Sometimes the dark side of leadership eclipses the bright side—
to the detriment of both the leader and the organization.

The Dark Side of Leadership

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In recent years, business leaders have gained great popularity: Lee Iaccoca and Steven Jobs, for example, have stepped into the limelight as agents of change and entrepreneurship. But though we tend to think of the positive outcomes associated with leaders, certain risks or liabilities are also entailed. The very behaviors that distinguish leaders from managers also have the potential to produce problematic or even disastrous outcomes for their organizations. For example, when a leader's behaviors become exaggerated, lose touch with reality, or become vehicles for purely personal gain, they may harm the leader and the organization.

How do leaders produce such negative outcomes—and why? Three particular skill areas can contribute to such problems. These include leaders' strategic vision, their communications and impression-management skills, and their general management practices. We will examine each to discover its darker side.

PROBLEMS WITH THE
VISIONARY LEADER

As we know, the 1970s and 1980s brought tremendous changes in the world's competitive business environment. Previously successful organizations that had grown huge and bureaucratic were suddenly faced with pressures to innovate and alter their ways. Out of these turbulent times came a new breed of business leader: the strategic visionary. These men and women, like Ross Perot of Electronic Data Systems and Mary Kay Ash of Mary Kay Cosmetics, possessed a twofold ability: to foresee market opportunities and to craft organizational strategies that captured these opportunities in ways that were personally meaningful to employees. When their success stories spread, "vision" became the byword of the 1980s. Yet though many of these leaders led their organizations on to great successes, others led their organizations on to great failures. The very qualities that distinguished the visionary leader contained the potential for disaster.

Generally speaking, unsuccessful strategic visions can often be traced to the inclusion of the leaders' personal aims that did not match their constituents' needs. For example, leaders might substitute personal goals for what should be shared organizational goals. They might construct an organizational vision that is essentially a monument to themselves and therefore something quite different from the actual wishes of their organizations or customers.

Moreover, the blind drive to create this very personal vision could result in an inability to see problems and opportunities in the environment. Thomas Edison, for example, so passionately believed in the future of direct electrical current (DC) for urban power grids that he failed to see the more rapid acceptance of alternating power (AC) systems by America's

then-emerging utility companies. Thus the company started by Edison to produce DC power stations was soon doomed to failure. He became so enamoured of his own ideas that he failed to see competing and, ultimately, more successful ideas.

In addition, such personal visions encourage the leader to expend enormous amounts of energy, passion, and resources on getting them off the ground. The higher their commitment, the less willing they are to see the viability of competing approaches. Because of the leader's commitment, the organization's investment is also likely to be far greater in such cases. Failure therefore will have more serious consequences.

Fundamental errors in the leader's perceptions can also lead to a failed vision. Common problems include (1) an inability to detect important changes in markets (e.g., competitive, technological, or consumer needs); (2) a failure to accurately assess and obtain the necessary resources for the vision's accomplishment; and (3) a misreading or exaggerated sense of the needs of markets or constituents. For example, with a few exceptions like the Chrysler minivan, Lee Iacocca inaccurately believed that automobile style rather than engineering was the primary concern of automotive buyers. At Chrysler, he relied on new body styles and his charisma to market cars built on an aging chassis (the K car) developed in the late 1970s. The end result was that, after several initial years of successful sales, Chrysler's sales plunged 22.8% in 1987. Today, the future of Chrysler looks equally cloudy.

Ultimately, then, the success of a leader's strategic vision depends on a realistic assessment of both the opportunities and the constraints in the organization's environment and a sensitivity to constituents' needs. If the leader loses sight of reality or loses touch with constituents, the vision becomes a liability. Visions may fail for a wide variety of reasons; Exhibit 1 outlines some of the more significant ones. We will examine several of these categories and illustrate them with the experiences of some prominent business leaders.

Exhibit 1

THE SOURCES OF FAILED VISION

The vision reflects the internal needs of leaders rather than those of the market or constituents.

The resources needed to achieve vision have been seriously miscalculated.

