number of other things to worry about, it's much more difficult to say what you think. In consequence, you often take a lot of abuse. Here we can talk about the so-called organizational FUD factor: people who sow fear, uncertainty, and doubt.

I sometimes have wonderful MBA students, young people with lovable personalities. Twenty years later I meet them again and I see that they have morphed beyond recognition. They now resemble Vlad the Impaler. Unfortunately, we all have a dark side and if the conditions are right you might be surprised how low people can sink. Power can do strange things to them.

Another frequent failure pattern is micro-management. I have seen many cases of excellent salesmen who get promoted to the position of sales manager, or researchers in pharmaceutical companies who become chiefs of Research and Development. After their promotion, they get stuck. They don't trust anybody to do the work as well as they do it. They cannot delegate. I think that the transition from functional manager to general manager represents a major career challenge for many people, and many cannot take the step. Sometimes they just don't want to do it. I remember the time of Nokia's rapid expansion. Many of the Finnish engineers loved being just that: engineers. Some of them were asked to become plant managers and did so, but very reluctantly.

Another important issue concerns succession. One of my favorite cartoons is a picture of an old CEO with a young subordinate standing in front of him. The CEO says: "You remind me of myself at your age. You're fired". We are once again seeing narcissistic behavior in action. Some rather narcissistic CEOs like to surround themselves with energetic young men and women. The moment that these young people try to be independent, the CEO throttles them. For me, the real test of a leader is how well his or her successor does. Unfortunately, most leaders fail that test. I can also tell you that sixty percent of senior executives don't plan for succession. Furthermore, approximately sixteen percent of CEOs have to be carried out in a coffin. But great companies are six times more likely to have successors in place. If you build a company to last, you need to create a leadership pipeline. Taking that step is absolutely critical for success. Think, by the way, of what happened to Yugoslavia after Tito's death. He left no successor. Arafat is another extremely sad example. Wasn't it Charles de Gaulle who once said that the graveyards of the world are full of irreplaceable men?

Now, what happens when people get power? Remember Lord Acton's statement: "Power corrupts and absolute power corrupts absolutely"? He had a point! Have you ever heard of the movie tycoon Samuel Goldwyn? He made some famous statements: "When I want your opinion, I will give it to you"; "Don't say 'yes' until I stop talking"; and "I'm willing to admit that I may not be right, but I'm never wrong". You may laugh about these statements. But unfortunately, all too often the moment you're a senior executive liars will surround you. Too many people will lie to you.

Once I was asked to visit the CEO of a major corporation. I was met at the airport by his chauffeur and driven to this fantastic corporate head office. On arrival, the chauffeur invited me to take the CEO's private elevator. I guess he was the kind of person who wanted to be left alone. He didn't really want to meet his employees. When I arrived at the top floor, two flunkies were waiting to bring me to the office of the great man. Once I was in his splendid office, I felt so overwhelmed that I was ready to tell him anything to please him. And I wasn't even working for him! But imagine how his employees must feel. There must be a lot of lying going on. The challenge, when you reach a top position, is to minimize such lying. You have to create a corporate culture where people have a healthy disrespect for their boss; where they can speak their minds. What needs to be avoided is that these executives live in an unrealistic bubble far removed from reality.

I tell my MBA students that this inclination to tell people what they want to hear is a major danger when they reach senior positions. That this happens is the consequence of a very basic human tendency. Again, we are talking about a transference process: most of us have a tendency to idealize and to mirror people in positions of authority. And as a leader, before you know it you are lost in your own reality. People will tell you what you want to hear. Eventually, you may find yourself in a hall of mirrors. The key problem many leaders face is how to stay sane in

insane places. This problem of people projecting their fantasies onto you was also evident in scandals such as the Enron, WorldCom and other corporate tragedies. Decent people can get engulfed in their own reality and lose their bearings. Candor disappears in the face of authority.

As these comments are related to narcissism, I would like to focus on that phenomenon and its consequences. Actually, narcissism is not necessarily a disorder. You need it to a degree to be successful as a leader. But the danger is that it can quickly get out of hand, and then you may develop a narcissistic personality, which correlates with an inflated sense of superiority and a sense of uniqueness. Very quickly disposition and position can lead to disaster!

The moment that you find yourself on the cover of Fortune or BusinessWeek, it's the beginning of the end. Nothing kills like success. When you find yourself on the cover page, there's the danger that you will start to live in your own reality and surround yourself with yes-sayers. As a result, you can wreak havoc that will affect the lives of tens of thousands of employees.

