

Why it's tough at the top for the 21st Century CEO: Power, Knowledge and Dissent ¹

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Introduction

In Plato's great work on leadership – *The Republic* – he suggests that the answer to the question – ‘Who should rule us?’ should be: ‘by the wisest amongst us’. In his terms that means those with the greatest personal qualities, the individual skills and attributes necessary to execute the most complex of tasks, and hence only those who can be categorized as those with possessing ‘golden’ characters – the philosopher-kings. Under their tutelage society would be ruled wisely and justly. It is not by coincidence that such a model of leadership formed the framework for the construction of English private schools in the nineteenth century (McCulloch, 2002). Yet the irony of leadership may be that having proved yourself to be a philosopher-king and climbed the slippery pole of success, the power and influence that you thought you were about to wield suddenly seems to evaporate just when you get to the top. It could be that the occupation of the top position suddenly denudes the appointed leader of support from jealous colleagues, or perhaps the context coincidentally changes to leave the new boss in a new and now impossible position. Our research seeks to understand the difficulties from the appointed leader's perspective. In particular, it would seem that CEOs of large companies are facing increasing personal pressures. Whereas in the mid-90s nearly three-quarters of CEOs died in office or retired, the majority are now being asked to leave their job! (Lucier et al, 2002). In depth interviews were conducted with ten CEOs from leading European companies representing a range of service and manufacturing industries including power, communications, electronics, precision instruments, manufacturing, consumer goods, retailing and the financial services. Although drawn from different industries, and countries (Finland, Netherlands, Portugal, Sweden, and Switzerland and the UK), the systemic nature of the situation most CEOs find themselves in implies that something rather more generalizable is happening, and we suggest that the interaction of three elements is worth considering: Power, Knowledge and Dissent.

Power: Archimedes' Lever

Archimedes was alleged to have suggested that a large enough lever could be used to move anything, indeed, as he said, ‘Give me a place to stand and I will move the earth’ (quoted in Pappus, 1878: 1060). Yet for all that individuals ascending the organizational hierarchy may gaze with awe at the apparent power wielded by those at the top, there is little to suggest that this is anything but an optical illusion. It may even be that it was always thus – that power eludes leaders because it is an illusion, and certainly there are good theoretical grounds for claiming that power is a relationship not a possession, hence it does not reside ‘at the top’ but in the relationships between leaders and followers (Grint, Bratton and Nelson, 2004; Grint, 2005). In effect, power is as much a consequence of as a cause: *if* followers or subordinates comply with a leader's requests then the leader *becomes* powerful, but that compliance is (almost) always contingent – followers and subordinates may choose not to comply (and suffer any consequences). That this is the case can be

verified by numerous examples of rebellion and intransigence: from mutinies to strikes to the disobedience of children, and to the surface compliance of slaves who merely 'go through the motions' but achieve nothing of value for the slave holder. Those in apparent 'positions' of power have come to recognize that the problem for Archimedes is precisely the one he recognized: that he had nowhere to stand. In fact this inability to connect is a familiar theme amongst our CEOs for most felt disconnected from their organizations – they were allegedly in control but had nowhere to stand. As Tonn van de Laar, then CEO and later Chairman, of NKF Group the Dutch cable manufacturing company suggested: 'What's most surprising is how very little power you have.... On the things that really matter you are dependent on others. I should have known, after all, I gave my boss so much trouble! But I just didn't expect it myself.'

Nevertheless, despite the significant limits to power many CEOs seem unaware of the impact their style of leading has upon others, for words casually thrown away in response to a suggestion, let alone challenge, are often read by subordinates and followers as carefully crafted warnings rather than 'off the cuff' remarks. Hence, to respond dismissively to a suggestion is to ensure the cessation of any further suggestions rather than to encourage more or better suggestions. The CEO may appear to act as if the entire organization is running like a rational machine, devoid of emotion, bereft of feeling, but this is seldom the case. In effect, the CEO is not powerless but that power derives from the relationships with others and therefore it is these that are critical. As Jorma Ollila, the CEO of Nokia since 1992, suggested, 'Intuition is important. However scientific and rational you want to be, it all boils down to human behaviour, understanding how to relate to peoples' activities, their failings and their strengths.' It is this understanding that encouraged our CEOs to adopt the same core principle of leadership; not one rooted in the learned teachings of a guru or any universal philosophical principle except one: pragmatism rooted in understanding how to maintain and improve relationships.

