

# Organizations on the Couch: A Clinical Perspective on Organizational Dynamics

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In this article the argument is made that unconscious dynamics have a significant impact on life in organizations. In support of that argument, the salient aspects of the clinical paradigm are introduced, motivational need systems are explored, and observations are made about the role of core conflictual relationship themes in understanding behavior. The psychodynamics of leadership are discussed, including the role of narcissism, transference patterns, and the Monte Cristo complex. Other themes reviewed include collusive superior – subordinate relationships (such as identification with the aggressor and *folie à deux*) and the psychodynamics of groups (including regressive patterns such as fight – flight, dependency, and pairing behavior). The concept of social defenses — that is, a system of relationships (reflected in the organizational or social structure) constructed to help people deal with persecutory and depressive anxiety—is introduced. This discussion is followed by a description of the characteristics of neurotic organizations. Five ‘ideal’ types of such organizations are identified: the dramatic/cyclothymic, suspicious, compulsive, detached and depressive organizations. Subsequently, the benefits of the clinical approach to organizational consultation and intervention are explored. Finally, a plea is made for the creation of ‘authentizotic’ organizations — organizations in which people feel truly alive.

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**organizations, Clinical consultation, Authentizotic organizations**

There are more things in heaven and earth, Horatio,  
Than are dreamt of in your philosophy.  
— William Shakespeare, *Hamlet*, I, v. p. 166

What could an entirely rational being speak of with  
another entirely rational being?  
— Emmanuel Levinas, *Totality and Infinity*

I have yet to meet the famous Rational Economic Man theorists describe. Real people have always done inexplicable things from time to time, and they show no sign of stopping.  
— Charles Sanford, Jr, US business executive

## Introduction

There is a Sufi tale about a person who noticed a disturbing bump under a rug. He tried to smooth out the rug, but every time he did so, the bump reappeared. In utter frustration, he finally lifted up the rug, and to his great surprise, out slid an angry snake. In an organizational context, this story can be viewed as a metaphor for the occasions when, in making interventions, we deal only with the symptoms. Inevitably, despite our attempts to smooth things over, the snake beneath — the underlying cause — keeps working its mischief. Unless we pull out that snake and deal with it, it will confound our best efforts to improve organizational efficiency.

As in the Sufi tale, too many management scholars, in studying organizational effectiveness, restrict themselves to a very mechanical view of life in the workplace. They look at surface phenomena —

bumps on the rug — not at deep structure. The collective unconscious of business practitioners and scholars alike subscribes to the myth that it is only what we see and know (in other words, that which is conscious) that matters. That myth is grounded in organizational behavior concepts of an extremely *rational* nature — concepts based on assumptions about human beings made by economists (at worst) or behavioral psychologists (at best). The social sciences, ever desperate to gain more prestige, cannot stop pretending to be natural sciences; they cannot relinquish their obsession with the directly measurable. For far too many people, the spirit of the economic machine seems to be alive and well and living in organizations. Though the existing repertoire of 'rational' concepts has proven time and again to be insufficient to untangle the really knotty problems that trouble organizations, the myth of rationality persists.

Consequently, organizational behavior concepts used to describe processes such as individual motivation, leadership, interpersonal relationships, group and inter-group processes, corporate culture, organizational structure, change, and development are based on behaviorist models, with an occasional dose of humanistic psychology thrown into the equation for good measure. Such an approach (whereby the irrepressible ghost of scientific management advocate Frederick Taylor is still hovering about) has set the stage for a rather two-dimensional way of looking at the world of work. Many executives believe that behavior in organizations concerns only conscious, mechanistic, predictable, easy-to-understand phenomena. The more elusive processes that take place in organizations — phenomena that deserve rich description — are conveniently ignored.

That the organizational man or woman is not just a conscious, highly-focused maximizing machine of pleasures and pains, but also a person subject to many (often contradictory) wishes, fantasies, conflicts, defensive behavior, and anxieties — some conscious, others beyond consciousness — is not a popular perspective. Neither is the idea that concepts taken from such fields as psychoanalysis, psychodynamic psychotherapy, and dynamic psychiatry might have a place in the world of work. Such concepts are generally rejected out-of-hand on the grounds that they are too individually based, too focused on abnormal behavior, and (in the case of the psychoanalytic method of investigation) too reliant on self-reported case studies (creating problems of verification).

Valid as some of these criticisms may be, the fact remains that any meaningful explanation of humanity requires different means of verification. In spite of what philosophers of science like to say about

this subject, no causal claim in clinical psychology (or history and economics, for that matter) can be verified in the same way as can be done in empirical sciences such as experimental physics or astronomy. When we enter the realm of someone's inner world — seeking to understand that individual's desires, hopes, and fears — efforts at falsification (in an attempt to discover an observed exception to science's postulated rules) become a rather moot point (Popper, 2002).

Though the notion that there is more to organizational behavior than meets the eye is anathema to many management scholars, practitioners who deny the reality of unconscious phenomena — who refuse to bring them to consciousness and take them into consideration — increase the gap between rhetoric and reality. Rejecting a psychoanalytically informed approach to studying human issues is a mistake, plain and simple. After all, it is *individuals* that make up organizations and create the units that contribute to social processes. Even *en masse*, people are subject to different laws than can be tested in experimental

physics. Moreover, like it or not, abnormal behavior is more 'normal' than most people are prepared to admit. All of us have a neurotic side. Mental health and illness are not dichotomous phenomena but

opposing positions on a continuum. Moreover, whether a person is labeled normal or abnormal, exactly the same dynamics apply.

Given these observations, business scholars and leaders need to revisit the following questions: Is the typical executive really a logical, dependable human being? Is management really a rational task performed by rational people according to sensible organizational objectives? Given the plethora of highly destructive actions taken by business and political leaders, we shouldn't even have to ask. It should be clear that many of these incomprehensible activities ('incomprehensible' from a rational point of view, that is) signal that what really goes on in organizations takes place in the intrapsychic and interpersonal world of the key players, below the surface of day-to-day behaviors. That underlying mental activity and behavior needs to be understood in terms of conflicts, defensive behaviors, tensions, and anxieties.

It is something of a paradox that, while at a conscious level we might deny the presence of unconscious processes, at the level of behavior and action we live out such processes every day all over the world. Though we base business strategies on theoretical models derived from the 'rational economic man,' we count on real people (with all their conscious and unconscious quirks) to make and implement decisions. Even the most successful organizational

“Is the typical executive really a logical, dependable human being?”

leaders are prone to highly irrational behavior, a reality that we ignore at our own peril.

When the illusions created by the concept of *homo economicus* prevail over the reality of *homo sapiens*, people interested in what *truly* happens in organizations are left with a vague awareness that strange things are occurring, things that they cannot make sense of. When faced with organizational situations such as dysfunctional leadership, interpersonal conflicts, collusive relationships, ineffective team processes, and similar disturbing organizational phenomena, they feel ineffective and helpless.

In the case of many knotty organizational situations, a psychodynamic orientation can go a long way toward bringing clarity and providing solutions. No body of knowledge has made a more sustained and successful attempt to deal with the meaning of human events than psychoanalysis. The psychoanalytic method of investigation, which observes people longitudinally, offers an important window into the operation of the mind, identifying meaning in the most personal, emotional experiences. Its method of drawing inferences about meaning out of otherwise incomprehensible phenomena is more effective than what competing theories have to offer. By making sense out of executives' deeper wishes and fantasies, and showing how these affect their behavior in the world of work, the psychodynamic orientation offers a practical way of discovering how organizations *really* function. Far too many well-intentioned and well-thought-out plans derail daily in workplaces around the world because of out-of-awareness forces that influence behavior. Only by accepting that executives (like the rest of us) are not paragons of rationality can we understand how such plans derail and put them back on track again — or better yet, keep them from derailing in the first place.

Though a growing group of management scholars is coming to realize that they need to pay attention to weaker, below-the-surface signals in organizational systems, that trend is belied by frequent articles in popular journals asking whether Freud is dead. People who pose that question are typically unaware of recent developments in the theory and the practice of psychoanalysis. They usually attack Freudian views of the early twentieth century, forgetting that psychoanalytic theory and therapy have continued to evolve since that time. Psychoanalytic theory and technique have become increasingly sophisticated, incorporating the findings from domains such as dynamic psychiatry, developmental psychology, etiology, anthropology, neurophysiology, cognitive theory, family systems theory, and individual and group psychotherapy. To condemn present-day psychoanalytic theory as outdated is like attacking modern physics because Newton did not understand Einstein's relativity theory. Although various aspects of Freud's theories are no longer valid in light of new information about the workings of the mind, funda-

mental components of psychoanalytic theory and technique have been scientifically and empirically tested and verified, specifically as they relate to cognitive and emotional processes (Barron and Eagle, 1992; Westen, 1998). As disappointing this fact may be to some of his present-day attackers, many of Freud's ideas have retained their relevance.

