

## **STRATEGIC INTELLIGENCE: A CONCEPTUAL SYSTEM OF LEADERSHIP FOR CHANGE**

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There is only one irrefutable definition of a leader: someone people follow. Therefore, leadership is a relationship between the leader and the led. Unlike management, the leadership relationship cannot be delegated or automated. Leadership exists in multiple different contexts. Effective strategic leadership depends on systemic understanding and a set of skills adapted to that context.

### **WHAT IS CONTEXT?**

Context for leaders includes two main factors:

- The challenges facing leaders and their organizations
- The values and attitudes of followers.

Strategic Intelligence prepares leaders to understand the context in which they are leading and to work for the common good. Leaders may be effective in one context, but not in another. For example, Winston Churchill was the indispensable leader of Great Britain during World War II. As soon as the war ended, he was voted out of power. His ideas, the sense of purpose he proposed, and his leadership style were rejected before and after the war. Before the war, the British people wanted to believe they could have peace with Germany, while Churchill told them they must prepare for war. After the war, Churchill's lion-like determination to preserve the empire and his autocratic style did not fit the British demand for a more consensual leadership and equitable society. A related example: If the German people had not been humiliated after World War I, it is unlikely that they would have followed Adolf Hitler. They might not have been moved by his angry appeal combining the promise of glory and revenge against those he blamed for Germany's degradation.

## **THE CHANGING CONTEXT AND MODE OF PRODUCTION**

The challenges facing a leader are different depending on the kind of organization, the leader's role, and the circumstances. A major challenge of our time is adapting to a new mode of production. The leaders we need will have to lead change. In the United States and other advanced economies, the nature of work has been changing. One hundred years ago, most Americans worked on the farm or in craft businesses. The 20th century was dominated by a transition to industrial and related service work, and today, 80 percent of Americans are working at service jobs, many of which depend on creating and applying knowledge: teachers, doctors, nurses, lawyers, architects, financial experts, designers, researchers, consultants, programmers, etc.

The change from industrial work to knowledge work requires a change in the dominant mode of production, the way work is organized, the tools we use, the skills and relationships required for effectiveness and efficiency, and the requirements of the leadership role. The previous change in the dominant mode of production was during the shift from farming/craft work to industrial work, from individual craftsmen using hand tools to bureaucracies of workers using electric and mechanical tools where jobs were formatted in a hierarchy of roles. Although many service organizations are still organized like industrial bureaucracies, knowledge organizations, especially those which create the most wealth in the global economy, need collaborative teams and collaborative leaders to:

- create innovative offerings
- work across organizational silos
- work with suppliers, customers, and clients to solve business problems
- work across cultures.

## **THE CHALLENGE OF CHANGES IN SOCIAL CHARACTER**

Attitudes toward work and leadership have also been changing. This is due to changes in the socialization process that shape the attitudes and values shared by people in a culture, called the social character. Maccoby and Erich Fromm studied the changes in social character of Mexican peasants as their economic base transitioned from agricultural to industrial (*Fromm, Maccoby, 1970*). Maccoby's current work and theories about the Interactive social character and the personality of effective leaders are based, in part, on his subsequent studies of the social character of leaders in high-tech industries and government agencies (*Maccoby, 2007*).

Social character can be considered as the shared part of personality of people brought up in a similar way, shaping their behavior and emotional attitudes to adapt to the dominant mode of production in that culture, so that they want to do what they need to do to prosper economically and socially. We are all born with certain drives or motivational tendencies. These become our personality, as they are shaped by family, peers, schooling, the workplace, and our unique experiences. The social character is that part of our personality shared by people brought up essentially in the same way in the same culture. Understanding social character tells us a great deal about how people approach their work and how they respond to leaders.

