Leadership – the five big ideas

Robert J. Allio

For many years, one of the important chores performed for *Strategy & Leadership* by Robert J. Allio, a contributing editor, has been to read most of the leadership books sent by publishers for review (rallio@mac.com). He picks the best of them for *S&L's* ''Strategist's bookshelf'' column and also interviews authors who have useful and interesting research. He has found, after reading hundreds of leadership books, that there are just five main themes to the solutions they offer leaders – ''The five big ideas.'' A veteran strategic management consultant who has held senior corporate and academic leadership positions, he has authored a number of books on strategy and leadership. One of his previous *S&L* articles, ''Strategic thinking: the ten big ideas'' is available to all readers on our website (www.Strategyand Leadership.com).

All rising to a great place is by a winding stair – Francis Bacon.

Years of research and analysis by biographers, historians, and management scholars have produced an enormous library of books that the authors claim offer important findings and insights on leaders and leadership. But how useful in practice are all these creatively marketed advice books? And how can managers distinguish between books that are merely faddish and those that offer genuine insight? My analysis shows that, when the marketing hype is discounted, the seemingly nonstop stream of leadership books springs from just five important research hypotheses that are endlessly debated and recycled:

- Good leaders have good character.
- There's no best way to lead.
- Leaders must collaborate.
- Adaptability makes longevity possible.
- Leaders are self-made.

Those who aspire to become leaders or improve their performance as leaders need to understand the issues in the debate and use their own judgment to select best practices they can incorporate into their personal leadership style.

1. Good leaders have good character

Ultimately we can reduce the idea of character in action to a leader's mandate to ''do the right thing'' as compared to the bureaucratic, and sometimes ethically questionable, process of merely ''doing things right''. Implicit in this dichotomy is the recognition that good leaders are both competent – they get the right job done – and ethical – they act with integrity. In contrast to these effective leaders, we characterize individuals who have high integrity but few skills as ineffectual idealists; we label those skillful individuals who lack integrity as scoundrels; and we indict those careerists who lack both genuine competence and integrity as the impostors of our society (see Exhibit 1).[1]

The specification for competence encompasses all the important leadership tasks: establishing purpose and clarifying the values of the organization, developing a vision, articulating a strategy, adapting to change, creating a community that is committed to the enterprise and its strategy, monitoring strategy implementation and developing future leaders.

The leadership mandate for integrity and character is less obvious. But clearly, competence alone does not suffice, as witness recent history's pantheon of corrupt CEOs. Recent egregious exemplars of this behavior trajectory include Dennis Kozlowski at Tyco, Jeffrey Skilling at Enron, and Bernie Ebbers at WorldCom. When the leadership path gets rocky,

Exhibit 1

	Low Character	High Character
High Competence	Scoundrels	Leaders
Low Competence	Impostors	Fools
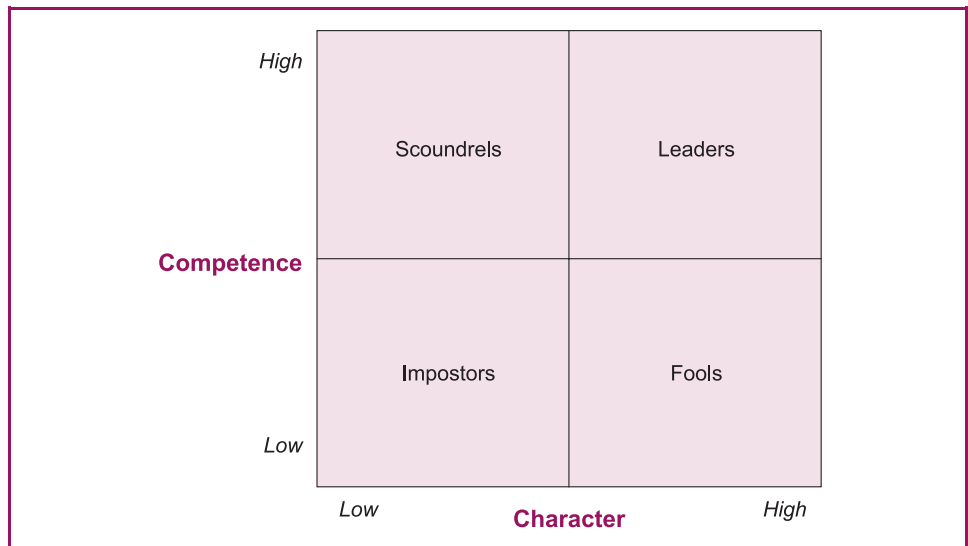
there's also a risk that idealistic and ethical leaders who are on the cusp of failure will evolve into corrupt tyrants – or sacrifice their principles on the altar of pragmatism and expediency.