A broad integrative, clinically-oriented psychodynamic perspective that draws upon psychoanalytic concepts and techniques has much to contribute to our understanding of organizations and the practice of management. A psychoanalytically informed perspective can help us understand the hidden dynamics associated with individual motivation, leadership, interpersonal relationships, collusive situations, social defenses, corporate culture, 'neurotic' organizations (that is, organizations dominated by the particular neurosis of its top executive), and the extent to which individuals and organizations can be prisoners of their past (Zaleznik, 1966; Levinson, 1972, 2002; DeBoard, 1978; Kets de Vries, 1984, 1991, 1994; Kets de Vries and Miller, 1984; Czander, 1993; Gabriel, 1999). Advocates of the clinical psychodynamic approach recognize the limits of rationality and reject a purely economist, behaviorist view of the world of work. Behavioral and statistical data-gathering experiments can make only a partial contribution to the understanding of complex organizational phenomena, though advocates of management as a natural science would like to believe differently. An additional dimension of analysis is needed to comprehend organizational behavior and the people working in the system. We have to factor in that which is directly observable.

Scholars of management need to recognize that organizations as systems have their own life — a life that is not only conscious but also unconscious, not only rational but also irrational. The application of the clinical paradigm is helpful in providing insight into that life, into the underlying reasons for executive (and employee) behavior and actions. To understand the whole picture, we need to pay attention to the presenting internal and social dynamics, to the intricate playing field between leaders and followers, and to the various unconscious and invisible psychodynamic processes and structures that influence the behavior of individuals, dyads, and groups in organizations. People who dismiss the complex clinical dimension in organizational analysis cannot hope to go beyond a relatively impoverished, shallow understanding of life in organizations. In business as in individual life, psychological awareness is the first step toward psychological health. Organizations cannot perform successfully if the quirks and irrational processes that are part and parcel of the organizational participants' inner theater are not taken into consideration by top management.

In this article I argue that unconscious dynamics have a significant impact on life in organizations and urge

organizational leaders to recognize and plan for those dynamics. Subsequent pages will introduce the salient aspects of the clinical paradigm, explore motivational need systems, investigate the role of core conflictual relationship themes in human behavior, and discuss the psychodynamics of leadership (including the role of narcissism, transference patterns, and the Monte Cristo complex). Other themes that I will review include collusive superior-subordinate relationships (such as identification with the aggressor and *folie à deux*) and the psychodynamics of groups (including behaviors such as regressive patterns like fight – flight, dependency, and pairing). I will also introduce the concept of the social defense — that is, a system of relationships, reflected in the social structure, constructed by a group to help members deal with persecutory and depressive anxiety. Because organizations take on the traits of their leader, I will also look at the ‘neurotic’ organization, identifying five ‘ideal’ types: dramatic/cyclothymic, suspicious, compulsive, detached, and depressive. Finally, I outline the benefits of the clinical approach to organizational consultation and intervention and make a plea for the creation of authentizotic organizations — organizations in which people feel truly alive.

## The Clinical Paradigm

Although our brains are genetically hardwired with certain instinctual behavior patterns, that wiring is not irrevocably fixed. Especially over the crucial first months and years of our life (though in later years as well, to a lesser extent), rewiring occurs in response to developmental factors that we are exposed to. The interface of our motivational needs with environmental factors (especially human factors, in the form of caretakers, siblings, teachers, and other important figures) defines our essential uniqueness. These elements work together to set the stage and draft the script for our inner theater. For each one of us, our unique mixture of motivational needs determines our character and contributes to the triangle of our mental life — a tightly interlocked triangle consisting of cognition, affect, and behavior.

## Motivational Need Systems

To understand the human being in all its complexity, we have to start with motivational need systems, because they are the operational code that drives personality. Each of these need systems is operational in every person beginning at infancy and continuing throughout the life-cycle, altered by the forces of age, learning, and maturation. The importance that any one of the need systems has in an individual is determined by three regulating forces: innate and learned response patterns, the role of significant caretakers, and the extent to which the individual

attempts to recreate positive emotional states experienced in infancy and childhood. As these forces and need systems interact during maturation, mental schemas emerge — ‘templates’ in the unconscious, if you will. These schemas create symbolic model scenes (what I like to call ‘scripts’ in a person’s ‘inner theater’) that regulate fantasy and influence behavior and action (Erikson, 1963; Emde, 1981; Kagan and Moss, 1983; Lichtenberg, 1991; Lichtenberg and Schonbar, 1992).

Some of these motivational need systems are more basic than others. At the most fundamental is the system that regulates a person’s physiological needs — i.e. needs for food, water, elimination, sleep, and breathing. Another system handles an individual’s needs for sensual enjoyment and (later) sexual excitement, while still another deals with the need to respond to certain situations through antagonism and withdrawal. Although these primary need systems impact the work situation to some extent, two other, higher-level systems are of particular interest for life in organizations: the attachment/affiliation need system and the exploration/assertion need system.

Let’s look at the need for attachment/affiliation first. Among humans there exists an innately unfolding experience of human relatedness (Spitz, 1965; Bowlby, 1969; Mahler *et al.*, 1975; Winnicott, 1975). Humankind’s essential *humanness* is found in seeking relationships with other people, in being part of something. That need for attachment involves the process of engagement with other human beings, the universal experience of wanting to be close to others. It also involves the pleasure of sharing and affirmation. When the human need for intimate engagement is extrapolated to groups, the desire to enjoy intimacy can be described as a need for affiliation. Both attachment and affiliation serve an emotional balancing role by confirming an individual’s self-worth and contributing to his or her sense of self-esteem.

The need for exploration/assertion also has a lot to do with who a person becomes and how that person sees him- or herself. The need for exploration, closely associated with cognition and learning, affects a person’s ability to play and to work. This need is manifested soon after birth: infant observation has shown that novelty, as well as the discovery of the effects of certain actions, causes a prolonged state of attentive arousal in infants. Similar reactions to opportunities for exploration continue into adulthood. Closely tied to the need for exploration is the need for self-assertion, the need to be able to choose what one will do. Playful exploration and manipulation of the environment in response to exploratory-assertive motivation produces a sense of effectiveness and competency, of autonomy, initiative, and industry (White, 1959). Because striving, competing, and seeking mastery are fundamental characteristics of the

human personality, exercising assertiveness — following our preferences, acting in a determined manner — serves as a form of affirmation.

As noted above, each motivational system is either strengthened or loses power in reaction to innate and learned response patterns, the developmental impact of caretakers, and the ability to recreate previous emotional states. Through the nature – nurture interface, these highly complex motivational systems eventually determine the unique ‘internal theater’ of the individual — the stage on which the major themes that define the person are played out. These motivational systems are the *rational* forces that lie behind behaviors and actions that are perceived to be *irrational*. The clinical paradigm looks beyond a person’s irrational activities and attempts to acknowledge, decipher, and offer tips for mastering these forms of irrationality. The clinical approach to organizational assessment and consultation helps executives and consultants become organizational ‘detectives.’

### The Rationale behind Irrationality

The ‘prototype’ or ‘script’ of self, others, and events that each one of us carries within us is put into motion by the aforementioned motivational needs systems. These scripts determine how we react across situations (George, 1969; McDougall, 1985). They influence how we act and react in our daily lives, whether at home, at play, or at work. We bring to every experience a style of interacting, now scripted for us, that we learned initially in childhood. In other words, how we related to and interacted with parents and other close caregivers during the early years affects how we relate to others — especially authority figures — now in our adulthood.

In the course of these maturation processes, we all develop particular themes in our inner theater— themes that reflect the preeminence of certain inner wishes that contribute to our unique personality style. These ‘core conflictual relationship themes’ (CCRT) translate into consistent patterns by which we relate to others (Luborsky and Crits-Cristoph, 1998). Put another way, our basic wishes shape our life-scripts, which in turn shape our relationships with others, determining the way we believe others will react to us and the way we react to others. People’s lives may be colored by the wish to be loved, for example, or the wish to be understood, or to be noticed, or to be free from conflict, or to be independent, or to help — or even to fail, or to hurt others.