An unrealistic assessment or distorted perception of market and constituent needs holds sway.

A failure to recognize environmental changes prevents redirection of the vision.

Making the Leader's Personal Needs Paramount

As mentioned, one of the most serious liabilities of a visionary leader occurs when he or she projects purely personal needs and beliefs onto those of constituents. A common example is the inventor with a pet idea who acquires sufficient resources to initiate a venture that fails to meet the market's needs. When a leader's needs and wishes diverge from those of constituents, the consequences can be quite costly. Consider, for example, Edwin Land, inventor of the Polaroid camera. Dr. Land's experiences with a camera he developed called the SX-70 illustrate how a leader can get sidetracked by his own personal goals.

As we know, Land's company, Polaroid, held a monopoly on the instant photography market for some three decades and became the household word for such cameras. Throughout the 1960s and 1970s, Polaroid's sales climbed with astonishing speed. By 1973, four million of the company's Colorpack cameras were being sold annually at $30 a piece. But Dr. Land was not content. His dream was to create what he called "absolute one-step photography"; the SX-70 camera was to embody his dream. "Photography will never be the same . . . With the gargantuan effort of bringing SX-70 into being, the company has come fully of age," Land remarked on the day of the camera's inauguration.

In setting the parameters for his new vision, Land outlined several demanding criteria: The camera was to be totally automatic and would have to fold to fit into a purse or pocket, 45
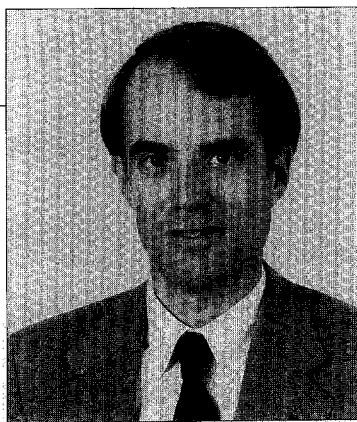
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possess a single-lens reflex-viewing system, and focus from less than a foot to infinity. It was to be a radically new design, making earlier versions of instant photography obsolete.

The SX-70 also represented a major strategic shift for the company. Before its advent, the manufacturing of Polaroid products, especially films, was subcontracted to outsiders. Plant and equipment were usually leased or rented. But Land's dream of the SX-70 required total integration of the company. A color-negative and camera-assembly plant were de-

signed and built, and the company's existing chemical production and films-packaging facilities were expanded.

Although the total cost of the SX-70 strategy was never formally disclosed, Land responded in an interview that it was a half-billion-dollar investment. Other estimates have put it higher. In any case, the SX-70 was a design masterpiece. It was estimated that the reflex-viewing system cost millions of dollars and required more than two-and-a-half years of engineering effort. Engineering for the eyepiece alone cost $2 million.

Land's expectations of the camera's success were as lavish as his investment in the camera. At $180 per camera, company projections were that first-year sales would reach several million. By some accounts, sales of 5,000,000 units were predicted. Yet despite such optimism, the camera met with only limited public support. By the end of its first year in 1973, only 470,000 SX-70 cameras had been sold. It would take several years, many design changes, and significant price cuts before the camera would gain widespread market acceptance — all at the cost of sacrificing many of the camera's original features. Land's personal vision of the instant camera had missed what the market wanted.

Most important, in his quest for the perfect instant camera he had failed to take into account lessons that his company had already learned about consumers' needs. Before the SX-70, Polaroid's experience with both its black-and-white and its color cameras was that demand was intimately tied to price. Consumers wanted an inexpensive, easy-to-use, instant camera. Their foremost desire was not a perfect picture but a relatively good instant picture at a low price.

In the 1960s, the marketplace had powerfully demonstrated its needs to Polaroid after the company first introduced its color system in 1963. When the Colorpack cameras priced at $100 met with only limited market interest, Polaroid introduced a version at $75 and, by 1969, a $30 Colorpack. At the $30 price level, volume dramatically expanded, and 4,000,000

units were sold by 1973. Consumers wanted instant photography but only at an inexpensive price. So how could 5,000,000 SX-70s at $180 a piece be sold when only 4,000,000 Colorpack cameras had been sold at $30 each? Clearly they could not. Dr. Land's vision was a personal ideal, one that was not shared by consumers at a price of $180 per camera.

