

Power is Still the Great Motivator – With a Difference!

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Introduction and Background

Organizations are trying endlessly to answer the questions: Who will be successful in this particular leadership position? How do we best deal with a leader who is not making the grade? Similarly, most individuals in leadership roles spend a great deal of time thinking about how they can be more effective. Many theories have been put forth and much has been written in an attempt to answer these questions -- questions that have engaged me throughout my professional career.

More than twenty years ago I was hired by a leading toy company to assist in their efforts to improve sales. While the usual considerations of product mix, advertising strategies, etc. were all important in defining the possible change levers, company statistics made it clear that some sales managers were achieving greater market penetration and sales growth than others. So, as part of this engagement, my colleague Harvard psychologist David C. McClelland and I set out to discover if there were anything significantly different about those sales managers than their less effective counterparts. It turned out that there was.

We ultimately found that what really distinguished top performing sales managers was not how they behaved but their inner motivation, the way they thought about leadership. These high performers shared similar beliefs and attitudes about how to lead that subtly affected their behaviors and resulted in more favorable outcomes. In this case, these sales managers were able to instill a greater sense of employee morale in their sales people. As it turned out, their less successful counterparts were motivated differently and held other beliefs and attitudes. And, although they behaved similarly, their results were only average. In other words, inner motivation was the critical, differentiating factor.

Many years previously, David McClelland proposed that individuals could dramatically change their business results by altering this inner motivation.¹ By administering a common assessment tool developed by Harvard's Henry Murray,² McClelland and I found that a concern with influence and influence relationships characterized the inner motivation of these top sales managers - what psychologists call the Power Motive. Furthermore, when we linked this finding to a theory developed by Abigail Stewart³, we found that it was a *particular orientation* of the Power motive that differentiated the successful sales managers. We labeled this motive orientation *Institutional Power*.

Now that we knew what really accounted for success, we turned to the next question: How do we help those who are not making the grade? We trained all the sales managers to develop their Institutional Power through a course designed to teach people to think like the Institutional Leader. As we reported one year later in "Power Is the Great Motivator,"⁴ two-thirds of those trained had significantly improved the sales performance of their teams. In addition, employee

¹ McClelland, David C. "Achievement Motivation Can Be Developed." *Harvard Business Review*, Nov-Dec 1965, 6-25.

² The Thematic Apperception Test, Henry Murray

³ As reported in David C. McClelland's *Power: The Inner Experience*. New York: Irvington Publishers, 1975.

⁴ McClelland, David C. and David H. Burnham, "Power Is the Great Motivator." *Harvard Business Review*, 1976, 54(2), 100-110.

morale had also improved. We concluded that it was possible both to identify what a leader in a particular role needed to be successful and to enable average performers to achieve superior leadership results.

During the next decade, while working as a consultant to a wide variety of industries, I found that the Institutional Leader profile differentiated the successful from the less successful in numerous management and leadership roles. Once again, about two-thirds of managers in sales, production, distribution, marketing, and research and development could measurably improve the performance and the morale of their direct reports through short term training interventions.

However, beginning in the late 1980s, the data I continued to collect and analyze was beginning to show a new trend. The correlation between success (as measured by top quartile business performance and employee morale) and the Institutional Leader profile was falling. It became clear by the early 1990s that the Institutional Leader profile was, in many cases, no longer leading to the most successful outcomes. Reality was changing.

Since the early '90s, I have collected data that strongly suggests the emergence of a new paradigm of successful leadership. This paradigm begins with an individual's inner motivation and is then reflected in his/her beliefs and attitudes. Finally, it is carried out in behavior. Leaders who exemplify this new paradigm produce outstanding business results and high morale in the organizations they lead. We call this new manager the *InterActive Leader*.

The 1970s Research: Leadership and the Institutional Leader

In order to understand the InterActive Leader, it is important first to understand the original research into leadership and the Institutional Leader. In the 1970s, McClelland and I concluded that effective leaders were primarily motivated by a concern with influence and influence relationships, what psychologists call the Power motive. In their fantasy lives, they thought of themselves as the source of power, skillfully “motivating” others to excel.

