



Emerald

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# **LEADING** in **TURBULENT** **TIMES**

Lessons Learnt and  
Implications for the Future

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In the end, I remain solely responsible, of course. My modest hope is that effective leadership during crisis situations can be further enhanced and understood through this book.

# Foreword

Can leadership in turbulent times be taught? Generally, no. But before you cancel that leadership course you've just booked, let me assert that the core leadership skills to cope with these and most other conditions can be learnt. "Leaders grow, they are not made," said Peter Drucker,<sup>1</sup> and the way leaders grow is by learning, through good times and bad. That learning can take place in the classroom or at the coalface — in fact, I would argue that it should and must take place in both arenas — so take what you know, based on your experiences, to any courses you attend, and bring what you learn there back to your business.

I have been learning about leadership at the coalface and in the classroom (on both sides of the lectern) for over 35 years, through turbulent times and boom years. Critically, I have lived the adage that learning comes from failure for, as the Chinese proverb says, "Failure is not falling down, but refusing to get up." I know for sure that if I hadn't failed many times along the way — or failed to achieve the success I was expecting — I would not have learnt to recognize the difference between setbacks due to mistakes, and those due to external conditions. Nor would I have been able to take the ultimately lonely decision to sell my shipping company in 2007, or to be in a position, with my team, to take the Swiss business school IMD into the black and up the league tables during my 15 years as President. So while no one was actively teaching me to lead for much of the time, I certainly learnt what successful leadership involved.

By discussing my experiences in this book — both positive and negative — and their implications, I hope to show you where that learning came from, and perhaps help you to reframe some of your own earlier experiences and look at how they shape your readiness for the future. I am also going to demonstrate how learning to be a leader is not something you can cross off

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1. *The Leader of the Future* (1996), The Peter F. Drucker Foundation for Non-profit Management.

your to-do list after a three-month residential course with an interesting bunch of your peers. Leadership has to be learnt — and relearnt — all the time.

I have now passed official retirement age and have just embarked on my next adventure in leadership – the Lorange Institute of Business Zurich, where I am putting my money where my mouth is. With my new colleagues, I have designed courses that combine learning and doing, where participants put their learning into action as they go, testing and testing, just like Edison and his light bulbs. Each of these courses, and modules, is typically relatively short — from two days to two weeks — to ensure that the combined school–real life-learning model is effective. Read on to find out how my ideas on leadership have developed, how I’m putting theory and hard-won evidence into practice, and to find out what kind of idiot would try to reinvent the business school model during a period when we are just starting to emerge from a global recession.

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## Chapter 1

# Introduction

### 1.1. The Bubble Fallacy

I started writing this book in the midst of a global economic slowdown. Even though it seems to be gradually coming to an end, the doom merchants keep reminding us that it is the worst economic crisis we have seen since the end of the Second World War. In fact, we could justifiably talk about a “perfect storm,” with global economic, financial, trade, food, climate, governance, confidence, and migration crises all happening at once. All of these will affect businesses, now and into the future — times are certainly turbulent.

Many people tend to equate turbulence with economic bubbles. The latest example of such a bubble is the overheated real estate market in the United States, which was fueled by excessive levels of subprime mortgage lending. The former Chairman of the Federal Reserve Bank, and his organization, made about 20 decreases in interest rates between 2001 and 2006, fearful of a recession triggered by loss of consumer wealth as equity market stock prices plummeted following the collapse of the high-tech dot-com bubble in 2001. A major policy initiative for the then President, George W. Bush, was to push for higher levels of home ownership among Americans. The special purpose financial institutions Fannie Mae and Freddie Mac played a central role in the implementation of this, acting as subprime mortgage initiators. Low interest rates and government-supported relaxation of credit standards resulted in an increase in the ratio of subprime mortgage home buyers from 5% to 20%. The ratings agencies failed to recognize the risk and gave high credit ratings to securitized packages of home mortgage loans. The bubble in house prices collapsed and home owners found it more economic to surrender their homes to banks because loan values were higher than home values. With mark-to-market accounting for banks’ financial assets, book values of many banks’ equities were reduced, resulting in the need for public funding to ensure bank capital adequacy requirements. While it began in the United States, the

repercussions of this crisis almost brought down the banking and financial systems around the world.