## SUMMARY OF THREE DIFFERENT SOCIAL CHARACTERS

	Farming – Craft	Industrial – Bureaucratic	Knowledge – Interactive
Ideals	Responsibility	Stability	Continual improvement
	Independence	Hierarchy / autonomy	Networks / Independence
	Family loyalty	Organizational loyalty	Free agency
	Sustainable production	Producing excellence	Creating value
Social Character	Inner-directed	Inner-directed	Other-directed
	Traditional authority	Identification with parental authority	Identification with peers, siblings
	Hard working, hoarding, conservative	Precise, methodical, obsessive	Experimental, innovative, marketing
Socio-economic Base	Independent farming	Market-controlling bureaucracies	Entrepreneurial companies
	Traditional technology	Slow-changing technology	New technologies
	Local markets	National markets	Global markets
	Uncertain weather and markets	Employment security	Employment uncertainty
	Extended family	Traditional family	Diverse family structures

Table 1: Summary of Three Different Social Characters

## SOCIAL CHARACTER CONFLICT

Significant interpersonal or intergroup conflict can emerge from a clash of contrasting ideals between the Bureaucratic and Interactive Social Characters (Maccoby, Scudder 2010).

- The Interactive approach to continuous improvement causes discomfort with the “if it ain’t broke, don’t fix it” Bureaucratic ideal of stability.
- Traditional top-down hierarchies and reporting structures create barriers to cross-functional, networked teams. Bureaucrats prefer clear hierarchical roles; Interactives want authority based on contribution, not position in a hierarchy.
- Bureaucratic structures designed to create long-term employment and a career path in the same organization don’t support the Interactive ideal of employability. Interactive knowledge-workers see themselves as free agents and want to work for employers who will train them for their next job in another company or offer a stepping-stone to the next part of their career.

- The traditional bureaucratic organization focuses on improving current products and services and meeting or exceeding internally established quality criteria, whereas the Interactive-dominated organization wants to adapt the organization's products and services to a changing market or environment.
- The Interactive desire for quick increases in work responsibility and authority is driven by an ideal of matching their talents to their work. The bureaucratic organization tends to advance people in steps or logical progressions based on the ideal of experience. Interactives tend to view Bureaucrats as people who withhold opportunity; making the Interactives "pay their dues." Bureaucrats tend to view Interactives as having an "entitlement mentality," wanting all the rewards and responsibilities without having earned them.
- Furthermore, cultural variations of social character make leadership more complex in global organizations with employees from different countries.

## **THE CHANGING NATURE OF STRATEGY**

In the days when GM and AT&T controlled their markets, strategy was based on using demographic formulas to extrapolate from the present to the future. If a certain number of people were likely to buy cars or install telephones next year, then the companies would use algorithms to plan on producing enough to satisfy the expected demand. It didn't take much intelligence for strategists to put the numbers in the formula.

Traditionally, government organizations, like the United States Social Security Administration, Department of Education, Centers for Medicare and Medicaid Services or Veterans Administration, could rely heavily on actuarial tables and decennial census data to forecast trends and allocate resources.

But in uncertain global markets and a world of rapidly changing technology and medical advances, strategic leaders can't succeed purely by extrapolating. They have to interpret patterns and trends, anticipate needs of service populations, and offer competitive products and services. To do this, they need competent collaborators, who will help them to design the organization's future and motivate the workforce to realize it. This calls for the following abilities:

- Anticipating the currents of change that will result in threats and opportunities for their organization
- Creating their organization's future and designing a compelling vision of where they want to lead people and what it implies for the organization
- Partnering with those who complement their abilities and who share their leadership philosophy
- Engaging, motivating, and empowering people to collaborate with them to implement the vision.

