

# Avoid charismatic leaders, firms need 'intelligent conservatism'

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(Phys.org) —Conservatism not charisma is the vital ingredient for a successful business leader, claims a new study.

Research into the leaders at 100-year-old European companies has found that "intelligent [conservatism](#)" trumps charismatic leaders.

Every company is looking for their own [Steve Jobs](#), a charismatic leader that can power their firm to new heights, but after looking at some of Europe's biggest and most enduring firms like Royal Dutch Shell, Glaxo and LaFarge Dr Christian Stadler found that bosses at the other end of the spectrum were a better bet.

The Warwick Business School Associate Professor said: "In our study of the leadership and strategy of 100-year-old European corporations, we found a different style of leadership was far more common among companies that have achieved enduring success—something that we call 'intelligent conservatism'.

"This is a surer way to lead successfully rather than relying on charisma. Six out of 18 winners of Germany's Manager of the Year award went on to make huge strategic mistakes that badly damaged their companies. The understated 'intelligent conservative' leader doesn't such big mistakes."

Dr Stadler says the problem with charismatic leaders is just that – charisma. Their exceptional powers of persuasion means there is little

resistance if they are taking the company in the wrong direction.

"If your company is heading in the right direction, a charismatic leader will get you there faster" said Dr Stadler, who is Associate Professor of Strategic Management at Warwick Business School. "Unfortunately, if you're heading in the wrong direction, [charisma](#) will also get you there faster."

In contrast 'intelligent conservatism has bred steady growth for leaders and their businesses over a long time.

In MIT Sloan Management review Dr Stadler said: "Occasionally, charismatic leaders pop up, but for the most part, the leaders of these 100-year-old European companies have succeeded by listening to their people and relying on old-fashioned industry expertise.

"Listening takes time, and yet it ensures that an organization not only is on board but also engages everyone in the process—producing more solid results in the long run and leading to less reckless strategic shifts. At Glaxo, for example, top executives displayed a keen interest in learning from their scientists when the company started the transition from being a producer of milk powder to becoming a drug company in the 1920s.

"The second ingredient of 'intelligent conservatism' is that it has an in-depth understanding of the corporation. Not surprisingly, in our study of long-lived corporations, 97% of CEOs were promoted from within.

"In-depth knowledge of the organization makes it easier for the leader to form responsive networks and to find out what is going on throughout the enterprise."

In fact far from stunting growth and innovation Dr Stadler found that

those leaders that had risen up through the company often produced the revolution to turn the firm into a global force.

"Our study suggests that, the most dramatic and successful transformations of outstanding corporations happened at a time when leaders who had spent their entire career with the [company](#) gained control," said Dr Stadler. "Sir John Bond was at the helm of HSBC when the corporate colonial bank turned itself into a global financial powerhouse. John Loudon, Royal Dutch Shell's leader in the 1950s and 1960s, helped to overhaul the entire structure of the oil giant, creating a business model that generated growth for more than 30 years. These [leaders](#) succeeded because of—not despite—their long experience in their companies."

Provided by University of Warwick

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