McClelland's original research in social motivation⁵ identified at least three major motives: *Achievement*--the need to perform well at a given task; *Affiliation*--the need for friendship and close relationships; and *Power*--the need to be involved in influence and influence relationships. From the development of the modern organization through much of the '80s, work was primarily organized in ways that engaged the Achievement motive. People were primarily accountable for their individual results. Shared responsibility, in all but the most avant-garde organizations, was virtually unknown. Theorists and management consultants urged organizations to provide individual performance feedback such as “Management by Objectives” (MBO). The separation within organizations as a result of functional “chimneys” meant that even senior managers were individually accountable for their functional results. Conflicts were to be resolved or negotiated upstairs, and everyone attempted to meet their own interests as best they could. New products had long runs, and the rate of change was relatively slow. In this environment, organizations

⁵ defined as a related series of thoughts and feelings which lead to predictable responses to situations

that could harness and direct the short-term focused and task-oriented Achievement motive in their work force won the race. The key drivers were efficiency, focus and order.

Additionally, organizations were primarily male-dominated and promotion was usually equated with some combination of seniority and performance. For the most part, continuous employment was reasonably assured and expected as long as the individual and the organization stayed within a set performance and behavioral range. Rewards of all types were typically tied to individual goal accomplishment. The Institutional Leader predictably excelled under these conditions. He (for it was rarely a “she”) coached others to set individual goals that were directly in line with the arousal of the Achievement motive, i.e., goals that are specific and achievable yet challenging. He was fair and just both in distributing rewards and, when necessary, in administering punishment. He provided a charismatic and inspiring vision to those he managed, and a kind of order that made the long-term direction and future clear to all. As such, he was in a position to make decisions that he viewed as being in the best interest of achieving that vision. If those decisions were made fairly and within that context, no one really questioned them. In fact, employees would become upset when the leader was vacillating, fuzzy, or allowed contradictory courses of action to occur.

The Institutional Leader’s beliefs and attitudes included the following self-statements:

- “My job is to provide answers to others.”
- “People need me.”
- “Everyone needs a sense of order and certainty and it is my job to provide it.”

Behaviorally, the Institutional Leader was perceived as interpersonally effective. He usually listened well, responded to people’s stated and/or unstated concerns, made it clear he would listen to a well-reasoned argument and, if appropriate, change an action or decision. In short, he was not an authoritarian boss but an effective coach whose behaviors resulted in high employee morale and excellent performance through the individual arousal of Achievement motivation. As long as he continued to make the “right” decisions (i.e., those that were not later proven to be “wrong”), to produce a vision people could believe in, and to manage with a style that did not violate the norms and values of the prevailing culture, people could follow him. In fact, employees would even be eager to do so.

The key word here is “follow.” The Institutional Leader was and is characterized by a commitment to the organization - a commitment he carries and exemplifies. He perceives it as his responsibility, even obligation, to do what is ‘right’ for the organization. Of course, he is pleased when others support this goal, but ultimately this is not a responsibility he shares with his subordinates. Within his group, it is his assumed burden to carry the best interests of the organization.

The New Research: The InterActive Leader

Most of the above description for the Institutional Leader continues to ring true with leaders today. In fact, my research shows that many of them reported very similar beliefs and values, and many of them led groups whose results were acceptable to their organizations. However,

business leaders are well aware that there is a wide gap between “acceptable” and “outstanding” performance; this gap can be crucial in competitively distinguishing the winners from the also-rans. For example, in financial services and the investment management industry, “outstanding” is commonly defined as being consistently in the top-quartile of investment performance. In manufacturing, production excellence is measured against time, quality and cost benchmarks. In most line positions, quantitative excellence is usually both measurable and trackable.

For leadership, qualitative benchmarks are equally important. When designed and administered correctly, measures of employee morale cross-validate with quantitative measures of business performance. They can also indicate sustained motivation to work towards the goals. In the 1990s, I replicated and extended the research study McClelland and I conducted two decades earlier. During a five-year period, I tracked the quantitative and qualitative performance of 140 leaders in 18 organizations representing 8 industries. Of the 140 subjects, 70 fell in the average or acceptable range of performance, and 70 qualified as outstanding performers.

