BULLIES NEED NOT APPLY

What is the model of the modern major CEO? **Randall Peterson** believes that the trend line is away from the boss whose chief weapons are fear and control. So where does the trend line lead?

I recently came across a website with a special page highlighting links to articles about workplace bullying. I was especially interested in the articles about bullying managers since, for some time, I have been tracking the demise of tyrannical leaders. Yet there they were: short articles with headlines like “Battling against a bad boss” and “UK infested with bad managers”. There was even this attention-getter: “£11 million claim over ‘mini Hitler’ boss”.

Were these reports dug up from the 1980s, I could have let them pass as oddities. Yet, some of the reports contained some unsettling statistics. For example, the “UK infested” article reports, “Poor management is rife in the UK workplace with nine out of 10 employees claiming to have worked for a bad manager. And according to a new study, the problem is getting worse.” The publication date of the report? 10 May 2006. The other relevant articles were recent as well.

I view bullying at any level of an organization as an exception to normal practice and an extreme one, at that. Yet these articles prompted me to think anew about the important model set by CEOs in any organization. The CEO is the management template for the rest of the company. A competitive chief executive presents one model of leadership; by contrast, companies with a cooperative CEO →

→ offer quite another model of leadership. Of course, this modelling begins when the CEO chooses his top team.

Arguably, the most important part of any chief executive's job is selecting and managing the senior management team. There are many reasons for this: chief executives need reliable information from fellow executives to make good decisions; they need the support of the top team to make large-scale changes; and they must ensure that the company's legacy – its principles and practices – endures after individual executives move on.

But, once in place, how do chief executives typically manage their teams? I have done extensive research on this question over the past decade.

The CEO as manager

Most chief executives already have strong ideas about how best to manage a team. Largely free of outside interference, they implement their plans quickly and thoroughly. Their management style is based both on years of experience and individual personality preferences.

Senior management teams tend to fall on a scale between cooperative and competitive. The style a chief executive fosters depends on personality – particularly what personality psychologists call his or her level of agreeableness.

Chief executives who are agreeable tend to trust and accept others, show personal warmth and prefer cooperation to competition. At the other end of the scale are those who are sceptical of new ideas, are not easily impressed and favour competition over cooperation. Historically, though, neither the cooperative nor competitive style is more effective – each confers different advantages and disadvantages.

Jack Welch, though retired as CEO of General Electric, remains a role model for many inside and outside GE. One reason for that is his best-selling books, like *The Welch Way* and *Winning: The Ultimate Business How-To Book*. And if there is one word that captures the essence of Welch, it would be *competitive*. Betsy Morris, in an online article in *Fortune* (11 July 2006) profiled Welch's impact with unmistakable phrasing:

As his ruthlessly efficient strategy wrenched GE into high performance, the company's stock took off. Soon virtually everything Welch said became gospel – often to the extreme. When Welch embraced Six Sigma, the program began to proliferate all over corporate America.

He talked about being the leanest and meanest and lowest-cost, and corporate America got out its axe. Welch advocated ranking your players and weeding out your weakest, and HR departments turned Darwinian. As time went on, the mantra of shareholder value took on a life of its own.

When someone like Welch is chief executive, he or she tends to create a competitive work environment. The top team members compete with each other to impress the boss with their point of view and persuade him or her to follow their recommended course of action. Team members tend to operate as individuals, each feeding critical information to the leader. In fact, there is no true team in this sense. Rather, the atmosphere is a loose grouping of individuals who report to the same leader.

A classic, albeit extreme, example of this kind of competitive leader was Paul Austin at Coca-Cola when he was chief executive of the company from 1966 to 1980. He was never known to be agreeable, with anyone. Instead, he was known as the "ice man" and described his management style to *Forbes* as liking "to pull all the legs off the centipede and see what he's really like". Mark Pendergrast's history of Coca-Cola described Austin's management style as austere:

Austin intentionally terrified his employees. "A certain degree of anxiety and tension has to exist," he insisted, "for people to function at the highest level of their potential," likening this "nervous quickness" to a well-tuned violin string. Normally self-contained, Austin occasionally (and purposely) unleashed a ferocious, quick-flash temper that rendered him still more formidable.

The fear Austin communicated to those under his direct supervision was then transmitted to others further down the chain of command, creating a culture where utter loyalty to both the company and the boss was demanded.

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Not all bad

The competitive style has several strengths. It generates loyalty for the leader and creates a clear structure by stressing that the leader is ultimately accountable for all decisions. And it puts the focus on accountability for each team member to ensure best individual performance. To make this style work, the leader must be intellectually curious and flexible enough to press for the best possible answers to questions. When leaders listen carefully to senior managers' arguments and ask probing questions, they get the advantages of several independent perspectives on any given problem, along with the loyalty needed for clean implementation.