When we go to work, we take these fundamental wishes — our core conflictual relationship themes — into the context of our workplace relationships. We project our wishes on others and, based on those wishes, rightly or wrongly anticipate how others will

react to us; then we react not to their *actual* reactions but to their *perceived* reactions. Who among us doesn’t know a leader who is the epitome of conflict avoidance, tyrannical behavior, micromanagement, manic behavior, inaccessibility, or game-playing? That dominant style, whatever it may be, derives from the leader’s core conflictual relationship theme. So potent is a person’s driving theme that a leader’s subordinates are often drawn into collusive practices and play along, turning the leader’s expectations into self-fulfilling prophecies. Unfortunately, the life-scripts drawn up in childhood on the basis of our core conflictual relationship themes often become ineffective in adult situations. They create a dizzying merry-go-round that takes affected leaders into a self-destructive cycle of repetition.

### The Importance of Unconscious Processes

As mentioned earlier, Sigmund Freud explored the importance of the human unconscious — that part of our being which, hidden from rational thought, affects and interprets our conscious reality. We are not always aware of what we are doing (even aside from the issue of *why* we are doing it). Like it or not, certain kinds of behavior originate outside consciousness. We all have our blind spots. In addition, we all have a dark side — a side that we don’t know (and don’t *want* to know). Freud was not the first person to emphasize the role of the unconscious; many poets and philosophers explored that territory before him. He was the first, however, to build a psychological theory around the concept.

Because the key drivers in the unconscious are in our personal, repressed, infantile history, we usually deny or are simply unaware of the impact and importance of the unconscious. It is not pleasant to admit (contrary to our cherished illusion that we are in control of our lives) that we are sometimes prisoners of our own unconscious mind. And yet accepting the presence of the cognitive and affective unconscious can be liberating, because it helps us to understand why we do the things we do, make the decisions we do, and attract the responses we do from the environment. Once we become aware of how and why we operate, we are in a much better position to decide whether we want to do what we have always done or pursue a course that is more appropriate for our current life situation and stage of development.

### Prisoners of the Past

As was noted in the discussion of motivational need systems, there is strong continuity between childhood and adult behavior. As the saying goes, Scratch a man or woman and you will find a child! This does not mean that we cannot change as adults; it simply means that by the time we reach the age of thirty, a considerable part of our personality has been formed

(McCrae and Costa, 1990; Heatherton and Weinberger, 1994). And unless we recognize the extent to which our present is determined by our past, we make the same mistakes over and over. Organizations the world over are full of people who are unable to recognize repetitive patterns in their behavior that have become dysfunctional. They are stuck in a vicious, self-destructive circle and don't even know it — much less know how to get out. The clinical paradigm can help such people recognize their strengths and weaknesses, understand the causes of their resistance to change, and recognize where and how they can become more effective. In other words, it can offer *choice*.

## The Psychodynamics of Leadership

Recognizing the role that psychodynamic processes play in organizational life also leads to greater insight concerning the question of leadership. Understanding the complex nature of humankind makes for a more realistic assessment of knotty situations. Anyone wanting to create or manage an effective organization needs to understand the dynamics of leadership and the intricacies of superior – subordinate relationships.

What makes the study of leadership difficult is that (as one wit once said) it is like pornography: hard to define, but easy to recognize. At its heart, leadership is about human behavior — understanding it, enhancing it. It revolves around the highly complex interplay between leaders and followers, all put into a particular situational context. Leadership is about understanding the way people and organizations behave, about creating and strengthening relationships, about building commitment, about establishing a group identity, and about adapting behavior to increase effectiveness. It is also about creating hope. True leaders are merchants of hope, speaking to the collective imagination of their followers, co-opting them to join them in a great adventure. Leaders inspire people to move beyond personal, egoistic motives—to transcend themselves, as it were—and as a result they get the best out of their people. In short, exemplary leadership makes a positive difference, whatever the context (Burns, 1978; Bass, 1985; Bennis and Nanus, 1985; Kets de Vries, 1994; Pfeffer, 1998).

Contrary to the writings of various management theorists who attribute all variations in leadership effectiveness to environmental constraints — thereby turning leaders into puppets manipulated by the forces of the environment, influenced only through the most rational of mechanisms — psychodynamic

processes between leader and led are determinative. That is not to minimize such factors as economies of scale or scope, a company's market position, or its technological capabilities. But a company can have all the 'environmental' advantages in the world — strong financial resources, enviable market position, and state-of-the-art technology — and still fail in the absence of effective leadership. Without strong hands at the helm, environmental advantages melt away and the organization, like a driverless car, runs downhill.

What the clinical approach demonstrates more effectively than other conceptual frameworks is that leaders need to recognize that people differ in their motivational patterns. Highly effective leaders are cognizant of the fact that employees are not one-dimensional creatures who park their human nature at the door when they enter the workplace. Good leaders see their followers as complex and paradoxical entities, people who radiate a combination of soaring idealism and gloomy pessimism, stubborn shortsightedness and courageous vision, narrow-minded suspicion and open-handed trust, irrational envy and unbelievable unselfishness.

Taking the emotional pulse of followers, both individually and as a group, is essential, but that alone does not comprise effective leadership. The essence of leadership is the ability to use identified motivational patterns to influence others — in other words, to get people to voluntarily do things that they would not otherwise do. Generally those things are of a positive nature, but there is nothing inherently moral about leadership: it can be used for bad ends as well as good. History is full of men and women whose leadership was 'effective' despite despicable goals — people such as Joseph Stalin, Adolph Hitler, Pol Pot, and Saddam Hussein (Kets de Vries, 2003). Even well-intentioned leaders are not without a shadow side, unfortunately; if they have a distorted view of reality, they may use their followers to attain narrow narcissistic goals that benefit neither the organization nor its rank-and-file employees.

Whether we refer to a luminous or a dark leader, we cannot avoid tackling the subject of narcissism, for it lies at the heart of leadership (Kernberg, 1975; Kohut, 1985; Kets de Vries, 1989). A solid dose of narcissism is a prerequisite for anyone who hopes to rise to the top of an organization. Narcissism offers leaders a foundation for conviction about the righteousness of their cause. The narcissistic leader's conviction that his or her group, organization, or country has a special mission inspires loyalty and group identification; the strength (and even inflexibility) of a narcissistic leader's worldview gives followers something to identify with and hold on to. Narcissism is a toxic

“History is full of men and women whose leadership was 'effective' despite despicable goals”

drug, however. Although it is a key ingredient for success, it does not take much before a leader suffers from an overdose.

**The Vicissitudes of Narcissism**

A closer look at narcissism confirms for us the linkage between childhood and adult behavior. When we trace narcissism back to its roots, we find ourselves in a person’s infancy.

The process of growing up is necessarily accompanied by a high degree of frustration. During intrauterine existence, human beings are, in effect, on automatic pilot: any needs that exist are taken care of immediately and automatically. This situation changes the moment a baby makes its entry into the world. In dealing with the frustrations of trying to make his or her needs and wants known, and as a way of coping with feelings of helplessness, the infant tries to regain the original impression of the perfection and bliss of intrauterine life by creating both a grandiose, exhibitionistic image of the self and an all-powerful, idealized image of the parents (Kohut, 1971). Over time, and with ‘good enough’ care, these two configurations are ‘tamed’ by the forces of reality — especially by parents, siblings, caretakers, and teachers, who modify the infant’s exhibitionism and channel the existing grandiose fantasies. How the major caretakers react to the child’s struggle to deal with the paradoxical quandary of infancy — that quandary being how to resolve the tension between childhood helplessness and the ‘grandiose sense of self’ found in all children—is paramount to the child’s psychological health. The resolution of that tension is what determines a person’s feelings of potency versus impotency, a sense of omnipotence versus a sense of helplessness. Inadequate resolution of these quandaries often produces feelings of shame, humiliation, rage, envy, spitefulness, a desire for vengeance, and a hunger for personal power and status. If that hunger is not properly resolved in the various stages of childhood, it can be acted out in highly destructive ways in adulthood.

During these developmental processes, a lot hangs on the ‘good enough’ parenting mentioned earlier. Children exposed to extremes of dysfunctional parenting — understimulation, overstimulation, or highly inconsistent treatment — are left with a legacy of insecurity (Kohut and Wolf, 1978). When they become adults, they remain deeply troubled by bitterness, anger, depressive thoughts, feelings of emptiness, and a lingering sense of deprivation. And one way of coping with these unresolved feelings is by resorting to narcissistic excess.

