

Manfred F. R. Kets de Vries

*Reflections on*  
**Groups and**  
*Organizations*



*On the Couch*  
with

**MANFRED KETS DE VRIES**

Winner of the International Leadership Association  
Lifetime Achievement Award 2008

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# ***ON THE COUCH WITH MANFRED KETS DE VRIES***

*On the Couch with Manfred Kets de Vries* offers an overview of the author's work spanning four decades, a period in which Manfred F. R. Kets de Vries has established himself as the leading figure in the clinical study of organizational leadership.

The three books in this series contain a representative selection of Kets de Vries' writings about leadership from a wide variety of published sources. They cover three major themes: character and leadership in a global context; career development; and leadership in organizations. The original essays were all written or published between 1976 and 2008. Updated where appropriate and revised by the author, they present a digest of the work of one of today's most influential management thinkers.

## **Published Titles**

*Reflections on Character and Leadership*

*Reflections on Leadership and Career Development*

*Reflections on Groups and Organizations*

# **REFLECTIONS ON GROUPS AND ORGANIZATIONS**

**Manfred F. R. Kets de Vries**

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*To Henriette, my mother, whom I miss and mirror every day.*

# ***INTRODUCTION***

In individuals, insanity is rare; but in groups, parties, nations, and epochs, it is the rule.

—*Friedrich Nietzsche*

Leaders must encourage their organizations to dance to forms of music yet to be heard.

—*Warren G. Bennis*

## **A CLINICAL APPROACH TO LEADERSHIP**

This is the final book in a three-part series that has anthologized a selection of my writing on leadership, associated with some key themes: character, career development, groups, and organizations. In the collection here, I apply the clinical approach to issues of leadership within groups and organizations, moving steadily from studies of the dysfunctional to descriptions of the ideal. I begin with the notion of *folie à deux*, looking at ways in which people can transmit and broadcast various forms of organizational madness; and I end with a vision of the authentizotic organization, the kind of organization where people are invigorated by their work, feel a sense of balance and completeness, a sense of effectiveness and competency, a sense of autonomy, initiative, belonging, and creativity.

I am often asked to define the clinical approach and justify its application. In essence, it condenses two principal approaches. The first is psychodynamic and has to do with the way people think, feel, and act. For example, the more recent financial meltdown in the West is a good indication

that the people in charge of some of the largest and seemingly most successful organizations are far from being the rational decision-makers we might expect them to be—there are lots of other things at work in their decision-making processes that should be taken into consideration. There is often a great discrepancy between what people say they do, and what they really do.

The other approach is systemic, meaning that we have to see things in context. We have to view people in the context of their family, their culture, and their work environment. I believe organizations also need to be looked at in this way. A systemic view gives us a more realistic perspective on difficult situations. The clinical approach refers to the psychodynamic-systemic way of looking at people in organizations.

This approach deals with the fact that most of our behavior is not really rational. What's more, much of it is outside conscious awareness, something many find hard to accept. To have an inkling of what is going on outside of conscious awareness, we need to pay attention to emotions. This probably explains why there is resistance to the clinical approach within many organizations, where what lies beneath, including emotions, is given short shrift in the normal course of events.

Yet nothing is more central to who we are than the way we express and regulate our emotions. In addition, we have many defensive mechanisms—some quite primitive, others very sophisticated. And these resistances should be seen in the context of avoiding the pain of realizing what really may be going on in organizational life. We all have a shadow side and a tendency to avoid troubling aspects of our experiences. There are many distressing thoughts and feelings we are reluctant to deal with.

Furthermore, we are all a product of our past—many things that we learned in childhood will determine the way we

behave in adulthood. The past is the lens through which we can understand the present and shape the future. Scratch an adult, and we find a child. So if we want to understand people, we have to get a better sense of the context from which they come. And I have discovered that everyone is normal—until you get to know them better.