What happened to Land that he failed to learn from the past? There are several possible explanations. For one, his initial vision of instant photography had been correct; people really did want instant photographs. This initial success, however, may have convinced him of the invincibility of his ideas. Second, Land was an engineer at heart; he loved the technology more than the marketing of the product. His very background made him product- and technology-driven, not so much marketplace-driven. Finally and most important, I believe that Land, like other leaders, came to identify with his vision to an unhealthy extreme: The vision personified him.

A similar example is seen in Henry Ford, who was willing to build a Model T of any color as long as it was black. The vision in essence becomes so much a part of the leader's personality that he or she is unwilling or unable to consider information to the contrary from staff members or from the marketplace. Convinced by past successes of their invincibility, such leaders plow ahead without considering other viewpoints — a sure course toward failure.

Becoming a "Pyrrhic Victor"

In the quest to achieve a vision, a leader may be so driven as to ignore the costly implications of his strategic aims. Ambition and the miscalculation of necessary resources can lead to a "Pyrrhic victory" for the leader. The term "Pyrrhic victory" comes from an incident in Ancient Greece: Pyrrhus, the King of Epirus, sustained such heavy losses in defeating the Romans that despite his numerous victories over them, his entire empire was ultimately undermined. Thus the costs of a "Pyrrhic" victory deplete the resources that are needed for future success.

In this scenario, the leader is usually driven by a desire to expand or accelerate the realization of his vision. The initial vision appears correct, and early successes essentially delude or weaken the leader's ability to realistically assess his resources and marketplace realities. The costs that must be paid for acquisitions or market share ultimately become unsustainable and threaten the long term viability of the leader's organization.

Robert Campeau is the quintessential Pyrrhic victor. After amassing a fortune as a real estate developer, he proceeded to expand his empire into retailing with a series of purchases in the mid-1980s totalling $13.4 billion. He did this despite the fact that he knew little about the business of retailing itself. His celebrated purchase of the Allied and Federated Department Stores alone cost him some $400 million in bankers' and lawyers' fees and added $1.7 billion of debt to the Campeau Corporation. They also transformed him overnight into the most powerful retailer in the world. The price of course was an enormous amount of debt — much of it in the form of high-interest junk bonds that would soon demand most of the company's operating cash to service.

When asked how he planned to successfully integrate and enhance the profitability of these new and unrelated acquisitions, Campeau explained that it was only a matter of consolidating various operations, selling off assets to pay off company debt, and motivating management by giving them stock options. With an air of great confidence, he commented: "I own the best department stores in the world, and they will be damned profitable." He also envisioned enormous potential for synergy between his retailing and real estate operations. His plans included the building of some 50 U.S. shopping malls anchored by his newly acquired retail stores. These projects, which included 17 new Bloomingdale's stores, were estimated at a cost of $1.5 billion. In comments to the press, he stated: "Most retail managements

don't know much about real estate and finance . . . [but] real estate is the gravy on top of these great retailing deals." For Campeau, his newly acquired stores sat on prime land — ripe for future deals. It was an intriguing and untried dream.

Ironically, these bold strategic moves were all made during a sales slowdown in the department store industry and in a country glutted with shopping malls. As well, the two chains he had acquired were prestigious but also notoriously inefficient. None of these factors seemed to impede Campeau, who was intent on building an empire.

Despite his rosy projections for the future, Campeau's kingdom quickly unraveled within a few years. After struggling to meet a crushing debt load, Campeau's retail operations ran out of operating cash in August 1989. By January 1990 his company stood on the edge of bankruptcy, and so did Campeau himself. The projections of great profitability for the retail operations had never materialized. New and last-minute junk-bond financing to keep the company alive came at a dear price, with interest rates as high as 17.75%. But this would not save the company as soaring debt-servicing costs forced Campeau to sell off company stock to others and to default on company loans. Even the company's crown jewel — Bloomingdale's — was soon put up for sale. Campeau's own personal fortune of $500 million was said to have all but evaporated by February 1990.