But this demanding and competitive style can backfire. When loyalty discourages those at the top from giving independent perspectives, the leader is told only what she or he wants to hear. This is, in fact, one of the most common complaints heard from senior executives and probably explains the old adage of it being "lonely at the top". Unless a leader like this asks tough questions and insists on honest answers, he can be very lonely and very wrong about things that matter.

A second way in which a competitive leadership style can go wrong is when competition among the team boils over and causes it to self-destruct. Senior managers try to undercut each other rather than impress the boss with the merits of their arguments. If a senior manager believes he cannot win on persuasion, he may try to damage the credibility of a rival team member.

Another way

At the other end of the scale are cooperative and agreeable leaders who encourage managers to work together and share important information to reach consensus. Thus, status and power differences between individual members matter less and power sharing is rewarded.

In stark contrast to CEOs like Paul Austin, there's Howard Schultz of Starbucks, a company that's no slouch when it comes to making great numbers. In a company with almost 146,000 full-time employees in 12,000 retail outlets (and growing) and a market cap of more than $25 billion, one could expect its chief executive to rule with the proverbial iron fist. Yet, here's how one news magazine reporter, William Myers, profiled Schultz at a major meeting of the company's top managers in 2005:

Howard Schultz's body language says it all. He's on stage, taking questions from about 250 of his top managers in a monthly town hall meeting. The give-and-take is frank and free, but Schultz, the 52-year-old chairman of Starbucks, doesn't hide behind the lectern. Nor does he stand ramrod tall and deliver a lecture or key message points.

No, Schultz, dressed casually in chinos and sweater, simply engages in a dialogue with the senior executives. He lets it all hang out – and is, by turns, sensitive, passionate, and responsive. What the managers see is what they get. It's Schultz – the corporate caregiver and truth teller.

The strengths of the cooperative style are found in the higher likelihood that this kind of group will make superior decisions because they have pooled their expertise. Recent research also finds that groups that are better at sharing information tend to make better decisions. This kind of group also tends to be more entrepreneurial, because individual members feel a greater sense of ownership for group- and organization-wide problems and feel more empowered to act on them. To make the cooperative style work, the leader must focus equally on the quality of business decisions and the maintenance of interpersonal relationships. If the focus on relationships overwhelms the leader, groupthink can result.

The concept of groupthink was first proposed by Irving Janis of Yale University. Janis studied the common behavioural traits displayed by senior decision-making groups that focus *exclusively* on building relationships. He found that consensus decisions might lead the group to believe all their decisions are perfect; that they can pressure dissenters not to speak; and that they even self-censor when they have personal doubts. The focus on relationships in groupthink makes disastrous decisions much more likely because participants would rather avoid conflict than discuss issues thoroughly.

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Cooperative leaders may also be vulnerable in another way. They often build homogeneous teams that do not conflict because the members all think along similar lines. Agreeable leaders are tempted to select people based on how well they get along with other team members, rather than on the diversity of their knowledge and skills. But recent work by Kathleen Eisenhardt and colleagues at Stanford University, for example, illustrates the essential relationship between the decisions of →

→ top management teams and heterogeneity in knowledge, skills and roles.

Where leadership is headed

Looking backward, one can probably point to one successful company led by a competitive CEO for every one led by a cooperative one. If anything, the ratio probably skews toward the Paul Austin style of leader. But, with the rare (and debatable) exception of chief executives like Donald "You're Fired" Trump, my sense is that the Howard Schultz style will increasingly predominate.

Companies are faced with more external uncertainty than ever before. Ever-expanding global competition, fast-paced technologies, erratic economic fluctuations and unpredictable political situations have created an increasingly dynamic business environment. To be successful, chief executives and senior management teams must be equipped to cope with unpredictability. This favours the more cooperative approach.

I envision a leader who forms top teams that put forth and hold to a clear set of corporate values while at the same time being open to trying new things to bring those values to life. This will entail a certain level of conflict as the status quo is shaken and stirred, but I believe the right kind of leader will be able to introduce and model agreeable conflict.

Today's leaders must also help lower-level managers deal with the ambiguity of needing to make decisions without complete information. In most businesses, things today simply move too fast to permit total awareness and knowledge by any one person in the company. Here, too, a company that hires highly talented individuals to begin with can't afford to cavalierly dismiss them even though their decisions aren't always popular or successful. Cooperating will be infinitely more successful than fear mongering.

Lastly, companies have to become more entrepreneurial. Success is increasingly found in speed and experimentation rather than flawless implementation. As a result, dynamic organizations are best suited to individuals who are willing to accept change and able to work collaboratively with a variety of people – many of whom they may barely know – as circumstances change.

The powerful combination of cooperation and teamwork will be increasingly appreciated by CEOs and their top teams. Bullies need not apply. ■

Resources

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