### **Irrational Exuberance**

“Throughout history, bubbles have often started with a common hope — that a rise in prices reflects a significant advantage that means the old valuation rules no longer apply... What is most remarkable about these bubbles is that these ‘technologies’... each represent an economic breakthrough that did indeed generate great benefits. Yet, each time, there came a point when rational hope mutated into irrational exuberance that sucked more cash into the market until investors realized that this could not go on forever and the bubble burst” (Bishop & Green, 2010; See also Shiller, 2000).

Numerous other bubbles fueled by “irrational exuberance” have created and destroyed fortunes, starting with the tulip frenzy in 17th-century Holland. The South Sea Bubble in 1720 claimed the scientist Sir Isaac Newton among its more famous victims. In the dot-com crash of the early 21st century, some of the exciting new companies that investors were throwing money at had no immediately apparent strategy for earning revenue; they seemed to be copying the South Sea Company that was set up to carry out “an undertaking of great advantage, but nobody to know what it is” (Mackay, 1995).

Back to today, there are plenty of experts who are happy to tell you what caused the problems, who was to blame, and what the solutions are. Some of them will turn out to be more accurate than others, but it is hard to decide which while we are still in the middle of the crisis. What is clear is that bubbles tend to make us want to eliminate the weaknesses that caused them, even when we are not sure exactly what those are. The typical focus is on introducing new legislation so that financial calamities are not repeated. The latest crisis has brought bonuses into the spotlight, particularly large bonuses based on short-term results, and the current aim is to legislate for a longer-term point of view built around the appropriateness of the business decisions themselves, rather than their more immediate consequences.

A more extreme reaction has been the call for a new world currency to replace the US dollar. It is argued, probably with some truth, that since the United States is no longer the undisputed superpower it once was, internal US-driven economic factors might (and will) impact the US dollar, thus making it less fit to fulfill its world currency role. Institutions such as



the World Bank and International Monetary Fund are also considered rather US-centric. The suggestion is that emerging world powers, such as China, India, and Brazil, should be central in the discussions to avoid a new wave of financial turbulence (see, for instance, Bishop & Green, 2010).

While the above is definitely valid, I take a different view — namely, that bubbles and crises are, if not normal, at least to be expected. They happen too often to be one-off events; even though each one is slightly different in context, the characteristics are largely the same and they bring turbulence in their wake. So whatever lies behind the economic situation, I have to ask myself why the current difficulties are so universally presented as a catastrophe for business. Why can't business look at such times for what they are — a normal part of the cycle that strong leaders see as opportunities?

Donald Sull stresses exactly that in his book, *The Upside of Turbulence*, where he points out that “[T]urbulence did not begin with the current downturn, nor are we likely to return to a predictable world after the recession ends” (Sull, 2009). He argues that leaders should not become fixated on the threats of turbulence, but should look for the different types of opportunity that turbulent times offer, such as “new ingredients ... novel combinations of resources ... [and] shifting consumer tastes” (Sull, 2009, pp. 18–20). However, Sull also warns against becoming overoptimistic and assuming that all turbulence is an opportunity — there is a balance to be struck. The biggest risk in facing turbulence, Sull suggests, is to keep doing what has been successful in the past — active inertia, as he terms it, results when earlier commitments that have hardened over time, inevitably made in the face of an uncertain future, keep firms trapped when the environment around them shifts. Another piece of relevant research is the work of Kelly and Hayes on how to lead in turbulent times. They interviewed several leaders of large global corporations, and report that the most critical qualities are to focus on passion, have a strong ability to communicate, and have a clear vision (Kelly & Hayes, 2004).