Campeau's tragic error in this case was tied as much to blind ambition as it was to poor strategic and financing decision. His history of successes in the real estate field, in combination with an ambitious personality, led this visionary leader to dream of ever-greater expansion, but in new and unfamiliar territories. The idea of an "empire" became more important than the satisfaction of enjoying his present successes. Failing to see that he lacked the long-term resources or skills needed to sustain his grand plan, he continued to acquire companies and debt at an alarming rate.

Then, too, in wishing to maintain an im-

age of self-confidence, he may have denied or minimized the existence of any problems. Already an autocratic leader, Campeau became even more autocratic. For example, he himself assumed the position of chairman of the board at both Federated and Allied, a job he had originally and sensibly promised to an executive of a highly successful retail chain. He wanted to run his new and glamorous acquisitions personally. Sadly, this scenario is all too typical of the Pyrrhic victor whose ambitions stymie his ability to assess goals and resources realistically. Investment bankers and subordinates may further encourage visions of grandeur. As serious problems emerge, their importance is minimized. Once a crisis stage is reached, the leader exerts greater personal control and becomes less able to hear the counsel of advisors or staff members who might be helpful. In the worst case, such as Campeau's, the organization's resources are exhausted and the company fails.

Chasing a Vision Before Its Time

Sometimes a leader's perceptions of the market are so exaggerated or so significantly ahead of their time that the marketplace fails to sustain the leader's venture. The organization's resources are mobilized and spent on a mission that ultimately fails to produce the expected results. In this case, the leader is perhaps too visionary or too idealistic. He or she is unable to see that the time is not ripe, so the vision goes on to failure or, at best, a long dormancy.

Robert Lipp, former president of Chemical Bank, is an example of a visionary charismatic who in one project was essentially too far ahead of his time. He had championed a vision of home banking in the early 1980s. Sensing that the personal computer was revolutionizing many aspects of everyday life, Lipp and others at Chemical Bank expected personal banking to be the next beneficiary of the personal computer revolution. Through a modem, phone line, software supplied by the bank, and

a personal computer at home, individuals could instruct their banks to carry out certain transactions. A service fee of $8 to $15 a month was charged for personal users and $20 to $50 a month for small businesses. From the user's viewpoint, home banking provided convenience in bill paying and ease of access to accounts. While on travel, the user could instruct the system to pay bills on exact due dates.

For banks, electronic home banking was banking led to consumer resistance. First, customers were reluctant to give up the "float" between when they wrote a check and when it was cashed. With home banking, once the computer authorizes a payment, it is immediately debited from the customer's account.

Second, some investment—for a computer and a modem—was required on the customer's part. It is estimated that only 10% of personal computer owners had modems—and the num-

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very appealing. The printing, processing, and return of some 41 billion checks annually in the United States amounted to $41 billion. This figure represented 20% of the annual revenues of banks belonging to the Federal Reserve System. Home banking offered the possibility of a tremendous reduction in operating costs.

In 1983, Chemical Bank under Lipp's guidance introduced a home banking system called the Pronto Two with a goal of four million customers within several years. By 1988, however, the total nationwide users of home banking systems had reached only 100,000 people. An article in *Business Week* (February 29, 1988) remarked: "When Chemical Bank unveiled the idea of home banking in 1983, it projected that 10% of its customers would eventually pay bills and make banking transactions from their home computer. Talk about misplaced optimism. Today, if you're among those who deal with any bank by personal computer, you're in a minority of a mere 100,000 people—and that includes a number of small business operators." Only 30 banks were offering the service by 1988, out of a total of 14,000 banks nationwide.

What Chemical and others later discovered was that several inherent problems with home ber of personal computers in homes was limited. Finally, it was a matter of opinion whether writing a paper check was not just as simple and convenient as paying bills by personal computer. Given the costs of such computer systems, it was believed that only by providing a wider range of services, such as home shopping services, would home banking's appeal increase—and that a period of 10 to 15 years was required for market acceptance.