## STRATEGIC INTELLIGENCE

These abilities can be summarized in the concept of Strategic Intelligence, (Maccoby 2007), based on studying successful leaders of change. These leaders shared these four qualities:

1. Foresight
2. Visioning with Systems Thinking
3. Partnering
4. Motivating and Empowering

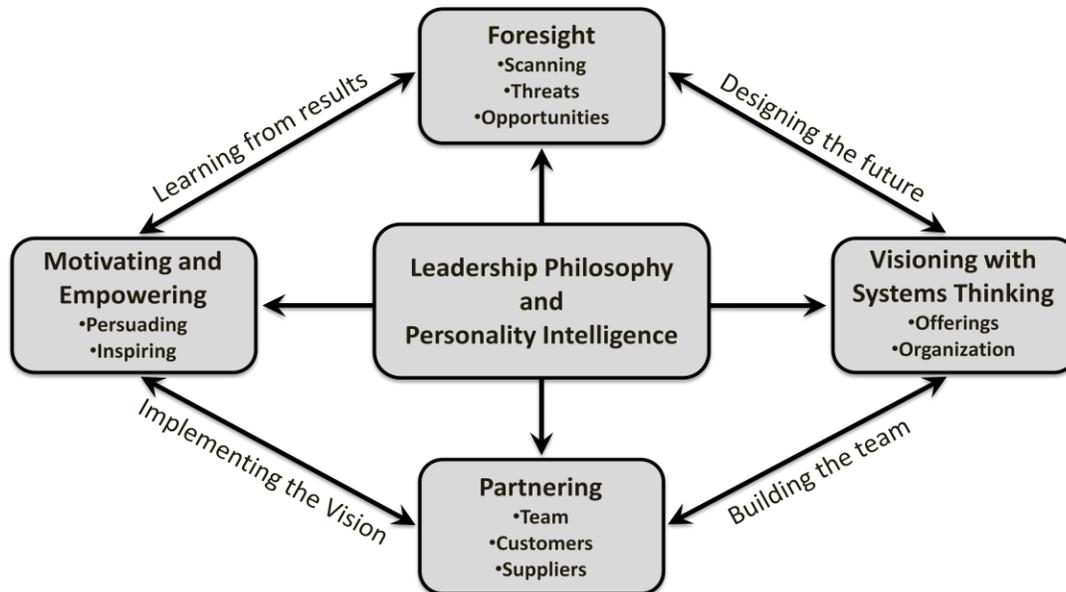


Figure 1: Strategic Intelligence Model

## STRATEGIC INTELLIGENCE IN ACTION

The qualities of Strategic Intelligence are interrelated so that they modify and strengthen each other when they are aligned. A leader's philosophy and personality intelligence influence how each quality is expressed.

These abilities are employed by a leader to create a line of strategic questioning that is something like this:

- What is likely to happen that will mean new threats, opportunities, and demands?
- What should I do about:
  - Designing products and services that will gain and retain customers and an organization that can create and distribute these offerings?
  - Building an effective team of people who share my philosophy and purpose, with qualities that complement mine?
  - Motivating and empowering the organization to achieve great results?

The four elements of Strategic Intelligence are held together as a cohesive system by Leadership Philosophy and Personality Intelligence. Each of the four elements of Strategic

Intelligence depend on both Leadership Philosophy and Personality Intelligence. Deep self-knowledge; knowledge of others, and a clearly articulated purpose, set of values, principles, and beliefs prepare leaders to look into the future, focus on relevant trends, and create a systemic vision. They bring this vision to reality by recruiting and developing strategic and operational partners who complement their skills, support the vision, and share the philosophy. Through Personality Intelligence, they apply an understanding of the values of those partners and are able to motivate and empower them to collaborate, to achieve a shared purpose.

## **LEADERSHIP PERSONALITIES AS SYSTEMS OF STRIVINGS**

Much has been written about the “leadership personality;” about whether leaders are born or made; about the ideal attributes of a leader. The reason for the abundance of opinion and speculation about the elusive quality of leadership is that there are so many different contexts for leadership. A leadership personality may be a perfect fit in one context, but contribute to total failure in another. Furthermore, many leaders seem to have dual personalities, one when things are going according to plan and another personality entirely when facing obstacles or conflict within or outside of their organization.

Sigmund Freud posited that personality is a system of relatively permanent strivings. Erich Fromm (1947) accepted this view of personality and analyzed the non-productive aspects of Freud’s three normal personality types and added a fourth type. Michael Maccoby built on Freud and Fromm’s types to arrive at descriptions of several different productive leadership personalities. Independently of Maccoby, Elias Porter also built on Freud and Fromm’s types to arrive at a dual-state personality system as described in his Relationship Awareness Theory (Porter, 1971).