In the past twenty years or so, perhaps motivated by the Enron scandal and other examples of unbridled selfish behavior, we have searched for explanations of why apparently competent men and women abandon their visions and lose their moral compass, perhaps succumbing to self-entitlement or weakness of will (ancient Greek philosophers called this *akrasia*). From news reports we can conclude that sometimes would-be visionaries, seduced by power and a growing sense of certitude, first become isolated and then lose their way. When plans fail to deliver wins, they grow tyrannical, wield power wrongly, and devolve into fallen stars and self-serving deciders, surrounded by fawning acolytes. And such leaders and their followers often share a collective cultishness that allows each side to accept inappropriate and flawed common goals and behavior.[2]

Whether this sorrowful scenario is the consequence of flawed leadership character or a misguided group response to a situation is debatable. Some critics have suggested that the untrammeled competition of free markets may corrode character and expose the basest elements of human nature. On the one hand, many analysts today still succumb to the fundamental attribution error: they overemphasize the personality basis for behavior and underemphasize the role of the situation. Social psychologist Phillip Zimbardo underscores this conclusion in his recent study of the Abu Ghraib prisoner abuse incident.[3] He explains ''evil'' behavior as more the consequence of the situation and system (the Lucifer effect) rather than the character of the individuals. On the other hand, many good leaders guide their organizations successfully past a foolish but tempting risk, yet never get full credit because they prevented a potential future crisis.

We often accuse heads of organizations of failing to lead, but they are equally guilty of failing to manage. Leaders conceive of strategy as the link between the firm's values and purpose and its vision, while managers accept strategy as the simply the precursor to implementation. Yet leaders must always monitor implementation of the strategy, a task that they too often delegate to their managers. I would argue that a leader's true mastery shows itself in the delicate balance he or she achieves between managing and leading – neither micromanaging nor becoming infatuated with strategy in the abstract.

Although the dichotomy between the two is somewhat artificial, some writers differentiate more extensively the role of a leader from the role of a manager. Exhibit 2 summarizes the consensus about how their roles and perspectives differ.

Leader	*Manager*
Takes the long view	Takes the short view
Formulates visions	Makes plans and budgets
Takes risks	Avoids risks
Explores new territory	Maintains existing patterns
Initiates change	Stabilizes
Transforms	Transacts
Empowers	Controls
Encourages diversity	Enforces uniformity
Invokes passion	Invokes rationality
Acts morally	Acts amorally

2. There's no best way to lead

What guides leaders when they act to achieve their goals? A lot of authors are tempted to sell books by offering a universal leadership approach. But no single model fits all situations. The evidence now is overwhelming: how to lead effectively will depend on the organization's culture and values, the behavior of the followers, the personal traits of the leader, the strategy to be implemented, the resources available for the task, the urgency of the challenge, and the externalities facing the organization.

Leaders do make choices of style. The many style paradigms have included servant leadership (Robert Greenleaf), transforming leadership (James MacGregor Burns), and leadership as an art form (Max DePree).[4-6] Yet the ideal leader – one who endures to satisfy the needs of all the stakeholders – is a mythical invention promoted by many leadership books. The reality is that our standards for identifying effective leaders change as business history is written in newspaper headlines and our perspective alters. Paradigms for leadership evolve as organizations rise and fall. Thus, in each era we exalt a particular class of individuals as the ideal leader.

In the early 1900s, pioneers like Thomas Edison, William Durant, and Andrew Carnegie were treated as heroes of capitalism. Later the fledging business press canonized leaders of family dynasties (duPont, Ford) in the early 20th century. After their successful military campaigns of WWII, generals like George Patton and Douglas MacArthur were seen by many as prototypical leaders – strong-willed individuals who could bring order and efficiency to the organization. However, some successful generals – such as Dwight Eisenhower, first as president of Columbia University and then of the United States – had a less glorious career as civilian leaders. For a time in the 1960s and 1970s, when commercial litigation was battering a number of industries, quite a few enterprises selected lawyers as the model leader to rein in risky practices and pursue legal strategies. A few decades later we embraced and then rejected the ''corporate saviors'' who were specifically recruited to be turnaround leaders because of their ruthlessness (''Chainsaw'' Al Dunlap of Sunbeam). And in recent years the whole world has been infatuated with long reign of technology wizards as leaders – a group that included Andrew Grove at Intel, Bill Gates at Microsoft, and Steve Jobs at Apple. And the next paragon for leadership may well be the post-bankruptcy reorganization specialist.

