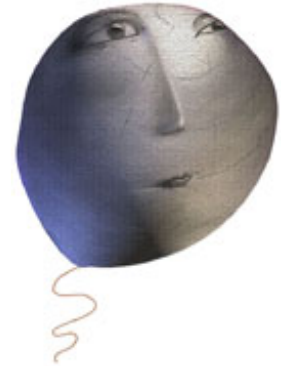




Leading from Within Means Learning to Manage Your Ego and Emotions

Published : April 07, 2004 in [Knowledge@Wharton](#)

“It is not essential to have a big ego to be a successful CEO,” says Deepak Chopra, a physician who has helped make alternative healing respectable in the U.S. He laments that American society has been trained to measure business success solely by the calculation of shareholder value. That, in turn, has bred a generation of top executives who have “bought into the idea of ego, power, extravagance, arrogance and total disregard for other people’s feelings,” says Chopra, who will be speaking at an April 9 Wharton Leadership Ventures conference in Philadelphia titled [Leading from Within](#).



This is a single/personal use copy of Knowledge@Wharton. For multiple copies, custom reprints, e-prints, posters or plaques, please contact PARS International: reprints@parsintl.com P. (212) 221-9595 x407.

Long-lasting businesses aim to serve needs, not just sell products, he says. “If you start with the premise of increased income for me and my shareholders, you get the big scandals you have had recently.” For the individual business leader, success should be much more, he suggests – “having meaning in your life, having love and compassion, self-esteem and a sense of connection with your own creativity.” Absent that, “egocentric leaders become most insecure, anchoring their self esteem in external things such as money and power.”

So managing others begins with managing oneself, Chopra and others note. Academics would say that it’s part of having a high level of emotional intelligence. [Sigal Barsade](#), a professor of management at Wharton, defines emotional intelligence as one, “the capacity to think intelligently about our emotions and, two, to have our emotions help us learn how to think more intelligently.”

Part of it is the ability to regulate one’s emotions to come to a greater awareness of one’s inner self, she says. But emotionally intelligent people also know to regulate others’ emotions, Barsade adds, deeming it an essential skill in leading people. “You can have numbers and spreadsheets, but they don’t work alone ... We influence others all the time emotionally. A leader who knows that can be tremendously effective in fixing a bad situation or reinvigorating members of his organization, captivating people, or calming them down. People resonate to people who connect to them emotionally.” It is a learned ability, she says.

Getting a Grip on Your Ego

Barry Rosenstein wonders if Martha Stewart might have been better off not being so much like — Martha Stewart. Rosenstein, founder and managing partner at JANA Partners, a \$2 billion hedge fund with offices in San Francisco and New York, doesn’t personally know Stewart, so the opinion he ventures is “conjecture,” he says. Like others, however, he has read news accounts of her temperament and a self-assuredness allegedly verging on arrogance.

Hubris apparently helped her build a business empire. It may have also caused her downfall. “She made a rash decision in a situation where not a lot of dollars were at stake,” Rosenstein says of Stewart’s rush to

sell a paltry 4,000 shares of ImClone stock following a tip. “If she had had a little perspective, she would not have reacted as she did.” As for the legal troubles that followed and led to her conviction on charges of obstructing justice, Rosenstein happens to think that “if she wasn’t as combative, there would have been a different outcome here.”

For Rosenstein, who will also be a speaker at the April 9 conference, the Stewart story is but an extreme parable of what happens to business leaders who don’t know themselves as well as they should and who cannot get a grip on their ego and emotions. They fail.

His own attention to these issues began a dozen years ago when he was partially paralyzed after a wind-surfing accident and turned to Yoga in an effort to avoid radical spinal surgery. His physical recovery, he says, has been followed by a lifetime of mental and emotional benefits as he has continued to practice Yoga.

“I deal with stress a lot better,” Rosenstein says. “In my business, every day the market tells you if you are smart or stupid. You can lose a lot of money every day, and your emotional state can be easily affected. Now it doesn’t matter to me how we do. My emotional state stays [in a state of] equanimity. I find that very important. In the middle of the day, when sometimes things are very intense, I sit and stretch and meditate and it refreshes me.” In the evenings, he often spends time in a Yoga studio he has built at home.

What it has meant for his business and colleagues is this: Unlike the typical hedge fund, JANA Partners is a placid place. “I am not a screamer, I don’t put undue pressure on people, I create a congenial atmosphere and our investment process is consensual,” he says. In its three-year existence, there has been “zero turnover” among the 16 staff members.

The fund often presses its points of view vigorously on managements of companies it invests in, but never disrespectfully, Rosenstein says. “We have had a lot of success without ever having to be hostile.”