So instead of looking at bubbles as one-off, unusual events, it makes more sense to see them as periods of heightened turbulence — note the word “heightened.” I would argue that leaders frequently have to deal with periods of turbulence that are not the result of a full-blown, global crisis but simply the effect of what is going on around them. Markets can change overnight, our competitors can come up with a killer app, and the government can introduce new and punitive taxes. Turbulence is part of business life. That being the case, then *leadership*, at the individual firm level, is critical. And, turbulent times are when good leadership is most important.



### 1.2. Stormy Weather

It's inevitable that I'm going to liken these turbulent times to stormy weather — my career has included many years in the shipping industry, and I am, after all, Norwegian. A storm is a good analogy for a book about leadership in turbulent times, because we can think of the leader as the captain of a ship. Only a good captain will be able to steer his or her ship successfully through stormy seas, because a good captain will have ensured that everyone on board knows what to do — and what not to do — when conditions are treacherous. The crew will be able to think independently but act as a team. The captain will be constantly monitoring conditions and making adjustments to the rudder and speed.

Sailing a ship through a storm is also a good analogy for the conditions inside an organization during turbulent times, since not only will there be the external turbulence to deal with, but internal turbulence as well — a ship in a storm has to be particularly shipshape, with everything stowed or battened down so that there aren't any loose objects crashing about and causing extra problems. Leaders must be able to distinguish between external and internal turbulence, and recognize that external turbulence will always be the more critical — it is more important to save the ship than to save the crockery in the galley.

The leader in a storm has a daunting task, at times requiring a delicate touch and a cool head, at others needing the application of brute force. What are the characteristics of the leader who can do that?

### 1.3. Leadership Thinking

Nothing in business circles brings such a rush of clichés to the head as leadership, one of those humpty-dumpty words which, as Alice said, mean whatever we want them to mean... Leadership is one of those elusive priorities, an area in which there is no absolute, no guaranteed model. So it turns out to be not only vital but also fun to talk about what makes a leader.

— *Sir Peter Parker, Chairman of the British Railways Board*  
1976–1983 (Parker, 1994)

Researchers have been investigating leadership since the first glimmerings of management science over 120 years ago. In the early days, it was assumed that leaders could increase productivity by identifying and mandating the most efficient, “scientific” way of carrying out a task — see, for example, Taylor's studies into the handling of pig iron at the Bethlehem Steel Corporation (Mullins, 1999). Selznick, writing in the 1940s, referred to

delegation as “the primordial organizational act, a precarious venture” (Selznick, 1948), which meant that formal structures could “never succeed in conquering the non-rational dimensions of organizational behavior” (Selznick, 1948, p. 25). You could create the perfect organizational structure, but a structure alone would not guarantee that employees would do what was expected of them — as Selznick elegantly put it, “the needs of individuals do not permit a single-minded attention to the stated goals of the system within which they have been assigned” (Selznick, 1948, p. 26).

Selznick’s work introduced the idea of the organization as a cooperative system, where control by leaders had to be met with consent of employees. The importance of the leader in securing this consent merged into the concept of meeting human needs; thus, the leader had to ensure that the organization provided security against an unpredictable outside world, a reliable structure where formal and informal relations were stable, consistency of policy, and what Selznick described as “a homogeneity of outlook with respect to the meaning and role of the organization” (Selznick, 1948, p. 30), which we might more easily recognize today as the organizational vision.

Writing in the 1950s (and updated in 1973), Tannenbaum and Schmidt looked at different, and apparently contradictory, styles of leadership, from a laissez-faire approach to total autocracy. They explored the problem of acting in a democratic way while maintaining authority, and suggested that the modern manager was “not quite sure how to behave; there are times when he is torn between exerting ‘strong’ leadership and ‘permissive’ leadership” (Tannenbaum & Schmidt, 1973). The authors identified a range of behaviors that a leader might adopt, along a spectrum from boss-centered to subordinate-centered leadership, depending on the circumstances, and cited changes in society, such as the civil rights movement and the youth revolution, as creating greater challenges for leaders attempting to balance control and cooperation.

