



## The Leadership Equation

Aspiring leaders must learn to generate more hope than fear.

By William B. Locander and David L. Luechauer

**A QUICK LOOK AROUND** most organizations will reveal that virtually everyone uses formulas to generate useful information and make important decisions.

- Economists know that “gross domestic product = consumption + investment + exports - imports.”
- Controllers know that “the acid test = current assets – inventories / current liabilities.”
- Chief marketing officers (CMOs) or sales executives know that “breakeven = fixed costs / gross margin %.”

Heifetz & Halle Consulting Group suggests that executives may even attempt to drive change by using “ $Ch = D \times M \times P > C$ .” (Ch = change, D = dissatisfaction with the status quo, M = a new model for managing or organizing, P = a planned process for managing change and C = cost of change to individuals and groups.) We live in an era where people expect formulas for everything from personal growth and development (such as the seven habits of highly effective people) to recovery from addictions (like the 12-step programs). Moreover, some formulas such as Einstein’s  $E = mc^2$  evolve into icon status and are plastered on everything from T-shirts to coffee mugs.

### A Formula for Leadership?

At some level, the argument could be made that organizational leaders should know all of the formulas listed here and a host of others, such as the calculations for exchange rates, logistical or production capacities, and methods to determine product value or brand equity. There is a rational and intellectual component to leadership, but there is also an emotional and affective component to leading that is more difficult to represent via a formula. The CMO or sales executive might want to ponder the points made in this column.

### X or Y Leaders

Douglas McGregor, a seminal thinker in the field of management, proposed that there are two types of managers—those who have a “Theory X” orientation and those who adopt a “Theory Y” orientation. Those with a Theory X orientation are cynical at best and Machiavellian at worst. Theory X managers view employees as unmotivated and in dire need of control, threat, or punishment to guide them toward achieving organizational objectives. Conversely, those with a Theory Y orientation are more optimistic and tend to see, at the very least, the good intentions behind employee attitudes and behaviors. Theory Y managers rely on praise, empowerment, and reward to stimulate employee performance.

Contemporary wisdom suggests that a Theory Y orientation is the most appropriate for business. A host of techniques grounded in Theory Y assumptions are regularly taught in most leadership and management classes (e.g., servant-leadership or appreciative inquiry). Therefore, given the social, educational, and political desirability of Theory Y, any executive who has attended a leadership seminar will likely report being a Theory Y leader. Our experience suggests that this is not the case. Indeed, subordinates regularly report that most of their bosses tend to practice a Theory X style. In short, most managers implement Theory X practices hoping to achieve Theory Y results. At best, this approach sends mixed messages and at worst it creates a dysfunctional culture that leads to personal and organizational decay, paranoia, and fear.

The fact that most managers do not practice what they preach or have a different view of their actions than their subordinates is not all that unusual. Attribution theory suggests that most of us tend to see our behavior in a more favorable light than others do. Any number of organizational factors, such as resource constraints and political pressures, may

explain why people don't apply a Theory Y orientation. Therefore, while Theory Y approaches are regularly taught and espoused, Theory X still seems to be the modus operandi for most managers.

The Theory X/Y dichotomy is perhaps best captured by the percentage of organizations with vision or mission statements declaring something akin to: "Our employees are our most important asset." Yet the chief financial officer rarely reports to the vice president of human resources. The value of employees (Y) is touted, but structurally it is clear that power resides with the money (X). Moreover, a quick

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read of the employee manual for most organizations will reveal that more space is dedicated to what employees can't do and presenting the sanctions for inappropriate behavior (X) than is dedicated to what employees can do and information on the rewards for outstanding behavior (Y). Typically, everything from the organization's structures to its policies emanates from a fundamentally Theory X set of assumptions and beliefs. The interested reader may want to explore Peter Block's 1987 best seller, *The Empowered Manager*, for a lively discussion of the subtle and not-so-subtle practices organizations and their managers enact to create a system top down, paternalistic control—that stifles creativity, innovation, and a true sense of employee ownership. While the hazards associated with espousing Theory Y values while enacting Theory X practices are well documented, this still does not address a central question.

## Hopes and Fears

Years of talking with clients and students, as well as generally observing managers in action, suggests that hope and fear are the two underlying emotional triggers that cause people behave as they do. So the real question is not: "Do you have a Theory X or

Theory Y orientation?" The real question is: "Do you lead from your hopes or do you manage by your fears?" Thus, the difference between Theory Y leadership and Theory X management may best be captured by this equation: "Leadership = H[ope] > F[ear] whereas Management = F[ear] > H[ope]."