Many years ago, I wrote a book called *The Neurotic Organization*, in which I tried to establish a link between personality, leadership style, and culture. Remember the old saying that a fish starts smelling from the head? The leadership style of the CEO can have a devastating effect on the rest of the organization. I've seen examples of that too many times, especially in cases of people who have acquired too much power. Their dysfunctional style creates dysfunctional organizations.

The question that concerns me is how to change leadership styles or how to create people who are ready to change. I have discovered that if you want to change people you have to hit them in the head and in the stomach. To have an effect, you need a double whammy: one or the other is not good enough. You have to touch people both emotionally and cognitively. In addition, the person in question must be willing to change. And in making change possible, I make an effort to have people use the right side of their brains. I want to create what is called transitional space, a space where people are willing to experiment with other ways of doing things.

DOING A CULTURE AUDIT

Suppose I asked you to explain your corporate culture. This is very difficult, because you are submerged in it. You are like a fish: you don't know that you're in the water until you leave it. To assess culture, you have to be somewhat of an anthropologist. I recall how I was once invited to talk about corporate culture to the directors of Nutricia, a Dutch chocolate milk manufacturer. At the time I wondered what to do, because I'm not an anthropologist. I didn't want to merely present them with culture survey results. Instead, I decided to bring them something that would stimulate the right side of the brain. Do you know those exercises in which you are asked to compare yourself to animals

or vegetables? The Bloomsbury group in England had a knack for this kind of game. Well, I told those directors to think of their company in terms of an animal. And guess what animal they chose? As you might expect, a cow. But wait: fifty percent opted for a cow, but the rest were tired of that stereotype. They were bored by having milked that cow for a hundred years, and wanted to go into biotechnology. Therefore, they picked a jungle cat. That particular session taught me a number of things. It taught me the power of metaphors in creating a transitional space where executives are able to play and arrive at creative solutions.

In my executive training sessions, some of which are devoted to corporate culture, I ask the participants to form groups and, using questions similar to those I posed the Nutricia executives, to make presentations based on drawings. The results are often telling. For example, in response to the animal question, some will draw a bulky elephant with very small ears. That might suggest a heavy, unwieldy, slow-moving organization with bad listening skills, not very good at scanning the environment. A large headhunting firm once described itself as a tired, constipated athlete. They felt that there was a lot of talent in the organization, but that they could do so much better. Another company drew a picture (referring to a question of how they perceived their president) of their “invisible president”. The person was compared to the Yeti, occasionally seen in high places. He was apparently not there when they needed him. Many people, when trying to draw their fantasy of the ideal organization, use the metaphor of a group of dolphins: playful, having fun, fast, team-oriented, and entrepreneurial. The interesting thing about such an exercise is that in a very short time it tells you a story about the organization and the actions which need to be taken.

When people approach me as a consultant, they always ask me the same questions: “How can we become more team-oriented?” “How can we be more entrepreneurial?” “How can we be more result-oriented?” “How can our people become more accountable?” They all want the same things. Basically, we all want to create a high-performance organization where people are committed to core values, act like owners, take initiative, and feel accountable. But the truth of the matter is that very few companies succeed in their endeavors to achieve change in this direction. Eighty percent of change efforts fail.

BEING ON FAST CAREER TRACK

Let me now summarize what is needed to be on the fast career track:

- In the first place (at the risk of becoming repetitive) I would once more like to emphasize self-awareness. It's important to know what you're all about. And to find that out, you may need a leadership coach. The challenge for the coach is to help the executive to become even more effective.

- Another skill that you need to develop is empathy. Now, don't think that this means being nice. It also has to do with telling things as they are instead of beating around the bush. I'm referring to *tough* empathy.
- To continue, successful executives possess assertiveness and courage. The courage to hang in there is very important. Let me give you an example. The company L'Oreal used to be run by a tyrant who spent thirty years at the helm. He was the kind of man who would have three lighters stuck in his face as soon as he took out a cigarette. Now imagine a group of product managers who are making presentations to him and a number of other senior executives. As might be expected, they are very nervous. Most of the product managers get "carried out" as the CEO criticizes their suggestions. All but one, who has the courage to protest and say that he strongly believes that the product he is suggesting will do well in the market place. He has dared to stick to his convictions. Now, at the time, this manager created the impression of being a young upstart. But a year later, when the CEO needed a new managing director in America, he remembered the young man. He respected his courage and tenacity. He was the one who got the position; he was also the person who became the next CEO.
- Courage goes together with positive thinking. When you're a leader, you cannot tell your followers that things are hopeless. You have to create hope. The ability to reframe a difficult situation in a positive way will go far. You need to be able to engage in positive thinking. Generally, Americans are much better at this than Europeans. My favorite positive thinker is the Iraqi Minister of Information, alias Comical Ali. When the American troops had entered Baghdad, he kept saying on television that the Americans were surrounded. But in hindsight, maybe he had a point!
- Then we should not forget the importance of being a team player. Great organizations are made up of team players, not just team leaders.
- Finally - and this is cognitive skill - there's the infamous helicopter view. I'm referring to the ability to see the forest, not only the trees. At this stage in life, you either possess it or you don't.