Knowledge: Plato's Philosopher Kings

The recognition that even when you get to be CEO you still remain so dependent upon others might seem to contradict Plato's assumption that those at the top are – or at least should be – the Philosopher Kings, those naturally gifted individuals who 'golden' qualities both differentiate them from others and enable them to rule over others with great intelligence, skill and foresight. Perhaps the 'gift' that CEOs acquire is to recognise the limits to their own knowledge and the need to access the knowledge of others before they are left alone exposed to the information gales at the top of the mountain. Indeed, contrary to Plato's assumption, the knowledge and skill requirements are so great that no single individual could possibly embody them. Occasionally a naturally gifted CEO may manage to hold the organization together and direct it so well that success is achieved, but this can only ever be a temporary victory because the professional life of any CEO is necessarily limited. Sustainable leadership, therefore, cannot be wrought from any individual leader but only through a collective and collaborative effort by a leadership team. What CEOs can provide is the vision to encourage that collective effort and the influence to challenge complacency wherever it was to be found – which often meant in the ranks of the senior team not in the mass of followers. As Sir Peter Gershon, now Chairman of Symbian Limited and Premier Farnell plc commented, the CEO job is a 'marathon' but the nature of that marathon is as much about developing ways of working as it is

about performance targets. Jorma Ollila believes that the quality of dialogue developed in Nokia's top team was a critical foundation for the company's strategic development.

Moreover, the quest for knowledge – to enable the CEO to answer every question and resolve every problem – is to misunderstand the requirements of leadership. Oftentimes leadership implies *not* providing the answer, either because the problem is 'Wicked', that is intractable and has no 'answer' (Rittel and Webber, 1973; Grint, 2004), or because the role of the leader is to make the followers face their own responsibilities and construct an answer themselves (Heifetz). In the words of Markus Rauh, the Chair of *Swisscom*, 'I like to live with uncertainty. I don't need to resolve open questions. I find there's usually a sequence as problems unfold.' Indeed, the assumption that, as a CEO, you *should* have all the knowledge to provide all the answers is to assume that you no longer need to learn anything – a sure-fire recipe for disaster in our opinion and one that Belmiro de Azevedo, the President of Portugal's largest company, *Sonae Investimentos*, would have little sympathy for, though he recognizes the problem: 'Sometimes you forget to step back when you are deeply involved in the business. My philosophy is that you have to set out to be surprised every day so that you are open to new ideas and learning.'

Ironically, our CEOs did not spend all day making critical decisions by themselves, on the contrary they seem to make fewer decisions than their less successful peers and willingly acknowledge that their decision-making is dependent upon the collective knowledge available from the organization as a whole, not just themselves. In short, both knowledge and learning are collective rather than individual accomplishments and the creation of a shared context for decisions and actions throughout the organization is as important as making decisions at the top (Wenger, 1998). But perhaps as a consequence of realizing that they do need to rely on others our CEOs often overlook their own learning requirements and neglect to generate time-out for their own development. This complements their own assumptions about how they learned to lead: usually from observing their own bosses at an earlier stage in their careers as leaders and from the experience accumulated through practising leadership. As we might expect, once these role models have disappeared - as our own CEOs move through the hierarchy - the latter have fewer and fewer of these kinds of learning opportunities.

