

UNNAMED ELEPHANTS ON THE LOOSE



# *Naming the Elephants of Hubris, Arrogance and Screamers*

*The beauty and the frightening quality of hubris is that people believe they're in the know completely.<sup>41</sup>*

**W**hat are the unnamed elephants that get in the way of creating cultures that nurture respectful, inclusive dialogue? We'll put it bluntly: We believe they are arrogance, hubris and aggressive leadership. Naming elephants and sharing ideas take courage. Aggressive, arrogant leaders create cultures in which some employees replicate the aggressive, arrogant behavior while others become passive. Marginal and powerless employees learn very quickly that it is better to do nothing than to do anything that will place them in the sight of an aggressive manager.

While dissecting the implosion of such companies as Enron, Global Crossing and Tyco, we read about a new norm of aggressive, arrogant leadership, sometimes called the *corporate aristocracy*. There is a very fine line between confidence and arrogance, and in yet another example of the normalization of deviance, we believe this line has moved in the last two decades. **We want to make explicit just how arrogance, hubris and screamers negatively impact organizations.**

How and why has the line between confidence and arrogance moved in the past two decades? Based on our research and experience we believe it is due to multiple factors, but



Hubris (n): exaggerated pride or self-confidence often resulting in retribution.<sup>38</sup>

Arrogance (n): offensive display of superiority or self-importance.<sup>39</sup>

Screamer (n): one who screams.<sup>40</sup>

we think three are significant.<sup>42</sup> Success is one factor, the “normalization of arrogance” is another, and the rise of the “Smart-Talk Trap”<sup>43</sup> is a third.

### **FIRST, SUCCESS BREEDS HUBRIS**

**a**s we pointed out in the last chapter, the more success a group has, the less chance they will question their assumptions and be open to looking for changes in the environment. There is nothing like success to breed arrogance and a belief that it was all due to one’s brilliance (hubris). That is, of course, until something — often unexpected because people are not looking for inconsistencies — happens to derail success. Then it becomes someone else’s fault (the economy, the regulatory environment, unfair trade practices, the media, and even the weather).<sup>44</sup> For example, the former CEO of Enron, Jeff Skilling, maintained that Enron’s demise came about because the banks called in their loans!<sup>45</sup>

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Xerox Corporation exhibited a typical case of organizational hubris. They were right to be proud of their brilliance as innovators. The Palo Alto Research Center (PARC) invented much of the technology later used to create personal computers, although Xerox didn’t realize the commercial potential of most of it. One discovery did lead to the invention of copiers, and while protected under U.S. patent law, Xerox essentially created and owned the market. However, as the

sales poured in, the organization created a bureaucracy to manage the money. That bureaucracy began to believe that Xerox's success was due to its brilliance in management and superior selling skills rather than innovative research. The research culture transitioned into a culture focused on maintaining bureaucratic systems. The company's pride in the sales results of its innovative products became exaggerated confidence (hubris) in its genius for sales. Convinced the company was just as good at selling as inventing, Xerox even packaged and sold its selling skills as a training program.

Unfortunately, once the patent expired, the competitive environment proved that Xerox's success was due to the luck of a monopoly. The company lost market share as fast as the Japanese firms could make sales calls. The Japanese firms actually sold copiers at a lower price than Xerox's manufacturing cost. By 1982, the 95 percent share Xerox had of the copier market was down to 13 percent.<sup>46</sup>

## **SECOND, THE NORMALIZATION OF ARROGANCE**

Unlike an earlier time in our history when public servants, religious leaders, military leaders and astronauts were heroes, in the Eighties and Nineties, our heroes became people who made fortunes. In 1987, the movie *Wall Street* introduced the character Gordon Gecko, presumably based on Ivan Boesky,

and his infamous statement “Greed is good”<sup>48</sup> — a sentiment some believe summarizes the last two decades. Like Gecko, many of these new heroes were arrogant and certain they were “in the know completely.” **Arrogant people at the top of organizations make it almost impossible to create an atmosphere where lower-level people question the assumptions behind decisions or bring up bad news.**