In Lipp's case, his vision was essentially premature for its market. Part of the problem could be attributed to the difficulty of trying to predict a future event for which there is no history. It is extremely difficult to accurately estimate the demand for a particular product or service; the leader is essentially relying on his or her forecast of resources and market trends. The margin for error in these situations is high, and the costs and time horizons for introducing a new product or service are often underestimated. Such miscalculations can forestall a vision.

Two other factors may play important roles. In their own excitement over an idea, leaders may fail to adequately test-market a new product or service or fail to hear naysayers

or overlook contrary signs from the environment. Again, because of successes in other projects (Lipp had had several outstanding ones), they may delude themselves into believing they know their markets more accurately than they actually do. Or their spellbinding ability to lead may not be backed up by an adequate understanding of marketplace trends.

HOW LEADERS COME TO DENY FLAWS IN THEIR VISIONS

All three of these cases share certain characteristics that cause leaders to deny the flaws in their visions. Often, for example, leaders will perceive that their course of action is producing negative results, yet they persist. Why this happens can be explained by a process called "cognitive dissonance," which prevents the leader from changing his course. Simply put, individuals act to keep the commitments they have made because failing to do so would damage their favorable perceptions of themselves. For example, studies have found that executives will sometimes persist in an ineffective course of action simply because they feel they have committed themselves to the decision. This same process, I suspect, occurs with leaders.

Others in the organization, who tend to become dependent on a visionary leader, may perpetuate the problem through their own actions. They may idealize their leader excessively and thus ignore negative aspects and exaggerate the good qualities. As a result, they may carry out their leader's orders unquestioningly — and leaders may in certain cases encourage such behavior because of their needs to dominate and be admired. The resulting sense of omnipotence encourages denial of market and organizational realities. The danger is that leaders will surround themselves with "yes people" and thus fail to receive information that might be important but challenging to the mission. Their excessive confidence and the desire for heroic recognition encourages them to undertake large, risky ventures — but because of

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their overreliance on themselves and their cadre of "yes people," strategic errors go unnoticed. Bold but poorly thought-out strategies will be designed and implemented. The leader's vision, in essense, becomes a vehicle for his or her own needs for attention and visibility.

Finally, problems with "group-think" can occur where the leader's advisors delude themselves into agreement with the leader or dominant others. In such a case, decision-making becomes distorted, and a more thorough and objective review of possible alternatives to a problem are all but precluded. This is especially true of groups that are very cohesive, highly committed to their success, under pressure, and possessing favorable opinions of themselves — common characteristics in the organizations of powerful and charismatic leaders. When group-think occurs, the opinions of the leader and advisors with closely allied views come to dominate decision making. Doubts that others might have are kept hidden for fear of disapproval. It is more important "to go along to get along" rather than to consider contrary viewpoints.

John DeLorean is an example of a leader who may have purposely created group-think situations. One executive of the DeLorean Motor Company, after being dismissed by DeLorean from the company board, com-

mented: "He told me he knew how some of the things the board was doing bothered my conscience. He said he wanted me to keep a clear conscience and not to worry as much as I did, so he had dropped me from the board. . . . . When I told him he couldn't bear having anyone disagree with him so he had to stack the board his way, John . . . just nodded and said, "That's right. It's my company and I'm going to do what I want to do — when you get your own company, you can do the same'" (Hill Levin, *Grand Delusions*, Viking, 1983, pg. 248).

MANIPULATION THROUGH IMPRESSION MANAGEMENT AND COMMUNICATION SKILLS

Because some leaders are gifted at communicating, it may be quite easy for them to misuse this ability. For instance, they may present information that makes their visions appear more realistic or more appealing than the visions actually are. They may also use their language skills to screen out problems in the larger environment or to foster an illusion of control when, in reality, things are out of control. Exhibit 2 highlights a number of these possible problem areas.

