

Contaminated Leadership.

The recent demise or near-collapse of so many large and prestigious financial services organizations raises a range of questions about the leadership of these firms. Some of the questions needing answers concern the precise conditions which prevailed which could have caused such catastrophic failures and might therefore apply in a general sense to most failures on that scale. Some of the answers needed will be about the conditions which existed which were unique to each organization and which resulted in particular failures and some answers must be sought by looking at the rules of governance and the management of risk which can be generalised in their application.

Perhaps one of the most pressing of all the questions is what sense can be made of the various theories of leadership which are so familiar to us and how they might apply in any of these examples. What should we learn from the text books about leaders who have lost their way? What sense did the leaders themselves make of their own behaviour? Did they spot the gap between how the effective leader behaves and the path on which they were walking? How, with their grand vision, did they get to the point when all that was left was the wreckage of what they had built? How should they account for having built on untested, poorly understood, improbable or false assumptions? What should they have said to themselves and what should others have said to them?

Much more difficult will be the search to make lasting sense of the behaviour of the leaders. Any post hoc review of leadership such as this will always lack the really important information, because such information comes through understanding the leader's relationship with those around him/her. This is not the first time that we have heard of the excesses of those who saw themselves as corporate warriors, who used their work places as the backdrop to display their sense of unlimited power. It will not be the last time that reports will show the effects of untrammelled power within the corporate world.

The Untold Stories in the Leader's Circle

It may be time to try to make sense of what went on alongside the various displays of rampant leadership. This brings us to the second set of questions. These are about the rest – all those who thought of themselves as leading and being accountable for parts of the business; after all, knowledge and awareness of the theory and practice of leadership is not limited to Chairmen and Chief Executives, nor is responsibility and accountability. So what were the thoughts and feelings of members of the boards, the senior executives, those in compliance and corporate governance roles, the middle managers inside these firms when it looked like the wrong direction was being plotted?

What did the external advisors think and feel? Auditors come in teams - what was the

pervading belief system in those teams? What action did any one of these groups or individuals take as a result of the conclusions they were reaching?

The external advisors were, of course, less involved on a daily basis, but many would have had the benefit of hearing key developments talked about and would certainly have seen important documents which would have shown the direction in which things were going. Some of the external advisors would even have undertaken the analysis on which some of the key decisions were based.

The point here is that there were many groups of executives who would have looked at the management information on current performance and they would have looked at the forecasts. Inevitably several facts might have been kept secret, but there would have been sufficient numbers of senior staff who knew what the emerging picture looked like. It is difficult to describe the cause of the apparent lack of action as a combined intellectual failure or a lack of commercial experience. Is it too far fetched to conclude that at very senior levels in all the failed organizations, senior executives were bound together by some sense of helplessness which left them paralysed and unable to avoid the descent into chaos?

Whatever the cause, we can say for certain that the failures did not occur overnight. The warning signs were there months, if not years before and it is important to understand what got in the way of this realisation.

The Followers' Challenge

This brings me to the business of followership – inelegant though the word is. It is worth pausing to look at the part played by the followers. Without the support and tacit agreement of the followers in any setting, leaders are severely constrained in how they get their ideas across and what kind of action is possible.

Is it time that we developed a better understanding of the part played by followers in gaining possession of the organization's mind set? It is difficult to know how to get to that understanding, but the one thing we can be sure about is that leaders can do little on their own.

It would seem that toxic is a word that could equally well apply to the mix of emotions and attitudes which are generated between those in the role of leader and in any groupings of their followers. We need to understand what brings us to the point where people in organizations develop that toxic indebtedness to the leader – as if without him or her, the organization would never have triumphed when it did and in the way it did.

There is a natural fascination with leadership at all levels both formal and informal, both the theory and practice. A particularly potent notion suggests that the art of successful leadership means that the leaders have some qualities and attributes denied to those who are not leaders, ie people who have not got there and probably never will. Many voice the opinion that a leader is born and not made, and attached to this, I suspect, are a number of idealised propositions about the stated and unstated power of leaders in

whatever setting they operate.

The first toxic response it seems then is the tendency to idealise the leader - we learn this early in our lives, well before we get to school age and it is one of the biggest challenges as we struggle through adolescence and adulthood to develop a sense of our own authority, retrieving the power vested in parents and relocating it in ourselves with the appropriate understanding of responsibility and accountability.

That is not the end of the story unfortunately. Some people placed in a situation again where it looks like some all-powerful, all-knowing person is in charge will let go of that sense of their own authority and appear to surrender it to the person called leader. That is in effect the second toxic response - to be inappropriately dependent in our thinking and feeling.

These two toxic responses are held together and intensified by yet another toxic and equally disabling emotion, that of fear which seems to envelop people when they think that they have limited power to influence events. To attempt to change things in the face of feeling helpless is to evoke the threat of even bigger and more unacceptable levels of discomfort and maybe even abandonment. Fear robs people of their sense of themselves in the here and now. It distorts what might be the expected response. So, no longer are they the adult man/woman/parent/partner and independent thinking person - somehow they seem to take refuge in not having to think at all.

What one individual thinks and feels in any group setting can often be modified or suppressed by the power and influence of others who belong to that group. In large organizations, the power of the individual is diluted even further and it may be that the leadership teams in these failed organizations reached the point that whatever doubts each individual felt about what was happening, they felt bound to members of their respective group by a shared and collusive version of how best to survive. The toxicity of collusion is easy to see as it readily contaminates and distorts and we know from history that once it takes hold, it can kill off one set of beliefs and replace them with another.

Leaders Really Do Need Followers

Whatever remedies there are which might prevent a repeat of these undesirable events all of us need to take a long hard look at how we as individuals identify and manage our own vulnerability and inadequacy and begin to develop the skills to manage ourselves better. The better we are at managing ourselves, the more confident we might be at recognising similar difficulty in others. That might allow for two important changes – we might be less likely to take comfort in the fact that someone else knows best and rely on them to make the ‘right’ decisions. It might also mean that we take a long hard look at how our leaders manage themselves and their vulnerability.

Take a close look at who leaders choose to appoint and how they deal with any difficult interpersonal differences. Observe this for long enough and you might see that the vulnerability wherever it exists has been denied and disguised and in its place will probably

be a comfortable and shared (collusive) belief in the growing strength of the leadership. You may find colleagues claiming expertise and specialist knowledge or that a small group of people close to the leader appear more certain and confident than you think is warranted.

Perhaps most important of all, doubt and discomfort will have been set at tolerable levels as all concerned will be bound together by the need to avoid uncertainty, both individual and collective.

Many lives have been ruined by the collapse of these institutions - not just those of the people who worked in them, but the families who depended on them and those who invested in them. It is therefore imperative that owners and shareholders redefine the boundaries of accountability vested in the people appointed as leaders. Followers at all levels need to understand that the self-aggrandising leader is not displaying talent; it is much more likely he or she is burdened by some fundamental misunderstandings about their role.

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