The first organization we know is our family of origin. The nature of its relationships will have an enormous influence on us. I come from a divorced family, which led to very complex dynamics between my mother and father. The complexity was increased by my brother, and a half-sister and -brother from my father's second marriage. This *dramatis personae* provided me with much raw material to better understand the human condition. For children (I am not excluding parents), divorce is extremely hard to deal with—and I am no exception. My parents' divorce very much colored my life. The situation to which my brother and I were exposed required a solid dose of emotional intelligence and many of the lessons we learned during that time have a sour-sweet taste. Although I may not have realized it at the time, whatever my parents did, in their (at times) convoluted ways, they were trying to do the best they could. Unconsciously or consciously, they also helped me to be effective in the path I took. Thanks to the two of them, human nature and its vicissitudes were going to be the subject of my life's work.

As I recount in the introduction to Part 2 of this book, I began to study human behavior particularly when I looked at toxic organizations with dysfunctional organizational environments. I became interested in how leaders can create 'neurotic' organizational cultures. In one of my earliest books, *The Neurotic Organization*, I tried to establish an interrelationship between personality, leadership style, corporate culture, and patterns of decision-making (Kets de Vries and Miller, 1984).

The world has been dominated by economists. I used to be an economist myself but always felt that the rational economic model didn't work. It has recently been demonstrated in a fairly dramatic way that this model is not realistic. The dismal science has become even more dismal. Economists, from being econometrically oriented, are suddenly all becoming behavioral economists. They have begun to realize that there are many other factors that they need to insert into their economic models. This kind of turnaround is probably not enough, but at least is a step in the right direction.

I have described in an earlier book in this series the events that took me from economics, to management education, to psychoanalysis and, ultimately, to a field of expertise in which I could practice all three: management, with a particular focus on strategy and organizational behavior; economics, particularly business economics; and psychoanalysis in its widest sense, encompassing family-systems theory, cognition, neuropsychiatry, evolutionary psychology, and so on (Kets de Vries, 2009b). But whatever hat I have found myself wearing, I am essentially a pragmatist and eclectic in my outlook and interventions. My major motivation is to make things happen—and make things work for the better. More than anything, I want to help people create great places to work, because too many organizations are like gulags—unpleasant places to be. I like to try to make a contribution—minuscule as it may be—to changing this situation.

## **BRINGING THE PERSON BACK INTO THE ORGANIZATION**

When I started to study organizational behavior, the focus was on structures and systems and how to make them work.

But I have always been more interested in the role of people in the organization. I have always wondered why people do what they do—how to make sense out of their behavior. For example, I have devised and for many years run two major, year-long, executive development programs. One is a program for top executives—CEOs and those aspiring to be CEOs. I created this program with the fantasy that if I could influence the minds of those 20 people in my seminar, who together were responsible for a few hundred thousand people, it might affect their organizations in a positive way. In the second program, ‘Consulting and Coaching for Change,’ of which I am one of the designers, I try to help HR directors, people in consulting and coaching firms, and line managers to become better at people management.<sup>1</sup>

I am interested in programs that help people change for the better. Most leadership programs are only Band-Aids; they don’t do much more than soothe the superficial symptoms. After people go through this kind of program they may get a temporary high: they feel good, particularly if they have had good teachers, and then, unfortunately, they revert to their previous behavior. I like to go beyond the quick-fix and create programs that have a true impact, that help people change, that push people to take important steps in their personal and organizational lives. As a result, at INSEAD, I and my associates have developed the second-largest coaching center in the world, the Global Leadership Center. We also have become the largest center in group coaching, because group leadership coaching is a very effective way to help people change. I have learned to take advantage of the powers of self-revelation and catharsis, of realizing the universality of problems, of guidance, of interpersonal and vicarious learning, of the corrective recapitulation of the primary family group, and of altruism.

# THE INNER THEATER

In this book, I refer frequently to the ‘inner theater,’ which relates to questions like: What are the things that motivate you? What are the things that are important to you? What do you feel deeply passionate about? How well do you understand how you affect other people? And what drives you crazy? All these things have to do with our inner theater, in which we play out the scripts that define our character and our life. When it comes down to it, all my work is centered on helping people to understand themselves better. If we don’t know what we are doing, it is hard to be effective, so if we want to be effective leaders, it is important that we have a sense of what we are all about; what we do well, and what we are not so good at. As far as the latter is concerned, there may be something we can do about it; or a better strategy might be to find people who can complement us, drawing from our strengths while compensating for our weaknesses. We have to give up the messianic ideal: the image of the leader as superhero has mercifully retreated into the realms of fiction. Real change is driven by teams of people.