Most North American theorists have underestimated the critical importance of social norms in setting behavior paradigms for leaders. For example, Alexis deTocqueville concluded from his study of the US in the 19th century that the American stress on individualism produces rancor and tension that can isolate us and undermine our freedom, devaluing our belief in the ideal of community and society.[7] Individualism and self-reliance remain core US values, although today we reject the extreme self-centeredness and narcissism manifested by celebrity CEOs such as Jack Welch (formerly of GE) and Carly Fiorina (formerly of Hewlett-Packard).

Over the past 50 years, we have obtained rapid access to unparalleled amounts of information – we are no longer ignorant of how the organization works. As a result, we are no longer willing to abdicate total responsibility for running the ship of state to our leaders. It's no surprise, then, that today's favored model for leadership is the self-effacing, humanistic individual; co-creation of unique customer value is today's mantra for enlightened leaders.

3. Leaders must collaborate

Leaders must exercise power, but tyranny, autocracy, and coercion in today's egalitarian society will only alienate their followers. Good leaders must collaborate with employees, customers, suppliers, and all the other stakeholders, and at the same time manage their conflicting interests so that no one set of stakeholders has been paid more than enough to secure their willing and active participation (an approach that Jim Sinegal, CEO of Costco, has been credited for performing with exceptional skill).[8]

Power has always been a critical resource in the leader's armamentarium. The archetypal advocate for the utility of power was 15th Century statesman Niccolò Machiavelli. In his *magnum opus The Prince*, Machiavelli advised his client, Cesare Borgia, to use power as a tool, noting that the cultivation of fear is more important for leaders than the cultivation of love.[9] Conquer by force, he tells him. Commit all your crimes against the people at the start of the regime. Be both a lion – strong and ruthless – and a fox – sly and duplicitous. Recent treatments of the role of power include David McClelland's examination of social motivation; his taxonomy includes the drives for affiliation, achievement, and power.[10] Leaders, in McClelland's view, have strong needs to exercise power.

Whether the leader wields power subtly or blatantly, however, will likely determine success or failure. History shows us that influence is more effective than coercion. Perhaps the original spokesman for the importance of a gentle style was Lao Tzu, the great Taoist sage. In his *Tao Te Ching*, we find the image of a self-effacing leader who is effective despite his (or because of!) his low profile.[11] German novelist Hermann Hesse repeats this point in his story of Leo, a self-effacing factotum who guides a group of travelers.[12] (Hesse's hero is the model for the 20th century embrace of servant leadership.)

In contemporary management theory, the Theory X/Theory Y dichotomy proposed by Douglas McGregor represented an important landmark in the turning away from earlier autocratic models toward a participative approach.[13] Allan Cohen and David Bradford, among others, have written at length on the exercise of influence without authority, while author Jim Collins now promotes ''Level 5'' leadership, with its emphasis on humility.[14,15] J.Sterling Livingston identified empathy as critical to management success, and Daniel Goleman's broader concept of the need for emotional intelligence has influenced many prescriptions for how to be an effective leader.[16,17]

The central point is that good leaders design and manage a collaborative process of decision-making and conflict resolution to which all the stakeholders subscribe. In the absence of such a process, implementation of strategy falters or fails.

4. Adaptability is the key to longevity

Leaders come and go, their demise usually hastened by futile attempts to maintain stability and retain the existing order. Indeed, helping organizations adapt to change is perhaps the single most important leadership competency.

" Good leaders design and manage a collaborative process of decision-making and conflict resolution to which all the stakeholders subscribe. "

Strategies that worked last year may serve us poorly if economic, social, or technological forces undergo change – or if a competitor seizes an opportunity to innovate or serve an emerging market. And as an industry matures, the leadership imperatives of the firm shift from entrepreneurial fervor to marketing to cost control and ultimately to management of cash flow.