Jack Welch, referring to the kind of people who would be successful in his organization, talked about the four Es: energy, energize, edge, and execution. He didn't want people sitting and staring at their navels. He wanted men and women who were ready to act and take ownership of whatever they were doing. And if you look at great companies, you see that people who work there take ownership. People in such organizations feel and act like owners.

A Leadership Model: Given what I have said about people who are on the fast track, let me illustrate how I conceptualize

leadership. To start with, we all have an inner theater. This inner theater is made up of motivational need systems that contribute to the development of a set of traits. Referring to traits, we also need to take into consideration temperament, which is visible in children from an early age. Birth order is another factor of importance. This inner theater is enacted in the form of competences, a theme very popular among human resource professionals. And finally, to complete this model, there are the roles leaders assume.

Leaders will take on two roles. In the first place, there's the charismatic role. The other can be called architectural. The former has to do with how to envision, empower, and energize people. The latter is made up of designing, controlling, and rewarding. What is critical is to align these two roles. For example, if you want to have a teamwork-oriented culture, but you reward people individually, there will be no alignment. And this lack of alignment will create problems. Unfortunately, most companies do a terrible job with alignment.

AUTHENTIZOTIC ORGANIZATIONS

Last year, I was on a committee created by the Economist Group whose goal it was to pick the best companies in the world. To do so, we divided the globe into three regions. One included Europe, Africa, and the Middle East. The second was Asia (including Australia and New Zealand), and the third covered the Americas. We looked at a number of factors that would determine excellence: excellent performance, focused strategy, inspired leadership, capacity to retain and develop talent, constant innovation, and impact and image. The winner in the European region was L'Oreal, and the runner-up was Porsche. People love to work for Porsche. In America, we picked a very traditional company: Johnson & Johnson. In Asia it was Infosys, an information technology company. The runner-up was Toyota.

Every year Fortune also publishes a list of the most admired companies. But what I am really interested in are the best places to work. I have a great interest in companies where people feel alive. Many organizations that I deal with are like gulags. Too many companies kill the human spirit. The rule of thumb in these companies is "garbage goes down, credit goes up". They are not places where people feel at home. They are not fun places to be. This is too bad, given all the time people spend in organizations. After all, life is not a rehearsal. It's the real thing, unless you believe in reincarnation.

Given my own narcissism, I have introduced a new word to management language: authentizotic. This term is derived from two Greek words: authentikos and zoteikos. The first conveys the idea that the organization is *authentic*. In its broadest sense, the word authentic describes something that conforms to fact and is therefore worthy of trust and reliance. As a workplace label, *authenticity* implies that the organization has a compelling connective quality for its employees in its vision, mission, culture, and structure. The organization's leadership has communicated

clearly and convincingly not only the *how* but also the *why*, revealing meaning in each person's task. These are the kinds of organizations where people find a sense of "flow"; where they feel complete and alive. The term *zoteekos* means "vital to life". In the organizational context, it describes the way in which people are invigorated by their work. People in organizations to which the *zoteekos* label can be applied feel a sense of balance and completeness. In such organizations, the human need for exploration, closely associated with cognition and learning, is met. The *zoteekos* element of this type of organization allows for self-assertion in the workplace and produces a sense of effectiveness.

What are some of the qualities that great, authentizotic companies need to have? The first one that comes to mind is vision. Its leadership needs to have vision. By that I do not mean somebody standing on the top of a mountain like Moses. It's all about dialogue. It has to do with listening to what is happening in the organization and the market place. I am referring to a process. And in expressing their vision, leaders are basically merchants of hope, to quote Napoleon. Leaders have to appeal to the collective imagination of their people to create a group identity. They have to articulate what the organization stands for. I think that great companies are very much value-driven.