In the 1960s, some commentators defined leadership in terms of sources of power. French and Raven identified five main types of power — reward, coercive, legitimate, referent, and expert. These sources of power are not intrinsic to leaders themselves, but dependent on how they are perceived by their subordinates. Reward power is fairly straightforward — its strength depending on the extent to which subordinates view the leader as able to reward them for what they do. Coercive power is the opposite of this. Referent power is less easy to pin down, and relies on perceptions of personality — the charisma factor.

In a remarkable book first published in 1983, and reissued in 2010, Jeannet points out that the development of a managerial drive is critical. Only with this can companies have the necessary muscle to succeed.

The key to this, Jeannet asserts, is through more effective human resources management (Jeannet, 2010). The human capital is key — a fundamental premise when it comes to the so-called resource-based view of corporate strategy (Barney & Clark, 2007).

We've also gone through a situational view of leadership — leaders have to be the right person in the right place at the right time — and several contingency models, including those relating to path-goal theory and maturity of followers. In 1982, Tom Peters and Robert Waterman wrote that, in regard to excellent companies, “our bias at the beginning was to discount the role of leadership heavily ... unfortunately, what we found was that associated with almost every excellent company was a strong leader (or two)” (Peters & Waterman, 1982). A quarter of a century on, the fact that some of the original excellent companies are no longer at the top of their game simply underlines the assertion that business is subject to cycles and even a long run of success to date does not predict future greatness if the organization does not move with the times.

Is it meaningful, after all, to search for special leadership traits that seem particularly relevant in turbulent times? Research by some suggests no. The work of St John, for instance, points out that such commonly shared beliefs of leaders having to have intelligence, good luck, good looks, etc., do not seem to play a role. Rather, a set of eight general factors seems to be key — passion, hard work, focus, push, ability to improve, openness to new ideas, comfort with serving others, and persistence (St John, 2005, 2007).

More recently, the transformational leader has come to the fore, deemed necessary in an era where many organizations have needed to be radically transformed in the light of a changing and globalizing competitive landscape. Such leaders have to be charismatic, and are expected to transform not only the organization but also the personnel, turn followers into leaders, and be like the proverbial general whose troops will follow them anywhere. Yet in 2004, Peter Drucker pointed out that “Harry Truman did not have one ounce of charisma ... yet he was one of the most effective chief executives in US history” (Drucker, 2004), and that the executives Drucker had worked with during his 65-year career “were all over the map in terms of their personalities, attitudes, values, strengths, and weaknesses. They ranged from extroverted to nearly reclusive, from easygoing to controlling, from generous to parsimonious” (Drucker, 2004). One leadership thinker we will look at in Chapter 3 is Jim Collins, whose Level 5 leader “blends extreme personal humility with intense professional will” (Collins, 2005).

So there is no shortage of ideas about leadership, and no single leadership concept that can encompass all the requirements of a leader today. On top of that, periods of turbulence inspire many commentators to reach

for their pens to tell the world how others should be leading us out of it. Much of this commentary is unhelpful, although some can give us useful ideas. For instance, in 2009, Bill George — a leadership guru, former CEO of Medtronic, and Professor of Management Practice at Harvard Business School — published *7 Lessons for Leading in Crisis*. In brief, George's lessons are:

- Face reality — the crisis won't go away if you ignore it.
- Share the burdens — you can't carry everyone by yourself.
- Get to the bottom of the problems — don't go for the superficial fix.
- Be prepared for a long campaign — things will get worse; make sure your business is cash-heavy.
- Use the crisis as an opportunity — the perfect time for a transformation.
- You are the message — lead by example; everyone will be watching you.
- Be aggressive in the marketplace — “normal” after a crisis won't be the same as normal before; you can shape the future if you act fast (George, 2009).

