

Chapter

13

LEADERSHIP

OBJECTIVES By the end of this chapter, you should be able to:

- A. Define leadership.
- B. Describe what followers expect of leaders.
- C. Differentiate between leadership and management.
- D. Identify the traits related to leader success.
- E. Define initiating structure and consideration behavior.
- F. Explain what we mean by a contingency theory of leadership.
- G. Describe the behavior of effective transformational leaders.
- H. Describe how charismatic leaders function.

Arrrogance: *The Executive Achilles' Heel*

Brian S. Moskal

What makes potential management superstars fail to live up to their advance billing or not make the most of their careers? Wayne D. Calloway, chairman and CEO of PepsiCo Inc. and one of the nation's most admired corporate leaders, thinks he has some answers—at least why would-be superstars fell short of their mark in his \$17.8 billion organization based in Purchase, N.Y. PepsiCo recently conducted an internal study to determine why executives and managers failed, and if the company was at fault. The study focused on young recruits, a lot of them M.B.A.s—all bright and full of potential.

“By failure, I don’t mean skid row,” says Mr. Calloway. “I’m talking about the young gifted manager who is capable of being a division president but somehow doesn’t get there—tops out as a vice president or director. Nothing to be ashamed of, but not up to his or her potential.”

Source: adapted from *Industry Week*, June 3, 1991, p. 19.

The results surprised him. The three major reasons why bright young people failed had nothing to do with intelligence, or where they went to school, or even how well they knew their jobs. All three reasons for failure were traceable to one core area—flawed values.

“To be specific, the single biggest reason for failure at PepsiCo was **arrogance**. There’s nothing wrong with confidence, but arrogance is something else. Arrogance is the illegitimate child of confidence and pride. Arrogance is the idea that not only can you never miss (shooting) a duck, but no one else can ever hit one,” explains Mr. Calloway.

Arrogance is an insurmountable roadblock to success in a business where the “team” is what counts. The flip side of arrogance is teamwork—the ability to shine, to star, while working within the group, believes Mr. Calloway.

Lack of commitment was the second biggest reason why executives failed at PepsiCo. “I don’t mean they’re not willing to work long hours or make personal sacrifices. I mean an unwillingness to commit to a goal that’s bigger than they are—to keep coming at a problem even after failing, until they finally come up with a solution,” observes Mr. Calloway.

“The failed superstars at PepsiCo were not willing to commit themselves in the (manner of) Thomas Edison, who tried an experiment 128 different ways (before finding success). Instead, our failed superstars gave up after one frustration and they never moved ahead. They somehow failed to really commit themselves to a bigger idea, a bigger notion. They eventually quit,” recalls Mr. Calloway.

PepsiCo found the third biggest reason for failure had (and has) to do with another human value—[**lack of**] **loyalty**. “In these days of mixed allegiance, loyalty has gone the way of poodle skirts and bobby socks in terms of publicity. But not in reality. I don’t mean an unwillingness to question authority. I mean an unwillingness to put a larger cause—like the company or team performance—above your own interests. If an executive doesn’t have this concept of loyalty, what eventually starts to (creep) through is pettiness, constant complaints and excuses, cutting down co-workers, and, finally, acrobatics to cover his (or her) backside so he (or she) doesn’t get blamed for mistakes. It all adds up to mediocre performance at best—destructive behavior at worst.”

The flip side of failure is success, and it turns out that winners at PepsiCo demonstrate teamwork, commitment, and loyalty in pretty large doses. “Keep in mind, we’re not talking about a ‘go-along-to-get-along environment’ but a success-driven atmosphere packed with some of the most aggressive business people you’ll ever meet,” observes Mr. Calloway.

The PepsiCo CEO contends that truly successful businesses are never dominated by arrogant, dishonest types for long. “They may succeed for a short time or in a specific situation, but over (a long) time victory goes to people who work hard, are consistent, fair, open, and candid,” believes Mr. Calloway.