While at General Motors John DeLorean was particularly adept at employing skills of articulation and impression management to promote himself. For example, he would often claim responsibility for projects without acknowledging the contributions of others. His aim was simply to manipulate information so that he appeared as the originating genius. In the case of the highly successful Pontiac GTO, DeLorean claimed to be the engineer at Pontiac who conceived the idea of combining a lighter version of the Tempest body with a powerful engine to create the GTO. In reality, the idea was suggested by a GM colleague.

In *Current Biography*, DeLorean is described as owning "more than 200 patents, including those for the recessed windshield wipers and the overhead-cam engine." How-

ever, Hill Levin in his biography of DeLorean reported that the U.S. Patent Office listed a total of 52 patents, none for the wipers or for the overhead cam. Exaggeration of personal deeds was perhaps DeLorean's way of building the legend. What we see with some leaders is that their need for personal recognition and visibility is so high that they feel compelled to distort reality to enhance their own image.

When leaders rely greatly on their impression management skills in communicating, they do themselves a disservice. For instance, research in impression management indicates not only that one's self-descriptions are effective in deceiving an audience, but also that they may deceive the presenter as well. This is especially true when an audience reinforces and approves of the individual's image. Such positive responses encourage leaders to internalize their own self-enhancing descriptions. Especially when exaggeration is only moderate, leaders tend to internalize and believe such claims. So DeLorean may ultimately have come to believe in his own responsibility for the Pontiac GTO.

Considerable research has also been performed on people who are ingratiators — people who play to their audiences by telling them what they want to hear. Two particular tactics that I suspect charismatic leaders use to ingratiate themselves with their audiences are to (1) fulfill stereotypes and (2) create an image of uniqueness.

Research shows that if individuals behave in ways that fulfill the positive stereotypes of an audience they are more likely to interact successfully with them. This can be achieved by espousing the beliefs, values, and behaviors associated with the stereotype and appearing as the stereotype is expected to look. For example, DeLorean supposedly went to great efforts to present the image of a young, highly successful executive with an entrepreneurial spirit. He underwent cosmetic surgery, dieted from 200 pounds to 160, lifted weights, dyed his grey hair black. He flew only first class. When he ate out, he always obtained the best table. To many, his image fulfilled the stereotype of the successful businessman.

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DeLorean used the second tactic — to demonstrate uniqueness — through his unconventional actions while working at General Motors and his tales of innovations at the automobile giant. These stories created the image of a highly successful, unique individual excelling in the corporate world.

In terms of how or what a leader communicates, according to Charles Schwenk, there are several tactics that individuals can use to gain commitment from others even when the circumstances are unethical. Because our ability to process information is limited, we rely on simple biases to reduce the amount of information needed to make a decision. By playing on these biases, a leader can create or heighten commitment to a course of action. They may manipulate information so as to encourage biases in others that will increase confidence in and commitment to the leader's strategic choices. For example, leaders can withhold information that is not favorable to a cause and present instead more positive information. Or they may relate anecdotes designed to draw attention away from statistical information that reflects negatively on their plans.

DeLorean's management of investors in his automobile venture offers one example of this process. If investors had looked at history, they would have found that the odds of his succeeding were slim. Not since the founding of the four major auto companies had a new automobile company succeeded, and there had been many attempts in the interim. Moreover, there was negative statistical information in the company prospectus that might have dissuaded investors. But instead of focusing on such important statistical information, the investors allowed themselves to be swayed by DeLorean's personal character and his impressive press coverage while at General Motors. Could it be that DeLorean aimed to create a flashy image in the minds of investors in order to draw their attention away from other sources of information?