Of course, when we get anxious, we all look for somebody to help us, just as we did when we were children and looked to our parents to get us out of difficult situations. But in the modern organization—with highly complex, matrix-like structures and very diverse, virtual teams—the trick is how to have the different parts working together, how to work in teams, how to build good lateral relationships, how to trust each other. In my programs, I do a lot of interventions with top executive teams, working on precisely these things, because most do not function very well.

To do this, I have developed numerous survey instruments<sup>2</sup> that jump-start the process of understanding the inner theater. Helped with the information from these

instruments, executives can have courageous conversations with the people they work with, something that does not usually happen. The insights provided by these instruments help people see what they usually do not see—and find ways to do something about it.

## **THE DARKER SIDE OF LEADERSHIP**

I first became well known as an organizational pathologist, meaning that people came to me when things had got really bad. It was a niche that I occupied only reluctantly. In management now we find the emergence of positive psychology and positive organizational behavior. This is fine, but we have to be realistic—total optimism can only get us so far. But being overly-optimistic can lead to disaster. Convinced that the *Titanic* was unsinkable, its captain ignored three warnings, a mindset that had catastrophic results. We all have a darker side. We have seen the terrible things people do to each other in times of war and on other occasions.

Frequently, this darker side is induced by past experiences. To quote the philosopher Kierkegaard, 'Life can only be understood backward; but it must be lived forward.'

We have to deal with the past; we have to see things in perspective, otherwise we will not learn anything. What was effective when we were young may no longer be very effective when we are adults. We need to obtain that insight to be able to change.

If we look at what has happened in the financial sector since the most recent crisis, I sometimes have the sense they have learned nothing, and forgotten everything. The power of negation—of not wanting to see—is formidable. The financial community have apparently reverted to

normal, retaining their feeling of entitlement. Once again, they are awarding themselves outrageous bonuses, while their organizations have been bailed out with public money. Obviously, it is far too easy to come to terms with the dark side.

Yet focusing only on the dark side is not good for morale. After many years studying the darker side of leaders and organizations, and becoming a leader in that field, I began to think about what I could do to make things better. This is not to say that I have lost sight of the dark side. We have to be realistic about these things—it's well and truly there.

## **LEADERS—BORN OR MADE?**

Not everyone has leadership potential but, on the other hand, I don't believe in the concept of the 'born leader.' Undoubtedly, some people have a head start but I strongly believe that leadership potential can be developed.

Leadership potential is a delicate interplay between nature and nurture. People who grow up in a family where their parents encourage them, push them to do something with their life, and perhaps give them some solid values about doing something for the greater good, are more likely to become leaders than people coming from very dysfunctional families. But nothing is really that black and white: some people, in spite of having had a very difficult upbringing, have become highly effective leaders, demonstrating the complexity of these interrelationships.

I have seen examples of both. For example, in the early 1990s I wrote a number of case studies about Richard Branson, the founder and owner of the Virgin conglomerate. Branson had a textbook family background: two parents who loved their son, were very supportive, and encouraged him in his various entrepreneurial ventures. But I've also seen situations where people come from very miserable

circumstances, having experienced many hardships—deaths in the family, separation, divorce and so on—but have never given up hope. They felt they could make a difference. They would say, ‘I’ll give it a try. I’m going to show these people, show the world that I can do certain things.’ There are many different combinations and variations on the themes of leadership potential and success.