I have classified narcissism as either constructive or

reactive, with *excess* narcissism generally falling in the latter category and *healthy* narcissism generally falling in the former. Constructive narcissists are those people who were fortunate enough to have caretakers who knew how to provide age-appropriate frustration — i.e. enough frustration to challenge but not so much as to overwhelm. These caretakers were able to provide a supportive environment that led to feelings of basic trust and to a sense of control over one’s actions. People exposed to such parenting tend, as adults, to be relatively well balanced; to have a positive sense of self-esteem, a capacity for introspection, and an empathetic outlook; and to radiate a sense of positive vitality.

Although constructive narcissists are no strangers to the pursuit of greatness, they are not searching for personal power alone. Rather, they have a vision of a better organization or society and want to realize that vision with the help of others. They take advice and consult with others, although they are prepared to make the ultimate decisions. In leadership roles, constructive narcissists often seem larger than life. As transformational leaders, even role models, they inspire others not only to be better at what they do, but also to entirely *change* what they do.

Reactive narcissistic leaders, on the other hand, were not as fortunate as their constructive peers as children. Instead of receiving age-appropriate frustration, they were the recipients of over- or understimulation, or chaotic, inconsistent stimulation. As a result, they are left in adulthood with a legacy of feelings of deprivation, insecurity, and inadequacy. As a way of mastering their sense of deprivation, such individuals may develop feelings of entitlement, believing that they deserve special treatment and that rules and regulations apply only to others; as a way of mastering their feelings of inadequacy and insecurity, they may develop an exaggerated sense of self-importance and self-grandiosity and a concomitant need for admiration. Furthermore, having not had many empathic experiences as children, these people typically lack empathy; they are often unable to experience how others feel.

“...minds are like parachutes — they function only when they are open!”

Typically, reactive narcissistic leaders become fixated on issues of power, status, prestige, and superiority. To them, life is a zero-sum game: there are winners and losers. They are preoccupied with looking out for number one. They are often driven toward achievement and attainment by the need to get even for perceived slights experienced in childhood. (The so-called ‘Monte Cristo complex,’ named after the protagonist in Alexandre Dumas’s *The Count of Monte Cristo*, refers to feelings of envy, spite, revenge, and/or vindictive triumph over others — in short, the need to get even for real or imagined hurts.) Reactive narcissistic leaders are not prepared to share

power. On the contrary, as leaders they surround themselves with 'yea-sayers.' Unwilling to tolerate disagreement and dealing poorly with criticism, such leaders rarely consult with colleagues, preferring to make all decisions on their own. When they do consult with others, such consultation is little more than ritualistic. They use others as a kind of 'Greek chorus,' expecting followers to agree to whatever they suggest.

Reactive narcissistic leaders learn little from defeat. When setbacks occur, such leaders don't take any personal responsibility; instead, they scapegoat others in the organization, passing on the blame. Even when things are going well, they can be cruel and verbally abusive to their subordinates, and they are prone to outbursts of rage when things don't go their way. Likewise, perceiving a personal attack even where none is intended, they may erupt when followers rebel against their distorted view of the world. Such 'tantrums,' re-enactments of childhood behavior, originate in earlier feelings of helplessness and humiliation. Given the power that such leaders now hold, the impact of their rage on their immediate environment can be devastating. Furthermore, tantrums intimidate followers, who then themselves regress to more child-like behavior.

### Transference: The Matrix for Interpersonal and Group Processes

Another important element in the leader – follower interface is transference, or the act of using relationship patterns from the past to deal with situations in the present. Part of the human condition, transference can be viewed as a confusion in time and place (Freud, 1905; Etchegoyen, 1991). In essence, transference means that no relationship is a new relationship; each relationship is colored by previous relationships. Though the word *transference* conjures up images of the analyst's couch, it is a phenomenon that all of us are familiar with: all of us act out transference (or 'historical') reactions on a daily basis, regardless of what we do. Executives arguing in the board room over issues of corporate strategy are in fact trying to cope with unfulfilled and unconscious family needs that date back to early childhood; unconsciously, they are dealing with parental figures and siblings over issues of power. The subordinate who reminds the CEO of his father's inability to listen or the colleague whose unpredictability reminds another executive of her mother inspires in the adult businessperson the same feelings that those original caregivers did. The psychological imprints of crucial early caregivers — particularly our parents — cause this confusion in time and place, making us act toward others in the present as if they were significant people from the past; and these imprints stay

with us and guide our interactions throughout our life. Though we are generally unaware of experiencing confusion in time and place, the mismatch between the reality of our work situation and our subconscious scenario — colleagues are not parents or siblings, after all — may lead to bewilderment, anxiety, depression, anger, and even aggression.

There are two subtypes of transference patterns that are especially common in the workplace (and that are often exaggerated in reactive narcissists): mirroring and idealizing. It is said that the first mirror a baby looks into is the mother's face. Predictably, one's identity and one's mind are heavily shaped by contact with one's mother, particularly during the early, narcissistic period of development. Starting with that first mirror, the process of mirroring — that is, taking our cues about being and behaving from those around us — becomes an ongoing aspect of our daily life and the relationships we have with others.

Followers are eager to use their leaders as 'mirrors'

For organizations, this mirroring dynamic between leader and follower can become collusive. Followers are eager to use their leaders as mirrors. They use leaders to reflect what they like to see, and leaders rarely mind, finding the affirmation of followers hard to resist. The result is often a mutual admiration society. Membership in that society may encourage leaders to take actions designed to shore up their image rather than serve the needs of the organization.

Idealizing is another universal transference process: as a way of coping with feelings of helplessness, we idealize people important to us, beginning with our first caretakers, assigning powerful imagery to them. Through this idealizing process, we hope to combat helplessness and acquire some of the power of the person admired. Idealizing transference thus serves as a protective shield for followers.

Idealizing and mirroring have their positive side; they can generate an adhesive bond that helps to keep the organization together during a crisis. Because they temporarily suspend the values of insight and self-criticism, they are key tools in the creation of a common vision and the generation of 'committed action' on the part of followers. When these transference patterns persist, however, followers gradually stop responding to the leader according to the reality of the situation, allowing their past (unrealistic) hopes and fantasies to govern their interactions with the leader.

Reactive narcissistic leaders are especially responsive to such admiration, often becoming so dependent on it that they can no longer function without this emotional fix. Idealization fatally seduces such leaders into believing that they are in fact the illusory creatures their followers have made them out to be. It



is a two-way street, of course: followers project their fantasies onto their leaders, and leaders mirror themselves in the glow of their followers. The result for leaders who are reactive narcissists is that disposition and position work together to wreak havoc on reality-testing: they are happy to find themselves in a hall of mirrors that lets them hear and see only what they want to hear and see. In that illusory hall, boundaries that define normal work processes disappear — at least for the entitled leader, who feels diminishing restraint regarding actions that are inappropriate, irresponsible, or just plainly unethical. Any follower who criticises the leader for such behavior or points out cracks in the mirrors risks inciting a temper tantrum, as noted earlier.

### Identification with the Aggressor

To overcome the severe anxiety prompted by a reactive narcissistic leader's aggression, some followers may resort to the defensive process known as 'identification with the aggressor.' When people find themselves in the presence of a superior force that has the power to do unpleasant things to them, they feel a powerful incentive to become like that superior force, as a form of protection against future aggression (Freud, 1966). In fully-fledged identification with the aggressor, individuals impersonate the aggressor, assuming the aggressor's attributes and transforming themselves from those who are threatened to those making threats. The more extreme the actions of the leader, the more aggressive the self-defense has to be — and thus the more tempting it is for subjects to gain strength by becoming part of the system and sharing the aggressor's power.

Within this climate of dependency, the world becomes starkly black and white. In other words, people are either for or against the leader. Independent thinkers are 'removed'; those who hesitate to collaborate become the new 'villains' — 'deviants' who provide fresh targets for the leader's anger. Those 'identifying with the aggressor' support the leader in his or her destructive activities almost as a rite of passage. They help deal with the leader's 'enemies' and, coincidentally, share his or her guilt — a guilt that can be endlessly fed with new scapegoats, designated villains on whom the group enacts revenge whenever things go wrong. These scapegoats fulfill an important function: they become to others the external stabilizers of identity and inner control. They are a point of reference on which to project everything one is afraid of, everything that is perceived as bad.