Outstanding performers continue to be strong in the Power motive but their orientation towards Power has changed. In the ‘70s, the Institutional Leader saw the *self* as the source of power. In other words, “Leadership is something I do *to* others.” This new data clearly indicates things have changed. The new InterActive Leader derives power from others: the team, group or organization he/she leads. From this perspective, “Leadership is something I do *with* others.” This change in orientation has profound implications for the beliefs and assumptions that motivate and drive a leader’s behaviors. The following case example may help to illustrate the nature and significance of this essential difference.

A Case Example: Institutional vs. InterActive Power Profiles

One of a major fresh foods processor’s plants was led by an Institutional Leader (Michael^{*}), and another by an InterActive Leader (Jill^{*}). Both plant managers had recently taken over facilities that were not particularly effective at achieving company goals, and were well below industry benchmarks. Both managers were determined that their respective plants would not only succeed, but would surpass company benchmarks - a real stretch goal.

Michael quickly announced a vision for his plant to become the company’s highest performer. More specifically, the standard would be measured in terms of customer satisfaction, product quality, on-time delivery, and the lowest unit cost. The mission, he announced, was to provide the highest quality fresh food to the consumer at the lowest possible cost. Michael then convened his management group and gained their endorsement for his vision and mission. He enthusiastically and personally talked with small groups of workers throughout the plant and solicited their input on how to achieve his goals. He freely acknowledged that the plant was now a long way from the new ideal.

Michael led subgroups of his management team - augmented by a cross-functional slice of workers throughout the plant - to identify options for improving customer satisfaction and

^{*} Names are fictional

product quality, meeting delivery deadlines, and lowering unit costs. Performance data was gathered, tracked, and widely disseminated. Options were analyzed and chosen, with strong guidance from Michael as well as broad involvement throughout the process from all levels of plant personnel. Individual responsibilities were identified and, for each change in the overall process, an individual was held personally accountable for achieving the desired results.

In the year following Michael's appointment as manager, plant performance went from well below average to slightly above average, and individuals throughout the plant reported increased job satisfaction. Michael had clearly improved both performance and satisfaction through the assignment of individual responsibilities and accountabilities, and the frequent and wide dissemination of performance feedback. As consistent with our earlier research, he had aroused and reinforced the Achievement motive -the individual's desire to do better. Two years later, Michael's plant was still performing at or slightly better than the norm. Although a clear improvement, it was not the highly successful result that leaders who behaved as Michael did would have achieved in the '70s and '80s.

Jill's plant (let's call it Essex) began at a similar, low performance level. One year later, her plant's performance levels and employee morale had increased by roughly the same amount as Michael's. However, years two and three saw Essex surge ahead dramatically in terms of unit costs, profitability, meeting delivery deadlines, and employee morale.

Jill's approach differed from Michael's in some crucial ways. She did not develop a personal vision and a mission for her plant. Instead, she brought groups of people together and asked them the following questions: What was their purpose in working at Essex? Why were they there? What did they hope they and their co-workers could accomplish together and be proud of? She readily acknowledged that she had no predetermined answers to these questions, but emphasized that they needed to shape them together to arrive at something that was meaningful to as many as possible.

During a period of several weeks, she and her management group collected input from virtually everyone at Essex. After long hours of debate, they shaped what they referred to as a "statement of purpose." It reads: "We are committed to providing our customers with fresh foods that they **truly want** (*their emphasis*), and are made of the healthiest possible ingredients at the highest possible standards of quality." For the most part, this stated 'purpose' was not very different from Michael's vision and mission. Nevertheless, the essential difference was that Michael emphasized the lowering of unit costs whereas Jill ignored financial criteria altogether. The process however, was very different. In Michael's plant, involvement began after he, the leader, established direction. After all, it was ultimately his vision and mission even though he actively sought to establish buy-in and collect input. Jill did not attempt to set direction; rather, she initiated a process in which everyone would contribute to or be directly involved in setting the plant's direction.

