

# Leadership

## The Art of the Real

INTERVIEW  
with Tony Schwartz

By  
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**Amrop**

Leaders For What's Next



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## The Art of the Real | Amrop Interview with Tony Schwartz

In 1985 Tony Schwartz ghost-wrote *The Art of the Deal*, the book that sold over a million copies and turned Donald Trump into a household name.

That experience was one of the drivers that steered Schwartz away from journalism to build what he calls an 'energy consultancy'. He founded The Energy Project in 2003 to train executives in strategies for helping themselves and their employees perform better and avoid burnout.

In the course of the company's success, Schwartz has worked closely with the leaders of legacy firms, mid-caps and unicorns, from Google and Facebook to Coca Cola, and across sectors as disparate as mining and banking.

Leadership around the world and in every industry has suffered from the ethos of 'more time at work equals more productivity and profit: the boss works long hours and if the staff do too, we all win'. That model is being fundamentally challenged by leaders who are now achieving success by having a life outside of work, and encouraging their staff to do the same. Schwartz sees himself as a chief usher of this change.

### **By spending so much time bringing ailing leaders back to health you must have a clear, first-hand impression of what good leadership looks like?**

I think the times we're living in are extraordinary in the demands they place on leaders. And therefore the range of qualities a leader needs are far greater today than they might have been, maybe 20 but certainly 40 or 50 years ago. The forces bearing down on leaders and particularly CEOs that weren't there before are due to the speed at which everything operates, the deluge of information and the disruptive nature of the corporate world. I rarely get engaged with an organization any more that isn't feeling disrupted.

"I have a very good idea of what good leadership ought to be. I rarely see it."

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### **You mean “disrupted” in the new, positive sense?**

Well if you’re the disrupted it doesn’t feel so good. In industries you wouldn’t expect, there’s the pressure of some outsider doing things in a very different way, putting their economic model at risk. The transparency of the world we live in, because of the internet, has given power and influence to groups of stakeholders that didn’t have it before. So the CEO and senior leadership has to contend with customers in wholly different ways because those customers can come along on social media and blow up your business overnight if they’re dissatisfied in ways that are compelling.

Travis Kalanick lost his job because one of his employees accused him of sexual harassment and misogyny, and he underestimated how powerful that would be. He also underestimated how powerful it would be if he got into one of his Ubers and starting arguing with the driver who was equipped with video. So the number of forces our leaders are facing and the number of constituencies they have to be aware of are unprecedented.

Historically, we defined the challenges facing a leader narrowly, in business terms. Does that person have good strategic focus, does he have good self control so he doesn’t get easily thrown by crises? And can he deliver profit in a given year?

Today, it’s a human drama. At the heart of great leadership today is the fundamental question, is he or she a great human being? Because the problems they face are no longer binary. You can no longer find solutions that are absolute, black and white, they’re much more ambiguous now. To manage your organization over time, the need to be self aware and sensitive to other people’s needs is far greater than it’s ever been.

### **Do you mean that leaders need a clear moral compass more than ever?**

Let’s talk about a moral compass in practical terms as opposed to an honorable thing to have. Business isn’t in the business of doing what’s honorable first, it’s in the business of doing what’s successful. But because of transparency and because employees are very responsive to the feeling that they’re working for a company that’s adding value in the world, that’s often a key source of their sense of meaning. So yes a moral compass is a big help. But there are lots of ways of going off course.

Another great example is United Airlines dragging a passenger off a plane - now everybody’s got a phone and in ten seconds it’s up on social media. UA has spent a year trying to reassert that it is a worthy business. It’s something that would have been much less likely in the past to have gotten the attention that it did.