### Folie á Deux

Some of the leader-follower collusions can be summarized in the term 'folie à deux,' or shared madness,

a form of mental contagion (Kets de Vries, 1979). In such collusions, there is usually a dominant person (the so-called inducer) whose delusions become incorporated and shared by the other, healthier members of the organization. Leaders whose capacity for reality-testing has become impaired shift their delusions and unusual behavior patterns to their subordinates, who in turn often not only take an active part but also enhance and elaborate on the delusions. Followers need to engage in mental acrobatics to stay in the orbit of the delusional leader, but they are willing to twist and stretch in order to be close to the center of power. In order to minimize conflict and disagreement, they are willing to sacrifice the truth on the altar of intimacy, maintaining a connection with the leader even though he or she has lost touch with reality. A famous example of this process taken from literature is the relationship between Don Quixote and Sancho Panza in Michel Cervantes' masterpiece. Don Quixote, a nobleman, has lost complete touch with reality: he fights windmills that he thinks are his enemies, and he sees virtue and beauty in women whom society has rejected as prostitutes. His squire, originally a reasonable, sane man, ends up sharing the delusions of his master, becoming equally mad.

Collusive relationships, with their induced lack of reality-testing, can have various outcomes — all negative. In extreme cases, a folie á deux can lead to the self-destruction of the leader, professionally speaking, and the demise of the organization. Before the ultimate 'fall,' however, organizational participants may recognize that the price for participating in the collusion with the leader has become too high. In that case, the endgame may include a 'palace revolution' whereby the leader is overthrown when the cycle of abusive behavior becomes unbearable. If followers realize that they are next in line to be sacrificed on the insatiable altar of the leader's wrath, they may try to remove the leader in a desperate attempt to break the magic spell.

### Rethinking Leader – Follower Relations

The implications of the dark sides of leadership and 'followership' are clear. Leaders themselves often misperceive situations and statements and act in inappropriate ways. Followers then tend, with good or bad intentions, to compound the problem, furthering the leader's misperceptions and encouraging misguided actions. The world is full of Machiavellian followers who deprive their leaders of needed critical feedback for the purpose of self-enhancement. A subset of that group have such an addiction to power that political considerations override all other factors: such followers have no compunctions about setting their leadership up to fail. A follower's shadow side can be just as dark, and have just as devastating an effect, as a leader's shadow side. And there is a contagion to collusion among followers: it seems that the

more individuals there are in pursuit of power, the greater the temptation to contaminate the influence process by distorting the leader's perceptions of reality. No leader is immune from taking actions that (even if well-intentioned) can lead to destructive consequences, and no follower is immune from being an active participant in the process.

Given the prevalence of collusive practices, leaders and followers need to work at understanding themselves — shadow side as well as strengths — and being open to all forms of information and feedback. Additionally, leaders need to be sensitive to what followers tell them, listening for subtle messages, both verbal and non-verbal, that may contradict the majority report. Finally, leaders need to help followers become leaders in their own right. They need to give followers opportunities to learn, they need to offer them constructive feedback, they need to be aware of and accommodate the emotional needs of subordinates, and they need to harness the creativity of individuals within their organizations. Above all these things, though, leaders need to preserve their own hold on reality; they need to see things as they really are, avoiding the intense pressure from colleagues to reside in the hall of mirrors.

## The Psychodynamics of Groups

A study of leader – follower relationships necessarily addresses the psychology of groups. The psychiatrist Wilfred Bion identified three basic assumptions to be studied in group situations, a trio that has become a cornerstone of the study of organizational dynamics (Bion, 1959). These basic assumptions — which take place at an unconscious level — create a group dynamic that makes it much harder for people to work together productively. They deflect people from the principal tasks that have to be performed in the organization, because they result in pathological regressive processes that lead to more archaic (that is, primitive) patterns of functioning. Freed from the constraints of conventional thinking, groups subject to such regressive processes retreat into a world of their own. The result is often delusional ideation — in other words, ideas completely detached from reality — which is fertile soil for the proliferation of rigid ideological patterns of decision-making.

### Basic Group Assumptions

Let's look now at each of Bion's three assumptions: dependency, fight – flight, and pairing.

#### *Dependency*

People often assume, at an unconscious level, that the leader or organization can and should offer protection and guidance similar to that offered in earlier years by parents. Groups subject to the *dependency*

*assumption* are looking for a strong, charismatic leader to lead the way. The members of such groups are united by common feelings of helplessness, inadequacy, neediness, and fear of the outside world. They perceive the leader as omnipotent and readily give up their autonomy when they perceive help at hand. Remarks typical of groups subject to this process include, 'What do you want me/us to do?' and 'I can't take this kind of decision; you'll have to talk to my boss.' Such comments reflect the employees' anxiety, insecurity, and professional and emotional immaturity. While unquestioning faith in a leader contributes to goal-directedness and cohesiveness, it also impairs followers' critical judgment and leaves them unwilling to take initiative. Though they are willing to carry out their leader's directives, they require him or her to take all the initiative, do all the thinking, be the major catalyst. And once a leader whom followers leaned heavily on is gone, bureaucratic inertia may take hold. People may be frozen in the past, wondering what their leader — if he or she were still around — would have done.

#### *Fight – Flight*

Another common unconscious assumption is that the organizational world is a dangerous place and organizational participants must use fight or flight as defense mechanisms. In groups subject to the *fight – flight assumption*, an outlook of avoidance or attack predominates. When the fight – flight mechanism takes hold, there is a tendency to split the world into camps of friends and enemies. Fight reactions manifest themselves in aggression against the self, peers (in the form of envy, jealousy, competition, elimination, boycotting, sibling rivalry, fighting for a position in the group, and privileged relationships with authority figures), or authority itself. Flight reactions include avoidance of others, absenteeism, and resignation in the sense of giving up. Remarks typical of people in a fight – flight situation include, 'Let's not give those updated figures to the contracts department; they'll just try to take all the credit,' and 'This company would be in good shape if it weren't for the so-and-sos who run the place.' Us-versus-them language is common. Taking personal responsibility for problems is unheard of; instead, blame is routinely (and vindictively) assigned elsewhere. Subscribing to a rigid, bipolar view of the world, these groups possess a strong desire for protection from and conquest of 'the enemy,' in all its varied manifestations.

Because conspiracies and enemies already populate their inner world, leaders that fall victim to the fight – flight assumption encourage the group tendency toward splitting. Externalizing their internal problems, they inflame their followers against real and/or imagined enemies, using the in-group/out-group division to motivate people and to channel emerging anxiety outward. The shared search for and fight against enemies results in a strong (but rigid) conviction among participants of the correctness and

righteousness of their cause, and it energizes them to pursue that cause. It also enforces the group's identity (Lasswell, 1960; Volcan, 1988). Leaders who encourage fight – flight mechanisms by radiating certainty and conviction create meaning for followers who feel lost. The resulting sense of unity is highly reassuring. As followers eliminate doubters and applaud converts, they become increasingly dependent on their leader.

*Pairing*

Bion's third unconscious assumption is that pairing up with a person or group perceived as powerful will help a person cope with anxiety, alienation, and loneliness. Wanting to feel secure but also to be creative, people experiencing the *pairing assumption* fantasize that the most effective creation will take place in groups of pairs. Unfortunately, pairing also implies splitting up. The inevitable diversity within groups may result in intra- and inter-group conflict, which in turn may prompt individuals or groups to split up the group and build a smaller system — one in which a person can belong and feel secure. This assumption also manifests itself in ganging up against the perceived aggressor or authority figure. In the pairing mode, often seen in high-tech companies, grandiose, unrealistic ideas about innovation may become more important than practicality and profitability. Remarks typical within an organization subject to the pairing assumption include, 'Leave it to the two of us, we can solve this problem,' and 'if only the CEO and COO have better relationship our company would be in really good shape.'

**Basic Social Defenses**

The basic assumptions discussed above all reveal underlying anxiety about the world and one's place in it. When these assumptions prevail in the workplace, they offer strong proof that the organization's leadership is not dealing adequately with the emerging anxiety of working in a social setting (Menzies, 1960; Jaques, 1974). When the level of anxiety rises in an organization, executives typically rely on existing structures (such as rules, regulations, procedures, organization charts, job descriptions, and organization-specific ways of solving problems) to 'contain' that anxiety. When those structures offer insufficient 'containment' — that is, when there are no opportunities to discuss and work through emerging concerns — people in organizations engage in regressive defenses such as splitting, projection, displacement, denial, and other defensive routines.