Becoming successful is dependent on the highly complex interface between leaders, followers, and the contexts they operate in. Being the managing director of McKinsey requires a very different leadership style than running a steel mill—many factors have to be taken into account. In Chapter 12, I develop my concept of an effective leader, someone who, as I see it, is a little like a Zen riddle, or *kōan*—a paradox who is comfortable dealing with paradoxes. Because a leader has to be active and reflective, an introvert and an extrovert, engaged in both divergent and convergent thinking. A leader needs IQ, but also EQ. A leader has to think atomistically, but also holistically, for the short term and the long term. Anyone who can balance these contradictions effectively will do well.

There have been many attempts at a definition of leadership but for me, a true leader is someone who gets extraordinary things out of ordinary people. As the saying goes, people will work for money but die for a cause. The crucial thing is how to get people to deliver that extra effort. There are several basic things that any leader has to do: provide focus, understand what makes their people tick, set an example, and make things happen. However, the distinguishing factor between mediocre and great leadership is always the same: the creation of meaning. The most effective leaders I have encountered are good storytellers; they know how to tell the stories that provide meaning in their organizations. This may not be so easy if they are running a cigarette or armaments company. But

when it comes down to it, people are searching for meaning. I hear it all the time.

## **PRESCRIPTIONS FOR EFFECTIVE LEADERSHIP**

In my book *The Leadership Mystique* (Kets de Vries, 2001), I suggested four 'Hs' for effective leadership: hope, humanity, humility, and humor. Acronyms are neat organizing devices and easy to remember. Real life is more complex and we have constantly to refine our ideas in response to it—however, if I were to summarize the essence of leadership now, I would still start with hope. In Chapters 6 and 7 of this book, I look at the importance of generating hope as leaders steer their organizations through turbulent times. Leaders have to be merchants of hope; they have to speak to the collective imagination of their people to create a group identity, focus, and a vision of the future.

Leaders also need integrity. An organization that has no trust in its leadership will not do well in the long run. If leaders say 'We need to downsize,' while giving themselves a raise and having a new Jaguar delivered to their personal parking space, they will lose credibility. If they talk about the importance of developing people but fail to develop their own people, they will not be believable. They have to walk the talk.

The third thing leaders need is courage—the courage to make tough decisions, in crisis situations, and not sit on their hands—and the fourth is emotional intelligence. They have to figure out the important things that motivate people and be very good at emotional sense-making. Some people are entrepreneurial; they will need to be left to do their own thing. Other people are dependent, and will need things to be spelled out for them. Others are counter-dependent: if

they are told they can't do something, they'll go all out to prove they can. Leaders have to be sensitized to the different needs of the individuals they lead.

Finally, self-awareness is critical for leaders. They need to know their limitations and shortcomings, as well as their strengths. If they don't have all the qualities needed for the environment they are operating in, they must find people who can complement them. I have seen leaders who are terrible at certain things, but know it, and find others to help them.

## **THE FUTURE OF LEADERSHIP**

Management, as a discipline, has very much been a product of the US. But many of the American paradigms are being questioned and overruled by developments in the East, especially in China and India. Management theory, though, is still dominated by American business schools. Take a look at the faculty list of any international business school: most have done their doctorate in America even though their first degree might have been from China, India, Russia, Indonesia, Holland or elsewhere—although I recently read a list of 'the world's top 50 management thinkers' and discovered that there are some non-Americans on it (including me). So facetiously, I can say that perhaps there is some hope for non-American management thinking.

It is interesting to speculate about the influence Southeast Asian management, or Islamic management, will have in the future. There are distinct Chinese and Japanese leadership styles, and we cannot even talk about a 'European' style, because Europe is a very complex entity. For example, in Europe, we have the Anglo-Saxon way, the Scandinavian way, the Germanic way, and the Southern European, and Russian ways, all of which are characterized by major differences.

Some convergence may be taking place in Europe—and even the world—but it is not easy. I doubt if my generation will see it. Perhaps the next generation will. With increasing travel, and exchanges of people, there is going to be an increasing amount of convergence. I believe that time will show that alone we can do very little, while together, we can do a lot. As Benjamin Franklin, one of the founding fathers of the US, once said, ‘We must, indeed, all hang together or, most assuredly, we shall all hang separately.’