Furthermore, even skilled leaders frequently forecast the wrong discontinuities. Firms that cling to old missions or old values are particularly vulnerable to Darwinian extinction. The alternative is to abandon commitment to the status quo with all its apparent stability and consider a policy of resilience and adaptability. Stable systems are seductive, however, and organizations everywhere enjoy the feeling of safety that develops when change is slow. They subscribe to what James O'Toole characterized aptly as the ''ideology of comfort and the tyranny of custom''.[18]

Big change is hard; constant change is harder still. This is because organizations initially prosper by selecting a strategy that it works, and then investing more and more resources in established internal systems to support it. When returns eventually diminish, the classic response is to invest even more resources in the failing strategy. As a result, long-established firms build up a powerful legacy of management strategies and systems, supported by a staff that cannot imagine any alternatives. In sociological terms, described by psychologist Kurt Lewin and others, a given system is frozen in a particular state.[19] To move to a new state, leaders must first unfreeze the system, move it to a new position, and then apply appropriate forces to stabilize it. Sometimes an entirely new business model is needed. Yet the process of managing change is one that few have mastered. John Kotter has proposed one helpful eight-step process that includes establishing a sense of urgency, achieving short-term wins, and consolidating the improvements.[20]

5. Leaders are self-made

Where do great leaders come from? William Shakespeare offered his complete list (''Some are born great, some achieve greatness, and some have greatness thrust upon them'').[21] Yet we still debate with fervor the answer to this query: is a leader's success or failure a manifestation of character, genes, or the underlying business or economic conditions?

The first exponent of the thesis that leaders are born was Thomas Carlyle, who in 1841 tells us ''The history of what man has accomplished in this world is at bottom the history of the great men who have worked here.''[22] Most contemporary writers disagree with Carlyle; Ralph Stodgill's classic study failed to show any significant correlation between a leader's personality traits and his effectiveness.[23]

In contrast, philosopher Georg Wilhelm Friedrich Hegel was convinced that leaders emerge as history unfolded; the leader is but a pawn in the script that has already been written.[24] Russian novelist Leo Tolstoi, using Napoleon as his case history, similarly asserted with assurance that ''a king is history's slave.''[25]

Today's popular view is that all men and women can make themselves into leaders, escaping the handicaps of their own personal history and the constraints of their environment. This is the ''everyman theory'' of leadership – based on the dubious thesis that any manager can and should become a leader.[26]

The corollary to this thesis is that leadership can be taught. This belief underpins the curricula of most business schools and their executive training programs. Regrettably, we lack any hard evidence that a didactic approach to leadership development produces superior leaders. But even more dismaying is that is that some of the students are unfit (or unwilling) to act with the courage and wisdom that good leadership demands, or may even use their training program credentials to gain access to power, which they then misuse.

On the other hand, there's no doubt that leadership can improve with practice. In Aristotle's model of virtue, men become just by performing just acts. They become brave by performing acts of bravery, and so on. Some recent views on leadership echo this

> **"Individuals evolve into leaders as they experiment with alternative approaches to new challenges and slowly integrate the successful approaches into a personal leadership style and strategy."**

Aristotelian philosophy: men make themselves leaders by performing acts of leadership. Robert Thomas (the crucible model) and others have argued for this pragmatic approach to developing leaders: careful selection, followed by on the job training, complemented with careful mentoring.[27,28]

The reality is that leadership theory and principles can be taught, but leadership behavior must be learned. Individuals evolve into leaders as they experiment with alternative approaches to new challenges and slowly integrate the successful approaches into a personal leadership style and strategy.

Four research challenges

Not withstanding the occasional success of ''leaderless groups,'' it seems axiomatic that organizations perform better when an effective leader is at the helm. If we accept this premise, we can identify four aspects of leadership that demand more study and understanding:

Selection. Organizations seem to perversely select and retain leaders who are not up to the task. They lack either competence or character or both.

Boards need to learn to make better succession decisions. Too often they take the easy way out, selecting the next man or woman in line as the heir to the throne. More and more often today, however, they seek saviors from outside the firm, a tacit admission of a failed development program. Delegation of the search process to outside firms also reduces board responsibility and accountability for the final selection.