What it boiled down to for George was that, in a crisis, we learn who the real leaders are, and whether they have the wherewithal to stay on course to their “true north,” the place and person they are really meant to be. George's succinct points broadly support what I will emphasize in this book — although I might give more weight to focusing on the customer in the marketplace (to understand them better, above all to generate cash). George is also more pessimistic than I am, with his belief that things can only get worse. However, I could not agree more with his message about facing reality, leading from the front, and acting with integrity.

#### **1.4. A Framework for Looking at Leadership in Turbulent Times**

As we can see from an overview of the leadership literature, the prescriptions that are offered are — excepting those from Bill George — typically rather general. They provide relevant inputs when it comes to critical leadership challenges, but only under what might be considered as more “normal” circumstances. So while this literature is useful in broad terms, it does not provide us with much guidance for how to lead in turbulent times.

The various examples of leadership thinking do, however, suggest that there are two ways of looking at leadership, from a top-down or a bottom-up perspective. It might be easier to see what I mean if we take a look at Schindler Elevators.

Schindler Elevators enjoys a steady business servicing elevators that are already built and installed. Elevator servicing is mandated by law, as is compulsory upgrading at defined intervals of time. This part of the business is highly stable, and the revenues are predictable.

The company also delivers and installs new elevators in buildings under construction. The building industry depends heavily on supply and demand. Supply is affected by factors such as the capacity of builders and their subcontractors. Demand is impacted by how many customers are willing and able to purchase the newly constructed space. This, in turn, is a function of the general economic climate, GNP, available financing at reasonable interest rates, etc. So, the new elevator side of Schindler's business is highly cyclical, in line with the cycles of real estate construction.

The servicing side of Schindler's business can be viewed as linear, since it is relatively stable and reasonably predictable. The organizational inputs, particularly when it comes to planning, budgeting, and control, can be largely seen as bottom-up. Relatively large numbers of people are involved in creating and developing relationships with specific customers, and ensuring that the company provides the level of service it promises. The focus is on an integrated value chain extending from the supplier to the customer, and managing is about getting the processes right, optimized to provide value to the customer and revenue to the company.

Managing successfully in the more cyclical and less stable side of Schindler's business, supplying new elevators, involves far fewer people and a more top-down approach. Success here is determined by decision-making and timing — good decisions are about picking the right moment to go in or out, long or short. The focus is on trading, and on making advantageous transactions. Such decisions come from the top-down, driven by a leader who uses robust indicators to understand when to act ahead of the market or to react to changing circumstances.

Schindler is not alone in this duality of operations. Not surprisingly, the other major elevator manufacturers, for example, Otis, Hitachi, and Kone, also have both stable and cyclical sides to their businesses, but so too do companies in other sectors. Chemical company Yara International ASA produces fertilizers and basic chemicals such as ammonia. The fertilizer business is highly stable, as farmers grow roughly the same acreages of crops every year. Conversely, manufacturing and trading ammonia is highly cyclical. One of the largest paint manufacturers in the world, Jotun, has a linear business painting supertankers and chemical plants, because the

same paint tends to be used throughout the lifetime of the ship or plant. The more cyclical side of the business is about winning new contracts for Jotun's marine and protective coatings, and keeping up with the latest color trends in the decorative paints sector.

The major shipping organization A. P. Möller-Maersk also has a dual focus. Its linear business is Maersk Line, the largest shipping line in the world with around 17% market share. Maersk Line is relatively stable, despite regional differences around the world. The organization involved is large, with a global network for marketing and logistics, and improvements coming through better processes. In contrast, the majority of the shipping activities of A. P. Möller-Maersk (not including the company's offshore oil and gas activities, its container terminals division, and what remains of its land-based industrial enterprises) are much more focused on cycles, timing, and transactions, decisions driven by relatively few people.

