

Welcome to the September 2001 issue of **Management Shorts**
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I wrote this newsletter several weeks ago, but have felt odd about sending it out after the attacks last week. I send it now as part of the effort we are all making to honor the dead by being productive in our work. My heartfelt condolences to any of you who were personally impacted.

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1. INTRODUCTION: Jekyll and Hyde of Leadership

A colleague who has worked with start-ups for many years recently told me that she's found that the most successful start-ups have wildly dysfunctional management teams. The companies with rational, personable leadership just never got the same "pop" in valuation. Dr. Jekyll is a pleasure to work with on a daily basis, but Mr. Hyde is so much more exciting.

Two recent articles in Harvard Business Review (HBR) make separate cases for the Jekyll and Hyde of leadership role models. They weren't written as companion pieces, but I keep finding myself imagining a lively debate between the authors.

This double issue of Management Shorts summarizes these two articles and compares the contrasting points of view.

2. MANAGEMENT SHORT: Narcissism vs. Humility

Lets start with Mr. Hyde

NARCISSISTIC LEADERS

"Narcissistic Leaders: The Incredible Pros, the Inevitable Cons" by Michael Maccoby

What's the difference between Larry Ellison and God?

God doesn't believe he is Larry Ellison.

The author, Michael Macoby is a psychoanalyst and management consultant who uses Freudian personality theory as a frame for understanding some of the great visionary leaders in the current business environment. The narcissist is driven by the need for power and glory. The other two personality types in Freudian theory are the obsessive -- driven by the need for perfection, self-reliance and constant improvement -- and the erotic personality -- driven by the need to love and be loved (Freud wasn't referring to sexuality with this label).

The narcissist is charismatic, visionary, competitive, risk taking, and a very creative strategist. At their best, narcissistic leaders emerge in times of discontinuous change to inspire others and create new futures. Not surprisingly, the examples offered in the article are mostly high tech leaders -- Andy Grove, Bill Gates, Steve Jobs, Larry Ellison and Jeff Bezos.

Looking at that list it is not hard to guess what the dark side of narcissism might be: Grandiosity, arrogance, poor listening, fits of rage, intolerance of dissent, surprising level insecurity, lack of empathy for others, and ruthlessness. The very characteristics that make narcissists exceptional leaders can also be the source of their (and their company's) self-destruction. The more successful they become, the more they are convinced of the infallibility of their vision and the less they listen to other views, leading them to take huge risks while underestimating the costs. They can take a company down in flames as quickly as they create it. (Or destroy their own legacy in the belief that the rules for other mortals don't apply to them -- are you listening, Bill Clinton?)

The author makes a distinction between productive and unproductive narcissists. The productive ones have a few safeguards to keep themselves rooted in reality. The most common one is to have a trusted sidekick. This is someone that the leader can fully trust to understand his vision and always be on his side. That trust makes him willing to listen to his sidekick and be open to new ideas (as long as they serve the narcissist's interests and are in line with the high level vision). The sidekick is often very good at the operational side of implementing the leader's vision. Examples of effective sidekicks are Steve Ballmer at Microsoft and Ray Lane at Oracle (okay, the article was written before Ray left).

Another suggested safe guard is therapy or other methods of increasing self-awareness, something that most narcissists would NEVER do. They're interested in controlling others, not in improving themselves (they don't need improvement). Those who do take the time for self-reflection, tend to be among the most productive of narcissists.

In spite of their flaws, narcissistic leaders are often a necessity in times of chaos and discontinuous change -- at those times companies need leaders who are focused on creating the future, not just anticipating it. The trick is to manage the destructive tendencies while reaping the benefits of the vision and drive.

And now for Dr. Jekyll . . .

LEVEL 5 LEADERSHIP

"Level 5 Leadership: The Triumph of Humility and Fierce Resolve" by Jim Collins

Jim Collins, the author of the second article starts from a very different perspective. His research looked at companies that had made a dramatic turn around from below market performance to above market performance AND were able to sustain that improved performance over at least 15 years.

The research team was looking for the factors that explained this level of performance -- they weren't specifically focused on leadership and even had a bias against the great man theory of history. Yet they still came to the conclusion that one of the variables with the highest explanatory power was what they called Level 5 Leadership.

Level 5 Leadership is in some ways the complete inverse of the narcissistic leader. The Level 5 leader has a "fierce resolve" and tenacity that is similar to the competitive drive of the narcissistic leader, but the Level 5 leader is also described as personally humble, even shy and awkward. The examples offered are men with much lower profiles than the high flying narcissistic leaders. Have you heard of Darwin Smith, CEO of Kimberly-Clark? Colman Mickler of Gillette? George Cain of Abbott Laboratories? Charles "Cork" Walgreen III of Walgreens? What about Alan Wurtzel of Circuit City?

In some ways, the article continues some of the themes of Collin's first book (with co-author, Jerry Porras), "Built to Last". In the long run, a charismatic leader is a negative. Great companies are built by leaders who want to build something larger than themselves and set high standards. They inspire through their values and their ability to produce results, not through their personality.

Collins uses the metaphor of a window and a mirror. Level 5 leaders look in the mirror when doling out blame and look out the window when giving credit. When

asked why they are successful these leaders credit others or good luck, never themselves; and they never blame others or bad luck when things go wrong.

In many ways the Level 5 Leader fits the description of the yiddish term "mensch" -- a person of deep integrity and ethic of service to others who can be counted on in the most difficult times.

3. FOR THOSE WHO WANT MORE: Source Articles from Harvard Business Review (HBR)

I highly recommend the source articles. Both are well-written and thought provoking. My summaries just scratch the surface.

"Narcissistic Leaders: The Incredible Pros, the Inevitable Cons" by Michael Maccoby

http://www.hbsp.harvard.edu/hbsp/prod_detail.asp?5904

Offers excellent advice on how to survive when you work for a narcissistic boss.

"Level 5 Leadership: The Triumph of Humility and Fierce Resolve" by Jim Collins

http://www.hbsp.harvard.edu/hbsp/prod_detail.asp?R0101D

Includes a discussion of the other factors in addition to Level 5 leadership that are important in sustaining high performance over many years.

4. A FINAL WORD: Who's Right?

So what do we do with these two different views of leadership excellence? Are people like Larry Ellison and Bill Gates successful because of their egomaniacal personalities, or in spite of them? Should CEOs model themselves on Steve Jobs or on Bill Hewlett and Dave Packard?

You could argue that different circumstances require different types of leadership. Maccoby focuses on high tech leaders who ushered in new technologies and business models. Collins looks at "old economy" companies that were focused on execution rather than creating new paradigms.

What does this say for the current state of the "new economy"? Is it time for a shift from Narcissist to Level 5?

Let me know what you think. I'll summarize subscriber views in future issues of Management Shorts

Please forward this newsletter to friends and colleagues who care about being, choosing, or investing in great leaders.

As always I welcome your feedback on this newsletter as well as requests for future topics.

This past Monday was the start of the Jewish New Year, a time of self-reflection, atonement and recommitment to having a positive impact on our family, community and the larger world. I extend to all of you one of the traditional greetings of these high holy days: "May you be inscribed in the book of life!"

Warm regards,
Andrea

About Management Shorts

Management Shorts is a free newsletter for senior managers on leadership, management and teamwork – the key leverage points for improving the speed and quality of decision-making and execution.

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