Of course, not all of us even aspire to leadership, preferring to accept roles as loyal followers, a choice that backfires when managers allow themselves to become enablers of flawed leaders. So we need research into how to pick the right leader for a specific job.

The guidelines for selecting leaders should be self-evident: potential leaders must have integrity, be motivated to excel, exhibit high skills in learning, adapting and communicating, and be able to work with their followers to accomplish the right jobs. Yet we lack a tool that enables us to screen with full confidence those fit candidates from the flawed (or worse, the clever dissemblers). Skilled human resource practitioners have developed many instruments that offer some measure managerial competence or performance – my favorite being the process of carefully interviewing a candidate's current and past subordinates, superiors and peers. The critical problem, however, is that seldom is HR capable of doing an effective job of matching the firm's situation and culture with the attributes of its next potential leader.

What we need: a simple, diagnostic that increases the probability that our candidates for leadership will succeed.

Training. We have accepted as an act of faith that we can train men and women to be leaders. As a result, organizations invest millions of dollars and thousands of hours in leadership development. But the returns on these investments are meager.

We also admire particular corporate development processes as an efficient producer of good leaders. GE is the current cynosure, although not all of its alumni have distinguished themselves (witness Robert Nardelli at Home Depot and Gary Wendt at Conseco). Indeed,

researchers Groysberg, McLean, and Nohria postulate that leaders are not likely to be successfully transferred from one corporation to another.[29]

What are the alternatives? Teaching leadership competence by simulation of leadership situations continues to attract apostles. Students can also find a variety of experiential programs at Outward Bound and similar organizations. But there is little evidence that decisions taken on a mountain wilderness trip inform leadership behavior in the office. Moreover, any new behavior adopted during these programs usually regresses to old behavior when participants return home. Finally, attempts to create classroom simulations that reproduce the reality of actual leadership challenges haven't clearly succeeded either.[30]

What we need: a syllabus for learning that actually does enable men and women to improve their leadership capabilities.

Followership. The key insight today is that leaders and followers constitute part of a system. They are linked symbiotically, with each having the ability to support or degrade the performance of the other. Although by definition, leaders have followers, much of management research has concentrated on formulating behavior recommendations for leaders.

But blame for organizational underperformance appears recently to have shifted from leaders to their followers. Barbara Kellerman indicts followers as seekers after safety, security, and self-preservation, while Mark Slouka observes caustically that power and fame still impress the majority of us today (''The race of man loves a lord!'') And this subservience by followers enables malfeasance and misbehavior on the part of our leaders.[31,32]

Since followers often have a vested interest in the status quo that blinds them to its risks, the leader who would make change must inspire them to support his or her vision. Unfortunately, as Fyodor Dostoevsky's Grand Inquisitor observes, the populace may prefer a leader who tells them what to believe to a leader who shows them the hard path to self-determination.[33] Psychologist Erich Fromm expounds on this same theme in his classic treatise on man's attempt to escape from freedom.[34]

How followers support or ignore the initiatives of their leaders is critical. (And all of us, leaders included, periodically find ourselves in the role of followers.) What must we do to enhance the effectiveness of the leader-follower system?

What we need: Training programs for followers, as well as leaders. Guidance on how followers can find meaning and purpose in their work and avoid either disengagement or arrant rebellion.

Metrics. If only we knew how to measure leadership effectiveness! Short-term results can be cruelly deceiving. But increase in shareholder value is a flawed measure for long-term performance, and improvements in revenue, earnings per share, or stakeholder value are not perfect metrics either. Author Michael Raynor argues that the continuance of corporation is an end in itself; management's sole purpose is to ensure corporate survival.[35] In this view, a leader's long-term contribution to that survival is a legitimate measure of effectiveness, which in practice keeps historians in business, but it doesn't offer operational guidance to managers!

Of course, recognizing an effective leader is not always easy, for leaders do not necessarily reveal themselves by the force of their personality or the acclaim of a multitude of followers. It is especially difficult to identify good leadership in the short run. Even conjuring up lists of historical leaders is risky business. When Winston Churchill, the man who shepherded Britain through its great WWII crisis, campaigned for Prime Minister British a few years later in 1945, voters rejected him. The point is that leadership appraisals appear to wax and wane.

What we need: robust grading systems and clear measures for leadership effectiveness as a function of short-term and long-term results, success in balancing the needs of multiple stakeholders, and skill in helping the organization survive the inevitable periodic crises.