Obviously, a little bit of hope and a little bit of fear is good for all of us. Hope breeds enthusiasm and helps us to get out of bed in the morning. It leads us to new life adventures and toward taking calculated and rewarding risks.

Fear keeps us from enacting behaviors that might be mentally or physically damaging to ourselves or others. It prompts us to look both ways when we cross the street or to diversify our portfolios.

Nonetheless, we all have a more dominant primal orientation toward either managing our fears or unleashing our hopes. Sadly, most people seem to be fear-based. Perhaps this is why Henry David Thoreau concluded that "the mass of men lead lives of quiet desperation." They are afraid of themselves, they are afraid of how they appear to others, and they are afraid to take the chance to be really happy. Fear keeps us in dead end jobs and toxic personal relationships. Fear forces us to acquiesce to the demands of unreasonable bosses and to create paternalistic company policies. Fear causes us to protect what we have rather than share our power, resources, or knowledge with those around us. Ultimately, fear is a self-perpetuating condition and it lies at the heart of both personal misery and organizational debacles.

A number of indicators could be used to discern which emotion is at the heart of your behavior.

## Fear-Based Signs

1. You spend more time developing or following rules or processes than improving others or yourself.
2. You have elaborate control structures, but limited reward processes, for others or yourself.
3. You tend to ask: "What is the problem?"
4. You focus on fixing whatever is broken rather than enhancing what works.
5. You look for the flaws and failings of others or yourself and the work they or you do.
6. You feel the need to keep order, keep in touch, and keep on top of things.

7. You feel pressure to prove that you are a good person or better than others.
8. You are in a hurry and constantly feel compelled to perform.
9. You regularly consume alcohol or other substances to calm down (more than once a week).
10. You seek and feel rewarded by external signs of validation or approval such as degrees, possessions, or titles.

Ultimately, people who live their fears feel like they are going through the motions and doing a job rather than pursuing a calling or passion. They are highly concerned, even if they don't reveal it, about the judgments and opinions of others. The effect on both themselves and the workplace is toxic.

### Hope-Based Signs

1. You talk a great deal about your vision or creating an ideal future.
2. You spend time searching for what works and enhancing it.
3. You embrace the good intentions of yourself and others rather than critique actions.
4. You are peaceful with yourself and your place in the world.
5. You tend to ask how you can help or what you can do to help when interacting with others.
6. You are comfortable with ambiguity, change, and chaos.
7. You can easily say "I don't know" and not feel embarrassed or ashamed.
8. You take time to relax, refocus, and reenergize yourself.
9. You seek to meet your own criteria of excellence rather than attempt to live up to the goals, expectations, and pressures of others.
10. You regularly and actively reward yourself and others for both effort and performance.

Ultimately, people who live their hopes are passionate and energetic about life. They tend to feel like they are living their dreams rather than avoiding their nightmares. As noted psychologist Wayne Dyer says, "Hope-based people have learned to be independent of the good opinions of others." Their effect on both themselves and others is enabling, ennobling, and empowering.

Perhaps the real litmus test for your orientation is how others act when they are around you. Do they share their hopes and dreams? Do they come to you

with their ideas and their plans? Are they willing to take risks, learn from failure, and try to grow beyond the status quo? If you want to know your own personal and managerial orientation, you don't have to ask, "What do I do, say, or believe?" A quick look at those around you will tell you all you need to know. Hopeful people create hope in others and fearful people create fear! So, how do people act around you?

Leadership is as much a way of being as it is something one does. Therefore, it is extremely difficult to capture the essence of leadership via a linear formula. In this sense, leadership is a lived experiment and the leader's laboratory is the home, office, or community in which he or she is embedded. There is no surefire formula for effective leadership, but it would appear as if there is at least a basic orientation that we are all empowered to choose. We can choose hope or we can choose fear regardless of where we live, work, or play.

Needless to say, in a post 9/11 world there are some legitimate reasons to be fearful or cautious. Clearly, the business world is competitive and a dog-eat-dog mentality does prevail. Change is more rapid than ever. Companies and people who are successful today may not be around in three to five years. Nonetheless, there is also great reason for hope. Opportunities abound in the world economy for people with skills and good ideas. Things that are not possible today will be commonplace in a few years. History continually reveals that one hopeful person can still make a difference in a family, village, nation, or world! As Franklin Roosevelt said, "The only thing we have to fear is fear itself." So if you want to feel less pressure and make a difference in the lives of all the organizations you serve and the people you lead, take the advice of author and speaker Joseph Campbell and "follow your bliss." On your leadership journey, take the path of hope, not one of fear. n

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