Synthesizing the socio-anthropological research and leadership personality descriptions of Maccoby with the humanistic orientation of Porter’s dual-state personality system presents leaders with a view of themselves in the context of their leadership relationships. A summary of the personality types from each theorist is presented in table 2, Summary of Personality Types.

## SUMMARY OF PERSONALITY TYPES

Freud	Fromm	Maccoby	Porter
Three normal types, based on earlier explanations of psychopathology.	Four non-productive orientations of adults in society.	Four productive types within a social character, with an emphasis on leadership.	Seven Motivational Value Systems, striving for self-worth in relationships.
Erotic	Receptive	Caring	Altruistic-Nurturing (Blue)
Narcissistic	Exploitative	Visionary	Assertive-Directing (Red)
Obsessive	Hoarding	Exacting	Analytic-Autonomizing (Green)
Recognition of blended types	Marketing	Adaptive	Flexible-Cohering (Hub)
	Recognition of blended types	12 combinations of above four types, based on dominant and secondary types	Assertive-Nurturing (Red-Blue)
			Judicious-Competing (Red-Green)
Personality differences between going-well state and conflict state are not described.			Two states of personality; independent descriptions of changes in motivation during conflict

Table 2: Summary of Personality Types (Maccoby, Scudder, 2010)

### The Caring (Altruistic-Nurturing) Leader

The most important value is loving and being loved. Leaders of this type want to help and care for people. They also want to be seen by others as helpers, to be recognized for their good deeds and to be loved and appreciated, more than respected or admired. They want to believe in other people and to have the trust they naturally place in others be rewarded by reciprocal trust and personal loyalty. Their strongest intrinsic motivations are to protect and enhance the welfare of other people.

The caring type dominates the social services; the caring fields – teaching, nursing, social work, mental health, and therapy – and service industries; careers that involve personal management, nurturing creativity and growth, and encouraging others to make more of their lives. They keep our social services running on both an organizational and personal level by teaching our children; caring for the elderly; helping displaced, homeless, or poor people; and on a smaller scale, setting up this friend with that one, lending a hand with moving, or coming over to cook dinner for a sick colleague. They are drawn to organizations that pursue social causes or have social consciences.

### **The Visionary (Assertive-Directing) Leader**

The productive leaders of this type impress us as personalities, disrupting the status quo and bringing about change. Their strongest intrinsic motivations are for achievement, accomplishment, and mobilizing people and resources to create results.

Visionaries have very little or no psychic demands that they have to do the right thing. Freed from these internal constraints, they are forced to answer for themselves what is right, to decide what they value and what, in effect, gives them a sense of meaning. The productive ones create their own vision, with a sense of purpose that not only engages them but may also inspire others to follow them. This vision may be either ethical or unethical, for the common good or for personal power. The visions of unproductive narcissists may be grandiose or irrational, isolating them from others.

Visionaries are accustomed to listening to themselves, their inner voices. They may debate different sides of an issue (e.g. "to be or not to be"), finally reaching a decision about what to do and the best way to do it. They tend to block out the voices of others.

### **The Exacting (Analytic-Autonomizing) Leader**

Exacting leadership personalities are inner-directed. They live by the rules, and the rules are usually determined by internalized, parental figures, forging a strict conscience or following "the way things have always been done around here." People of this type are motivated to live up to the high standards and ideals they set for themselves and to show, at all times, that they fit the ideal of "good child" to internalized parental figures. When they fail or rebel against these internalized demands, they feel guilty. Their strongest intrinsic motivations are to establish and maintain order to become self-reliant and self-dependent.