Servant Leadership

Rosenstein fits Chopra’s definition of a good leader. The best ones are understated; they don’t overshadow their companies, says Chopra. He calls it “servant leadership,” a humble style of leading that can be very effective.

According to Chopra, the ultimate test of business leadership is what happens to a company after the CEO leaves. By that criterion, even the hallowed Jack Welch, former CEO of General Electric, does not make his first team, Chopra says, suggesting that GE hasn’t done as well in the immediate aftermath of Welch’s departure. Indeed, Chopra asserts that a roster of top performing corporations would put Wells Fargo and Philip Morris ahead of GE, yet “you don’t know their CEOs’ names.” He asks why, and answers his own question: “Because these people were not into themselves; their goal was not adulation or power for themselves but to create a great company.”

After five and a half years of running her family business – a company founded nearly 80 years ago by her grandfather and run for 50 years by her father – Lynda Barness, president of The Barness Organization,

home builders based in Bucks County, Pa., has distilled similar insights about the essence of leadership. “I have learned that it is necessary to navigate rather than rule,” she says. “I have learned that we all have strengths and weaknesses, and a leader needs to evaluate that personally and in others, and play to their strengths. It really means knowing your own limits and that of other people.”

Her strength is in sales and marketing, Barness says. A vice president is in charge of construction. The chairman of the board has an accounting background and supervises the financials. Her best instructors were her grandfather and father. From them, she says, “I learned not only to build neighborhoods but to be a good neighbor. I learned that one needs a moral compass, that loyalty and respect are earned and that good communications are vital.”

Barness sees the people who work at the business as an extended family. The company has about 70 employees. A “sense of responsibility” to them guides her actions. “I know that I am responsible for 70 families, so I never lose sight of that.”

More than 20 years after starting her marketing firm, Toplin & Associates – a Fort Washington, Pa.-based firm that employs 10 people full-time and half a dozen more as independent contractors and last year took in \$1.4 million in net fees – Ellen Toplin says she is still embarrassed when someone calls her the boss. Her leadership style hinges on being compassionate and honest and not having a big ego. “It’s the old social worker in me,” she says, referring to her previous career. She also cherishes consistency in her behavior.

“I think who I am in business is who I am as a person,” says Toplin, adding that she is “in touch” with who she is, appreciates her strengths and is aware of her weaknesses and works to overcome them. She is also not afraid to be honest and open. “That’s what, I think, has made me successful,” she suggests. There are frustrations. Sometimes she finds herself raising her voice with clients who get “unreasonable or disrespectful.” For the most part though, she prefers to “vent in a safe environment” – getting off the phone and sharing a frustrating encounter with her colleagues.

She turned to entrepreneurship after coming to the conclusion that there were “financial limitations” to working as a social worker. But now she has concluded that money isn’t everything. More and more she is volunteering to help. Among her causes: The Red Cross, the Girl Scouts, the Forum of Executive Women. “There is a higher purpose in life than how much money is made or how much power is exerted,” she says.

Barry Rabner, CEO of University Medical Center at Princeton, a complex of healthcare facilities in the Princeton, N.J., area, confronts some uniquely stressful leadership challenges. “The institution is involved in issues of life and death,” he says. “Most people we serve are under enormous stress and the employees also are under considerable stress. Then you add the layer of financial pressures, the need to operate profitably, and it is a difficult setting.”

He is currently leading an effort to replace the hospital’s acute care campus. That has made huge demands on his time for everything from strategic planning to fund-raising to ensuring community support for the project. “I have the ability to get different constituencies to align around a shared vision,” he says of enlisting the cooperation of physicians, employees, donors and members of the local community.

But he confesses he is keeping a close eye on a couple of potential frailties: “One thing I have found more difficult recently is being cautious about not acting, or making decisions unilaterally, making sure that I am getting input from knowledgeable people. It is so much faster and easier just to make the decision, but when you do it by yourself it is often not right.”

Another challenge, he says, is “controlling yourself emotionally.” He’s good at it, he hastens to add, but it is getting “more and more difficult. You often find yourself in a tense situation with upset or angry people and helping to manage that calmly is challenging. You try to be rational when you want to crawl over the table and choke the person.”

But perhaps the biggest temptation someone like him has to guard against is not the urge to throttle people angry at him, but the urge to believe his own press releases. “Hospitals tend to be very hierarchical, and when you are CEO it is amazing to see how deferential people are toward you. You can actually take that seriously and make a mistake,” Rabner says.

How has he saved himself from falling into that deadly leadership trap? “You rely on your wife and kids to maintain a grasp of reality.”

This is a single/personal use copy of Knowledge@Wharton. For multiple copies, custom reprints, e-prints, posters or plaques, please contact PARS International: reprints@parsintl.com P. (212) 221-9595 x407.