What also needs to be done is to make the vision exciting. Many leaders do not know how to do this. There was a time (many years ago) when I was a consultant to Volvo. When asked about their vision, they stated that they wanted to be "fast followers". But do you really want to be a "fast follower?" It does not sound very exciting. You want to be the best in something; for example, you want to be the best in station wagons. A statement like that might be of more help.

Having enemies can be very helpful. Think of Coca Cola and Pepsi Cola. They froth at the mouth when they think of each other. And that animosity energizes them. Intel people say that they will crush Motorola so badly that it will never come back to life again. We need to remember that competition is a combination of war and sport. You need some stage management to get the troops excited.

Another factor important for great organizations is trust. Trust is a very delicate flower in an organization. It takes a long time to grow and it dies very easily. Trust has to do with openness, honesty, listening, consistency, integrity, mutual respect, and competence. Have you ever worked for an incompetent boss? It's not a very stimulating experience. If people in organizations have trust, they engage in constructive dialogue, make commitments, are accountable, and - lo and behold - you may have better results. It's a very simple equation.

To create trust, I do a lot of group coaching. As a matter of fact, leadership group coaching is the key methodology in the leadership center that I run at INSEAD. When you do executive coaching in a natural group setting, it's much more likely that you will get results. In contrast, if you do one-to-one coaching it is much more likely that people will fall back into their bad habits.

Too many people have a dream: “I’ll start exercising, I’ll start dieting”. But nothing happens, and too often the dream comes to nothing. But when you make commitments in a group setting, it is much more likely that something will happen. Others will push you to live up to your commitments.

I have already mentioned that in great companies people have a healthy disrespect for their boss. In these companies, candor is a reality. So let’s not dwell on this point. Do you know, however, a three-letter word in the English language that starts with an “F”? The word is “fun”. How much fun do you have in your organization, on a scale from 1 to 10? If you have a low score, do something about it. Remember, if you don’t have any fun, how will the people working with or for you feel? How will your customers feel?

Some time ago, I worked with an insurance company. A new CEO entered and found letters on his desk with complaints from clients. He was totally appalled when he discovered how they had been treated. He started calling them, and they couldn’t believe that the CEO was actually doing this. But there he was on the phone, asking them what the company could do to redress the situation. Of course, this can be interpreted as a symbolic act, but it sends a real message to the company employees. I know of one CEO who deliberately dealt with the worst customer complaints. Let us face it: the most important source of information is the customers.

Sam Walton, the late CEO of Walmart would ask his employees to raise their hands and say: “Remember that at Walmart, a promise we make is a promise we keep. Now repeat after me. I solemnly promise and declare that, from this day on, every time a customer comes within ten feet of me, I will smile, look him in the eye, and greet him. So help me, Sam!” The bottom line is that the only oracle we should listen to is the client!

I have already mentioned the importance of team orientation. Another important factor is entrepreneurship. Can people enact crazy ideas in your organization? Or are all crazy ideas killed right away? To have an entrepreneurial culture means that people can make mistakes; that people can fail forward. Remember, people who make no mistakes don’t do anything. Furthermore, mistakes are usually cheaper when you make them early on in your career than later. To illustrate, there is an anecdote about an IBM employee who made a serious mistake which cost the company some five million dollars. That was quite a lot in the 1950s. The employee was asked to go see the then-famous CEO, Watson Sr. Before Watson had had a chance to say anything, the employee muttered, “I guess you’re going to fire me”. But Watson responded, “Fire you, fire you? After all the money that I’ve spent on your education?” Of course, you should not make the same mistake twice. But you should not be too tough on people who err, otherwise you will create a blame culture, and creativity will disappear.

Another factor I’ve mentioned before which is important in great organizations is accountability. Remember, what doesn’t get measured, doesn’t get done. People need to be made accountable. There should be consequences for their actions.

I also mentioned the extreme importance of values. You can have a person who gets things done but at the expense of destroying the core values of the organization. Such people have to be removed.

It is not always easy to assess core values. When we make a list of values important in the organization, they often sound the same as the values of other organizations. But maybe there is a better way to assess them. Imagine that you and all the people in your organization are on the Titanic. The ship hits the proverbial iceberg, and you have only one lifeboat with five places. Apart from yourself, whom would you save to preserve the DNA of the organization? This is a good question to get you thinking about what makes your company unique. Every company should have something that distinguishes it from the rest of the pack.

An important factor in great organizations involves the creation of meaning. In the work you do, what meaning do you find? Recently Danica Purg talked to me about the meaning of what her school does: she wants it to serve society and change it. Remember, people work for money, but they die for a cause. If you want them to make a real effort, you have to give meaning to whatever they are doing.