Anecdotal information may be used by the leader not only to influence decision makers'

Poor management of people networks, especially superiors and peers.
Unconventional behavior that alienates.
Creation of disruptive "in group/out group" rivalries.
An autocratic, controlling management style.
An informal/impulsive style that is disruptive and dysfunctional.
Alternation between idealizing and devaluing others, particularly direct reports.
Creation of excessive dependence in others.
Failure to manage details and effectively act as an administrator.
Attention to the superficial.
Absence from operations.
Failure to develop successors of equal ability.

choices, but also to increase their confidence in a choice. The sheer amount of information the leader provides may act to build overconfidence. Various studies of decision making indicate that more information apparently permits people to generate more reasons for justifying their decisions and, in turn, increases the confidence of others in the decisions. Leaders might also create an illusion of control by selectively providing information that affirms they are in control and attributes failures or problems to external causes. All of these tactics may be used by leaders to mislead their direct reports and their investors.

MANAGEMENT PRACTICES THAT BECOME LIABILITIES

The managerial practices of leaders also have certain inherent liabilities. Some leaders are known for their excessively impulsive, autocratic management style. Others become so disruptive through their unconventional behavior that their organizations mobilize against them. Moreover, leaders can at times be poor at managing their superiors and peers. In general, some of the very management prac-

tices that make leaders unique may also lead to their downfall.

Leaders' liabilities fall into several categories: (1) the way they manage relations with important others, (2) their management style with direct reports, and (3) their thoroughness and attention to certain administrative detail. Typical problems associated with each of these categories are shown in Exhibit 3. We will start with the first category: managing relations with important others.

Managing Upwards and Sideways

Some leaders — particularly charismatic leaders in large organizations — seem to be very poor at managing upwards and sideways. Because they are usually unconventional advocates of radical reform, they may often alienate others in the organization, including their own bosses. The charismatic leader's unconventional actions may trigger the ire of forces within the organization which then act to immobilize him or her. Leaders' aggressive style may also alienate many potential supporters and ultimately leave them without sufficient political support for their ambitious plans. This problem is common when charismatic leaders are brought in from the outside; their radically different values and approaches may alienate the rest of the organization.

This kind of situation occurred at General Motors when Ross Perot was made a board member. Once on the board, Perot became one of the company's most outspoken critics. As an entrepreneur, he was quite naturally accustomed to running his own show, and after his company, Electronic Data Systems (EDS), merged with GM he insisted that any changes made in EDS procedures be cleared through him. His style and outspokenness were so much at odds with the General Motors culture that the company offered Perot $700 million in stock to step down from the board — an offer he finally accepted.

A second problem related to managing relations within large organizations is the ten-

dency of certain leaders to cultivate a feeling of being "special" among members of their operating units. This practice is often accompanied by a corresponding depreciation of other parts of the corporation. In short, the leader creates an "us versus them" attitude. Although this heightens the motivation of the leader's group, it further alienates other groups that may be important for resources or political support. Steven Jobs did this with the MacIntosh division at Apple Computer. Even though the company's Apple II Computer provided the profits, Jobs consistently downplayed that division's importance. He essentially divided the company into two rivals. He was fond of telling people in the MacIntosh division, "This is the cream of Apple. This is the future of Apple." He even went so far as telling marketing managers for Apple II that they worked for an outdated, clumsy organization. Jobs's later departure from Apple stemmed in part from morale problems he created within the company by using this tactic.

In another case, the charismatic president of a division in a large corporation used as his group's emblem a mascot symbol of the TV cartoon character Roadrunner. (In the cartoons, Roadrunner was particularly adept at outwitting a wily coyote.) To him, his division managers were the "roadrunners" who were smarter and faster than the corporate "coyotes" who laid roadblocks in their path. He also had a habit of ignoring corporate staff requests for reports or information, and he returned their reports with "STUPID IDEA" stamped on the front cover. Although such behaviors and tactics fostered a sense of camaraderie and aggressiveness within the charismatic leader's division, they were ultimately detrimental both to the leader and to the organization. In this case, the executive eventually stepped down from the organization.

Relationships with Subordinates

Highly directive and visionary leaders are often described as autocratic. Jobs, for exam-

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ple, has been described as dictatorial. I suspect that in many cases the vision is such a personification of the leader that he or she becomes obsessed about its perfection or implementation. Leaders' natural impatience with the pace of the vision's achievement exacerbates the problem and encourages them to be more hands-on, more controlling.