When such defenses are adopted organization-wide, we call them social defenses. They can be viewed as new structures, new systems of relationships within the social structure, constructed to help people deal

with anxiety. The purpose of social defenses is to transform and neutralize strong tensions and affects such as anxiety, shame, guilt, envy, jealousy, rage, sexual frustration, and low self-esteem. They function like individual defenses but are woven into the fabric of an organization in an effort to assure organizational participants that the workplace is really safe and accepting. When these ways of dealing with the angst and unpredictability of life in organizations become the dominant mode of operation (rather than an occasional stopgap measure), they become dysfunctional for the organization as a whole. They may still serve a purpose (albeit not necessarily a constructive one), but they have become bureaucratic obstacles. These bureaucratic routines and pseudo-rational activities gradually obscure personal and organizational realities, allowing people to detach themselves from their inner experience. Task forces, administrative procedures, rationalization, intellectualization, and

☞☞ Like every person, every organization has a history ☞☞

other structures and processes are used to keep people emotionally uninvolved and to help them feel safe and in control. While these processes do in fact reduce anxiety—the original goal—they also replace compassion, empathy, awareness, and meaning with control and impersonality.

**Neurotic Organizations**

Like every person, every organization has a history. The repetition of certain phenomena in a given workplace suggests the existence of specific motivational configurations. Just as symptoms and dreams can be viewed as signs with meaning, so can specific organizational statements and decisions. Organizations, as embodied in those statements and decisions, tend to reflect the personalities of their leaders, particularly when power is highly concentrated (Kets de Vries and Miller, 1984, 1988). Thus exemplary leaders help their companies become highly effective organizations, while dysfunctional leaders contribute to organizational neurosis. Whether healthy or neurotic, they externalize and act out their inner theater on the public stage of the organization, their inner dramas developing into corporate cultures, structures, and patterns of decision-making.

Though each company is unique, there are five dominant organizational 'constellations' — each with its own executive personality, organizational style, corporate culture, strategic style, and underlying guiding theme — that tend to occur repeatedly (and often in 'hybrid' form): the dramatic/cyclothymic organization, the suspicious organization, the compulsive organization, the detached organization, and the depressive organization.

### Dramatic/Cyclothymic Organizations

Top management in dramatic/cyclothymic organizations have an intense drive to receive positive attention from outsiders, like to impress others with 'flow' types of experiences, favor superficiality (wearing the 'happy' mask), demonstrate great swings of emotions, act merely on the basis of 'hunches' and gut feelings, and tend to (over)react to minor events. In dramatic/cyclothymic organizations, people have a sense of being in control of their destiny; they don't feel that they are at the mercy of events. Boldness, risk-taking, and flamboyance mark organizational decision-making, often led by an entrepreneurial chief executive who follows his or her own intuitions and dreams.

Richard Branson's Virgin Group, a successful company by any account, is an example of a dramatic organization. The CEO seeks attention, craves excitement, and opts for drama. Not surprisingly, Virgin's organizational decision-making is overcentralized. Its culture supports the emotional needs of both the leader and his subordinates. Its strategy is somewhere between bold and impulsive, and its guiding theme can be described as 'We want to get attention from and impress the people who count.'

#### *Suspicious Organizations*

Suspicious organizations are characterized by a general atmosphere of distrust and paranoia (especially among the leadership), hypersensitivity to hidden meanings and motivations as well as to relationships and organizational issues, hyper-alertness for problems, and a constant, hyper-vigilant lookout for the 'enemy.' People in these types of organizations are always looking over their shoulder to see who's trying to get them, and searching for ways to confirm their suspicions of others. This focus on external threats leads to a centralization of power and can contribute to a conservative, reactive business strategy in which initiative is stifled and inappropriate and rigid responses become commonplace. The former empire of Robert Maxwell and the FBI under J. Edward Hoover are good examples of suspicious organizations.

#### *Compulsive Organizations*

Compulsive organizations are preoccupied with trivialities and characterized by a highly rigid and well-defined set of rules, along with elaborate information systems and ritualized, exhaustive evaluation procedures. These organizations, thorough and exact to a fault, are slow and non-adaptive. Their strategy is tightly calculated and focused, driven by reliance on a narrow, well-established theme (e.g. cost-cutting or quality) to the exclusion of other factors. Compulsive organizations generally have a hierarchy in which individual executive status derives directly from their specific position in the hierarchy. Relationships are defined in terms of control and submission. They have an almost total lack of spontaneity,

because a constant sense of anxiety underlies all activities (e.g. 'Will we do it right?' 'Will *they* do it right?' 'Can we let them do it?' 'How will it threaten us?'). IBM under the leadership of John Akers had many of the characteristics of the compulsive organization. In that case, it took Louis Gerstner, with his absolute determination to dispel the rigid, inward-looking spell — but only when the company had already bled hundreds of millions of dollars (Gerstner, 2002).

#### *Detached Organizations*

Detached organizations are characterized by a cold, unemotional atmosphere; non-involvement with others in and outside the organization is the norm. This organizational climate derives from a leadership that steers clear of hands-on involvement, believing that it's safer to remain distant and isolated than to grow close and collaborative. These organizations, indifferent to praise and criticism alike, are characterized by a lack of excitement and enthusiasm. With top leaders standing back, there is often a leadership vacuum that leads to destructive gamesmanship among mid- and lower-level executives and allows inconsistent and vacillating strategies to flourish. Intolerant of the dependency needs of others, leaders at all levels establish individual fiefdoms and set up barriers that prevent the free flow of information. The empire of the hermit leader Howard Hughes (an empire made up of casinos, Hughes Tool, Pan Am, and other organizations) possessed many of these detached characteristics.

#### *Depressive Organizations*

Inactivity, lack of confidence, extreme conservatism, and insularity are the chief features of depressive organizations. These organizations have a profoundly low sense of pride, often due to skeletons in the closet. With the past dominating their thinking, these organizations are characterized by a strong sense of indecision, an unwillingness to take risks (even small ones), a focus on diminishing or outmoded 'markets,' an undeveloped sense of competition, and apathetic and inactive leadership. These organizations often become extremely bureaucratic and hierarchical, inhibiting meaningful change. Many companies in the government and semi-government sectors are depressive organizations, as was the Disney empire in the years after the death of its founder, with the successors at a loss as to how to proceed. A similar statement can be made about Reader's Digest after the death of its founder.

#### *Strengths of Each Style*

Each of the neurotic styles described above generally starts out, in diluted form, as a virtue, contributing to an organization's success; only later, when there is 'too much of a good thing,' does it become a weakness. Let's look at the strengths of each style:

❖ Organizations characterized by the dramatic/

clothymic style create entrepreneurial initiatives. They are able to develop a momentum that carries them through critical organizational plateaux and times of organizational revitalization. However, when decisions become too centralized in the hands of the entrepreneur — at the cost of the creative potential of other layers in the organization — the dramatic style becomes a handicap.

- ❖ Suspicious-style organizations have a good knowledge of threats and opportunities outside the organization and are able to use this knowledge to reduce risks of failure. When taken to excess, however, the suspicious outlook can turn an otherwise healthy organization into a police state.
- ❖ Compulsive-style organizations are often efficiently operated organizations with finely tuned internal organizational controls and a focused overall strategy. However, if too much analysis leads to paralysis, the thoroughness that was a good quality early in the organization's life-cycle becomes a detriment when circumstances call for speed.
- ❖ Detached-style organizations enjoy the influence of people from various levels in the development of their overall strategy; they are typically willing to consider a broad variety of points of view. But their oscillation, their lack of consistency, and the non-hands-on quality of their leadership can be their downfall.
- ❖ Organizations marked by the depressive style are noted for the consistency of internal processes. If the maintenance of these internal processes becomes completely detached from the marketplace, however, the organization is doomed.

In an organization that is struggling, an analysis of the prevailing neurotic organizational style may help executives figure out why the organization continues to perpetuate various behaviors and why personnel continue to demonstrate resistance or acceptance patterns. Identifying the prevailing neurotic style can also help executives understand otherwise incomprehensible behavior and actions on the part of their colleagues.

An understanding of the prevailing organizational neurotic style may help to shape expectations of what *needs* to be done, and what *can* be done. It may also help answer bothersome questions such as 'Why does X keep happening?' and 'Why does something that works someplace else not work here?' The recognition of neurotic organizational styles — rooted as they are in history and personality — also helps personnel realize that change will be slow and difficult.