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### **Why do we see failed leaders, after having made serious mistakes, reappearing in leadership roles after a short break?**

It reminds me of that phrase 'Possession is nine tenths of the law', as it relates to real estate, but also if your real estate is the corner office we have a certain way of doing things that has been acceptable, and it's the inability to make a profit that will ultimately be the biggest initiator of change. I don't see great leadership very often but I do see companies that are attempting to address the issues we're talking about in different ways. For example, at the Energy Project we work quite a bit with Facebook, and in fact much of the good leadership we see is in Silicone Valley. Why? Firstly because on average it's way younger. These are people who don't come with the baggage of many years of doing things one way, and so it doesn't feel like a revolution to change. They come in with no expectations about how it should be run. Both Google and Facebook are good examples, where from day one they were concerned with meeting the needs of their employees.

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### **A wise head on young shoulders?**

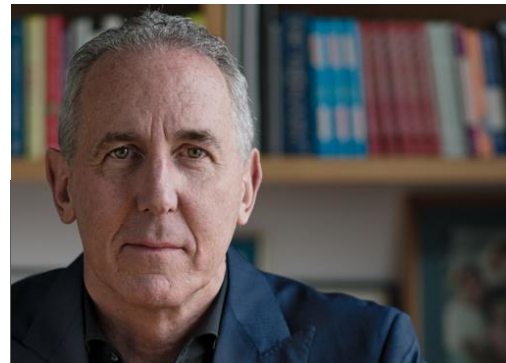
Yes, I think Zuckerberg is an old soul. I do think Facebook, from having spent a lot of time there watching the way they do things, is a pretty exceptional company. One of the smart things he did was go out and hire a number of people at a very senior level who themselves were more experienced than he was. Sheryl Sandberg (Facebook COO) had those interests very early on herself. We work with Carolyn Everson (Facebook Head of Sales) and she says very explicitly that 'we think that if people don't have extraordinary lives outside work they're not going to be at their very best inside work'. And she's taking every single one of our managers through our work. And our work is designed to help people meet their own needs more effectively: physically; emotionally; mentally; and spiritually, meaning work that serves a higher purpose of some sort. That's an example of someone who's made a very explicit investment in something that isn't leading to profit - it's not a new factory, it's not a new product, it's fuelling the people who are responsible for making those products.

### **So you're saying that there's a senior level shift away from living and breathing your career?**

I don't know what the magnitude of the shift is yet. We're in a period of transition right now. It's still the case that you don't get to the top of any organization, including Facebook, unless it's your highest priority. But the other force that intersects with that is the Millennial generation beginning to take over companies, and that generation is fast becoming the biggest percentage of the workforce. We know the Millennials want a life, not just a single job they can ride the elevator towards the top of. In the US it's been historically uncommon to see a senior person also expect to have a senior role in raising children. Well now there's a lot of push-back to that. And as a small employer myself I know that if I want the best people, those people are going to use their leverage to tell you what they want, and they do not want to work from early in the morning until late at night.

### **But the culture of expectation differs between legacy firms and younger mid-caps?**

I am struck by the fact that the interest runs across quite a range of companies, from traditional industrial to newer technology based firms. There are certain hold-out industries, banking and consulting being two. Even though there's a lot of talk in consulting around creating a workplace where people feel good, the reality of the work in those industries precludes it, and therefore the need for leaders who model a more multidimensional life is lower in industries in which you don't get to live a multidimensional life. In other words, you go into banking and you kind of know you're going to work 14 hours a day, you're going to sleep at the office, you're not going to have a life, and they're going to pay you a disproportionately high salary in return for taking all that time from you. And the same is true in consulting. Having said that, we went into Alcoa (aluminium giant) which couldn't be a more traditional company, and Ahold which owns grocery stores, and we see a dramatically higher interest in figuring out what employees need and then trying to provide it.



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### **Why the disparity in interest between certain sectors?**

We just had an experience with a well-known global consulting company. They are struggling with bringing in a Millennial generation of people who want a different experience. We went into this company, and in 15 years (of The Energy Project) I can say this is the only time we’ve failed. Explicitly failed! We simply could not get, at the most basic level, enough time with them to do the work, because the demands on their people were so great that for them to provide an hour, much less a day, was an endless struggle. And finally they threw up their hands and said they couldn’t do it.