## Notes

[1](#) See Chapter 10 for an exclusive view of the first of these programs.

[2](#) The Global Executive Leadership Inventory; the Leadership Archetype Questionnaire; the Personality Audit; the Internal Theater Inventory; the Organizational Culture Audit.

# ***ABOUT THIS BOOK***

In the final book in this series, I look at leadership issues in the context of groups and organizations, starting with examples of the effects of dysfunctional leadership and ending on an optimistic note with a description of the organizations of the future, the kinds of 'best places to work' to which we would all like to belong.

**Part 1 Interpersonal and Group Processes** begins with an explanation of *folie à deux*, and examines various ways in which neurotic individuals create neurotic organizations. From a clinical perspective, I offer an overview of how group dynamics work and describe how high-performance teams function, using the time I spent with the Baka pygmies of Cameroon as a case example.

**Part 2 The People Dimension in Organizations** is all about bringing the person back into the organization and takes organizational culture as its theme. In these chapters, I discuss the importance of corporate culture, culture creation, and attempt a definition of this largely intangible yet critical element of organizational life. I examine how a strong culture can help an organization withstand the pain of downsizing, restructuring, merger, and acquisition; create the right environment for change; and sustain a vision for the future. This section ends with a look at the very particular people dimension of family firms.

**Part 3 Changing People and Organizations** is about the ways in which organizations and the people within them can best prepare for change. I advocate the building of an organization-wide coaching culture and describe how this can be introduced and implemented through individual, group, and organizational coaching. In this Part, I also look

at how organizational leaders can identify and develop star performers.

In the **Conclusion**, I discuss the need to build 'best places' to work and introduce my concept of the authentizotic organization, one where the organizational culture is congruent with our basic motivational needs, and in which people can be, and perform, their best.

Manfred Kets de Vries

Paris 2010

# ***ACKNOWLEDGEMENTS***

This is the final book in the series *On the Couch with Manfred Kets de Vries*, which brings together a representative selection of my writing on leadership and organizational behavior. Many of the earlier chapters in this book have appeared as articles in various journals, now revised and brought up to date, while the last section contains previously unpublished material. I would like to take this opportunity to acknowledge my co-authors in the original iterations of some of these articles, Danny Miller and Katharina Balasz.

I would also like to thank my editor, Sally Simmons, who first suggested the idea of these 'collected works.' Our brief conversation translated into a disproportionate amount of work and I am grateful for her support throughout the project. I also want to express my gratitude to Elizabeth Florent, who has shared my journey of discovery.

As always, I must thank Sheila Loxham, my assistant and personal strategic defense system. Not only does she shield me from others, she is also very skilled at defusing harmlessly the occasional harsh missiles I launch before they fall to earth.

# ***PART 1: INTERPERSONAL AND GROUP PROCESSES***

## ***INTRODUCTION***

In her book *Albert Speer: His Battle with Truth* (1995) the writer and journalist Gitta Sereny retells Albert Speer's account of his father's visit to his office to see the maquette his son had made of Hitler's new Berlin—the world capital that would be the seat of government for the Thousand Year Reich. Speer's father, also an architect, had previously been dismissive about his son's skills but since his son had become the Fuehrer's architect, had become proud of his success. However, his reaction to the maquette was unexpected: 'He stood and looked at the model for a long moment. Then he said, "You've all gone completely insane," and walked out ... But it didn't end there. The next evening he came to the theater with me. Hitler sat in the box across from ours and sent his aide to say that if the old gentleman with me was my father, he would like to meet him. As soon as my father stood facing Hitler, I saw him pale and tremble—his whole body shuddered as if he had the ague ... Stupidly, I thought he was just unbearably moved' (Sereny, 1995, p. 158). Speer reflected later that he believed his father had 'somehow felt that night that other "id" in Hitler ... and from then on he identified me with that madness too' (Sereny, 1995, pp. 158-9).

Speer senior was right, of course, but by the time of this encounter things had gone too far. Hitler's preference had Speer happily in thrall: 'Hitler became my life ... I just accepted ... that I was going to have a wonderful life,