Another essential difference showed in Michael and Jill's definitions of the leadership role. Michael assumed that if people could not come to agreement within some reasonable period of time (usually assessed by Michael), then it was *his* role as leader to provide clarity and direction. So, even though he wanted to arrive at decisions acceptable to everyone, he would intervene

fairly often to resolve differences. On the other hand, Jill believed her role as leader was to ensure that differences were surfaced and the group found ways to deal with them to *their* satisfaction. She believed it was rarely her role to resolve differences. In fact, Jill reported in an interview that her ‘failure’ experiences as a leader were those in which she had acted to decide. She viewed such action as producing short-term comfort for some and long-term dissatisfaction for others, while simultaneously reinforcing the mindset that only the leader holds the responsibility for the overall success of the group.

Instead, Jill insisted that the group keep differences on the table until everyone agreed upon an answer or a way to deal with any difficulty. Essex’s statement of purpose reflected this leadership approach. One group argued strongly that since Essex shipped only to supermarkets and had no marketing and sales (those functions were located in corporate), the phrase ‘that their customers **truly want**’ would be beyond their control to assess or monitor, and inconsistent with the definition of their business as a production unit. Others argued that the purpose of food preparation was not solely for the monetary benefit the supermarket’s employees or shareholders. Food was necessary to sustain people’s health and vitality, and to give them pleasure. Therefore, the statement was a critical definition of what constituted real pride in Essex’s production. One group or the other was ultimately going to cave in, and both looked to Jill to decide.

Jill responded by saying that she was not sure which group was correct. She agreed with the first group that the plant did not know and had no direct measurement of what the ultimate consumer wanted. She also agreed with the second group that if they could not find real meaning in the plant’s sense of purpose, working for Essex would be just a job and no one really wanted to spend his/her life punching a clock. She pointed out two criteria that had to be met for the group to succeed. First, their purpose had to be attainable by the plant. That is, it had to be under their direct control or indirect influence. Second, the purpose must be genuinely meaningful to a broad cross-section of plant employees. With these in mind, the group returned to work. Eventually, they identified that they could use their broad range of contacts with their supermarket customers and colleagues in corporate marketing to monitor customer response and preferences. In this manner, they would achieve a fair degree of influence on making their purpose (manufacturing products that their customers truly want) a reality. This breakthrough enabled the group to tentatively “close” on the issue at hand.

Jill did not stop there. She gained consensus from the group that before final closure on an agreed-upon purpose, each member would present the purpose to every employee and get his/her feedback. Assignments were duly made, and the group agreed to report back in a week to decide upon the next move. Upon reconvening, they presented lengthy reports and had extended discussions before closing on a statement of purpose. Obviously, this process took considerable time. Michael would have found it inefficient and ineffective, an opinion held by many of Jill’s subordinates. However, while Michael’s plant appeared to be well on the road to implementing change, he had not addressed any of the long-term problems. On the other hand, Essex now had a shared sense of purpose that belonged to nearly everyone.

We can easily contrast Jill’s and Michael’s approach to leadership. She trusted that the group could, would, and must craft some meaningful sense of direction in order to succeed. Her role as

a leader was not to provide the answer but the framework and the will to lead them there. What happened next was equally telling. She posed these questions to the entire organization: What must happen to achieve this purpose? How will we know if we are doing so? As Michael did, Jill involved people throughout the plant; unlike Michael, she did not heavily guide the process or seek to arrive at one 'right' answer or plan.

Essex began experimenting with various ways to serve their direct customers and the ultimate consumer more effectively. Jill kept everyone informed about these experiments as she encouraged people to constantly try new things. She frequently emphasized that the only failure is in not trying at all rather than trying and not succeeding. By the second year, Essex had evolved into a high-performance laboratory of collaborative effort towards achieving the shared purpose. Corporate marketing, viewing Essex as a natural ally and a place to try product innovations, began channeling most of its new efforts through the plant. Customers responded favorably and Essex products' shelf space expanded as demand grew. Essex was the most successful of the company's plants by the end of the third year of Jill's leadership.

This example illustrates several essential differences between the two managers, the most important of which is the shift in the source of power. Michael represents the old style leader who is, right or wrong, the source of power. Jill is the new style leader who has matured toward relinquishing some power to the collective wisdom of the group.

The InterActive Leader: Why does this work today?