## Organizational Intervention: Beyond Brains on a Stick

Organizational intervention to foster individual and system-wide change is part and parcel of life in

organizations. Unfortunately, many people dedicated to change — change agents and consultants, for example — are inclined to focus on the symptoms and not on the underlying causes. More often than not, they deal only with surface behavior. Such consultants are very talented at number-crunching — they are like brains on a stick when it comes to cold facts — but not very good at paying attention to the elusive signals that reveal the heartbeat of an organization. Too often, their slogan is, What cannot be directly seen doesn't really exist. Thus they resort to oversimplified quick fixes in trying to institute change (Levinson, 2002).

When change agents want to change particular behaviors in an individual (or cluster of individuals), their usual impulse is to put a simplistic behavioral modification program into place. Such a program may have a positive effect, to be sure — but that effect will not last long. Making that sort of an intervention is like trying to change the weather by turning up the heating system inside one's house. It may keep the inhabitants warmer for a time, but it will not change the temperature outside.

That is not to say that traditional management change agents and consultants cannot be helpful. In many specific areas their specialized expertise is invaluable. However, when it comes to more general problem-solving in 'people intensive' situations, it is clinically informed consultants who are needed. A clinically informed intervention is designed to address the complexity of human behavior that exists in organizations, and thus it goes beyond the more simplistic, reductionistic formulae that characterize traditional consulting methods.

### Focal Areas of Intervention

As any executive knows, the cost of poor leadership, ineffectual management teams, mistaken hiring decisions, corporate culture clashes, and inadequate succession planning is steep (though not precisely calculable). Likewise, the cost of a large-scale traditional management consultancy effort is high — and that cost is wasted when such an effort is directed at problems that are in essence psychological. When organizational problems are centered on interpersonal communication, group processes, social defenses, uneven leadership, and organization-wide neurosis, money is better spent on the three-dimensional approach to organizational assessment and intervention that clinically informed consultants or change agents employ. Consultants well versed in the clinical paradigm understand the levers that drive individual and organizational change, and they know just how complex the change process is. Furthermore, they know how to help bring about the necessary relinquishment of defenses, encourage the expression of emotions in a situation-appropriate manner, and cultivate a perception of self and others

that is in accord with reality (McCullough Vaillant, 1997; Kets de Vries, 2002). They also recognize that if system-wide change is going to happen, they need to highlight the 'pain' in the system, link past to present through a new vision, help the key players buy into the change effort, and reconfigure systems, structures, cultural elements, and behavior patterns. They know how to help an organization's leadership create a shared mindset, build attitudes that contribute to changed behavior, train for a new set of competencies, create small 'wins' leading to improved performance, and set up appropriate reward systems for people who support the intended changes.

Typical areas where the clinically informed consultant can make a contribution include:

- ❖ Identifying and changing dysfunctional leadership styles
- ❖ Resolving interpersonal conflict, intergroup conflict, and various forms of collusive relationship (*folie á deux*)
- ❖ Disentangling social defenses
- ❖ Bringing neurotic organizations back to health
- ❖ Planning for more orderly leadership succession
- ❖ Untangling knotty family business problems
- ❖ Helping create a better work-life balance for leaders and subordinates

Clinically informed consultants use as one crucial source of data the ways in which members of the organization interact with them. What differentiates these consultants from their more traditional counterparts is their skill at using transferential and countertransferential manifestations as a basic experiential and diagnostic tool. The ever-present 'triangle of relationships' — comprised in this case of the person being interviewed, some significant past 'other' from that person's life, and the change agent/consultant — provides a conceptual structure for assessing patterns of response and then pointing out the similarity of past relationships to what is going on in the present. Anyone hoping to make sense of interpersonal encounters at anything but an intuitive level needs to understand these transferential processes, which are a major part of the consultant's change toolbox (Kets de Vries, 2002).

Clinically informed consultants also recognize the importance of projective identification. A psychological defense against unwanted feelings or fantasies, projective identification is a mode of communication as well as a type of human relationship (Ogden, 1982). We can see this process in action when covert dynamics among individuals or groups of individuals get played out in parallel form by other individuals or groups with which they interact. For example, if executives in a department deny or reject (and thus alter) an uncomfortable experience by imagining that it belongs to another group of executives, that latter group — the recipients of the projection — are inducted into the situation by subtle pressure from

the first group to think, feel, and act in congruence with the received projection.

Paying attention to transference, countertransference, and projective identification, clinically informed consultants process their observations, looking for thematic unity (Kets de Vries and Miller, 1987). They then employ pattern matching, looking for structural parallels within multi-layered relationships and between current events and earlier incidents (knowing that any aspect of the organizational 'text' can have more than one meaning and can be viewed from a number of different perspectives). Creating meaning at multiple levels helps the consultants determine the individual and organizational roots and consequences of actions and decisions. When the link between present relationships and the distant past is made meaningful to people at all levels of the organization, the process of large-scale change is more likely to be successful.

Given their orientation, clinically informed consultants and change agents also recognize the presence of complex resistances (ranging from denial, to lack of access, to firing the messenger). Since the aim of a clinical intervention is not just symptom suppression — not merely a 'flight into health' — but durable, sustainable change, clinical consultants must always be attentive to hidden agendas. They appreciate that manifest, stated problems often cover up issues that are far more complex. They know that there is usually a very good reason why their particular expertise was asked for (even though that reason may not have been, and perhaps cannot be, articulated by the client), and they attempt, for the sake of a successful intervention, to identify that reason quickly. In addition to identifying and addressing the organization's core psychological concerns, clinically informed consultants strive to instill in the organization's leadership an interest in and understanding of their own behavior. Ideally, those leaders can internalize the ability to learn and work in the psychological realm, allowing them to address future issues without the help of a consultant.

### A Case Example

One type of intervention in which a clinically informed consultant can add value is illustrated in the following case study of a telecommunications company. Although the request for consultation came directly from the CEO, a man in his fifties named John, it later transpired that he had been strongly encouraged to visit the consultant by the non-executive chairman of his board. After the initial interview, conducted in the CEO's office, the consultant suggested doing a leadership 'audit' of the top executive team, to be (eventually) followed by a top executive team development workshop to improve the performance of the organization.

From the discussions that the consultant had with executives at various layers in the organization, as well as with non-executive members of the board, it appeared that although the majority of the interviewees appreciated John's talent at foreseeing developments in the marketplace, his behavior had aroused a great deal of irritation. A number of executives accused him of having a short fuse and expressed concern over his outbursts of irritation; they felt that he was far too prepared for a fight, even when circumstances called for conciliation. Furthermore, some of the interviewees who had worked closely with him noted that he often resorted to the 'mushroom treatment,' springing surprises on them — projects that he had been nurturing in the dark. Very few of his senior people felt that they were kept adequately informed of his decisions, and they did not feel that they themselves were given the information and resources to make informed decisions. Some noted that the CEO's uncommunicative style now permeated the organization, with information-hoarding a preferred mode of operation. There were objections, too, that the company seemed to be operating in a 'fight-or-flight' mode. Furthermore, a certain amount of fiefdom formation was noticeable, and trust was becoming an increasingly scarce commodity. Some executives observed that the company's competitive position was deteriorating. Moreover, several of their more capable colleagues had left for greener pastures, leaving the company with no obvious successor. One of the non-executive directors insinuated to the consultant that he and a number of the other directors were thinking of contacting a headhunter to explore the possibility of replacing John.

At a relaxed moment over dinner one night, as the consultant probed the CEO about his background, John explained that he came from a divorced family. But, breaking his usual reserve, he didn't stop the conversation there. (The consultant attributed the executive's unusual openness to the latter's awareness of the urgency of the situation.) John reported that after the divorce, his mother had quickly remarried, and from that marriage had come one much younger half-brother and one half-sister. Encouraged by the consultant, John explained that he'd had a terrible relationship with his stepfather, who sometimes resorted to physical violence to discipline the youngster. John still, decades later, resented the fact that his mother, apparently insecure in her relationship with her new husband, had always taken her husband's side in any dispute between the man and the boy. That strained parental relationship seemed to have left a legacy of humiliation and anger.

It became clear from the conversation that John's lack of trust and prickly temper originated in a family constellation that had been unpredictable and hostile.