There also appears to be, at times, an impulsive dynamic at work in the way leaders manage — and at such times they will override subordinates' suggestions or insights. Again, this occurs especially in relation to accomplishing the vision. DeLorean is described as increasing his production of the DeLorean car by 50% in the belief that his product would become an overnight sensation. Production went to an annual rate of 30,000 cars. This was done in spite of market research that showed total annual sales of between 4,000 and 10,000 cars. A company executive lamented, "Our figures showed that this was a viable company with half the production. If the extravagence had been cut out of New York, we could have broken even making just 6,000 cars a year. But that wasn't fast enough for John. First he had to build his paper empire in the stock market. A creditable success was not enough for him" (ibid., pg. 282).

Steven Jobs is known to have darted in and out of operations causing havoc: "He would leap-frog back and forth among various projects, dictating designs, with little or no knowledge of whether or not the technology even existed to make his ideas work" (L. Butcher, *Accidental Millionaire*, Paragon House, 1988, pp. 140–141).

Another potential problem can arise from a style of informality when managing the hierarchy of an organization — this is especially true of charismatic leaders. Advantages of this style are that leaders are highly visible, approachable, and able to react quickly to issues and problems. The drawback is that they often violate the chain of command by going around direct reports and thus undercut their direct reports' authority. If a particular project or idea interests them, they do not hesitate to become involved, sometimes to the detriment of the project managers' responsibilities. DeLorean would drop in on his engineers to suggest what seemed trivial ideas. One company engineer said: "He came in one day to say we should hook into the cooling system and make a little icebox for a six-pack of beer behind behind the driver's seat. Or, another time, he told us to work on a sixty-watt radio speaker that could be detached and hung outside the car for picnics" (H. Levin, ibid., pg. 267).

Administrative Skills

Some visionary leaders are so absorbed by the "big picture" that they fail to understand essential details — except for "pet" projects in which they become excessively involved. Iaccoca, for instance, turned over most of the day-to-day operations to others as he became increasingly famous. As a result, he lost touch with new model planning. He himself admitted: "If I made one mistake, it was delegating all the product development and not going to a single meeting" (ibid., pg. 267). A DeLorean executive complained "He [John DeLorean] just didn't have time for the details of the project. But attention to detail is everything" (ibid., p. 267). Then, too, leaders may get so caught up in corporate stardom that they become absentee leaders. Again, Iaccoca is an example. His success at Chrysler led to his becoming a best-selling author, a U.S. presidential prospect, and the head of the $277 million fund-raising campaign for the Statue of Liberty — all of which distracted him from the important task of leading Chrysler.

Because these individuals are often excited by ideas, they may at times be poor implementors. Once an idea begins to appear as a tangible reality, I suspect they feel the need to move on to the next challenge, thereby leaving subordinates scrambling to pick up the pieces. Furthermore, because some leaders have high needs for visibility, they gravitate toward activities that afford them high people contact and recognition. Such activities are generally not per-

formed at a desk while paying careful attention to the details.

Succession Problems

A true leader is usually a strong figure and, as noted, often one upon whom subordinates develop dependencies. Thus it is difficult for others with leadership potential to develop fully in the shadow of such leaders. For while they may actively coach their subordinates, I suspect that it is extremely difficult for them to develop others to be leaders *of equal power.* Leaders simply enjoy the limelight too much to share it, so when they ultimately depart, a leadership vacuum is created. Moreover, under charismatic leadership authority may be highly centralized around the leader—and this is an ar-

rangement that, unfortunately, weakens the authority structures that are normally dispersed throughout an organization.

It's clear that many of the qualities of a strong leader have both a positive and a negative face. That's why the presence of leaders entails risks for their direct reports, their organizations, and at times their societies. They must be managed with care. The negatives, however, must always be weighed in light of the positives. For companies and society, the need for organizational change and strategic vision may be so great that the risks of confrontation, unconventionality, and so on may seem a small price to pay. It is also possible that organizations and educational institutions can train, socialize, and manage future leaders in ways that will minimize their negative qualities.

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