Many social, psychological, technological, and economic trends have more or less simultaneously converged to demand this new model. Achievement motivation, which is satisfied by individual work, performance feedback and effort, is increasingly maladaptive to jobs that require more complex collaborative efforts in order to succeed. Achievement-motivated individuals, as McClelland's research has repeatedly demonstrated, do not require a meaningful sense of purpose to be energized to act. They require goals that are challenging, yet achievable through an individual's efforts and under his/her own control. Even many sales jobs, the classic role for an Achievement-motivated individual, do not fit these requirements today. For example, computer and software system sales require a team of experts working collaboratively with each other and the prospective customer.

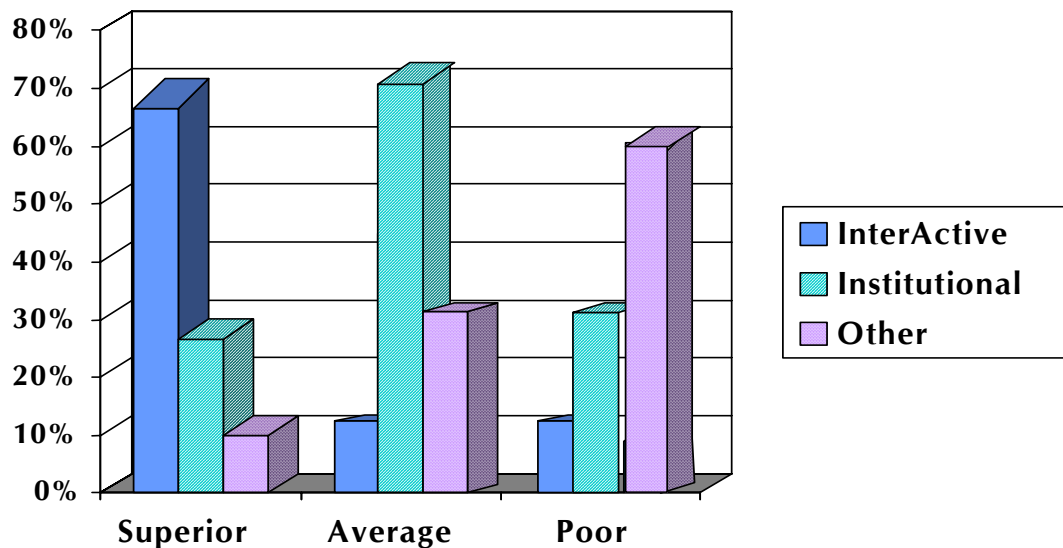
In today's hyper-competitive business environment, expertise lasts nanoseconds before something new appears on the horizon. As a result, only well-integrated teams can effectively handle the sheer mass of information and complex problem solving that is required. Further, although many still crave the "all-knowing, all-seeing" leader model, beware the leader who attempts to fill those shoes and then stumbles. Those who ask for "strong and decisive leadership" are the first to cry for the leader's blood! Few of the baby-boomers, later gen-Xers, and fewer still of women and minorities bring with them the assumptions of the old-style hero model of leadership (even when it is dressed up in new democratic clothing). Nor can managers now credibly plead the excuse that they and their leadership teams are the only ones who have all the requisite information to make decisions. Today, technology makes information readily and easily available to everyone and people expect and desire to have open access to it.

So, the age of the Institutional Leader is drawing to a close. Organizations have recognized this and are moving towards structures that are more team-based, collaborative, non-hierarchical, and flexible. To succeed, leaders themselves must change and mature.

Presentation of Selective Data

My data strongly indicates that the trend towards InterActive Leadership is widespread and generalized across industries. The graph below presents data as gathered from the entire sample.