The poet Robert Frost once said that brains are wonderful organs. They start working as soon as you wake up in the morning and don't stop until you get to the office. Many people hang their brains at the door. Too many people in organizations are not motivated. But think of young children. Young as they are, the world is full of surprises for them. They are very much involved. Then, when they are in their twenties, they take a job with an organization. It's great again; there are so many new things. But when you are in your 40s, it's a different story. Many have seen it all, and have gone on automatic pilot. As work is no longer exciting, too many people spend their creative energy outside the organization. They are very good performers as presidents of soccer teams and volunteer groups, but they behave like zombies in their organizations. You don't want to allow that to happen to the people in your organization.

Apart from a set of values, great companies also have a set of meta-values. One of the meta-values mentioned earlier is fun. People need to be excited about going to work, and they should enjoy working in the company. Furthermore, since they spend so much time at the office, they have to feel part of a community. Finally, and most importantly, they need to experience meaning in what they are doing. Of course, if you work for a cigarette company, this may be more difficult.

Have you ever heard of South-West Airlines? Its chairman has been one of the most popular executives to work for in America. His style could be described as "management by fooling around". The company has been very good at making humor the glue that binds its employees. In creating meaning, the chairman reiterates the importance of telling one's grandchildren that the time working for South-West Airlines had been the best in one's entire life.

To summarize, authentizotic, self-renewing organizations are focused and have a sense of direction. Their executive team members do not talk different languages. They have a strong culture and are customer-centered. They are also entrepreneurial. Their people have voice, meaning that everyone feels that he or she can make a difference in the organization. Accountability, fairness, and trust are also important. In thinking about great organizations, we need to remember that most people do not leave their companies: they leave their bosses.

I once knew a CEO of a railroad company who told me this story: "Sometimes I have a good idea and let it drop in the organization. People pick it up and do something about it. Once they have implemented it, I'm very proud of what they have done. Then I go home, go to my study room and open the cabinet. I pour myself a glass of whiskey. But where is the applause?" He could handle doing without applause, but can you? Great companies have people who transcend personal objectives. Great companies get rid of narcissists.

LIFE BALANCE

Let me end my talk by discussing an existential issue. There is a dilemma I struggle with, of which some of you are certainly aware. It is the choice between fame and fortune versus peace and quiet. The question becomes whether successful executives can have a balanced lifestyle. It is a really tough question. In many encounters with top executives, I have seen very few CEOs with a balanced life. But in thinking about this dilemma, ask yourself the following question: if you had six months left to live, how would you spend your time? People are not likely to say that they would stay longer at the office. It's very important that you see things with a wider perspective.

I have discovered that people have very different life anchors. For some it is a balanced lifestyle. Others have very different needs. One question that may be helpful in gaining a sense of your life values is to ask yourself what makes you happy. You will discover that happiness is different for different people. For example, I spend a lot of time outdoors. To me, that is an important life anchor. Other people get their kicks from power. I had a colleague who ate himself to death. For him, the ultimate life anchor was food. Others, like many investment bankers, pursue money. Others try to get even. Remember my comment about Larry Ellison of Oracle: vindictiveness is what guides such people. I think, however, that the most important life anchors across the board are family, money, meaning, and health.

To sum up, the most important thing is to own your own life. How you can do this depends on your fantasy life. Here are few pointers:

- To feel good about yourself and your life it is important to engage in self-reflection. To find time to be alone with yourself is essential. There was a time when people went to church; now they go to psychotherapists or executive coaches in order to reflect on things.

- Another thing is that you must continue to learn new things. Some people say, "I'm forty, I'm too old. I cannot learn anything anymore". This isn't true. You can learn if you want to.
- Act on your convictions. If you really believe in something, go for it. At the age of 95, when you're at death's door with your loved ones at your side, many people regret not having done some of the things that they believed in.
- Remain physically active. Your ego is first and foremost a body ego. If you neglect your body and it does not feel well, you will suffer and that overrides all other factors.
- Combine work and leisure. That isn't easy when you're a senior executive, but you should try.
- Have people you can talk to about your real feelings, about your anxieties, not just about the weather, sports or politics. Women are more likely to find people they can talk to. Men are not so good at it. Having some people to really talk to seems to have a stress-buffering effect. It helps you to live longer.
- Try to create systematic change for yourself and others. Be adventurous. Surprise yourself. Do new things.

