The dark side of leadership

Manfred Kets de Vries combines expertise in two unlikely areas – management and psychoanalysis. But together they have given him a unique insight into one of the less-discussed aspect of modern corporations – the psychological state of senior executives, particularly CEOs.

Interview by Des Dearlove.
Manfred Kets de Vries is an internationally recognised expert on leadership and organisational behaviour. He is best known for his work exploring the darker side of organisational life. In particular, his path-breaking use of psychoanalysis to understand what happens when executives derail has set him apart from his peers.

After a doctorate in economics in the Netherlands, he completed a Doctorate in Business Administration at Harvard Business School, becoming a member of the Harvard faculty. Later, while teaching at McGill University in Canada, he retrained as a psychoanalyst, spending seven years working alongside clinical psychologists and psychiatrists – an experience that shaped his later work.

Now based at INSEAD, an international business school with campuses in France and Singapore, Kets de Vries holds the Raoul de Vitry d’Avaucourt Chair of Leadership Development. He is programme director of two top management seminars there and has received INSEAD’s distinguished teacher award five times.

Kets de Vries is the author, co-author or editor of 20 books, including Power and the Corporate Mind, The Neurotic Organization and Organizations on the Couch. More recent books include Struggling with the Demon, The Leadership Mystique and The Happiness Equation. A new manuscript has just been completed, Lessons on Leadership by Terror: Finding Shaka Zulu in the Attic. He has also published over 180 scientific papers.

A fly-fishing enthusiast and member of the illustrious New York Explorer's Club, on his days off Kets de Vries can be found in the rainforests or savannahs of central Africa, the Siberian taiga and the Arctic Circle. He talked to Des Dearlove about why companies crave heroic leaders – and what happens when executive egos get out of control.

**How would you describe your work?**

Really, it is an evolution of trying to work in two main areas – management and psychoanalysis.

The first serious application of the two fields was in a book I did with Danny Miller, The Neurotic Organization. That was the first time someone tried to show in a systematic way the relationship between personality, leadership, corporate culture and strategy.

**And that gave you a distinctive slant on leadership?**

I became a sort of pathologist of organisations. People would ask me to look at organisations that they thought were going in the wrong direction. So I edited a book called Organizations on the Couch. I’d written some books before – Prisoners of Leadership, The Irrational Executive and another called Leaders, Fools and Imposters – that were looking at the darker side of organisations and particularly the darker side of leadership. How do leaders derail? What goes wrong? How can you recognise the signals when things go wrong and what can you do about it?

**In your experience, how many business leaders are well-adjusted individuals?**

You can argue that 20 per cent of the general population is relatively healthy; 20 per cent is relatively sick; and the other 60 per cent, who all suffer from “neurotic misery”, somewhere in the middle. That applies to most people I meet.

If you are a CEO you usually have a “magnificent obsession” and that comes with a price. You are obsessed by certain things having to do with business. You may not have the greatest talent for other parts of your life and that may result in negative side effects such as a high incidence of divorce.

But on the other hand I must admit I don’t get the extreme pathological cases on my programmes. The people who apply are usually aware of many of their shortcomings. CEOs who are totally dysfunctional are probably not that interested in knowing more about themselves. The real disease of many executives, CEOs in particular, is narcissism.
narcissism. And we have seen some abysmal examples recently – from Dennis Kozlowski at Tyco to Kenneth Lay at Enron and Jean-Marie Messier at Vivendi. That is narcissistic abuse and it is very costly to society.

**Is narcissism always destructive?**

Let me put it this way, narcissism has a very bad connotation. We think of the narcissist looking in the mirror, oblivious of others. But we have to realise that you need a solid dose of narcissism to be able to function properly. I tend to make a distinction between reactive and constructive narcissism.

**What's the difference?**

Basically, there are people who are lucky when they are growing up; they have a background of support, fairly nice parents and they feel good in their skins and they are really pleasant people to be with. They are assertive and know what they want but they are not totally me-oriented.

Then you have the reactive narcissists who have had a lot of trauma in their lives. Some of those reactive narcissists make a decision and say I've had a bad deal in life but I'm going to make it better for the rest of the world.

The other group may suffer from the Monte Christo complex. They want to get even. These are the people who can be exploitative, vindictive, totally self-centred and treat others people as things rather than human beings.

They talk in abstractions about the good of mankind and the good of the organisation but have no real sense of the human factor. They treat other human beings as things. There is a lack of empathy.