A similar duality can be found in Gearbulk. This large shipping company is active in the breakbulk cargo segment (shipping forest products, nonferrous metals, and steel). It has a stable business based on open hatch bulk carriers, specially designed to carry cellulose and paper, which service South American, primarily Brazilian, shippers on a regular basis, quite similar in nature to a liner service. To support this business, the company has invested heavily in terminals in South America, and the organizational setup is relatively large, stable, and bottom-up. In contrast, Gearbulk's activities in East and Southeast Asia are much more focused on transactions, competing on price to get particular loads and being more exposed to the freight cycles.

Not all companies combine stable and cyclical business functions; many companies find themselves exclusively in one or the other, sometimes as a matter of deliberate choice. For instance, ship brokerage Frontline Ltd. is almost exclusively exposed to the movements of the freight market for VLCC supertankers. The company has a relatively small organization and is controlled by its Chairman, CEO, and major shareholder, John Fredriksen. This setup is top-down. In contrast, Vale, the large Brazilian mining company, competes with Rio Tinto and BHP to supply iron ore to the important Chinese market. The latter two export ore out of Northern Australia, so only have to cover about half the distance to reach China that Vale has to from Brazil. Consequently, Vale is building its own ships, 14 large iron ore bulk carriers of over 400,000 tdw each. Having its own ships will make the company better able to compete for the Chinese market as it will no longer be exposed to the ups and downs of the shipping market. The shipping activities are seen as part of the mining ore value chain and the ships are not traded on the cyclical open market. Vale has developed a more bottom-up strategy.

We can summarize the bottom-up and top-down aspects to doing business as in the table below.<sup>1</sup>

	Industrial	Cyclical
Momentum	Linear	Cyclical
Organizational impetus	Bottom-up	Top-down
Resources	More people involved	Fewer people involved
Focus	Stable relationships, continuing momentum	Trades, transactions, timing
Value chain	Integrated	Depends on getting decisions right, lead indicators

Describing the two approaches as industrial and cyclical helps us to understand the main focus of each approach, but should not be taken to imply that the industrial context is necessarily stable while the cyclical context is turbulent. This is, of course, not the case, since both aspects can be turbulent. However, a cyclical business can expect to be more turbulent than an industrial business, so we are really talking about different degrees of turbulence.

What does this imply for the leader during turbulent times? First, the leader must have an explicit understanding of the need to have a dual focus if the organization is to perform under such circumstances. If the leader allows one of the two archetypes to dominate, the business will be exposed to risk — if the leader focuses on the bottom-up aspects of the business, then they might fail to take advantage of opportunities presented by market cycles; if the leader focuses on the top-down side, day-to-day value-generating activities may begin to suffer. While it can be difficult to combine the two viewpoints under one organizational umbrella, the leader must be aware which parts of the business require bottom-up thinking and which parts require top-down actions. Getting the bottom-up aspects of the business right will be important for maintaining revenue, but since the top-down functions will suffer even more from turbulence, the leader cannot ignore the tough decisions that only he or she can make. In fact, whether it's top-down or bottom-up, the shape is always some kind of pyramid, and the leader is at the sharp end.

1. This refers to a Conference presentation, given by Dr. Arlie Sterling on September 4, 2009 the Shipping Markets Conference, Lausanne.



Both sides to the business, and therefore to leadership, have one major thing in common that is particularly crucial during turbulent times — the customer. Thinking back to how the captain of our ship in a storm has to save the ship first before worrying about the crockery in the gallery, we can see how a customer focus is critical for saving the business when times are difficult. From the top-down perspective, leaders must take immediate action; they must monitor and evaluate what works and what doesn't, and they must prioritize and cut out nonessentials. From the bottom-up, they must not hesitate to reorganize, increase efficiency, reduce costs, cut salaries, and get expenses under control — but addressing these internal challenges must not diminish actions to serve customers and secure revenue. The danger is that it can be easier for leaders to address internal rather than external turbulence, easier to focus on the bottom-up aspects of the business than the trickier top-down elements, but sadly a unilateral focus on cost-cutting will not only tend to weaken the service provided to the customer but will also undermine organizational morale — which must be maintained during periods of crisis. A business that only focuses on internal processes during turbulent times may survive the storm, but find that it has a weakened customer base when it comes out the other side. As the old proverb says, “Saving does not lead to wealth.”