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**I**n the face of arrogance, people become passive followers. They are especially reluctant to speak up when they are afraid it will lead to public humiliation by another type of arrogant manager, the Screamer. The Screamer literally screams at people in an effort to intimidate, to control others, or to make him or herself look more important. In emotional-intelligence terms, the Screamer does not know how to self-regulate. It is especially important for a Screamer to maintain control because “to him losing a little control is the same as losing total control.”<sup>49</sup> Healthy organizations will not tolerate Screamers, but arrogant, aggressive organizations tend to recruit and accept them, especially when they deliver results. The research and understanding of the concept of emotional intelligence have increased substantially in the last 10 years, but arrogant leaders have always been around. Before emotional intelligence was well-known, Harry Levinson discussed the concept in a *Harvard Business Review* article entitled, “The Abrasive Personality.”<sup>50</sup> He describes these

personality types as generally extremely talented and smart individuals who seem to know who they have to charm (up) and who they can bully (down). Most important, they tend to deliver an important service or set of results to the company. They “get the numbers.” **Abrasive managers believe they can do what they want because the company cannot get along without them. While many don’t survive over the long term, the damage they do during their tenure substantially undermines whatever results they deliver in the short run.** The business press is full of stories about abrasive leaders, although these corporate bullies create so much fear it’s very difficult to get anyone to talk on the record even after they are gone.

**T**he interesting thread through all the stories about abrasive managers is their vein of brilliance. They are very good at what they do — up to a point. They are often the hardest workers and say things like “I don’t ask anything of others that I won’t do.” If they are lucky, they get a good mentor or coach early on who convinces them to change their style. *Fortune* described this in an article entitled “Get over Yourself: Your Ego Is out of Control.”<sup>51</sup> One executive was devastated when his boss told him people couldn’t stand working with him. He had to learn to listen and monitor where he stood on the confidence/arrogance line, especially when he was under stress. Those who don’t get or

hear this feedback not only derail their own careers, they also may take down the company.

**f**or example, Warnaco's Linda Wachner was reportedly an abrasive manager. She was given credit for building Warnaco from "a sleepy bra company with \$590 million in sales into a \$2.25 billion-a-year powerhouse. However, she also developed a reputation for demoralizing employees by publicly dressing them down for missing sales and profit goals or for simply displeasing her."<sup>52</sup> The first consequence of the over-controlling, abrasive manager is that high performers who have a choice of getting a job elsewhere, leave as soon as they can, stripping the organization of a lot of talent. One former Warnaco executive explains it this way: "She [Wachner] is the main reason why Warnaco has grown and the main reason it has fallen apart. There is some genius there, but she cannot run a \$2 billion corporation by herself."<sup>53</sup>

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By early 2001, the company had collapsed. By then Warnaco was being investigated by the SEC and dealing with several class-action lawsuits by shareholders "contending that Warnaco and its executives artificially inflated the price of the company's stock by issuing false and misleading statements about its financial performance."<sup>54</sup> Wachner was fired in November, 2001, just five months after Warnaco filed for bankruptcy protection. To anyone who has read the paper in

the last two years, that sounds remarkably like another very public example of corporate hubris, Enron.

**b**ecause Enron had such an arrogant culture, we would bet there were lots of Screammers. We know of at least one, and the damage he caused is the stuff of corporate legend. According to many published reports, Andrew Fastow, the former CFO of Enron, was also a master at intimidation. Smith and Emshwiller, authors of *24 Days*, describe him this way:

*“Fastow also had a reputation as a screamer, who negotiated by intimidation and tirade. An official at one major bank recalled getting awakened at 2:00 a.m. by a shouting Fastow who was unhappy about the pace of a particular loan transaction. ‘He would call you an idiot, though in more colorful language,’ said the banker. ‘Then the next day you’d talk to him and he would apologize profusely. It was all part of his persona. Charm and brimstone.’”<sup>55</sup>*

Fastow survived and prospered because he delivered the numbers to an organization that valued meeting financial objectives above all else. But it wasn’t just Fastow. Wall Street and the business press also lauded Enron’s CEO, Jeff Skilling while he delivered the numbers. While Enron was making money, people “admired” the extremely arrogant culture Skilling set out to create at Enron. Enron’s culture is also an

example of one of the trends we believe contributed to the normalization of arrogance, the rise of the “Smart-Talk Trap.”