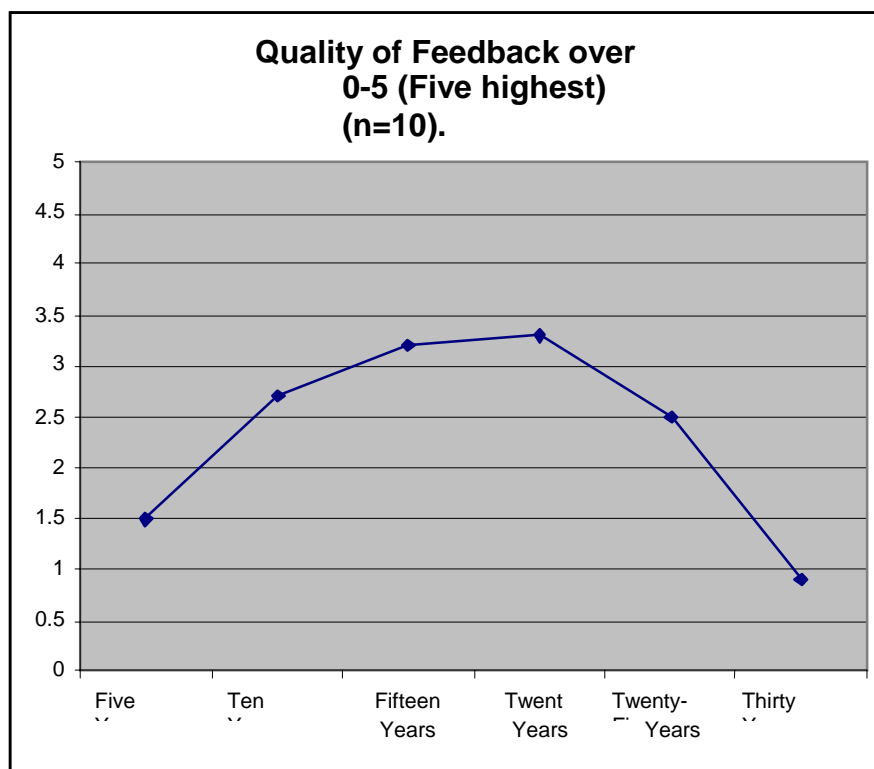
Dissent: Calchas' Horse

It might seem that the two critical problems for CEOs and the like are (1) securing consent from their subordinates over whom they have little 'power' and (2) exploiting their knowledge. However, since subordinate compliance is often rooted in self-interest the generation of consent is not always as problematic as it might seem. Indeed, our research suggests that consent is often the problem for leadership not the answer. By that we suggest that very often those in leadership roles receive information from subordinates that is aligned not with the interests of the organization but those of the leader or follower. At its extreme we can see this in Hitler's relationships with his subordinates during the latter part of the Second World War: despite the increasing problems facing Germany Hitler neither wanted nor was provided with what we would call Constructive Dissent; instead German problems were compounded by the proliferation of Destructive Consent: Hitler was told what others thought he wanted to hear, rather than what he needed to be told. In contrast, Churchill was frequently given 'robust' Constructive Dissent from his subordinates

like Alan Brooke – whom Churchill selected because he knew Brooke would not be intimidated by his own bullying style of leadership. We might relate this recruitment of ‘opponents’ to the experience of Agamemnon, King of Mycenae, in the Trojan War. In Greek mythology Calchas, the son of Thestor (a priest of Apollo) is a soothsayer that Agamemnon approaches in an effort to ensure victory over the Trojans. Calchas then visits the Oracle and declares that victory can only be achieved at significant cost to Agamemnon that includes: the sacrifice of his daughter Iphigenia, and that the task will take ten years, and that no victory will ensue unless Achilles fights for the Greeks. In fact Calchas subsequently tells Agamemnon to build a wooden horse if he wants to defeat the Trojans and ultimately foresees his own death. However, three points are important here: first, Agamemnon has to take on trust the words of a Trojan, a former enemy; second, that the message Calchas relays is distinctly bitter – success has a cost; and third, that success is a long term goal not a quick ‘kill’ – if CEOs don’t have the stamina to run a metaphorical marathon, the understanding that success is not free, and the realization that constructive dissent is a *sine qua non* for leadership, then they are unlikely to succeed. Sir Peter Gershon commented on the ‘importance of creating an environment in which people around you and deeper in the organisation feel able to challenge and robustly debate with you on a whole raft of issues. Out of that you get much more balanced decisions. There’s a real danger you can get a fixation – some are good, but some disastrous. You need people who can have the robust debate and tell you if they think it’s wrong.’

Our research suggests not only is the poverty of feedback an endemic problem for CEOs but that the problem gets worse with time, not better. As the CEO of an Investment Bank mused, ‘the most surprising thing I’ve learned as CEO is how often people will tell you things which are wrong or biased – even though they know you will find the truth eventually.’

The problem of time and feedback is best represented by the following illustrative graph. Although the data is grounded in subjective perceptions about the quality of feedback the CEOs received, the critical point is the universal pattern that emerges - with almost all CEOs suggesting that their feedback could be represented by an inverted U curve with a rapid decline in quality once the individual assumed a position of apparent power. In effect, the quality and completeness of feedback appears to be inversely correlated with hierarchical position. Several of our interviewees commented that they had to rely on ‘some kind of intuition’ because more formal reports and feedback ‘never tell the whole story’. Bengt Engström, an experienced CEO in the manufacturing and consumer goods industries, offered his practical insight thus: ‘You need to connect signals, not just hearsay but facts as well. You have to learn who to listen to and when to listen. I am still learning where to go!’



In effect, when you inhabit a relatively low position in the organizational hierarchy people are willing to give you honest feedback because you are perceived to have little influence over them, but once you ascend the heights and become perceived as either useful or dangerous, then the quality of that feedback often reflects the interests of the provider more than the interests of the receiver, and it may well shift from Constructive Dissent to Destructive Consent.

Conclusion

We began by describing a perception, popularised by some parts of the business press, (for example, to see a range of CEO characterisations (some intended as positive and some not) visit www.fortune.com and browse any sample of back issues) that the modern successful CEO represents all that Plato would have sought out in those destined to rule: remarkable intelligence, tenacity, skills, vision and so on and so forth. However, few if any CEOs really embody the golden veined Philosopher-Kings that Plato described and most find the role of the CEO anything but as simple as we might expect, even if the CEOs did, indeed, have the good fortune to be blessed with such talent. Since many do not they are faced with an extraordinarily difficult task and we have suggested from our research that the reasons relate to the social rather than the individual nature of knowledge, the relational rather than possessive nature of power, and the difficulty of securing feedback that resembles constructive dissent rather than destructive consent. In this we may see a shift from the utopia of Plato to the gritty and determined realism of Cato the younger. For Cato was renowned for his indifference to flattery and determination to seek out the truth – at whatever cost – in the service of the greater good; if that meant taking difficult decisions and holding positions that he knew to be right - even if his supporters found them to be uncomfortable to live with - then so be it. This is much closer to the realities of the

world inhabited by the CEOs who contributed to this research. A world in which a high-risk job and one's highly visible personal credibility are as much dependant on the actions of others as any personal qualities that can be brought to bear; whoever said that being a CEO was easy?

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