### **A bit like someone saying they’re too sick to go to the doctor?**

Exactly. They are too sick to go the doctor. In explaining to us why they wanted to stop doing the work they said, “we just didn’t find it that compelling”. But if you go into someone’s workplace and tell them “the way you’re working isn’t working” and they are unwilling to consider that might be the problem, then they’re right, it’s not going to be that compelling.

So the sectors that are hardest to reach are the ones with people making the most money by working the longest hours. Because those are the organizations where the cost-benefit ratio of making sacrifices to overall lives is such that it’s not tempting to make those sacrifices. They continue to believe that more money equals more satisfaction, or more money equals a better life. It takes a long time before either they discover that that’s not true - the way a drug user discovers that upping the dose doesn’t give you the same high; or they don’t discover it at all because they remain in a world of confirmation bias where they look only for those things that reinforce what they already believe, and therefore don’t discover that there’s a bigger world in which to live.

### **Are there any other sectors where you believe that to be true?**

We still get called in to work in those highly-resistant industries. So they know there’s a problem. What hasn’t happened yet in the two industries I’ve mentioned is a willingness to challenge their own model. So we’re teaching people to do things that the culture will not allow them to do. And until the culture changes it’s going to be hard to have the effect that we do when an organization is open to changing the way that it works.

Even if you learn the catchphrases and the clichés that allow you to look as if you do, compared to actually doing it, you’re going to fall way short, and in turn you reinforce the same way of operating that has long dominated.

### **What should modern leaders look like?**

We like to use the phrase 'more wholly human'. First of all that means a leader has not just a list of external skills, but also a series of internal skills - self awareness, humility, the ability to see their own shortcomings.

You could say we're in a clash of civilizations. I'd call it a moment of clashing world views, in which a much older more limited, primitive, narrow, one-dimensional world view is under siege. It feels as if its place in the world is disappearing, and its values are no longer those of the dominant culture. In those situations historically what happens is a fierce reaction. That reaction comes from fear and shows up as anger, and that's when demagogues come along and exploit those fears effectively.

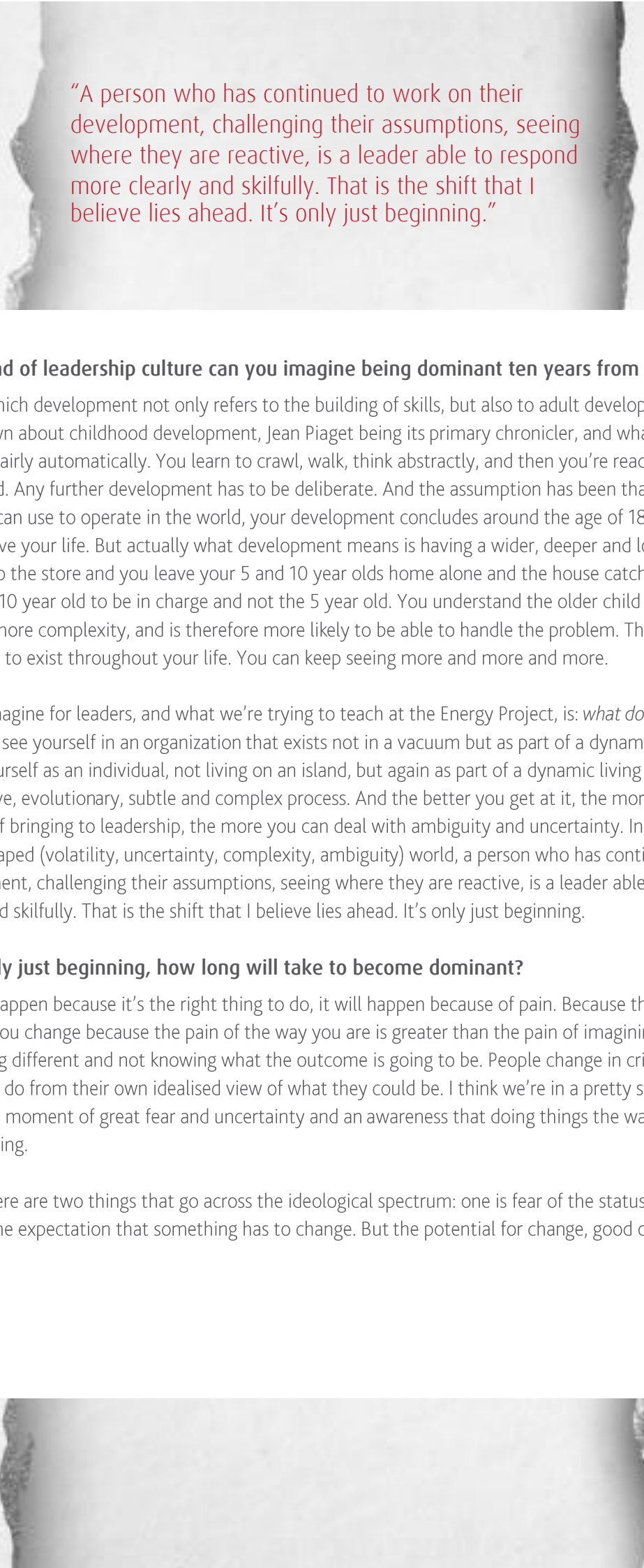
### **Do you see that trend mirrored in the business world - a last wag of the dinosaur's tail?**