### THIRD, THE SMART-TALK TRAP

**S**tanford University professors Jeffrey Pfeffer and Robert Sutton write that the smart talk trap is created when “leadership potential is equated with the ability to speak intelligently and often,”<sup>56</sup> and where talk becomes a substitute for action or execution. They explain that smart talk also has a negative aspect:

*“We found that a particular kind of talk is an especially insidious inhibitor of organizational action: ‘smart talk.’ The elements of smart talk include sounding confident, articulate, and eloquent; having interesting information and ideas; and possessing a good vocabulary. But smart talk tends to have other, less benign components: first, it focuses on the negative, and second, it is unnecessarily complicated or abstract (or both). . . . But the more negative components of smart talk, the tendency to tear an idea down without offering anything positive in its place and the belief that complex language and ideas are somehow better than simple ones — cannot be rationalized so easily.”<sup>57</sup>*

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Tearing down an idea without offering anything positive in its place is the opposite of constructive dialogue. Talking in overly complex language and creating perfect plans have become substitutes for action in some organizations. Pfeffer and Sutton blame the rise in smart talk on the business school

education model that rewards the ability to speak rather than the actual execution of ideas. For example, they contrast how medical schools expect students to learn by “hearing one, seeing one, doing one.” For business students, law students and other professional graduate school students, the emphasis is typically on talk because the product or service is produced by talk. The way you debate ideas in order to pool knowledge to create a better product can be either constructive or destructive. Oppositional language, personal attacks and “criticism for criticism’s sake”<sup>58</sup> is destructive. Using overly complex language and buzzwords confuses and intimidates people. Those who don’t understand the terms stay quiet in order to not look stupid. People may leave the debate with little understanding of what they are supposed to do. Thus the trap closes and execution is lost while people try to figure out what is going on. They become passive and choose not to do anything rather than risk making a mistake.

**T**he reason the smart talk trap has had such a large impact on organizational cultures also reflects the context of the past two decades. The Eighties represent the real beginning of the global economy, the Internet and the increased complexity (and velocity) of running a business. Organizations hired large numbers of highly educated people, many trained in smart talk, to manage the complexity. At the same time, the nature of work in organizations changed from

employees operating machines to employees pooling their knowledge to create products. Obviously, knowledge workers have to share what they know in order for the organization to use it to create a service. Talk became the way we worked. Yet, most organizations did not explicitly address the competency of how to talk productively.

American businesses found they had to rely on relationships and constructive conversations at the very same time they had hired people who had learned that the way to get ahead was to sound smart by speaking often and in complex language. The wise organizations stopped, surfaced their assumptions about how people should work (and talk) together, given the new demands of the workplace. Others just behaved as they had in the old, machine-based economy. Enron did both.

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When you read the books and stories about Enron, it's clear that Jeff Skilling was talented. Skilling questioned the long-held assumptions of the energy industry that believed hard assets were the most important assets. He turned this upside down to a groundbreaking and lucrative short-term result. However, once success occurred, Skilling stopped the process by not questioning his own assumptions and not allowing others to question him. He divided the world into those who

“get it,” which meant those who saw things as he did, and those that he felt were resisting the new way.

**b**y creating only two categories of people, Skilling cultivated a culture that was not open to new information or unexpected results. A clear product of his time, Skilling also “believed that greed was the greatest motivator, and he was only too happy to feed it.”<sup>59</sup> He hired many highly educated people and he expected them to fight with their peers for recognition and rewards. He thought that a certain level of tension between people was good because it fostered creativity. Unfortunately, because of the systems Enron adopted, that tension was diverted to gaining monetary rewards instead of executing better business results.

Many first-rate people with good intentions worked hard at Enron. With those resources it should have been a long-term success. However, the systems and arrogant leadership created a culture that rewarded “corporate killers where money seemed to be the only thing that mattered. Gradually people who prized teamwork were weeded out by the process, and those who stayed and thrived were the ones who were the most ruthless in cutting deals and looking out for themselves.”<sup>60</sup> The result was that fewer people spoke up, information was hoarded, bad news was hidden and ultimately laws were broken. The price of passivity included bringing down

an accounting firm (although the book *24 Days* explores how Arthur Andersen's arrogant culture contributed to its downfall), implicating several major financial firms in criminal activity, and causing thousands of innocent people to lose their jobs and their savings. While we'd like to think Enron was unique, it is only exceptional in the scale of the consequences of its aggressive/passive culture.

### WHAT CAN YOU DO?

**C**hances are you will find yourself working in an aggressive culture or dealing with an arrogant manager at some point in your career, if not now. Or you may have crossed the confidence/arrogance line yourself. We hope that by now, you're convinced that arrogance makes constructive dialogue impossible. What can you do?