Finally, I would like to present you with a statement:

Hidden away in our unconscious, we all have a dream. We see ourselves on a long train journey. Looking out of the windows we see children waving at a crossing, cattle grazing in distant meadows, smoke pouring from power plants, endless fields of corn and wheat, rolling hillsides, and city skylines. But, most important to most of us, is the final destination. On a certain day at a certain hour, we will pull in at the station. Bands will be playing and flags waving. Once we arrive, our dreams will come true and the pieces of our lives will fit together like a completed jigsaw puzzle. How impatiently we wait to arrive at the station.

"When we reach the station, that will be it!" we cry. "When I'm 18! When I buy a new car! When I put the last kid through college! When I get a promotion! When I finally pay off the mortgage! When I reach the age of retirement, I shall live happily ever after!"

Sooner or later we must realize that there is no station, no one place to arrive at once and for all. The true joy of life is the trip. The station is only a dream. It constantly outdistances us.

"Cherish the moment" is a good motto. So, stop pacing the aisles and counting the miles. Instead climb more mountains, eat more ice cream, swim more rivers, watch more sunsets, go barefoot more often, laugh more - cry less. Life must be lived as we go along. The station will come soon enough.

QUESTIONS FROM THE AUDIENCE AND ANSWERS

Question: I wonder if it's possible to make all your dreams come true while you're in a corporate environment? And is achieving this different for men compared to women?

Answer: I think that women have to deal with a particularly big challenge. Sadly, too often anatomy seems to be destiny. I've talked to many women about these issues, including female psychiatrists who coach women. Women want to be successful but, especially when they come from traditional families, they start wondering if they are good mothers and wives. (They have their own mothers, who were homemakers, as role models.) They are conflicted about their organizational role. They try to do it all: being a super career woman, a super mother, and a super wife. Doing all that will give them very little sleep. Men have a much easier time. Generally, when there are problems with the children, it tends to be the women who do the lion's share, particularly in more macho societies.

To rise in organizations is much more problematic for women. There's a crucial time in the career trajectory between twenty-nine and thirty-six. Many women decide to have children at this age. It's a tough choice as it places them outside the usual career trajectory.

To make all their dreams come true, women (and some men, for that matter), need more flexible working arrangements. That means that the organization should enable them to be absent from the office as long as that does not stop them from producing results. Obviously organizations are not doing enough to make the workplace a woman-friendly domain. In spite of all the good intentions of many corporations, there are still very few women at senior management levels. Basically, companies don't go far enough to make the necessary arrangements attractive to women. I see, however, an increasing number of women who are setting up their own businesses. There they have to work hard as entrepreneurs but they have control over their time.

In a dual-career family, to both have children and to be on the fast track is exceedingly difficult. Someone has to give. I've also noticed that when women are highly successful, their husbands take on more responsibilities at home, unless they want their children to be brought up by nannies.

As far as female leadership is concerned, with the risk of having stones thrown at me, I can hypothesize a number of configurations. In making this classification, we should keep in mind that our family is the first organization that we experience. The way power and authority are distributed and dealt with in the family will very much determine how you feel about these issues later in life.

As an example of the origins of female leadership, take the case of Coco Chanel. She had a father who wasn't the most reliable husband. He liked the ladies. And he treated her mother like a doormat. But he seemed to like his daughter. The end result was that little Coco thought that men were nice but you couldn't really rely on them. Furthermore, she decided never to end up like her mother, but to be independent. Of course, what she learned from her own family didn't help her to make lasting commitments with men.

Then, to take another scenario, take Margaret Thatcher. Her father was a "male chauvinist" who really wanted a son. But - bad news - his wife gave birth to a daughter! So Maggie was brought up as a tomboy, and her father was everything to her. The interesting thing in her autobiography is that she never mentions her mother but only talks about her father.

Of course in our more androgynous society it's no longer "honey I'm home", but two "honeys" that come home. More and more children have two role models (father and mother who are working) to imitate. This may create the foundation of the networking organization.

Question: My wife is a family counselor and I'm very much interested in the issue of balanced lives. I started doing an MBA at the IEDC, hoping to learn more about this topic. In fact, I browsed through quite a lot of literature, hoping to find facts that support the thesis that a balanced life is good not only for the employee but also for the organization. However, I found very little research in this field. Can you comment?

Answer: I think that you're right. I don't know of any extensive research and literature in that area, either, though I may be wrong. I think that this would be a great topic for a budding PhD. I tend to agree with you that balanced lives are crucial for sustainable company growth.

