The will to power

Why some people have power over companies and others don't.

HENRY KISSINGER was guilty of understatement when he said that power is the ultimate aphrodisiac. In fact, power is the ultimate life-improver tout court. Powerful people not only have more friends than the rest of us. They also enjoy better health. Numerous studies demonstrate that low status is more strongly associated with heart disease than physical hazards like obesity and high blood pressure.

The benefits of power have grown dramatically in recent years. CEOs and other C-suite types have seen their salaries surge at a time when the median wage has either stagnated (in the United States) or grown slowly (in Europe). Politicians have learned how to monetise their pull. The Clintons earned $109m in the eight years after they left the White House. Tony Blair has turned himself into a wealthy man in the three years since his retirement from national politics.

But the greasy pole is getting harder to climb and, once you've climbed it, harder to cling on to. Companies have introduced more complicated structures—removing layers, replacing hierarchies with teams and dispersing functions around the world. They have also made life harder for chief executives. In the 1990s it was not unusual to find CEOs who had been in the job for ten or 15 years. Over the past decade the average tenure of departing CEOs around the world has dropped from 8.1 years to 6.3 years. In the 1990s it was the norm for CEOs to double dip as chairmen (which allowed them to report to themselves). In 2009 less than 12% of incoming CEOs were also given the job of chairman.

So how do you get your hands on power? And how do you keep hold of it once you've got it? Management gurus are surprisingly disappointing on this subject given its overwhelming importance to their clients. Academics and consultants are happier focusing on subjects such as return on investment. Both have an interest in presenting business as a rational enterprise that can be reduced to rules. This leaves the analysis of power to retired businesspeople like Jack Welch (who strive to present themselves as business geniuses rather than Machiavellis) and practising snake-oil salesmen (who tell you that all you need to do is "unleash the power within" and the CEO's job will be yours).

Jeffrey Pfeffer of Stanford Business School is an exception to this rule. He has been teaching a popular course on "paths to power" for years. Now he has condensed many of his findings into a book that is part academic analysis and part how-to guide, "Power: Why Some People Have It—and Others Don't".

Mr Pfeffer starts by rubbishing the notion that the world is just—that the best way to win power is to be good at your job. The relationship between rewards and competence is loose at best. Bob Nardelli was a disastrous CEO of Home Depot. But he was paid nearly a quarter of a billion dollars to leave and quickly moved to the top slot at Chrysler, which then went bankrupt. Mr Pfeffer points out that CEOs who presided over three years of poor earnings and led their firms into bankruptcy only faced a 50% chance of losing their jobs (and perfectly successful senior managers are routinely cleaned out when new CEOs take over). There are plenty of things that matter more than competence, such as the ability to project drive and self-confidence.

The best way to increase your chances of reaching the top is to choose the right department to join. The most powerful departments are the ones that have produced the current big-wigs (R&D in Germany, finance in America), and the ones that pay the most. But the trick is to find the department that is on the rise. Robert McNamara and his fellow whizz kids flourished in post-war America because they realised that power was shifting to finance. Zia Yusuf zoomed up the ranks of SAP, a German software company, because he offered something that the engineering-dominated company lacked: expertise in corporate strategy. Men with pay-TV backgrounds have risen in media companies like News Corporation and Time Warner—rightly so, given the importance of cable and satellite TV to those businesses.

Tips for the top

Once you have chosen the right department three things matter more than anything else. The first is the ability to "manage upwards". This means turning yourself into a supplicant: Barack Obama asked about a third of his fellow senators for help when he first arrived in the institution. It also means mastering the art of flattery: Jennifer Chatman, of the University of California, Berkeley, conducted experiments in which she tried to find a point at which flattery became ineffective. It turned out there wasn't one. The second is the ability to network. One of the quickest ways to the top is to turn yourself into a "node" by starting an organisation or forging a link between separate parts of a company. The third, more admirable, quality is loyalty: Booz, a consultancy, calculates that four out of every five CEO appointments go to insiders. Those insiders last almost two years longer in their jobs than outsiders.

And what happens if all this loyalty and networking pays off? How do you keep power once you win it? The old saw about power corrupting has been laboriously confirmed by academic studies of everything from risk-taking to cookie-eating (powerful people are more likely to eat with their mouths open and to scatter crumbs over their faces). The key to keeping power is to understand its corrupting effects. Powerful people need to cultivate a combination of paranoia and humility—paranoia about how much other people want them out and humility about their own replaceability. They also need to know when to quit. People who do not know when to leave an organisation frequently crash and burn. People who jump before they are pushed have a good chance of leaping to yet another aphrodisiacal throne.

Fonte: The Economist, Sept. 9th 2010. Disponível em: <www.economist.com>. Acesso em: 14 set. 2010.