Am I suggesting that leaders need to be schizophrenic in order to cope with turbulent times? No — I am simply describing the magnitude of the task, and the fact that, while leaders need to be hyperaware of their customers during periods of high uncertainty, they cannot take their eyes off the rest of the business.

## 1.5. Measuring Good Leadership

Given that this book is about what makes a good leader in a time of crisis, it's probably a good idea to discuss briefly what I mean by good leadership. After all, the underlying premise for the book is that *better leadership leads to better organizational performance*, and yet I have not defined what good leadership is.

A few questions quickly demonstrate how tricky measuring good leadership can be. What is the leadership component that contributes to the performance of an organization? How does this delineate itself during periods of turbulence? How does one separate out the performance components that come from size/market share advantages, historical strengths, and good decisions exercised in the past? How can we assess if organizational performance has improved because of better leadership? How do we compare good results in boom times with OK results in difficult times? What changes in leadership might be improvements, that is, lead to better performance?

As hard as we try, we have to accept that identifying and coming up with reliable measurements of the leadership drivers of performance are extremely difficult. Morten Hansen, Herminia Ibarra, and Urs Peyer listed the *Best-Performing CEOs in the World* as of 2009, and commented that their choice of sample cutoff dates excluded “Jack Welch, Warren Buffett, Larry Ellison, and Bill Gates ... though they probably would have done well if included” (Hansen, Ibarra, & Peyer, 2009).

Hansen and his colleagues based their CEO rankings on stock prices, adjusted for country, industry, and changes in market capitalization, asserting that they were the “fundamental scorecard for CEOs of public companies” (Hansen et al., 2009). Analyzing their data to see which leadership factors were most important, they determined that there was no clear country or industry advantage, but that insiders promoted up to CEO tended to do better than CEOs brought in from outside — although this might be influenced by the fact that underperforming companies were more likely to bring in an outsider. They also found that CEOs with an MBA tended to do better than those without, and those who took over “a struggling company from a mediocre predecessor” (Hansen et al., 2009) tended to do better than those who inherited a strong company that was performing well.

Interestingly, many CEOs who might have been expected to appear high in the rankings due to their celebrity status didn’t make the cut. While five of the CEOs in the top 30 also appeared in the 2009 *Barron’s* list of the top 30 CEOs in the world, many from the latter, despite being chosen after a rigorous interrogation of analysts, investors, and their peers, were absent. Some of the well-known CEOs missing from the list, such as Carlos Ghosn of Renault, Jeffrey Immelt of GE, and Robert A. Iger of Walt Disney, might simply not have been “among the top performers in the world according to the total shareholder return they’ve delivered so far” (Hansen et al., 2009), so Hansen and colleagues point out the importance of taking a long-term view when measuring performance.

Once you move away from publicly listed companies, it becomes even harder to gauge leadership performance. But we know that some of the major privately held corporations are engaged in business areas with strategies that require relatively heavy commitments of resources, that is, the owners’ financial funds. In commodity trading, for instance, we have privately held giants such as Cargill, Glencore, and Dreyfus. In ocean shipping, we had legends like Onassis and Niarchos — and now Helmut Sohmen and his son Andreas Sohmen-Pao. In private banking, we have Lombard Odier Darier Hentsch, Pictet, and so on. Leadership here is definitely linked to a willingness to take *large risks* — and the company’s wealth becomes synonymous with successful risk-taking. Leadership for these companies typically means moving with *high speed*, there’s no place for excessive bureaucracy here.