

Book Review by Paddy Fitzgerald (as a requirement of unit 55209 Leadership Development)

of

In the Words of Great Business Leaders
(J. Fentster, 2000 John Wiley & Sons, New York)

Leaders Profiled

Thomas Watson (IBM)
John D Rockefeller (Standard Oil Company)
Andrew Carnegie (Carnegie Steel)
J Paul Getty (Getty Oil)
Ted Turner (CNN)
David Packard (Hewlett-Packard)
Henry Ford I and II (Ford Motors)
William Wrigley (Wrigley's)
Sam Walton (Wal-Mart)
Edwin Land (Polaroid)

Peter Drucker believes “The leader of the past was a person who knew how to tell. The leader of the future will be a person who knows how to ask” (Drucker 1996, p. 227). This comment appears to detract from the value of history and experience. Hence, I chose to read *In the Words of Great Business Leaders*, which showcases leaders whose organisations endured turbulent business cycles, wars and technological revolution. Today, these leaders’ combined wealth would have been \$US300 billion. As leaders, they must have done something right. This critique aims to assess the effectiveness of the leaders and whether their leadership style would prevail today.

The book is a simplistic account of experiences about themes such as leadership, employee empowerment, trust and values, and risk taking. The leaders have been categorised according to their main attribute. However they all have a combination of these attributes in varying degrees.

Categories used to assess leadership style are ‘Salesmen’ (Andrew Carnegie who was persuasive), ‘No stone left unturned’ (Sam Walton who concentrated on detail), ‘Self-made successes’ (John Rockefeller who believed in himself), ‘Buck stops bosses’ (J Paul Getty, who accepted responsibility and risked failure) and ‘Mavericks’ (Ted Turner, who operated against industry norms).

These categories reveal a simplistic view of their leadership style. In terms of overall leadership style some leaders adopted an autocratic or transactional style, whilst others were transformational leaders. Their style tended to correlate with the business environment. Drucker’s comment is important because he believes transformational leaders are better equipped to lead in today’s business environment. Of the non-transformational profiled leaders their success occurred mainly because they were the first to realise an opportunity. The critical element of leadership is to build on such success in changing business circumstances.

One of the book's main themes is trust, vision and values. David Packard and Bill Hewlett had strong beliefs in trust and values and were effective transformational leaders. Employee empowerment success, and risk, lay with employees at every level. They acted with integrity and developed open communication channels. In 1990 they came out of retirement because Hewlett-Packard was in trouble, having digressed from 'Hewlett-Packard Way' values. The organisation lacked vision for managing change and conceptualising new opportunities. Hewlett and Packard realigned structures and processes to enable employees and management to contribute to the vision and emphasised new pathways — which resulted in innovative product development hence empowering employees to accomplish the vision. Within two years the organisation was at the cutting edge of product development (Covey 1996, pp. 152-153).

This realignment worked because Hewlett and Packard were trusted. Trust is a source of competitive advantage, particularly in times of change where leaders are trying to transform organisations. Trust is empowerment and involves enthusing, persuading and motivating the organisation (Barwick 1997, pp. 131-137).

Alternatively, John Rockefeller did not trust his employees. He saw his relationship with them as transactional — one of competing needs. He led when organisations relied on manual labour, operating in a directive, autocratic way. Unlike the example of Hewlett-Packard, harnessing emotional and intellectual intelligence was unnecessary at the time. Rockefeller stifled creativity by recruiting like-minded people to implement his vision, his way. Rockefeller's survived because he cornered the American oil market, creating a competitive advantage (Fenster 2000, pp. 146-173). However, his lack of trust would have proven difficult to transform the business. His insular defensive strategies and lack of interest in diversification would have made his leadership style difficult to sustain in today's borderless business environment (Moss Kanter 1996, p. 90).

Leadership competencies have changed somewhat with the emergence of the virtual organisation. Of the organisations profiled, most operations were in a central location— giving leaders an opportunity to step onto the factory floor to bond with their employees. However, Turner and Walton were ahead of their time and were exponents of distributed leadership. They realised they needed leaders at various locations, otherwise it may be more difficult to enthuse people with the leaders vision. (Handy 1996, pp. 6-7). Therefore distributed leadership means it is critical to develop leaders at all levels of organisations.