MOTIVE AND PERFORMANCE

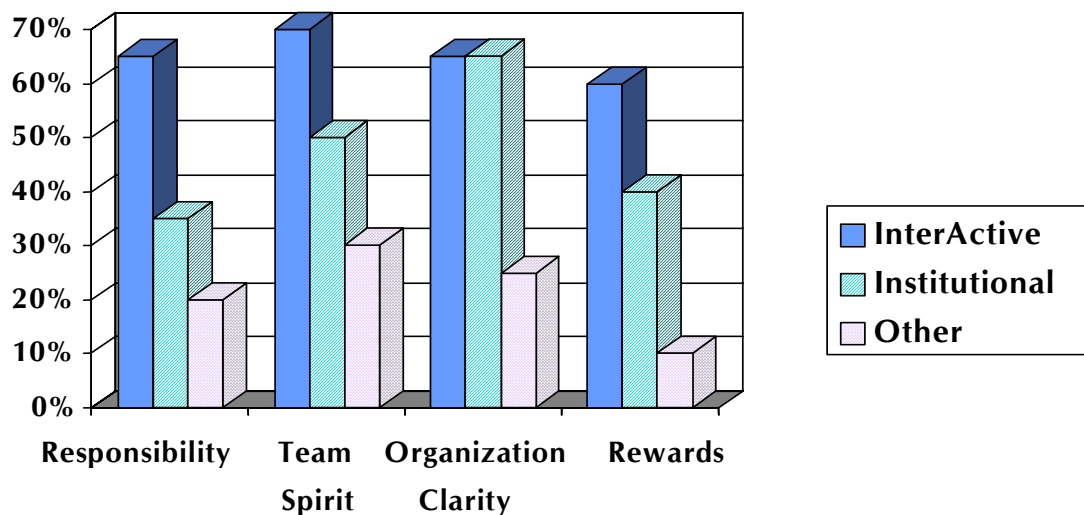


As corroborated by the data, nearly twice as many leaders with the InterActive profile are achieving superior results. Upon removing from the sample those leaders in relatively stable industries (i.e., paper, steel and coal) in which the rate of change is low (and the average age cohort quite high), the data becomes even more striking. Nearly 60% of superior performing groups are led by those with the InterActive Profile.

This data only measures business results attained by the leaders' groups, and clearly correlates inner motive and business results. It alone does not tell us whether or not people find one type of leader better to work for than another. Nor does it tell us to what degree people are satisfied with their workplace as a function of performance. To answer those questions, I used the

measure of Organizational Climate as developed by Litwin and Stringer at Harvard Business School, one that David McClelland and I also used to assess employee morale in our earlier study. All direct reports of the leaders in my sample were asked to complete questionnaires about their perception of the climate. The results then were correlated with both their leaders' profiles and group performance. Again, some dimensions of the survey revealed no significant difference between perceptions, but those that did are shown in the graph below.

LEADERSHIP PROFILE AND MORALE



When we compared groups by leaders' profiles, it was clear that the InterActive Leaders were producing higher employee morale. The rewards dimension measures the extent to which people perceive they are fairly recognized and rewarded for their contribution; it does not directly measure the individual's perception of his/her compensation. A score at the 60th percentile is very high against the norms established for the instrument, especially when compared to the results of Institutional Leaders (40%) and Other Motivations (10%). Team Spirit (defined as pride in being part of a well functioning team) and Responsibility (defined as perceiving that the individual holds personal responsibility for achieving results) showed similar trends. Only in Organizational Clarity (defined as perceiving clarity in the direction in which the group is headed) did any other profile (in this case Institutional) produce a score equal to that of the InterActive Leader.

As an interesting aside, when data is grouped by attained business results rather than leader profiles, the data become less significant. One possible interpretation is that people's sense of job satisfaction comes not so much from results attained, but from how they perceive their contribution to the overall effort, including their sense of whether or not they are 'seen' and

valued. It is clear from the chart above that people in groups led by InterActive Leaders consider themselves valued.

If morale was the only criterion for success, I can state with some certainty that, at least for now, the InterActive Leader is a “hands down” winner. Even more consequential is that, in light of the superior business results that InterActive Leaders are attaining, it seems clear that all leaders and their organizations should aspire to adopt the style of the InterActive Leader and then train and mentor new leaders to develop that style. The question then becomes: Is it possible for individuals to change?

Training InterActive Leaders: Is it Possible?