<div style="border:1px solid #9b1f5a; padding:1em;">

Five prescriptions for improving leadership quality

In sum, though there are still many components of leadership that we don't understand, we can make five generalizations about how to negotiate the winding stair to become an effective leader:

- Integrity is an essential leadership virtue.
- Leaders develop a personal style that balances managing with leading.
- Leaders win when they commit to collaboration.
- Leadership entails adroit adaptation.
- Good leadership requires constant practice!

</div>

Notes

1. GE adopted a similar creed in its stress in the 1990s on nurturing Type I managers – those who met commitments while adhering to the values of the corporation (see *General Electric 1995 Annual Report*).

2. Bert Spector and Henry Lane, ''Exploring the distinctions between a high performance culture and a cult,'' *Strategy & Leadership*, Vol. 35, No.3 2007.

3. Phillip Zimbardo, *The Lucifer Effect*, Random House, 2007.

4. Robert K. Greenleaf, *Servant Leadership*, Perennial Press, 1971.

5. James MacGregor Burns, *Leadership*, Harper & Row, 1978.

6. Max DePree, *Leadership Is an Art*, Dell, 1989.

7. Alexis deTocqueville, *Democracy in America*, New American Library, 1991.

8. Michael E. Raynor, ''End shareholder value tyranny: put the corporation first,'' *Strategy & Leadership*, Vol. 37 No. 1, January/February, 2009.

9. Niccolò Machiavelli, *The Prince*, Modern Library, 2008.

10. David McClelland, *Human Motivation*, Cambridge University Press, 1987.

11. Lao Tzu, *Tao Te Ching* (Stephen Mitchell translation), Harper Perennial, 1991.

12. Hermann Hesse, *Journey to the East*, Picador, 1956.

13. Douglas McGregor, *The Human Side of Enterprise*, McGraw Hill, 1960.

14. Allan Cohen and David Bradford, *Influence without Authority*, Wiley, 1990.

15. Jim Collins, ''Level 5 leadership,'' *Harvard Business Review*, January, 2001.

16. J. Sterling Livingston, ''The myth of the well-educated manager,'' *Harvard Business Review*, January, 1971.

17. Daniel Goleman, *Emotional Intelligence*, Bantam, 1995.

18. James O'Toole, *Leading Change*, Jossey-Bass, 1995.

19. Kurt Lewin, Martin Gold, *The Complete Social Scientist: A Kurt Lewin Review*, American Psychological Association, 1999

20. John Kotter, *Leading Change*, Harvard Business Press, 1996.

21. William Shakespeare, *Twelfth Night*, Act II.

22. Thomas Carlyle, *On Heroes, Hero-worship, and the Heroic in History*, University of California Press, 1993.

23. Ralph Stodgill, ''Personal factors associated with leadership,'' *Journal of Psychology*, Vol. 25, 1948.

24. Georg Wilhelm Friedrich Hegel, *Lectures on the Philosophy of History*, J. Sibree, 1956.

25. Leo Tolstoi, *War and Peace*, The Heritage Press, 1938.

26. Ram Charan, *Leaders at All Levels*, Jossey-Bass, 2008.

27. Robert J. Thomas, *Crucibles of Leadership*, Harvard Business School Press, 2008.

28. Robert J. Allio, ''Leadership development: teaching vs learning,'' *Management Decision*, Vol. 43 No. 7/8, 2005.

29. Boris Groysberg, Andrew McLean, and Nitin Nohria, ''Are leaders portable?,'' *Harvard Business Review*, May, 2006.

30. Recent developments in virtual reality – most notably with programs such as Second Life – offer more exciting possibilities for leadership development. Second Life is the 3D virtual world hosted by Linden Lab on the Second Life Grid. Any organization can create its own virtual world experience using the Second Life Grid development platform and toolset. See www.Secondlife.com

31. Mark Slouka, ''Democracy and deference,'' *Harpers Magazine*, January, 2000.

32. Barbara Kellerman, *Bad Leadership*, Harvard Business School Press, 2004.

33. Fyodor Dostoevsky, *The Brothers Karamazov*, Farrar, Straus, Giroux, 2002.

34. Erich Fromm, *Escape from Freedom*, Avon, 1965.

35. Raynor, Ibid.

Corresponding author

Robert J. Allio can be contacted at: rallio@mac.com