They are the conservatives who maintain moral values with a strong work ethic. They focus on the importance of right and wrong, whether at work or in their friendships. Once they believe in someone or something, they stick to it, showing loyalty. They want good, orderly fashion in everything they touch or do, whether it's in their well-kept closets or work spaces or in how they organize their time. The most productive of these types are systematic. They systematically break a task down into its components and set out to tackle it, one bit at a time.

### **The Adaptive (Flexible-Cohering) Leader**

These leaders operate by radar, sensing what the market wants and needs and then either developing themselves to fit it or just conforming to it. Their self-esteem or self-valuation comes from what could be called a personal stock that goes up and down depending on what they're selling, including their accomplishments, how well they align themselves with key people, a client or account base, good looks and style, new skills and expertise, or "whatever," as they are fond of saying. Everything they do is relative; it needs to meet the approval of other people. They rarely use the words "right" or "wrong" (as does the exacting type); they want their behavior to be "appropriate." They intuitively know how to adapt to changes in the marketplace and are not as unsettled by upheaval in the corporate or economic climate as others are. They see change as an opportunity for success and fun.

Their strongest intrinsic motivations are to be part of cohesive groups and teams, and to maintain flexibility in the present and the future.

The most productive adaptive personalities are interactive self-developers. They think of their life and career as continuing education, a chance to pick up new skills. They continually learn and grow, intellectually and emotionally. They are the types who want to do well and feel and look good. They exercise, diet, talk to therapists, organize reading and study groups and take classes. They are some of the most productive freelancers, setting their own goals and working well on their own; they are a big part of the current trend towards self-employment and are excellent at self-promotion. However, they also are natural networkers and team players and enjoy interacting with people like themselves.

## **LEARNING FROM CONFLICT**

As discussed previously, clashes in social character can create conflict. Clashes between individual personalities of leaders and followers can also create conflict. Important leadership and relationship lessons can be learned on the way into conflict, and on the way out. People experience conflict emotions about only things that are important to them. Therefore, every time conflict arises, there is an opportunity for leaders to use their Personality Intelligence and to learn about the values of the people in the conflict.

The way conflict is managed can say as much or more about the character of a leader or an organization as the reason the conflict started in the first place. In the retail environment, companies like Costco and Nordstrom have very liberal return and exchange policies. If something is important enough to the customer to merit a return trip, those companies set it right immediately and with very few conditions. Happy customers will tell only a few people about their experience, but dissatisfied customers will tell many people.

Conflict inside the organization is surprisingly analogous to the retail environment. Followers who bring conflicts to their leaders do so in the hopes that the leaders will help them to focus on what's important and to make it right. When leaders do this, the followers may tell only a few people. But dissatisfied followers, who are experiencing conflict emotions along with the inevitable workplace concerns (job security, performance appraisals, growth opportunities, etc.), will tell many others about their unproductive conflict with the leader. Some people call this an "attitude virus," and like some viruses, it's possible that the leader may be the "carrier" and does not feel any of the symptoms personally.

Leaders who manage conflict well tend to build trust and encourage future openness, not unlike the confidence a shopper may feel when they walk out the door of a Costco or Nordstrom.

## **THE PURPOSE OF CONFLICT**

Porter (1971) states that all behavior has purpose, and the purpose of behavior in conflict is to restore feelings of self-worth, to address the immediate, emotional experience of interpersonal conflict, and to focus on the substantive issues (opposition) that frame it. The purpose of conflict management is to turn it into opposition management, where people can resolve the substantive issues from their productive state.

Some models and conflict management theories suggest that people “take the emotion out of the conflict.” Relationship Awareness suggests that true resolution cannot be achieved without recognizing the internal, emotional experience of conflict.

If we take the time to learn what is important to people on the way into conflict, the resolution of conflict has already begun. There cannot be a resolution without the protection, validation, or restoration of values. Once the interpersonal aspects of conflict are resolved, leaders can focus on motivating and empowering the people they lead.

