



## Inspirational Leadership

### And it's Impact on Corporate Culture, Politics and Motivation

I recently attended a Semiconductor industry meeting where one of the speakers referred to the incredible leadership displayed by Bob Noyce. Bob was a founder of Fairchild Semiconductor and later Intel Corporation. He was a pioneer in developing the integrated circuit and, in many ways, was instrumental in creating Silicon Valley. I had the privilege of meeting Bob in the late 80's when he was President of SEMATECH. He was, without a doubt, the most impressive person I've ever met. He had incredible "presence" based on his intelligence, articulate way of framing issues, exceptional poise and overall sense of competence. Author Tom Wolfe described Bob as "... projecting what psychologists call the halo effect. People with the halo effect seem to know exactly what they're doing and moreover make you want to admire them for it"<sup>1</sup>.

While discussing Bob with the speaker, he related an incident where a number of CEO's from industry leading companies could not agree on how to work cooperatively. No one had been able to lead an effective discussion with this highly competitive and somewhat arrogant group. Bob intervened and broke the logjam with compelling logic and the force of his personality. In spite of his accomplishments, not everyone valued his leadership style. It's been reported that another Intel legend, CEO Andy Grove, found his nice guy attitude irritating and believed that his leadership style was ineffective<sup>2</sup>. Andy, known for directness in finding fault, had a fiercely competitive and highly demanding leadership style. According to Richard S. Tedlow in "The History and Influence of Andy Grove", this created a "pressure cooker" environment within Intel.

Not having worked at Intel, I don't know the details of how Andy's leadership style impacted employees<sup>3</sup>. I have worked with companies where the CEO felt that conflict was an effective tool to uncover the truth and reach the right conclusions. This extended to employee interactions – where routine criticism was used to "keep people on their toes". I fully believe that senior managers need to set high expectations, challenge people's thinking and be intellectually "tough". There is a point, however, where constructive debate turns into interpersonal conflict and where challenging subordinates becomes abusive and counterproductive.

I've also worked in companies where the CEO treated people as equal partners and challenged them on an intellectual basis. One such leader was Alexander Cutler, current Chairman and CEO of Eaton Corporation. The fact that he preferred to be called Sandy

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1 - "The Tinkerings of Robert Noyce: How the Sun Rose on the Silicon Valley" (Esquire Magazine in 1983)

2 – Wikipedia entry on Bob Noyce: [http://en.wikipedia.org/wiki/Robert\\_N.\\_Noyce](http://en.wikipedia.org/wiki/Robert_N._Noyce)

3 – I did, however, have an interesting exchange with an Intel senior VP that supports Tedlow's observations. He and an Intel manager were critiquing the throughput of new piece of equipment at a trade show. When I tried to explore the validity of the manager's observations with some questions, I was told to by the senior VP "...don't bother thinking about it, he's right". In fact, he was right. But his intellectual arrogance was totally unnecessary. Instead of taking the opportunity to educate a supplier on important customer requirements, he merely vented his frustration and reinforced his ego.



gives you some idea of his personality – his leadership was based on reason and example rather than exerting his authority or projecting a sense of superiority that is often associated with the CEO title. In one case he was visiting our division to review business plans and I was in the middle of a detailed presentation. He asked if I had considered the implications of several different factors that had been mentioned but not linked in the presentation. In fact, this was a very insightful observation that I had NOT considered. Had he taken the approach of personally attacking my oversight, I would have been “motivated” by embarrassment and anger. As it was, I was incredibly energized to explore the business potential of his observation and to take a more comprehensive and inductive approach to my analysis. Perhaps it’s only my personality, but I far prefer to interact with people on the basis of mutual respect.

Just as both Bob and Andy were successful at Intel with dramatically different leadership styles, it’s clear that both highly stressful and more constructive management cultures can lead to corporate success. Unfortunately, the ability to get results through intimidation is self-reinforcing – leading executives to believe that this approach is required in order to get those results. They effectively transition from seeing causality (which does exist) to believing this is a required or optimal approach.