I had a client in Russia who said that he liked to hire people who are just undergoing divorce. I said, "What?" He explained to me that he liked this type of person because they had no place to go, so they would spend all their time at the office. But is such a human resource policy sustainable in the long run? Of course, not!

But maybe I'm too naive. Maybe I'm too driven by my own value system. Referring again to the question of meaning, my search for meaning is very much reflected in my work with CEOs. I have a fantasy that if I take twenty executives in my CEO seminar who are, together, responsible for something like 100 000 people, and if I try to make them not only more effective but also turn them into real human beings, that will have a positive ripple effect throughout their organizations.

Question: Why do people come to your CEO seminar?

Answer: I cannot give a simple answer to this question. There are many reasons. One is the need to improve interpersonal relationships. Then, there are those who are not sure if they want to be or can really be Number 1. I'm referring to people who are very insecure in themselves. Many of them are looking for meaning. They are trying to deal with the existential dilemma of what to do next. They may be bored on the job and are trying to renew themselves. Some feel that the clock is ticking. As their lives have been completely out of sync, they are trying to find a true life balance.

Comment from the audience: I think that the best achievers are balanced people. I heard a great statement recently by an Indian executive. He said: "You Europeans always compete on logic. You never compete on feelings".

Answer: True enough, "emotion" used to be a dirty word in organizations. Now this trend has been reversed. It can be illustrated by the roller coaster of leadership coaching. More and more people are looking for a coach. The unfortunate thing is that executive coaching has become somewhat of a fad, and I see some dangers there. Too many coaches may enter the field driven only by financial gain.

Question: There's an ongoing debate about whether leaders are made or born. What is your view?

Answer: I will try to answer this question very quickly. My favorite example of a leader is Alexander the Great, because he is the greatest achiever of all times. I just wrote a book about him. He conquered the world in eleven years while traveling on foot. How did he do it? What made him such a great leader? In his case, you can see clearly the nature-nurture interface. It's not either-or. The two mix and make a joint impact. There are important genetic factors but what the parents do with their child can also be crucial. Having the most important general of that time as his father, Philip II, helped. Having Aristotle as a tutor also had a great influence.

I have always been very interested in successful people who come out of slums. What makes people resilient? Why are some successful, whereas others are not? In the case of successful people, you always find somebody—the mother, the father, a grandmother, or perhaps even a neighbor or teacher—who felt that the child was special and good at something. There is someone who takes on a supportive role that the developing child takes advantage of. This provides a positive learning experience.

We are all searching for a magical test that predicts whether a person will become an effective leader. One thing to look at is past experience: in high school or even earlier. Did that person take on leadership roles? To illustrate, I've studied a number of Russian tycoons. When you look at their histories, you will find that many of them were Komsomol activists when they were young. They learned from a young age what it means to get people energized. And it takes special energy to get people to collect potatoes on Sundays for free. Over time, these individuals became very skilled in getting great effort out of their people.

To continue my observations on the importance of developmental experience: why do so many MBA graduates choose to work for consultancies? It's not necessarily just for the money. It has to do with challenge. Many large companies hire good people, and let them rot. They don't give them challenges. People want to be challenged, and they want to learn. It makes them feel alive.

Comment: I keep thinking about the life balance issue. I don't suppose there's anything like a recipe or formula for it?

Answer: In the past years I spent a lot of time with investment bankers. Many of them were young millionaires with families who worked seventy hours a week (or even more) and complained about their lack of life balance. They just did not see their children. To illustrate, one of these people lived in a nice suburban house on Long Island. Every day he went to work very early in the morning to be in Manhattan, and returned very late in the evening after dinners with clients. That was how you had to work if you wanted to become a partner. Suddenly (my seminar being the catalyst) it dawned on him that he had hardly any contact with his 15-year-old daughter. He realized that the following year she was going to go to college and then he would see even less of her. I felt sorry for the man, but he had made certain specific choices. His life anchors concerned questions of money, power, and status. This investment

banker had made a choice. Should we feel sorry for him? I don't know. He had a different value system. Should we feel sorry for his daughter or his wife? That is another question altogether.

In spite of our differences in life anchors, I think that what really matters to most people is having somebody who cares about them. That is the most important thing. You throw all the other garbage out and that is what you're left with. The greatest fear that most people have is of loneliness. That is what creates the greatest anxiety, but some people don't even realize it.

Question: When you look at young people, how do you recognize leadership potential? You mentioned that it's a good thing to look at how they behaved in school, but you also said something about studies of personality traits. What are the typical characteristics that most potential leaders have?