## **THE FOUR R’S OF MOTIVATING AND EMPOWERING**

To gain enthusiastic collaborators, a leader can employ these four R’s (Maccoby, 1988, 1995):

- **Responsibilities** – aligning tasks, interests, and skills with people who have a realistic chance of successfully completing the tasks
- **Relationships** – creating a culture conducive to openness, teamwork, appreciation, and respect
- **Rewards** – providing tangible and intangible rewards, appropriate to performance
- **Reasons** – showing the purpose, end-state, or big-picture and linking tasks with outcomes.

### **Responsibilities**

We are motivated when our responsibilities are meaningful by engaging our abilities and values, especially when they stretch and develop us, but we are not motivated if our responsibilities are too easy or do not stretch us at all. Caring (Altruistic-Nurturing) types are motivated by work that makes them responsible for the growth of others. Exacting (Analytic-Autonomizing) types are motivated by producing high-quality products. Adaptive (Flexible-Cohering) types are motivated by being permitted flexibility and cooperation with others to solve problems. Visionary (Assertive-Directing) types are motivated by the opportunity to turn potential into reality. Regardless of personality, providing collaborators with an appropriate amount of choice within their areas of responsibility helps to tap into intrinsic motivation and creates a sense of accountability for the results of these collaborator’s choices.

### **Relationships**

We are motivated by good relationships with bosses, peers, customers, partners, and suppliers. Our personalities color, or influence, the way we are motivated in relationships with others. People with an Interactive social character are especially motivated when work is fun and exciting. People with a Bureaucratic social character are especially motivated by words of appreciation from bosses. Relationships are even more important in the Interactive social character because the dominant mode of production of new knowledge is the team. People who continue in unfulfilling work frequently say that they stay in their jobs (at least in part) because they like the people they work with.

## **Rewards**

Rewards can be motivating, but they can be overvalued. Of course, investment bankers will exhaust themselves for huge payoffs. Piece workers, sewing garments or assembling gadgets, will work harder to produce more finished products for the extra money. But there is no evidence that teachers will teach better to make more money. Incentive pay focuses a person on particular tasks, like teaching to the tests. It can stimulate a doctor to see more patients, but not to treat them any better. It can strengthen a leader's authority by rewarding a follower for following orders, even when these orders do not make sense. If someone does not feel fairly rewarded compared to peers, incentive pay becomes demotivating. People may be more motivated by public (or private) recognition and appreciation for their work than by money.

## **Reasons**

Reasons can be the most powerful motivators when described in terms of meaningful purpose for knowledge-workers. Even workers doing repetitive work on an assembly line can be highly motivated if they believe the products they are producing are important for people. This was clearly the case for U.S. factory workers in World War II, doing work that in peacetime would have been boring. People take pride in work that contributes to the well-being of others and the common good. To implement their visions, leaders with Strategic Intelligence will articulate a meaningful philosophy, give people responsibilities that engage and develop them, and recognize exceptional work. By describing a meaningful vision, the leader strengthens hope for a positive future.

An understanding and application of the four R's creates an environment where collaborators can feel good about themselves and what they are doing. Additionally, the negative aspects of work can be minimized by consistent application of the four R's. When responsibilities are clear, there is not much room for role confusion. When relationships are productive, there is not much room for conflict. When rewards are appropriate, there is not much room for perceiving injustice. When reasons are compelling and meaningful, there is not much room for complacency or cynicism.

## **CONCLUSION**

Leaders with Strategic Intelligence move their followers to become willing collaborators. These collaborators tend to feel that they are participating in the creation of their relationship to their work. Erich Fromm (1947) emphasizes the connection between productive work and happiness. Ayn Rand says in *Atlas Shrugged* "Happiness is that state of consciousness that proceeds from the achievement of one's values."

Effective leaders provide the opportunity for people to connect their work to their values. To do this they must work with both intellectual and emotional issues, knowledge of both the head and the heart. It takes both head and heart to develop a philosophy of leadership and a philosophy of life. It takes courage, the combination of head and heart, driven by a compelling purpose and supported by people who share practical values and have excellent processes, to look into the future, create a vision, and bring that vision to reality. In short, it takes Strategic Intelligence to become a leader we need.

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