We are all motivated by some common factors yet also have different individual thresholds or tolerance to specific stimuli. Maslow’s work on human motivation characterized the common factors according to 5 hierarchical levels including<sup>4</sup>:

1. Basic physiological functions – food, sleep, etc.
2. Safety/security – self preservation, well being; including job security
3. Social needs - group affiliation, love
4. Esteem - Self esteem, confidence, respect of others
5. Self-actualization - creativity, problem solving, personal growth

Management which encourages staff conflict and personal criticism gets results based on threatening several levels of needs – including self-esteem, group affiliation and even job security. The problem in using conflict as a motivational tool is in how such “motivation” is perceived by the recipient and the impact it has on communication and group dynamics. In general, people will react to a negative stimulus with defensive behavior<sup>5</sup>. That is, they will take action to avoid injury. In a business setting, this translates into both desired and secondary, undesired behavior:

Desired Behavior:

- More extensive preparation before the next management encounter.
- Coordination between groups to avoid disconnects in public.
- Tailoring presentations to management needs for brevity and direct conclusions.

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4 – Maslow, A. (1943). A theory of human motivation. *Psychological Review*, 50, 370-396. Retrieved from <http://psychclassics.yorku.ca/Maslow/motivation.htm>. This is the original and simplest model – in later years Maslow expanded self actualization into 4 different levels – resulting in 8 layers in the hierarchy.

5 – Defined by Dictionary.com as being “...excessively concerned with guarding against the real or imagined threat of criticism, injury to one's ego, or exposure of one's shortcomings”.



### Secondary consequences:

- Unwillingness to volunteer information or brainstorm on new ideas.
- Unproductive time spent on CYA (cover your ass) analysis and documentation.
- Attempting to win points in meetings by displaying individual expertise (often at the expense of others - mimicking the leader's behavior).
- Heightened politics where alliances help avoid personal exposure and shift the blame to other groups.
- Deliberate misrepresentation of information that might be interpreted as "bad news" or in conflict with the boss's perspective.

These secondary consequences are usually not anticipated or even recognized by senior management – although people in the trenches are well aware of the situation. When senior managers do get negative feedback, it's typically written off as a few disgruntled employees or the price of driving high productivity. What they don't realize is they aren't getting the full value of people's observations, insight and creativity.

When the management environment promotes a more egalitarian and open approach, the results can be dramatic. Two other leaders at Eaton Semiconductor helped create this type of work environment – Peter Rose (founder) and Peter Younger (Vice President). Both led on the basis of open communication and logic without the overhead of using conflict and criticism as management tools. This is not to say they weren't tough minded – management reviews and key decisions were subject to intense scrutiny – putting pressure on the staff for peak performance. The difference was that people worked hard because they wanted to show what they could do and help the team succeed – not to avoid being hung out to dry in a management meeting.

This environment promoted the best individual and interdepartmental cooperation I've seen in any company. New employees would stop me in the hall and express how great it was to work at Eaton – noting how people genuinely worked to help each other rather than being in turf wars. The benefits of using an inspirational approach include:

### Higher Productivity

- Minimum level of internal politics and CYA activity – resulting in a high percentage of work being directed to satisfying customers, increasing revenue and improving business processes.
- Interdepartmental problems get resolved outside management meetings and before they become a crisis.
- Retention of highly skilled employees and increased ability to attract high caliber recruits.

### Better information & Decision Making

- Decisions get made using all the information available. You actually get to hear the bad news when you don't shoot the messenger – and that information could be critical to obtaining the best solution to a problem.



- Employees at all levels feel free to expose problems and offer ideas – providing access to more diverse and often more accurate solutions from people closest to the customer and business process.
- A higher degree of creativity in the absence of the fear of being criticized.

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Leadership positions are filled by people who have demonstrated exceptional ability to achieve their goals. However, their personalities and experience base – including role models and perception of what led to their own success – vary significantly. Most leaders conclude that their management style was a critical element in their success – regardless of whether it is based on tyranny or intellectual respect. In reality, company performance is always based on a number of factors, including product attributes, competitive position, market dynamics, capital structure, access to resources, operational efficiency, etc. Senior management’s leadership style may be a critical success factor or the company may be successful in spite of the CEO’s approach.

The difference is whether leaders choose to motivate on the basis of negative, external stimuli or on the basis of logic, mutual respect and the resulting internal motivation. When leaders create a culture of open communication, cooperation and rational discussion of business problems, they are leveraging people’s internal drive to learn and achieve. They are motivating based on appealing to the intellect and positive emotions. They are inspiring us to our best. And along the way, they are getting the benefits of improved productivity, teamwork and decision making.

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