Answer: There's no real test that you can administer to predict a person's success as a leader. For one thing, leadership has a lot to do with the kind of followers that you have, and the organizational context. Running a steel mill is very different from being the managing partner of McKinsey. There are some personality traits that will help. But nobody has everything, and this makes it even more crucial to know your own strengths and weaknesses, and to be able to create executive role constellations.

After a two-week seminar I can usually say whom I would pick for my company if I ran one. I think that people are usually more effective when they have a good understanding of themselves. I have already talked about emotional intelligence; I believe that is something absolutely essential. In my talk I've also touched upon some of the characteristics of successful executives. The closest we can come to selecting people who will do well in leadership situations is (like my seminar) to create some kind of assessment center. To create and assess leaders you have to see how they deal with tough situations. How do they cope with failure?

Question: Do you see a real difference between top-level leadership and middle management?

Answer: The main difference that I see (and which I mentioned in my talk) is that many executives have a hard time moving from a functional orientation to more general management. It requires a major change of mindset. You see too many people on corporate boards that are still hanging on to a functional orientation and don't pay sufficient attention to corporate issues.

Of course, top managers have an additional problem, which can be called the Chauncy Gardener effect. This term comes from the movie *Being There* (with Peter Sellers in the main role), which is about an illiterate, somewhat retarded gardener who spends his time digging in the garden and watching TV. One day the old gentleman who serves as Chauncy's protector dies, and Chauncy has to go out into the real world. A car that belongs to the wife of an investment banker hits him. She takes him home and her husband asks him what should be done about the economy. His answer is, "You should start at the roots". Now isn't this a brilliant observation? The banker introduces him to the President of the United States, who asks him

how the economy will develop. This time he says: "After the winter comes the spring". The President is quite impressed and quotes him in one of his speeches. Suddenly, Chauncy is in the news. He produces an autobiography (written by someone else, of course, as he is illiterate). At the end of the movie, he becomes a candidate for the presidency. You see, people have a tendency to project their fantasies onto you. They see only what they want to see. I have seen, too many times, how many senior executives have a hard time coping with the "Chauncy Gardener effect".

A good example of the Chauncy Gardener effect has been the rise and fall (and maybe the rise again) of the large supermarket chain Ahold. Over time, a rather average person became the senior financial officer. Things changed when he was appointed to the CEO role, because he kept the finance portfolio, reasoning that nobody could do it as well as he. But having both positions became too great a concentration of power. (Normally, the chief financial officer is supposed to act as a counterbalance to the CEO, and challenge the other executives.) There was no longer anyone to challenge him. As the financial scandal proved, such a situation can be a real danger in an organization. The executive board started to live in la-la land, and were unwilling to face the reality that they had made bad investments. Remember what I said earlier: the best corporate culture is one where you have a healthy disrespect for your boss. That is a culture in which you can talk back.

I recently spent three days with the senior management of a Russian company. It was a huge enterprise, employing something like a hundred thousand people. After my work with the board I met with one of the owners, a typical Russian oligarch. I told him that he must be a very wealthy man, as most of his executive team spent all their time figuring out what he was thinking (what a waste of time!). He started to giggle. He thought it was funny. But that situation does not bode well for the company.

Question: As a leadership coach, what is the key thing that you use to make people change their behavior? It's nice to listen to lectures, but how does all that translate into practical change?

Answer: This is an extremely interesting question. The only way to create leaders is through action learning (meaning to put promising executives - high-potential - on real projects where their necks are on the line) and 360-degree self-assessment. And if you do self-assessment and help executives formulate a leadership development plan, you need to set a date for a follow-up. Companies spend millions of dollars on executive education but zero on follow-up.

Coming back to the follow-up: in a way I use a shame-and-guilt method. After finishing a 360-degree feedback exercise, I ask the participants to make specific commitments in "public", meaning with their colleagues present. I also tell them that I will be back in two months to see what they have done. By going through such an exercise in a group setting, people make commitments to each other.

Since my time is up, as a final word I would like to say that the ultimate challenge for us all is to live our lives so that we may die young as late as possible.

About IEDC - Bled School of Management

Established in 1986 as the first business school of its type in Central and Eastern Europe, the IEDC - Bled School of Management is one of the most prominent international management development institutions in Europe. It is a place where leaders come to learn and reflect, an international center of excellence in management development, a business meeting point, and a unique place where works of art provide a creative environment for creative leadership. Some of the world's most eminent professors and consultants teach here, and participants attend from all over the world.

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- The Central and East European Management Development Association (CEEMAN)
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