Here I’d like to make another caveat. I have seen people who at least superficially looked like relatively decent human beings not being able to handle the top job. There are certain pressures unique to that position and some people can’t handle it. And as a result of that whatever narcissistic disposition they have it starts to get overblown. So there exist a lot of varieties of reactive narcissism.

**How does that destructive form of narcissism manifest itself?**

Whatever it might be you see it in their behaviour. They become very me-oriented and in the end lose their sense of boundaries. Once they lose their boundary management then they start to believe that the normal rules don’t apply to them any more. Kozlowski is a great example because he didn’t make a distinction between what was his and what was the organisation’s.

So they lose their sense of reality testing; they just hear echoes of what they want to hear. They don't like bad news. So they don’t create what you’d call a climate of healthy disrespect for the boss. They cannot tolerate a contrarian atmosphere. They finally find themselves in a hall of mirrors and start to believe their own delusions. Such a situation isn’t exactly ideal for effective decision making.

**But doesn’t narcissism go hand in hand with the sort of charisma that is expected of leaders?**

The concept of charisma comes originally from the work of Max Weber and in that context it means people who are prophets. What it is really about is that the moment you are in a leadership position people project their fantasies onto you. So what are you going to do? Are you going to use these projected fantasies or are you not going to use them? Furthermore, are you going to use these fantasies for good or for bad?

**So what you’re saying is that charisma is largely in the eye of the beholder?**

It’s a fantasy. But I must admit that if you want to stimulate such a fantasy you can do a few things. It helps if you have rhetorical skills – if you are a good orator. It helps if you can tell stories and know how to use strong imagery – God and country is not bad imagery to use. I am referring to the domain of symbol manipulation.

It helps if you have a good memory for names and can mention people by their names. It helps if you are attentive and people have at least the illusion that you listen to them. Charismatic people often have that gift that I call the Teddy Bear factor – they make people feel comfortable. It also helps if you are willing to ask questions and challenge the status quo – if you engage people in dialogue.

Furthermore, your charismatic appeal increases if you can dramatise the risk. Here the David against Goliath symbolism can be very useful.

**When you reach the stage of being a senior executive, it’s better to work on your strengths than on your weaknesses**

Interview: Manfred Kets de Vries

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Can someone be an effective leader without charisma?
Sure. But I strongly believe that to be an effective leader you need a certain dose of self-awareness. One element of that self-awareness is realising what you're not good at or what you do not like to do. When you reach the stage of being a senior executive, it's better to work on your strengths than on your weaknesses.

Effective leaders will create an executive constellation in which other people will compensate for their weaknesses. If you are a fairly low-key executive but there are situations where you need to be able to put a crate of beer on the table and rally the troops then you call on someone else in senior management to help you with it.

People have been talking about the demise of heroic leadership for years. Do you see any evidence of that?
It's nonsense. Heroic leaders will never die because we need them. It's part of human nature, part of the human condition. And this is particularly the case when people are exposed to discontinuous change.

Change makes people anxious. And anxious people look for someone to calm them down – what can be called the “containment element” of leadership. So we are always looking for leaders who can do that. And the media usually does everything it can to reinforce this image of strong leaders who can act as saviours.

But heroes often end up becoming villains. Nobody can live up to those expectations, this myth creation. So eventually all these leaders are a disappointment. It's fascinating if you look at the covers of Fortune and Business Week over the years how many of those people have been shot down. So the media creates them and then kills them. I always say the moment you get on the cover of Fortune or Business Week it's the beginning of the end.

You start to believe your own press and you start to suffer from what the Greeks called hubris – excessive pride. And like the mythical Icarus who flew too close to the sun, you also may tumble down. So there's a bit of a paradox. I sometimes ask people in class how many of you are charismatic? No one, of course, raises their hand. But in a way, anyone can be charismatic. It's a bit like the Chancey Gardner syndrome in the Peter Sellers film Being There, which has this illiterate gardener who eventually ends up as a candidate for the presidency. People just project their fantasies onto him.

And that's true across cultures? Not just a western thing?
No. It is stronger in the individualistic cultures but the Japanese have their heroes, too – it all depends on the situation. What is happening at the moment, which is the swing of the pendulum in all cultures, is the shift from the heroic leader on the cover of Fortune magazine to the subtle leader.

At the moment, after all the noise about the hero leader, we are looking for the quiet leader. So the subtle leaders come to the fore and before we know it, they (helped by the media) also become heroic leaders; that's the great irony – the pendulum keeps on swinging.