Another theme of the book involves leaders developing a vision and harnessing loyalty. Transformational leaders operate strategically, guiding organisational vision and providing adequate resources. Leaders such as Carnegie and Walton gathered the best technical innovators and management to implement the values to achieve the vision. There was an intense employee loyalty to these leaders. On the other hand, leaders such as J Paul Getty, though having an open door policy and being accessible to his employees, believed their loyalty should be to each other and to shareholders. Creating and driving a vision involves some element of risk (Fenster 2000, pp.50-76; 78-91; 250-267).

All the profiled leaders were risk takers to some extent, particularly within their own line of business. Carnegie created overcapacity in his steel making plants, therefore, during upturns he would gain a competitive advantage. Today, leaders may not take such risks with better information and technology aiding their judgements. Thomas Watson Snr developed a successful business manufacturing office machines, but lacked the vision and edge to enter

the emerging computer market. Watson was a middle-of-the-road leader and the business started to decline. Ability to recognise and realise opportunities is critical for effective leadership. Ted Turner — considered a maverick — had the edge to diversify into areas where he had little knowledge. This type of risk or edge is ‘portfolio edge’ (Tichy 1997, pp.160-163). Leaders with edge aim to transform businesses: rather than optimising a steady state, they make decisions. All the profiled leaders disentangled themselves from bureaucracy freeing themselves to be creative and innovative and to develop visions (Tichy 1999, p. 56).

‘Portfolio edge’ must be supported by ‘people edge’. The people edge involves determining who is performing well within the organisation’s cultural and value framework. Jack Welch (General Electric) believes the most difficult aspect of people’s edge is dealing with high performers who are autocratic managers who don’t believe in organisational values. William Wrigley had people edge. He sacked employees who placated him because they were not genuinely concerned about the business. He risked losing knowledge and expertise because employees lacked alignment with organisational values. Edge is about alignment of values not autocratic leadership (Tichy 1997, pp. 160-163).

Self-belief is an aspect of edge and a prominent theme of the book. The profiled leaders did not follow industry norms in conducting business. Courage and self-confidence led them to be the first to make important discoveries such as Land inventing Polaroid or to develop opportunities, such as Turner owning programming content and distribution rights. Self-belief is important when you are right about something and you take a stand on the issue — even if it is unpopular which may require strength of character (Laabs 1999, p. 24). However, overconfidence worked against Land who was forced out of Polaroid (Fenster 2000, pp.108-125;352-366). Land, a clever scientist harnessed creativity, but lacked self-assessment. He did not recognise his resistance to change, lack of vision and did not acknowledge the business world was changing. Self-assessment is critical for effective leadership (Leider 1996, p.192).

Self-assessment evolves into an ability to recognise what organisations need from its leadership and the confidence to forge ahead and develop leaders. There is no place for self-importance. If we were to categorise Henry Ford’s leadership style it would be considered bad. He was consumed with self-importance and did not prepare a successor. When Henry Ford II assumed control, the organisation was in trouble and he had no knowledge of the business (Fenster 2000, pp. 174-193).

Great leaders, such as Welch, believe in teaching and developing leadership competencies throughout organisations. If there is no plan to develop leadership, organisations become vulnerable as occurred at Ford (Tichy 1997, p. 56). Potential leaders gain value from others experiences and assist them to develop their competencies. Development of thought processes, attitudes, learning from mistakes, assessing issues from a different perspective, creativity and the ability to conceptualise ideas are critical factors behind the development of effective leaders. The current business environment is relying on the development of intellectual capital at all levels (Bennis 1997, pp. 1-2). The ability of leaders to develop future leaders also comes back to trusting the leaders to develop the vision.

Overall, the strength of the book lies in revealing the worth of experiences. We can see the strengths and weaknesses of the leaders styles. Their weaknesses show the importance of self-assessment and aligning leadership style with a changing workforce and business environments as well as developing leaders at all levels. Their strengths reveal the importance

of self-belief, trust and values, and the ability to take risks to realise opportunities and to adopt a different perspective from the norm. Overall, the effectiveness of leadership depends on how leaders are able to establish core values to enable a vision to be achieved.

References

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