From the time he was a young child, his circumstances had been harsh and lonely, engendering mistrust and necessitating constant vigilance. Having learned early the need to be on guard, he retained his constant state of alertness into adulthood. He felt he needed to be ready for a fight at any time. That core conflictual relationship theme shaped the script of his inner theater and dictated his interactions with the world. But while vigilance and aggression may have been effective ways of coping with difficult circumstances as a child, they were dysfunctional in John's role as CEO. Now that the *real* threat — the threat of the unpredictable stepfather that he carried with him from childhood — could no longer be addressed, John substituted various external threats instead, taking preemptive action whenever he could in order to gain a modicum of control. Given that inner script, it is not surprising that John was secretive with colleagues and was constantly waging war against perceived enemies (his latest fight being with two of his non-executive directors). It was clear from the various discussions the consultant had with colleagues that John's position as CEO was threatened. If he continued on the same path, he had a good chance of being fired.

With the information gleaned from his many interviews, the consultant was now in a position to explore with John some of the connections between his past and his present behavior. The consultant heeded the counsel given by many therapists to 'strike when the iron is cold' — in other words, to intervene when the person is prepared to hear unpleasant information without going into defensive maneuvers. After a number of discussions with the consultant, John began to recognize his own responsibility for the mess he had created and no longer blamed all his problems on others. That realization made him take the initiative to reach out to the people he had previously considered his 'enemies.' He made a valiant effort to be a better communicator as well, though he realized, especially after the revelations of the consultation that his personality was never going to allow him to be the 'welcome wagon' of the world. He now saw the wisdom of building on his strengths and finding others to compensate for his weaknesses. Realizing that there were too many people in the organization who (by design or indoctrination) were likewise poor communicators, John hired a new VP of Human Resources. That single step went a long way toward making the company more transparent. John's efforts to change, with the support and encouragement of the consultant, created a significant improvement as well, allowing him to mend his relationship with various members of the board. Able to appreciate his talent as a strategist and turnaround artist once he had become less prickly and more open, the board discontinued its search for a replacement CEO. With greater

“‘When you realize that you're riding a dead horse, it's time to dismount’”

emotional stability in the organization, the consultant decided that a top executive team development workshop would be next on the agenda, helping the executives to build trust, commitment, and accountability, and to become more effective in constructive conflict resolution.

What the example of John shows us is how a person can harm both himself and his organization, not through conscious malice or lack of talent but through ignorance of his own inner theater and slavery to psychological patterns of which he is unaware. By addressing these issues—by making conscious what had been unconscious and then working to address leadership behavior patterns that were determined to be dysfunctional—the consultant and CEO together were able to disable prevailing social defenses and heal organizational neurosis.

### Creating 'Authentizotic' Organizations

Vast numbers of organizations around the world complain that there is a dissonance between what their leaders say and what their leaders do. Such an accusation can be true only as long as leaders are unaware of their own psychological drivers. It is ironic that, while people see value in learning new skills, they rarely see value in looking at the ingrained character patterns they themselves bring to the use of those skills. And yet it is those very patterns that dictate their behavior and their decisions. As long as such patterns are unconscious, leaders will be unable to align espoused theory with what they practice. As long as they are unaware of the scripts in their own inner theater, they will continue to send mixed and confusing messages. As a Sioux Indian saying goes, 'When you realize that you're riding a dead horse, it's time to dismount.' When existing workplace behaviors aren't working, it's time to modify them. Unfortunately, unearthing the mental and emotional patterns that dictate behavior patterns can be both uncomfortable and disorienting. People in positions of power find it easy to avoid taking that painful journey into the self, because they can simply blame others for their own lack of performance, poor communication, and ineffective problem-solving.

Responsible leadership requires a solid dose of emotional intelligence and the increased personal responsibility and effectiveness that come with it. Because taking a journey into our inner world can be a painful experience, we need to accept the legitimacy of employing professional expertise and support in helping us uncover our psychological drivers and make the personal shifts necessary for leadership effectiveness. We also need to accept that this kind of intervention takes time, and that any time applied

by leaders to improve their emotional intelligence is time well spent; such activity is done not just for personal gratification (though it *is* personally rewarding), but also for the good of the organization and its people.

### Addressing Followers' Needs

Those leaders who want to get the best out of their people — who want to create an ambience in which their people feel inspired and choose to give their best — need to pay attention not only to their own inner theater but also to the inner theater of their employees. Only if both leaders and followers pay attention to what drives people can employees experience a sense of total involvement and commitment. The challenge for leaders is to create congruence between the personal needs of their employees and the organizational objectives. Such a sense of congruence will lead to a greater *sense of self-determination*. In other words, organizational participants will have a greater feeling of control over their lives; they will perceive (and rightly so) that they have a voice in what they are doing and where they are going. Such a sense of congruence will contribute to a *sense of impact*, a belief that each employee's actions make a difference in the organization and each person has the power to affect organizational performance. This is what empowerment is all about. In addition, leaders have the obligation to contribute to their people's *sense of competence*, helping them gain a feeling of personal growth and development, a feeling that they are learning new things.

Beyond that, leaders who want to get the best out of their people need to introduce a set of meta-values into their organizations, values that transcend the more traditional listing offered by most organizations. These meta-values include a sense of community, a sense of enjoyment, and a sense of meaning.

As we saw earlier, people feel a strong need for attachment and affiliation. Healthy, effective organizations address that need by creating a *feeling of community*. When employees feel a sense of belonging in the workplace, trust and mutual respect flourish, people are prepared to help others, the culture becomes cohesive, and goal-directedness thrives. A sense of community can be enhanced in various ways, including through an organizational architecture that favors small units and through practices such as fair process and transparency. Distributed leadership — leadership that is not concentrated at the top but is spread throughout the organization — is made possible by a sense of community, but it also *encourages* a sense of community. In organizations where everyone takes a part in leadership, senior

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executives take vicarious pleasure in coaching their younger executives and feel proud of their accomplishments. This experience of generativity — of caring for others — is a source of creativity and contributes to feelings of continuity in the mentor, who can see his or her efforts continuing through the work of successors.

The second meta-value is a *sense of enjoyment*. In truly effective companies, employees enjoy their work. Indeed, they 'have fun' — words not often associated with the workplace. And yet playfulness fosters mental health. In far too many companies, a sense of enjoyment is either ignored or, worse, discouraged. Yet in organizations that have a gulag quality, imagination is stifled and innovation squelched. Insightful executives in exemplary organizations realize that taking people on an exciting, adventurous journey gratifies humankind's essential motivational need for exploration and assertion. Exploration, enjoyment, entrepreneurship, creativity, and innovation are all closely linked.

Finally, the third meta-value is a *sense of meaning*. If what an organization does can be presented in the context of transcending one's own personal needs — of improving people's quality of life, say, or of helping people, or contributing something to society — the impact on workers is extremely powerful. Organizations that are able to create a sense of meaning get the best out of their people, drawing forth imagination and creativity; in such organizations people experience a sense of 'flow' — that is, a feeling of total involvement and concentration in whatever they are doing. Think about it: people will *work* for money but will *die* for a cause.

### Defining Authentizotic

Organizations that cultivate and honor the above meta-values are what I like to call 'authentizotic,' a label that melds the Greek words *authentikos* (authentic) and *zoteikos* (vital to life). In its broadest sense, that first part of the label, *authentic*, describes something that conforms to fact and is therefore worthy of trust and reliance. As a workplace label, *authenticity* implies that an organization has a compelling connective quality for its employees in its vision, mission, culture, and structure. The organization's leadership has communicated clearly and convincingly not only the *how* of work but also the *why*, revealing meaning in each person's task. The organization's leadership walks the talk — they set the example. The *zoteikos* (vital to life) element of the authentizotic organization refers to those aspects of the workplace that give people the sense of flow mentioned earlier and help build a sense of personal wholeness, making people feel complete and alive. *Zoteikos* allows for self-assertion in the workplace and produces a sense of effectiveness and competency, of autonomy, of initiative, creativity, entrepreneurship, and indus-

try; it also responds to the human need for exploration.

The challenge for twenty-first-century leadership is to create organizations that possess these authentizotic qualities. Working in such organizations offers an antidote to stress, provides a healthier existence, expands the imagination, and contributes to a more fulfilling life. Authentizotic organizations are easily recognized: employees maintain a healthy balance between personal and organizational life; employees are offered — and gladly take — time for self-examination; and employees aren't merely 'running,' but want to know *what* they are running for and *where* they are they running to — in other words, they constantly question themselves and others about individual and corporate actions and decisions. Recognizing that minds are like parachutes — they function only when they are open! — authentizotic organizations equip their people to think, and then encourage that revolutionary action. With these impressive characteristics, authentizotic organizations will be the winners in tomorrow's marketplace, able to deal with the continuous and discontinuous change that the new global economy demands.

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