Not so much. I see industries like coal mining going out with more of a whimper than a raging defence. Partly because you can't beat the bottom line. In business if you can't make money doing things a particular way, it dies almost automatically. It's driven by what will work and what's most efficient and what delivers the biggest returns. It's not that there aren't plenty of command and control leaders left, there are.

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### **What kind of leadership culture can you imagine being dominant ten years from now?**

One in which development not only refers to the building of skills, but also to adult development. There is a great deal known about childhood development, Jean Piaget being its primary chronicler, and what we know is that it happens fairly automatically. You learn to crawl, walk, think abstractly, and then you’re ready to step into adulthood. Any further development has to be deliberate. And the assumption has been that, other than skills that you can use to operate in the world, your development concludes around the age of 18 years old and you go out and live your life. But actually what development means is having a wider, deeper and longer perspective. If you run to the store and you leave your 5 and 10 year olds home alone and the house catches fire, you definitely want the 10 year old to be in charge and not the 5 year old. You understand the older child sees more, takes into account more complexity, and is therefore more likely to be able to handle the problem. That same potential continues to exist throughout your life. You can keep seeing more and more and more.

What I imagine for leaders, and what we’re trying to teach at the Energy Project, is: *what does it look like to see more?* To see yourself in an organization that exists not in a vacuum but as part of a dynamic, living system? And to see yourself as an individual, not living on an island, but again as part of a dynamic living system? That is a progressive, evolutionary, subtle and complex process. And the better you get at it, the more resources you’re capable of bringing to leadership, the more you can deal with ambiguity and uncertainty. In the context of a VUCA-shaped (volatility, uncertainty, complexity, ambiguity) world, a person who has continued to work on their development, challenging their assumptions, seeing where they are reactive, is a leader able to respond more clearly and skilfully. That is the shift that I believe lies ahead. It’s only just beginning.

### **If it’s only just beginning, how long will take to become dominant?**

It won’t happen because it’s the right thing to do, it will happen because of pain. Because that’s how people change. You change because the pain of the way you are is greater than the pain of imagining trying to do something different and not knowing what the outcome is going to be. People change in crisis much more easily than they do from their own idealised view of what they could be. I think we’re in a pretty serious crisis. I think we’re at a moment of great fear and uncertainty and an awareness that doing things the way we’ve done them isn’t working.

I think there are two things that go across the ideological spectrum: one is fear of the status quo not being ok; the other is the expectation that something has to change. But the potential for change, good or bad, is very high ■

## About Amrop

With more than 70 offices in over 50 countries, Amrop provides Executive Search, Board and Leadership Services. It is the largest partnership of its kind.

Amrop advises the world's most dynamic organizations on finding and positioning Leaders For What's Next: top talent, adept at working across borders in markets around the world.

