

# The Australian FINANCIAL REVIEW

## High Testosterone

by Catherine Fox

When they're good they're very good, but when alpha bosses are bad they are horrid, writes Catherine Fox.

There's an old debate about the personalities needed for leadership roles that goes something like this: are the chest-thumping, power-hungry types naturally the ones who put their hands up for the roles, or are these qualities actually a prerequisite for success in the top jobs?

It's the kind of chicken and egg argument Jim Collins attempted to counter in his seminal book *Good to Great: Why some companies make the leap ... and others don't* (HarperBusiness, 2001). The humble, back-seat leader was every bit as effective as the CEO with hubris problems, Collins concluded. But the popular vision of what makes a leader is not so easy to deconstruct. Even in recent times, amid the wash-up from spectacular corporate collapses and executive excesses, the pendulum started to swing back to lionising the larger-than-life CEO.

Does it really matter what kind of personality inhabits the corner office? Well, yes. Two recent pieces of research - on alpha males and narcissistic CEOs - show that chief executive behaviour can have a significant impact on strategic decisions as well as organisational morale. Sometimes it's a good impact and other times it's disastrous. But understand it we must, the research suggests, so that the excesses can be modified and the rest of us can learn to live with a breed that is frequently as ruthless as it is powerful.

The male power figure is deeply etched in our psyche as being synonymous with strong leadership. Even physical appearance plays a part. As Malcolm Gladwell pointed out in his book *Blink* (Little, Brown, 2005), many CEOs of Fortune 500 companies are tall. "In the US population,

about 14.5 per cent of all men are six feet or over. Among CEOs of Fortune 500 companies, that number is 58 per cent."

Not all CEOs are tall, or aggressive, ambitious and driven, although it's fair to say many are. Most are men, too, as a new book on alpha males, *Alpha Male Syndrome* by Kate Ludeman and Eddie Erlandson (McGraw-Hill), points out. But it would be a mistake to assume all alphas have the same *modus operandi*.

The authors describe four main types of alpha males in business: commanders, visionaries, strategists and executors. Each category shares a few core traits that can have a plus and minus effect in the workplace. They are dominant high achievers who want to take charge; charismatic, aggressive, competitive, bold, creative, persistent and tenacious. They also have a strong appetite for change, are far-sighted and spot problems.

"The world needs alpha males," say Ludeman and Erlandson. "We could not do without their courageous leadership, their goal-driven focus, their unwavering sense of responsibility, and all the other qualities they bring to bear when they roll up their sleeves and take charge. At their best, alphas are world beaters."

But when they are not, they are often horrid. The commander tries to win points and generates fear; visionaries are over-confident, ignore input and spin the truth; strategists are opinionated, smug, arrogant and can't admit mistakes; and executors set unreasonable expectations, micro-manage and are overly critical.

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Narcissist bosses, meanwhile, share many of the characteristics of at least two varieties of alpha male. Two academics from Pennsylvania State University, Arijit Chatterjee and Donald Hambrick, last month presented a study of 111 CEOs to the American Academy of Management called "It's all about me". Chatterjee and Hambrick define narcissism as "the degree to which an individual has an inflated sense of self that is reflected in feelings of superiority and entitlement and a constant need for attention and admiration".

The authors used a number of indicators to spot a narcissistic leader after examining the top executives in 105 companies in the computer and software sector. The point of the exercise was to develop a ranking system that did not depend on self-assessment - never a narcissist's strong point.

Narcissists can be spotted by the length of their entry in Who's Who; their prominence in press releases and the frequency with which their photo appears in the annual report; the number of times they use the first person singular in interviews; and the ratio of cash and non-cash compensation to the firm's second highest-paid executive. But as to whether they perform any better than less colourful types, "the results were null", the authors concluded. "There was no indication that CEO narcissism ... generate[s] systematically better or worse performance," they said.

Hambrick told the Academy of Management he believes that there are many more of them than there once were: "Three decades ago the typical CEO was likely to be a Steady Eddie, CEO as steward, who would hold the organisation together, want to leave it in good shape, deliver satisfactorily for all parties involved. Contemporary CEOs are much more likely to be risk-takers who are flamboyant and colourful and view themselves as something akin to celebrities. That's why I think it's important to take their measure. In the top ranks of the corporate world, these are the folks we must live with now."

Narcissists work on a big scale and are drawn to risky decisions. They go for large spending and investment, and love a merger or acquisition. The financial results under their leadership, the study found, are more extreme.

Alpha Male Syndrome even takes a stab at persuading alphas they need to temper their behaviour, and offers advice on how to seek help. It's a brave attempt, but the guidelines on how to deal with an alpha boss are more practical.

There's another conundrum here, however: even with the tools to take on an alpha male, who is going to run the risk? These are the people with the power to sack a dissenting voice quicker than you can say egomaniac. Meanwhile, alphas themselves will no doubt think they already know everything there is to know on the topic. 'Twas ever thus.

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