David McClelland first addressed the idea of altering inner motivation to produce new outcomes in his 1965 *Harvard Business Review* article, “Can Achievement Motivation Be Developed?”⁶ Drawing on his research into the Achievement motive and its correlation with success in small business, McClelland postulated that if entrepreneurs could be trained to think like Achievement motivated individuals, they should become significantly more successful in growing their business. In a series of experiments throughout the ‘60s and ‘70s, small business owners and/or managers were trained in what we now call the Thought⇒Action Sequence™ of Achievement motivation. In all cases, control groups were established so the data could be tracked against non-trained groups and/or against groups trained in the standard curricula for small business management. The results were compelling. Two-thirds of those trained went on to significantly and positively develop their businesses as measured by growth in revenues, employment, and profitability. The control groups’ performances varied somewhat. However, even in the ‘best’ comparable group, only one-third of those came close to matching the performance attained by the individuals trained in Achievement motivation. In short, the training doubled the success rate.

In the 1970s, once we had determined that the Institutional Leader profile was strongly correlated with successful business results, we designed a training program to enable managers to develop the associating Thought⇒Action Sequence™. As we reported in “Power Is the Great Motivator,” McClelland and I again demonstrated that two-thirds of trained managers substantially increased business results and employee morale after training. Other related research in the effectiveness of what has come to be known as “motive training” indicates that similar results can routinely be achieved by short-term training interventions, provided that the training is targeted at developing the full range of the thought pattern (motive).

Unfortunately, much current leadership training is only at the behavioral level and does not address this deeper, inner motivation. It is equally unfortunate that behavioral training may feel good to the participants as well as the organizations that sponsor it. For when researchers look at the actual impact of these efforts,⁷ they often find that untrained groups (control) may do as well

⁶ McClelland, David C., “Achievement Motivation Can Be Developed.” *Harvard Business Review*, Nov-Dec 1965, 6-25.

⁷ Goleman, Daniel, Working with Emotional Intelligence. New York: Bantam Books, 1998. p. 246.

as trained groups. In short, the cost-benefit ratio of the behavioral training may actually be negative, although it may *seem* beneficial. While this training can serve as a “placebo” to compensate for the lack of attention to really developing leaders, the effects are almost always short lived and such value is obviously different from really improving business results.

The success of the training individuals to address their underlying inner motivation lies in its *depth*. This approach does not attempt to change individuals’ behavior (that happens after the training) but to enable individuals to learn new ways of thinking about their jobs by testing and re-shaping their beliefs and assumptions. Thus, the basis is created for lasting as opposed to temporary, cosmetic behavioral change.

In my research study, I have identified the competencies of the InterActive Leader in the form of the Thought⇒Action Sequence™ that define this profile. Briefly, the thought pattern of InterActive Leadership falls into four categories:

Returning Authority to Others. InterActive Leaders think about who the appropriate decision maker is in each situation. In action, this is more than delegation; it is accurately identifying who wants to be involved and who will bring ownership and pride to making sure the issue is addressed effectively.

Mutuality involves seeing others as equals whether or not they are positionally above or below you. This involves a high degree of empathy and authenticity.

Paradox and Complexity is the emotional maturity to tolerate ambiguity until the right answer emerges versus forcing things with quick, decisive (and often misinformed) action. This category involves impulse control and self-knowledge.

Work Focus. InterActive Leaders psychologically prepare for work by continually thinking about planning and modifying their plans based on the outcomes that are generated. In addition, they bring a high level of pride in work.

My colleagues and I have designed a short, intensive three-day workshop with follow-up coaching targeted at enabling participants to think like the InterActive Leader. The intensive empirical research behind our approach makes a powerful case for change. Experiential exercises and simulations help leaders learn *how* their thoughts drive current actions/outcomes. Finally, our Leadership Assessment and individual coaching gives leaders the ability to make specific changes based on a new and heightened degree of self-awareness.

As of this writing, we have had great success with groups of all leadership levels. In the past two years, we have trained over 1,000 leaders at the senior to mid levels of organizations from the private and public sectors including: financial services, pharmaceutical, high-tech, consulting, publishing, defense contracting, non-profit and aerospace. Our preliminary research findings confirm at least a two-thirds change rate as participant-leaders, and more importantly, the people they work with report noticeable improvement in both business results and employee morale.