### THE INTENT/IMPACT GAP

One of the first things you can do is to become aware of how your intent differs from your actual impact on others. This is the individual application of the saying/doing gap. With the widespread use of 360-Degree Feedback instruments, many leaders can get information on how their actions are perceived by others.<sup>61</sup> Remember, people see your actions through their particular filters. The impact your behavior has on others might not match your intent. For example, a leader who asks his employees a lot of questions may intend

to mentor his employees; his employees may experience it as micro-managing. A leader who pushes her team to constantly reassess their decisions may intend to inspire the group to creative breakthroughs. Her group may experience it as an indication they can't ever do enough to make their boss happy. When leaders receive feedback on how their behavior actually impacts their employees, they are often shocked. "But I didn't intend to send the message that I didn't trust them," they wail. "Why do my employees feel this way?" Multiple realities strike again.

**L**ike organizations, individuals have to become inquisitive to a fault about how they are perceived by others. This is helped by acknowledging there are other valid views and being open to their influence. It is the opposite of smart talk. You may not even realize that you have shut down to alternative views or facts that don't fit your case. But people around you do. If their ideas aren't listened to, people stop offering them.

We think that all of the arrogant leaders we've profiled truly believed that what they were doing would have a positive impact on their organizations. We don't think any of them had malicious intent. However, they thought they knew best and had initial success. Success fueled arrogance to the point of hubris. When their organizations began to falter, it was a

surprise to them. Instead of trying alternative behaviors or being open to new information, they did more of the same.

**W**hile acknowledging this is important for all levels, Tops have to pay special attention because people are very careful about what they tell the Tops. A colleague asked her boss (the CEO) pointedly, “Do you want me to tell you what I think or what I think you want to hear?” The CEO was offended. He was unaware of the impact of his behavior and that the information he received was filtered and parsed. It takes courage to even ask this question and our colleague was not rewarded. She was labeled “not a team player” and she finally left the company in frustration. Successful people will tell you that you don’t get promoted if you don’t have an ego. However, leaders at any level will also tell you to make sure you have people around who will challenge you. These employees don’t challenge you to trap you in smart talk. Instead they understand that the purpose of the conversation is to uncover new data for better decision-making. The goal is to beat the external competition, not each other.

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There are many other leadership strategies to employ and there are many good books that describe them in detail. However, leadership ultimately comes down to conversations

and connections; asking questions; listening to responses; and ensuring that impact matches intent.

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**I**n the next chapter, we offer specific strategies to use to name elephants and to encourage others to do so.



## CONVERSATION STARTERS

- **How successful do we think we have been?  
Have we morphed into hubris?**
- **Has our success blinded us to questioning our  
assumptions?**
- **How have we dealt with abrasive managers?  
What message does this send?**
- **Have we fallen into the smart talk trap, where  
we reward those who attack others' ideas but  
who offer no positive alternatives?**
- **Have we embraced complex buzzwords with no  
apparent value added?**
- **What three words would customers use to  
describe our organization?**
- **How do I know if my impact matches my  
intent?**



## EXAMPLES OF THE SAYING/DOING GAP AT ENRON<sup>62</sup>

- *What they said they believed*  
We do not tolerate abusive or disrespectful treatment.
- *How they behaved*  
Those who make money for Enron can be abusive and disrespectful.
  
- *What they said they believed*  
Ruthlessness, callousness and arrogance don't belong here.
- *How they behaved*  
Being ruthless, callous and arrogant is expected from smart people.
  
- *What they said they believed*  
We work with customers and prospects openly, honestly and sincerely.
- *How they behaved*  
We will take advantage of every customer and prospect in order to win.

- *What they said they believed*  
When we say we will do something, we will do it; when we say we cannot or will not do something, then we won't do it.
- *How they behaved*  
It doesn't matter what we said yesterday; what do we need to do today to get our numbers?
- *What they said they believed*  
Here, we have to take the time to talk with one another ... and to listen.
- *How they behaved*  
Deals are the only things that matter; if you have to walk over someone else, do it.
- *What they said they believed*  
We are satisfied with nothing less than the very best in everything we do.
- *How they behaved*  
It doesn't matter how we execute as long as we make money.

- *What they said they believed*  
The great fun here will be for all of us to discover just how good we can really be.
- *How they behaved*  
The great fun here will be to see how much money I can make.

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